

## Risk Factors Comparison 2025-02-21 to 2024-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Below is a summary of the principal factors that make an investment in our securities speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary and other risks that we face can be found below and should be carefully considered, together with other information in this Form 10-K and our other filings with the SEC before making an investment decision regarding our securities.

**Risks Related to Our Business**

- Declines in the market values of assets in our investment portfolio may adversely affect periodic reported results and credit availability.
- We may experience losses if we inaccurately estimate the loss-adjusted yields of our investments in credit sensitive assets.
- Interest rate increases may decrease the availability of certain of our targeted assets.
- Interest rate mismatches between the interest-earning assets held in our investment portfolio and the borrowings used to fund the purchases of those assets may reduce our net income or result in a loss during periods of changing interest rates.
- Our portfolio of assets may at times be concentrated in certain asset types or secured by properties concentrated in a limited number of real estate sectors or geographic areas, which increases our exposure to economic downturns and risks associated with the real estate and lending industries in general.
- Our portfolio of business purpose loans exposes us to **new and risks that are** different **from the** risks **from involved with** our traditional investments in residential mortgage loans.
- Our investments may include subordinated tranches of **RMBS, CMBS, RMBS** and ABS, which are subordinate in right of payment to more senior securities **and residential loans** that have greater risk of loss than other investments.
- Prepayment rates can change, adversely affecting the performance of our assets.
- We have experienced and may experience in the future increased volatility in our GAAP results of operations as we have elected fair value option for **the** majority of our investments.
- The failure of third-party service providers to perform a variety of services on which we rely may adversely impact our business and financial results.
- Our preferred equity and mezzanine loan investments involve greater risks of loss than more senior loans secured by income-producing properties.
- **Declining real estate valuations and impairment charges to real estate assets have adversely affected our earnings and financial condition in the past and may adversely affect our earnings and financial condition in the future.**
- Our investments in multi-family properties are subject to the ability of the property owner to generate net income from operating the property as well as the risks of delinquency, default and foreclosure.
- ~~Declining real estate valuations and impairment charges to real estate assets, such as those held by our joint venture equity investments in multi-family properties, have adversely affected our earnings and financial condition in the past and may adversely affect our earnings and financial condition in the future.~~
- Our operating partners could subject us to liabilities in excess of those contemplated or prevent us from taking actions which are in the best interests of our stockholders.
- ~~We may not be able to complete the sale of our joint venture equity interests in multi-family properties on terms acceptable to us, or at all.~~
- Our real estate and real estate-related assets are subject to risks particular to real property.
- Due diligence as a part of our acquisition or underwriting process may be limited, may not reveal all of the risks associated with such assets and may not reveal other weaknesses in such assets, which could lead to material losses.
- The lack of liquidity in certain of our assets may adversely affect our business.
- The use of models in connection with the valuation of our assets subjects us to potential risks in the event that such models are incorrect, misleading or based on incomplete information.
- Our investments in residential loans are difficult to value and are dependent upon the borrower's ability to service or refinance their debt.
- Competition may prevent us from acquiring assets on favorable terms or at all.
- ~~Maintaining cybersecurity and data security is important to our business, and a breach could result in serious harm.~~
- System failures and other operational disruptions in our information and communications systems and those of our third-party service providers could significantly disrupt our business.
- ~~We have made and may in the future make investments in companies that we do not control.~~

**Risks Related to Debt Financing and Our Use of Hedging Strategies**

- Our access to financing sources may not be available on favorable terms or at all.
- The repurchase agreements that we use to finance our investments may require us to provide additional collateral, which could reduce our liquidity and harm our financial condition.
- We leverage our equity, which can exacerbate any losses we incur on our current and future investments and may reduce cash available for distribution to our stockholders.
- If we are unable to leverage our equity to the extent we currently anticipate, the returns on certain of our assets could be diminished, which may limit or eliminate our ability to make distributions to our stockholders.
- We directly or indirectly utilize non-recourse securitizations and recourse structured financings and such structures expose us to risks that could result in losses to us.
- If a counterparty to our repurchase transactions defaults on its obligation to resell the pledged assets back to us at the end of the transaction term or if we default on our obligations under the repurchase agreement, we may incur losses.
- Our use of repurchase agreements to borrow funds may give our lenders greater rights in the event that either we or a lender files for bankruptcy.
- Negative impacts on our business may cause us to default on certain financial covenants contained in our financing arrangements.
- Hedging against interest rate and market value changes as well as other risks may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

**Risks Associated With Adverse Developments in the Mortgage, Real Estate, Credit and Financial Markets Generally**

- Difficult conditions in the mortgage, real estate, and financial markets and the economy generally may cause us to experience losses in the future.
- We cannot predict the effect that **changes in** government policies, laws **and interventions** adopted in response to the COVID-19 pandemic or **regulations** the current inflationary environment or the impact that future changes in the U. S. political environment, ~~governmental policy or regulation~~ will have on our business and the markets in which we operate.
- The downgrade, or perceived potential downgrade, of the credit ratings of the U. S. and the failure to resolve issues related to U. S. fiscal and debt policies may materially adversely affect our business, liquidity, financial

condition and results of operations. • Changes in laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and Ginnie Mae and the U. S. Government may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders. ~~• The discontinuation of LIBOR and the transition from LIBOR to an alternative reference rate, such as SOFR, may adversely impact our borrowings, operations, cash flows and assets and the value of our Series D Preferred Stock and Series E Preferred Stock.~~ Risks Related To Our Organization, Our Structure and Other Risks • We may change our investment, financing, or hedging strategies and asset allocation and operational and management policies without stockholder consent. • Maintenance of our Investment Company Act exemption imposes limits on our operations. • The accrual of dividends on certain of our series of preferred stock at a floating rate in the future could adversely affect our ability to make cash distributions at our intended levels, or at all, or otherwise materially adversely affect our earnings, cash flows or financial condition. • Mortgage loan modification programs and future legislative action may adversely affect the value of, and the returns on, our targeted assets. • We could be subject to liability for potential violations of predatory lending laws, which could materially adversely affect our business, financial condition and results of operations, and our ability to make distributions to our stockholders. • Our business is subject to extensive regulation. • Certain provisions of Maryland law and our charter and bylaws could hinder, delay or prevent a change in control which could have an adverse effect on the value of our securities. • The stock ownership limit imposed by our charter may inhibit market activity in our common stock and may restrict our business combination opportunities. Tax Risks • Failure to remain qualified as a REIT would adversely affect our operations and ability to make distributions. • REIT distribution requirements could adversely affect our liquidity. • Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations. • Complying with REIT requirements may cause us to forego or liquidate otherwise attractive investments. • The failure of certain investments subject to a repurchase agreement to qualify as real estate assets would adversely affect our ability to qualify as a REIT. • We could fail to continue to qualify as a REIT if the IRS successfully challenges our treatment of our mezzanine loans. • We may incur a significant tax liability as a result of selling assets that might be subject to the prohibited transactions tax if sold directly by us. • Our qualification as a REIT could be jeopardized as a result of our interests in joint ventures or preferred equity. • We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock.

Set forth below are the risks that we believe are material to stockholders and prospective investors. You should carefully consider the following risk factors and the various other factors identified in or incorporated by reference into any other documents filed by us with the SEC in evaluating our ~~company~~ **Company** and our business. The risks discussed herein can materially adversely affect our business, liquidity, operating results, prospects, financial condition and **/or** ability to make distributions to our stockholders, and may cause the market price of our securities to decline. The risk factors described below are not the only risks that may affect us. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, also may materially adversely affect our business, liquidity, operating results, prospects, financial condition and ability to make distributions to our stockholders. Declines in the market values of assets in our investment portfolio may adversely affect periodic reported results and credit availability, which may reduce our earnings, book value and the market value of our securities and, in turn, may constrain our liquidity and cash available for distribution to our stockholders. The market value of our investment portfolio may move inversely with changes in interest rates. We anticipate that increases in interest rates will generally tend to decrease our net income and the market value of our investment portfolio ~~, as occurred during much of 2022 and in 2023~~. Changes in the market values of assets in our investment portfolio where the Company elected the fair value option will be reflected in earnings and changes in the market values of assets in our investment portfolio where the Company did not elect the fair value option will be reflected in stockholders' equity. As a result, a decline in market values of assets in our investment portfolio may reduce our earnings, book value and the market value of our securities. A decline in the market value of our interest-bearing assets may adversely affect us, particularly in instances where we have borrowed money based on the market value of those assets. If the market value of those assets declines, the lender may require us to post additional collateral to support the loan, which would reduce our liquidity and limit our ability to leverage our assets. In addition, if we are, or anticipate being, unable to post the additional collateral, we may have to sell the assets at a time when we might not otherwise choose to do so. In the event that we do not have sufficient liquidity to meet such requirements, lending institutions may accelerate indebtedness, increase interest rates and terminate or make more difficult our ability to borrow, any of which could result in a rapid deterioration of our financial condition and cash available for distribution to our stockholders. Moreover, if we liquidate the assets at prices lower than the amortized cost of such assets, we will incur realized losses. The market values of our investments may also decline without any general change in interest rates or in combination with a change in interest rates for a number of reasons, such as increases in defaults, actual or perceived increases in voluntary prepayments for those investments that we have that are subject to prepayment risk, a reduction in the liquidity of the assets and markets generally and widening of credit spreads, adverse legislation or regulatory developments and adverse global, national, regional or local economic, market or geopolitical conditions and developments including those relating to pandemics and other health crises and natural disasters, such as the COVID- 19 pandemic or the market disruption related to the 2008 financial crisis. If the market values of our investments were to decline for any reason, the value of your investment could also decline. Our efforts to manage credit risks may fail. As of December 31, 2023-2024, 61-49% of our total investment portfolio was comprised of what we refer to as " credit assets." Despite our efforts to manage credit risk, there are many aspects of credit risk that we cannot control. Our credit policies and procedures may not be successful in limiting future delinquencies, defaults, foreclosures or losses, particularly in relation to declining economic conditions or significant market disruptions, or they may not be cost effective. Our underwriting process, due diligence efforts or hedging strategies, if any, may not be effective or sufficient. Loan servicing companies or our operating partners may not cooperate with our loss mitigation efforts or those efforts may be ineffective. Service providers to securitizations, such as trustees, loan servicers, bond insurance providers, and custodians, as well as our operating partners and their property managers, may not perform in a manner that promotes our interests. Delay of

foreclosures could delay resolution and increase ultimate loss severities, as a result. The value of the properties we own interests in or that are collateralizing or underlying the loans, securities or interests we own may decline, particularly if we experience a significant or prolonged economic downturn and / or interest rates rise. The frequency of default and the loss severity on our assets upon default or otherwise may be greater than we anticipate or price into the assets at acquisition. Credit sensitive assets that are partially collateralized by non- real estate assets may have increased risks and severity of loss. If property securing or underlying loans or other investments becomes real estate owned as a result of foreclosure, we bear the risk of not being able to sell the property and recovering our investment and of being exposed to the risks attendant to the ownership of real property. If our estimates of the loss- adjusted yields of our investments in credit sensitive assets prove inaccurate, we may experience losses. We expect to value our investments in many credit sensitive assets based on loss- adjusted yields taking into account estimated future losses on the loans or other assets that we are investing in directly or that underlie securities owned by us, and the estimated impact of these losses on expected future cash flows. Our loss estimates may not prove accurate, as actual results may vary from our estimates. In the event that we underestimate the losses relative to the price we pay for a particular investment, we may experience material losses with respect to such investment. An increase in interest rates may cause a decrease in the availability of certain of our targeted assets and could cause our interest expense to increase, which could materially adversely affect our ability to acquire targeted assets that satisfy our investment objectives, our earnings and our ability to make distributions to our stockholders. A higher interest rate environment, which we have experienced since 2022, generally **results reduces economic activity, which, in a reduction in turn, generally reduces** the demand for mortgage loans due to the higher cost of borrowing and new construction redevelopment or renovation. A reduction in the volume of mortgage loans originated or in new construction, redevelopment or renovation of multi- family properties may affect the volume of targeted assets available to us, which could adversely affect our ability to acquire assets that satisfy our investment and business objectives. We also expect that higher interest rates will cause our targeted assets that were issued, originated or acquired prior to an interest rate increase to experience, as certain of them did in **2023-2024**, a decline in their fair value **and /** or provide yields that are below prevailing market interest rates. If higher interest rates or interest rate volatility cause us to be unable to acquire a sufficient volume of our targeted assets with a yield that is sufficiently above our borrowing cost, our ability to satisfy our investment objectives and to generate income and make distributions to our stockholders will be materially and adversely affected. In addition, a portion of the RMBS and residential loans we invest in may be comprised of ARMs that are subject to periodic and lifetime interest rate caps. Periodic interest rate caps limit the amount an interest rate can increase during any given period. Lifetime interest rate caps limit the amount an interest rate can increase over the life of the security or loan. Our borrowings typically are not subject to similar restrictions. Accordingly, in a period of rapidly increasing interest rates, the interest rates paid on our borrowings could increase without limitation while interest rate caps could limit the interest rates on our securities backed by ARMs or residential loans comprised of ARMs in our portfolio. This problem is magnified for securities backed by or residential loans comprised of ARMs and hybrid ARMs that are not fully indexed. Further, certain securities backed by or residential mortgage loans comprised of ARMs and hybrid ARMs may be subject to periodic payment caps that result in a portion of the interest being deferred and added to the principal outstanding. As a result, the payments we receive on securities backed by or residential mortgage loans comprised of ARMs and hybrid ARMs may be lower than the related debt service costs. These factors could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders. Interest rate fluctuations will also cause variances in the yield curve, which may reduce our net income. The relationship between short- term and longer- term interest rates is often referred to as the “ yield curve. ” If short- term interest rates rise disproportionately relative to longer- term interest rates (a flattening of the yield curve), our borrowing costs may increase more rapidly than the interest income earned on our interest- earning assets. Additionally, to the extent cash flows from investments that return scheduled and unscheduled principal are reinvested, the spread between the yields of the new investments and available borrowing rates may decline, which would likely decrease our net income. It is also possible that short- term interest rates may exceed longer- term interest rates (a yield curve inversion), as they ~~do currently~~ **did from the middle of 2022 into the third quarter of 2024**, in which event our borrowing costs may exceed our interest income and we could incur significant operating losses. A significant portion of the assets held in our investment portfolio have a fixed coupon rate, generally for a significant period, and in some cases, for the average maturity of the asset. At the same time, certain of our borrowings provide for a payment reset period of as short as 30 days. In addition, the average maturity of our borrowings generally will be shorter than the average maturity of the assets currently in our portfolio and certain other targeted assets in which we seek to invest. We use swap agreements and interest rate caps as a means for attempting to fix the cost of certain of our liabilities over a period of time; however, these agreements would not be sufficient to match the cost of all our liabilities against all of our investments. In the event we experience unexpectedly high or low prepayment rates on the assets in our portfolio, our strategy for matching our assets with our liabilities is more likely to be unsuccessful which may result in reduced earnings or losses and reduced cash available for distribution to our stockholders. Our investment portfolio may at times be concentrated in certain asset types or secured by properties concentrated in a limited number of real estate sectors or geographic areas, which increases, with respect to those asset types, property types or geographic locations, our exposure to economic downturns and risks associated with the real estate and lending industries in general. We are not required to observe any specific diversification criteria. As a result, our investment portfolio may, at times, be concentrated in certain asset types that are subject to higher risk of delinquency, default or foreclosure, or secured by **properties concentrated in a limited number of real estate sectors or geographic locations, which increases, with respect to those asset types,** sectors or geographic locations, our exposure to economic downturns and risks associated with the real estate and lending industries in general, thereby increasing the risk of loss and the magnitude of potential losses to us and our stockholders if one or more of these asset or property types perform poorly or the states or regions in which these properties are located are negatively impacted. As of December 31, **2023-2024**, **approximately 29.0 %, 26.6 % and 8.8 % of our total investment**

portfolio represented direct or indirect investments in multi-family properties. Moreover, as of December 31, 2023, 26.3%, 20.2% and 10.3% of the outstanding balance of our Mezzanine Lending investments were made on properties located in Florida, Texas and Utah-Arizona, respectively, and 38.44%, 5.7%, 25.31.1% and 10.0% and 11.6% of our joint venture equity investments owned multi-family properties located in Texas, Florida, Texas and Alabama-Kentucky, respectively. Our direct and indirect investments in multi-family properties are subject to the ability of the property owner to generate net income from operating the property, which is impacted by numerous factors and developments, including many risks that affect real estate generally. See “- Our investments in multi-family properties are subject to the ability of the property owner to generate net income from operating the property as well as the risks of delinquency, default and foreclosure” and “- Our business is subject to risks particular to real property and real estate-related assets.” To the extent any of these factors materially adversely impact the multi-family property sector or the geographic regions in which we invest, the market values of our multi-family assets and our business, financial condition and results of operations may be materially adversely affected. Similarly, as of December 31, 2023-2024, approximately 48.41.9% of our total investment portfolio was comprised of residential loans and non-Agency RMBS, and 42.4% was comprised of Agency RMBS. Moreover, as of December 31, 2023-2024, significant portions of the properties that secure our residential loans, including loans that secure Consolidated SLST, were concentrated in California, Florida, Texas, New York, New Jersey, Pennsylvania and Illinois among other states. California is particularly susceptible to earthquake and wildfire risk-risks while Florida and Texas are susceptible to hurricane, wind and flood risks. To the extent that our portfolio is concentrated in any region, or by type of asset or real estate sector, downturns or developments relating generally to such region, type of borrower, asset or sector may result in defaults or losses on a number of our assets within a short time period, which may materially adversely affect our business, liquidity, financial condition and results of operations and our ability to make distributions to our stockholders. See “- Our business is subject to risks particular to real property and real estate-related assets.” Residential loans are subject to increased risks of loss. We acquire and manage residential loans, including performing, re-performing, non-performing and business purpose loans and loans that may not meet or conform to the underwriting standards of any GSE. Residential loans are subject to increased risks of loss. Unlike Agency RMBS, the residential loans we invest in generally are not guaranteed by the federal government or any GSE. Additionally, by directly acquiring residential loans, we do not receive the structural credit enhancements that benefit senior securities of RMBS. A residential 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 such mortgage. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may not be sufficient to recover our cost basis in the loan, and any costs or delays involved in the foreclosure or liquidation process may increase losses. Many A certain portion of the loans we own or seek to acquire have been purchased by us at a discount to par value. These residential loans sell at a discount because they generally constitute riskier investments than those selling at or above par value. The residential loans we invest in may be distressed or purchased at a discount because a borrower may have defaulted thereupon, because the borrower is or has been in the past delinquent on paying all or a portion of his obligation under the loan, because the loan may otherwise contain credit quality that is considered to be poor, because of errors by the originator in the loan origination underwriting process or because the loan documentation fails to meet certain standards. In addition, non-performing or sub-performing loans may require a substantial amount of workout negotiations and / or restructuring, which may divert the attention of our management team from other activities and entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments, and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that the borrower will not be able or willing to maintain the restructured payments or refinance the restructured mortgage upon maturity. Although we typically expect to receive less than the principal amount or face value of the residential loans that we purchase, the return that we in fact receive thereupon may be less than our investment in such loans due to the failure of the loans to perform or reperform. An economic downturn would exacerbate the risks of the recovery of the full value of the loan or the cost of our investment therein. Finally, residential loans are also subject to "special hazard" risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower's mortgage debt by a bankruptcy court). In addition, claims may be asserted against us on account of our position as a mortgage holder or property owner, including assignee liability, responsibility for tax payments, environmental hazards and other liabilities. In some cases, these liabilities may be "recourse liabilities" or may otherwise lead to losses in excess of the purchase price of the related mortgage or property. Our investments in a mortgage loan originator exposes us to additional risks. As of December 31, 2023-2024, we owned a 50% equity interest in an entity that originates residential loans. Unlike our investments in residential mortgage loans and mortgage-backed securities (“MBS”), our investments in the loan originator are unsecured and not collateralized by any property of the originator. In addition, we do not manage the loan originator in which we have made investments, and because none of our investments give us a controlling stake in the loan originator, our ability to influence the business and operations of the originator is limited, in some instances significantly so. Also, because the loan originator is a private closely-held enterprise, there are significant restrictions on our ability to sell or otherwise transfer our investments (which are generally illiquid). In the event that the loan originator in which we have made investments should experience a significant decline in its business and operations or otherwise not be able to respond adequately to managerial, compliance or operational challenges that it may encounter, we may be required to write-down all or a portion of the applicable investment, which could have a material adverse impact on our results of operations and our book value. As of December 31, 2024, approximately 22-25.9% of the asset value of our total investment portfolio is comprised of business purpose loans. Business purpose loans refer to (i) short-term loans with terms of generally twelve to 24 months that are collateralized by residential properties and are made to investors who intend to rehabilitate and sell the residential property for a

profit, which we refer to as “business purpose bridge loans,” and (ii) loans that finance (or refinance) non-owner occupied residential properties that are rented to one or more tenants, which we refer to as “business purpose rental loans”. Business purpose loans are directly exposed to losses resulting from default and foreclosure. 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 such mortgages. Whether or not a loan is originated in accordance with our underwriting standards for such loans, there can be no assurance as to the adequacy of the protection of the terms of the loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted that might interfere with enforcement of our rights. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Moreover, in the case of business purpose loans made to a borrower who then rents the property to a tenant, local, state or federal government eviction proceeding requirements may delay foreclosure or liquidation proceedings or cause us to incur additional expense. Any costs or delays involved in the completion of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss. Business purpose loans we own are subject to similar risks as those described above with respect to residential mortgage loans — to the extent business purpose loan borrowers do not timely remit payments of principal and interest relating to their mortgage loans. In addition, if tenants who rent their residence from a multifamily or business purpose loan borrower are unable to make rental payments, are unwilling to make rental payments, or a waiver of the requirement to make rental payments on a timely basis, or at all, is available under the terms of any applicable forbearance or waiver agreement or program (which rental payment forbearance or waiver program may be available as a result of a government- sponsored or- imposed program or under any such agreement or program a landlord may otherwise offer to tenants), then the value of business purpose loans we own will likely be impaired, which would negatively impact our business. A portion of our business purpose loan portfolio currently is, and in the future may be, delinquent and subject to increased risks of credit loss for a variety of reasons, including, without limitation, because the underlying property is too highly- leveraged or the borrower experiences financial distress. Indeed, loans similar to business purpose bridge loans performed poorly during the 2008 financial crisis due, in large part, to high leverage and borrower distress and it is likely these types of loans may perform poorly in an economic downturn or in an environment of decreasing real estate prices. **Delinquent loans may require a substantial....., results of operations and financial condition.** Additionally, business purpose bridge loans on properties in transition may involve a greater risk of loss than traditional mortgage loans and this risk may be heightened during periods of rising interest rates or declining home values. This type of loan is typically used for acquiring and rehabilitating or improving the quality of single- family residential investment properties and generally serves as an interim financing solution for borrowers and / or properties prior to the borrower selling the property or stabilizing the property and obtaining long- term permanent financing. The typical borrower of these business purpose bridge loans has often identified an undervalued asset that has been under- managed or is located in a recovering market. If the market in which the asset is located experiences a downturn or fails to improve 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 or the borrower’ s expenses exceed expectations due to rising costs, rising interest rates or otherwise without a corresponding increase in asset value or income to be derived from the property, the borrower may not receive a sufficient return on the asset to satisfy the transitional loan, and we bear the risk that we may not recover some or all of our investment. In addition, borrowers often use the proceeds of a conventional mortgage to repay a business purpose bridge loan. Business purpose bridge loans therefore are subject to risk of a borrower’ s inability to obtain permanent financing to repay the loan. Business purpose bridge loans are also subject to risks of borrower defaults, bankruptcies, fraud, and other losses. In the event of any default under business purpose bridge loans that may be held by us, we bear the risk of loss of principal and non- payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the transitional loan. To the extent we suffer such losses with respect to these loans, our business, results of operations and financial condition may be materially adversely affected. Our investments may include subordinated tranches of **RMBS, CMBS, RMBS** and ABS, which are subordinate in right of payment to more senior securities and have greater risk of loss than other investments. Our investments include or may include subordinated tranches of **RMBS, CMBS, RMBS** and ABS, which are subordinated classes of securities in a structure of securities collateralized by a pool of assets consisting primarily of **residential mortgage loans, multi- family or other commercial mortgage loans, residential mortgage loans and auto loans, respectively.** Accordingly, the subordinated tranches of securities that we own and invest in, such as certain non- Agency RMBS and ABS, are the first or among the first to bear the loss upon a restructuring or liquidation of the underlying collateral and the last to receive payment of interest and principal. Additionally, estimated fair values of these subordinated interests tend to be more sensitive to changes in economic conditions and increases in defaults, delinquencies and losses than more senior securities. Moreover, subordinated interests generally are not actively traded and may not provide holders thereof with a liquid investment, particularly during periods of market disruption. Numerous factors may affect an issuing entity’ s ability to repay or fulfill its payment obligations on its subordinated securities, including, without limitation, the failure to meet its business plan, a downturn in its industry, rising interest rates, negative economic conditions or risks particular to real property. As of December 31, **2023-2024**, our portfolio included approximately \$ **143-142.5-8** million of subordinated, first loss non- Agency RMBS. In the event any of these factors cause the securitization entities in which we own subordinated securities to experience losses, the market value of our assets, our business, financial condition and results of operations and ability to make distributions to our stockholders may be materially adversely affected. The frequency at which prepayments (including both voluntary prepayments by the borrowers and liquidations due to defaults and foreclosures) occur on the residential loans we own and those that underlie our RMBS and some of the multi- family real estate investments and loans we originate or acquire is difficult to predict and is affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, legislative

and other factors. Generally, borrowers tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. In general, “ premium ” assets (i. e., assets, such as Agency RMBS, whose market values exceed their principal or par amounts) are adversely affected by faster- than- anticipated prepayments because the above- market coupon that such premium assets carry will be earned for a shorter period of time. Generally, “ discount ” assets (assets whose principal or par amounts exceed their market values) are adversely affected by slower- than- anticipated prepayments. Because our portfolio is comprised of both discount assets and premium assets, our portfolio may be adversely affected by changes in prepayments in any interest rate environment. Although we estimate prepayment rates to determine the effective yield of our assets and valuations, these estimates are not precise and prepayment rates do not necessarily change in a predictable manner as a function of interest rate changes. The adverse effects of prepayments may impact us in various ways. First, certain investments, such as IOs **and MSRs**, may experience outright losses in an environment of faster actual or anticipated prepayments. Second, particular investments may under- perform relative to any hedges that we may have constructed for these assets, resulting in a loss to us. In particular, prepayments (at par) may limit the potential upside of many RMBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss. Furthermore, to the extent that faster prepayment rates are due to lower interest rates, the principal payments received from prepayments will tend to be reinvested in lower- yielding assets, which may reduce our income in the long run. Therefore, if actual prepayment rates differ from anticipated prepayment rates, our business, financial condition and results of operations and ability to make distributions to our stockholders could be materially adversely affected. Some of the multi- family real estate investments and loans we may originate ~~or that underlie our CMBS~~ may allow the borrower to make prepayments without incurring a prepayment penalty and some may include provisions allowing the borrower or operating partner to extend the term of the loan or instrument beyond the originally scheduled maturity. Because the decision to prepay or extend such a multi- family loan or instrument is typically controlled by the borrower, we may not accurately anticipate the timing of these events, which could affect the earnings and cash flows we anticipate and could impact our ability to finance these assets. ~~We have experienced and may experience in the future increased volatility in our GAAP results of operations as we have elected fair value option for the majority of our investments.~~ We have elected the fair value option accounting model for the majority of our investments **and certain of our liabilities**. Changes in the fair value of assets ~~and a portion of the changes in the fair value of~~ liabilities ~~;~~ accounted for using the fair value option are recorded in our consolidated statements of operations each period, which ~~may have~~ **resulted** in volatility in our financial results **from period to period in the past**. There can be no assurance that such volatility in periodic financial results will not occur during ~~2024~~ **2025** or in future periods. In connection with our operating and investment activity, we rely on third- party service providers to perform a variety of services, comply with applicable laws and regulations, and carry out contractual covenants and terms, the failure of which by any of these third- party service providers may adversely impact our business and financial results. In connection with our business of acquiring and holding loans, engaging in securitization transactions, and investing in ~~CMBS, non- Agency RMBS and ABS~~, we rely on third- party service providers, principally loan servicers, to perform a variety of services, comply with applicable laws and regulations, and carry out contractual covenants and terms. For example, we rely on the mortgage servicers who service the mortgage loans we purchase as well as the loans underlying our ~~CMBS, non- Agency RMBS and ABS~~ to, among other things, collect principal and interest payments on such loans and perform loss mitigation services, such as workouts, modifications, refinancings, foreclosures, short sales and sales of foreclosed property. Both default frequency and default severity of loans may depend upon the quality of the servicer. If a servicer is not vigilant in encouraging the borrowers to make their monthly payments, the borrowers may be far less likely to make these payments, which could result in a higher frequency of default. If a servicer takes longer to liquidate non- performing assets, loss severities may be higher than originally anticipated. Higher loss severity may also be caused by less competent dispositions of real estate owned properties. Finally, in the case of the ~~CMBS, non- Agency RMBS and ABS~~ in which we invest, we may have no or limited rights to prevent the servicer of the underlying loans from taking actions that are adverse to our interests. Mortgage servicers and other service providers, such as our trustees, bond insurance providers, due diligence vendors, and document custodians, may fail to perform or otherwise not perform in a manner that promotes our interests. For example, any loan modification legislation or regulatory action currently in effect or enacted in the future may incentivize mortgage loan servicers to pursue such loan modifications and other actions that may not be in the best interests of the beneficial owners of the mortgage loans. As a result, we are subject to the risks associated with a third party’ s failure to perform, including failure to perform due to reasons such as fraud, negligence, errors, miscalculations, or insolvency. In the ordinary course of business, our loan servicers and other service providers are subject to numerous legal requirements and proceedings, federal, state or local governmental examinations, investigations or enforcement actions, which could adversely affect their reputation, business, liquidity, financial position and results of operations. Residential mortgage servicers, in particular, have experienced heightened regulatory scrutiny and enforcement actions, and our mortgage servicers could be adversely affected by the market’ s perception that they could experience, or continue to experience, regulatory issues. Regardless of the merits of any such claim, proceeding or inquiry, defending any such claims, proceedings or inquiries may be time consuming and costly and may divert the mortgage servicer’ s resources, time and attention from servicing our mortgage loans or related assets and performing as expected. In addition, it is possible that regulators or other governmental entities or parties impacted by the actions of our mortgage servicers could seek enforcement or legal actions against us, as the beneficial owner of the loans or other assets, and responding to such claims, and any related losses, could negatively impact our business. **The remedies available to us to resolve delinquent** ~~Any costs or delays involved in the completion of a foreclosure or liquidation of the underlying property of the residential loans we own may further reduce~~ **not fully compensate us for any losses incurred and may result in lengthy and expensive legal proceeds- processes . Delinquent loans from the property and may increase require a substantial amount of workout negotiations our- or loss-restructuring, which may entail, among other things, a reduction in the interest rate or capitalization of past due interest .** ~~We~~ **However, even if**

restructurings are successfully accomplished, risks still exist that borrowers will not be able or willing to maintain the restructured payments or refinance the restructured mortgage upon maturity. If restructuring is not successful, we may find it necessary or desirable from time to time to foreclose on some of the underlying property, residential mortgage loans we acquire and the foreclosure process may be lengthy and expensive, including out-of-pocket costs and increased use of our internal resources. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against us including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force exert negotiating pressure on us into to agree to a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can sometimes take several years or more to litigate. Moreover, during the COVID-19 pandemic, actions were taken by federal, state and local governments and regulators to make foreclosure more difficult, and in some cases, unavailable. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure may create a negative public perception of the related mortgaged property, resulting in a decrease in its value. Even if we are successful in foreclosing on a 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. Furthermore, any costs or delays involved in the completion of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss. Any such reductions could materially and adversely affect the value of the residential loans- loan in which we invest and, therefore, could, in aggregate, have a material and adverse effect on our business, results of operations and financial condition. Delinquent loans may require a substantial amount of workout negotiations or restructuring, which may entail, among other things, a reduction in the interest rate or capitalization of past due interest. However, even if restructurings are successfully accomplished, risks still exist that borrowers will not be able or willing to maintain the restructured payments or refinance the restructured mortgage upon maturity. If restructuring is not successful, we may find it necessary or desirable from time to time to foreclose on some of the underlying property, residential mortgage loans we acquire and the foreclosure process may be lengthy and expensive, including out-of-pocket costs and increased use of our internal resources. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against us including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force exert negotiating pressure on us into to agree to a modification of the loan or a favorable buy-out of the borrower's position. In some states, foreclosure actions can sometimes take several years or more to litigate. Moreover, during a crisis or significant geopolitical, economic, market or other disruption, such as the COVID-19 pandemic, actions may be taken by federal, state and local governments and regulators to make foreclosure more difficult, and in some cases, unavailable. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure may create a negative public perception of the related mortgaged property, resulting in a decrease in its value. Even if we are successful in foreclosing on a 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. Furthermore, any costs or delays involved in the completion of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss. Any such reductions could materially and adversely affect the value of the residential loans- loan in which we invest and, therefore, could, in aggregate, have a material and adverse effect on our business, results of operations and financial condition and ability to make distributions to our stockholders. We own and make preferred equity investments in entities that own multi-family property. We have made in the past, and may originate in the future mezzanine loans, which are loans secured by a pledge of the ownership interests of either the entity owning the multi-family property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the multi-family property. We also own and make preferred equity investments in entities that own multi-family property. These types of assets involve a higher degree of risk than senior mortgage lending secured by income-producing real property, because the loan may become unsecured or our equity investment may be effectively extinguished as a result of foreclosure by the senior lender. In addition, mezzanine loans and preferred equity investments are often used to achieve a very high leverage on large commercial projects, resulting in less equity in the property and increasing the risk of loss of principal or investment. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan or preferred equity investment will be satisfied only after the senior debt, in the case of a mezzanine loan, or all senior and subordinated debt, in the case of a preferred equity investment, is paid in full. Where senior debt exists, the presence of intercreditor arrangements, which in this case are arrangements between the lender of the senior loan and the mezzanine lender or preferred equity investor that stipulate the rights and obligations of the parties, may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies or control decisions made in bankruptcy proceedings relating to borrowers or preferred equity issuers. As a result, we may not recover some or all of our investment, which could result in significant losses. Declining real estate valuations and impairment charges to real estate assets, such as certain multi-family properties owned by entities in which we have joint venture equity investments, have adversely affected our earnings and financial condition in the past and may adversely affect our earnings and financial condition in the future. We periodically evaluate real estate assets for indicators of impairment, which include, among other indicators, deteriorating operational performance, declining market conditions, legal and environmental concerns, and our ability and intent to hold each asset. If impairment indicators exist for long-lived assets to be held and used, such as real estate held by our joint venture equity investments in multi-family properties or our single-family rental properties, we may record an impairment of real estate to reduce the carrying value of such asset to its estimated fair value. Real estate assets that are held for sale or in disposal group held for sale, such as those owned by certain of our joint venture equity investments in multi-family properties, are recorded at the lower of their net depreciated carrying amount or estimated net fair value. In the event that the estimated net

fair value of a real estate asset is determined to be less than its net depreciated carrying amount, an impairment of real estate is recorded on our consolidated statements of operations for the amount of the difference. Subsequent decreases, if any, in the net fair value of the real estate assets held for sale are recorded as impairments of real estate. Further, if real estate or joint venture equity investments are determined to no longer meet the criteria to be accounted for as held for sale, they are returned to held and used at the lower of (a) their carrying amount before they were classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the assets remained in their previous classification, or (b) their fair value at the date of the subsequent decision not to sell the real estate or joint venture equity investment, and downward adjustments, if any, are reported in loss on reclassification of disposal group in the consolidated statements of operations. We determine the fair value of real estate assets based upon discounted cash flow analyses using property financial information and assumptions regarding market rent, revenue and expense growth, capitalization rates and return rates. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to reevaluate the assumptions used in our estimation of fair value and / or impairment analysis. For the years ended December 31, ~~2024 and 2023 and 2022~~, we recognized net impairment losses of approximately \$ ~~48.9 million and \$ 89.5 million and \$ 2.4 million~~, respectively. Also in the ~~year-years~~ ended December 31, ~~2024 and 2023~~, we recognized ~~a loss-losses~~ on reclassification of disposal group of approximately \$ ~~14.6 million and \$ 16.2 million~~, respectively. These losses have a direct, adverse impact on our net income because recording an impairment loss or loss on reclassification of disposal group results in an immediate negative adjustment to net income. Impairment charges, such as those incurred in ~~2024 and 2023 and 2022~~, adversely ~~affect-affected~~ our financial condition, results of operations, ~~book value~~, cash available for distribution, including cash available for us to pay distributions to our stockholders, and per share trading price of our common stock. Such impairment charges could adversely affect our earnings and financial condition in the future, ~~particularly as we seek to opportunistically dispose of our joint venture equity investments in multi-family properties and they are reclassified as held for sale or held and used~~. Our investments in multi-family properties are subject to risks of delinquency, default and foreclosure on the properties that underlie or back these investments, and risk of loss that may be greater than similar risks associated with loans made on the security of a single-family residential property. The ability of a borrower to repay a loan or obligation secured by, and the return on an equity interest in an entity that owns, an income-producing property typically is dependent primarily upon the successful operation of such property. If the net operating income of the subject property is reduced, the borrower's ability to repay the loan or recapitalize the property, on a timely basis or at all, or our ability to receive adequate returns on our investment, may be impaired. Similarly, the single-family rental properties we own are subject to the risk that the tenant will be unable to pay rent timely or at all. Net operating income of an income-producing property can be adversely affected by, among other things: • tenant mix; • the performance, actions and decisions of operating partners and the property managers we or they engage in the day-to-day management and maintenance of the property; • property location, condition, and design; • competition, including new construction or rehabilitation of competitive properties; • a surge in homeownership rates; • changes in laws that increase operating expenses or limit rents that may be charged; • changes in specific industry segments, including the labor, credit and securitization markets; • declines in regional or local real estate values or economic conditions; • declines in individual property or regional or local rental or occupancy rates; • increases in interest rates, overall financing costs, real estate tax rates, construction costs, energy costs and other operating expenses; • costs of remediation and liabilities associated with environmental conditions; • the potential for uninsured or underinsured property losses; and • the risks particular to real property, including those described in “- Our business is subject to risks particular to real property and real estate-related assets.” In the event of any default under a loan held directly by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and the outstanding principal and accrued interest of the mortgage loan, and any such losses could have a material adverse effect on our cash flow from operations and our ability to make distributions to our stockholders. Similarly, the ~~CMBS~~, mezzanine loan and preferred and joint venture equity investments we own may be adversely affected by a default on any of the loans or other instruments that underlie those securities or that are secured by the related property. See “- Our investments may include subordinated tranches of ~~RMBS~~, ~~CMBS~~, ~~RMBS~~ and ABS, which are subordinate in right of payment to more senior securities and have greater risk of loss than other investments.” In the event of the bankruptcy of a commercial mortgage loan borrower, the commercial 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 commercial 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 commercial mortgage loan can be an expensive and lengthy process, which could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders. Actions of our operating partners could subject us to liabilities in excess of those contemplated or prevent us from taking actions that are in the best interests of our stockholders, which could result in lower investment returns to our stockholders. We make ~~mezzanine loans to and~~ preferred equity investments in ~~and may in the future originate mezzanine loans to~~, owners of multi-family properties as part of our investment strategy and presently own joint venture equity investments in owners of multi-family properties. We consider such owners (or other owners in the case of joint venture equity investments) to be our operating partners with respect to the acquisition, improvement or financing of the underlying properties, as the case may be. We may also make indirect investments in properties through other arrangements. Such investments may involve risks not otherwise present when acquiring real estate directly, including, for example: • operating partners may share or control certain approval rights over major decisions; • our operating partners may have economic or business interests or goals that are or become inconsistent with our business interests or goals, ~~including inconsistent goals relating to the sale or refinancing of properties held in the joint venture or the timing of termination or liquidation of the joint venture~~; • we may be limited in our ability to dispose of or refinance properties on a

timely basis without financial penalty or at all; • our operating partner in a property might become insolvent, bankrupt or otherwise refuse or be unable to meet its obligations to us or the venture, **which we have experienced in recent years** (including its obligation to make capital contributions or property distributions when due); • we may incur liabilities as a result of an action taken by one of our operating partners; • one of our operating partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, including our policy with respect to maintaining our qualification as a REIT; • disputes between us and our operating partners may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business, **which may subject the properties owned by the applicable joint venture to additional risk**; • our operating partners obtain blanket property casualty and business interruption insurance insuring properties we own jointly and other properties in which we have no ownership interest and as a result, claims or losses with respect to properties owned by our operating partners but in which we have no interest could significantly reduce or eliminate the insurance available to properties in which we have an interest; • our operating partners may not perform their property oversight responsibilities; **• under certain of our arrangements, neither partner may have control, and an impasse could be reached, which might have a negative influence on our investment**; and • we rely on our operating partners to provide us with accurate financial information regarding the performance of the properties underlying our preferred equity, mezzanine loan and joint venture investments on a timely basis to enable us to satisfy our annual, quarterly and periodic reporting obligations under the Exchange Act and our operating partners and the entities in which we invest may have inadequate internal controls or procedures that could cause us to fail to meet our reporting obligations and other requirements under the federal securities laws. Actions by one of our operating partners or one of the property managers of the multi-family properties in which we invest, which are generally out of our control, might subject us to liabilities in excess of those contemplated and thus reduce our investment returns. If we have a right of first refusal or buy / sell right to buy out an operating partner, we may be unable to finance such a buy-out if it becomes exercisable or we may be required to purchase such interest at a time when it would not otherwise be in our best interest to do so. If our interest is subject to a buy / sell right, we may not have sufficient cash, available borrowing capacity or other capital resources to allow us to elect to purchase the interest of our operating partner that is subject to the buy / sell right, in which case we may be forced to sell our interest as **the a** result of the exercise of such right when we would otherwise prefer to keep our interest. Pursuant to the operating agreement for one of our joint venture investments, third party investors have the ability to sell their ownership interests to us at their election once a year subject to annual minimum and maximum amount limitations and we are obligated to purchase such interests for cash. We may not have sufficient cash, available borrowing capacity or other capital resources to allow us to finance the purchase of such interests, which may cause us to breach our obligations under the operating agreement, or we may be required to purchase such interest at a time when it would not otherwise be in our best interest to do so. Finally, we may not be able to sell our interest in a venture if we desire to exit the venture without our operating partner's consent. **The proposed disposition of our portfolio of joint venture equity interests in multi-family properties is subject to a number of risks, including the risk that we may be unable to complete the sale of our joint venture equity portfolio on terms acceptable to us, or at all. In September 2022, we announced that our Board of Directors had approved a strategic repositioning of our business pursuant to which we will opportunistically dispose over time our joint venture equity investments in multi-family properties and, following disposition, we will reallocate the capital associated with such assets to our targeted assets. Accordingly, we are considering various opportunities to monetize our multi-family joint venture equity investments. As of December 31, 2023, we held \$ 236.3 million in joint venture equity interests in multi-family properties, representing approximately 4.6% of our total investment portfolio. As a result of unfavorable market conditions that negatively impacted our ability to secure a reasonable buyer and completely exit our investment in the joint venture equity interests, as of December 31, 2023, we have disposed of six multi-family joint venture equity investments under this disposition strategy. Additionally, as of December 31, 2023, we have reclassified certain of these joint venture equity investments from held for sale to held and used because of the increased expected time to completion of sales. Although we intend to acquire additional targeted assets with the proceeds from the sale of our joint venture equity interests, we face significant competition for acquisition of our targeted assets and we may not be able or have the opportunity to make suitable investments on favorable terms. We can provide no assurances regarding the timing or pricing of the sales of our joint venture equity interests in multi-family properties, or that such sales will occur at all. Moreover, to the extent we hold these investments as held for sale, we are required to carry the properties at the lesser of the net carrying amount of the assets or the estimated net fair value. If the estimated net fair value of the real estate held for sale is less than the net carrying amount of the assets, an impairment of real estate charge is recorded. We have incurred and may in the future incur impairment charges on these properties while we hold them for sale. If we cannot sell these joint venture equity interests in a timely manner and / or on terms acceptable to us, we may have less flexibility to rotate into more preferred asset classes and / or we may incur a loss on these investments, which may have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.** We own assets secured or backed by, or closely connected to, real estate, and to a lesser extent real estate assets, and expect in the future to continue to acquire, own and manage these assets. Real estate and real estate-related assets are subject to various risks, including: • acts of God, including earthquakes, wildfires, hurricanes, tornadoes, floods and other natural disasters, which may result in uninsured losses; • acts of domestic or international war or terrorism, social unrest and civil disturbances, including the consequences thereof, such as materially negative impacts on U. S. economic and market conditions; • adverse changes in global, national, regional and local economic **and,** market **or political** conditions, including those relating to pandemics and health crises; • changes in federal, state or local governmental laws and regulations, fiscal or tax policies, zoning ordinances and environmental legislation and the related costs of compliance with federal, state or local laws and regulations, fiscal policies and ordinances; and • adverse developments or conditions resulting from or associated with climate change. The occurrence of any of the foregoing or similar events may result in damage to or destruction of the underlying assets and may materially adversely affect the financial, capital, credit and / or real estate markets

in which we operate, generally, or real estate or rental markets more locally, any of which could reduce the returns on, or fair values of, our assets or impair our ability to finance our business on favorable terms or at all. Consequently, the occurrence of any of the foregoing could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. To the extent that due diligence is conducted as part of our acquisition or underwriting process, such due diligence may be limited, may not reveal all of the risks associated with such assets and may not reveal other weaknesses in such assets, which could lead to material losses. As part of our acquisition or underwriting process for certain assets, including, without limitation, residential loans, direct and indirect multi-family property investments, ~~CMBS~~, non-Agency RMBS, ~~CMBS~~, ABS or other mortgage-, residential housing- or other credit-related assets, we may conduct (either directly or using third parties) certain due diligence. Such due diligence may include (i) an assessment of the strengths and weaknesses of the asset's or underlying asset's credit profile, (ii) a review of all or merely a subset of the documentation related to the asset or underlying asset or (iii) other reviews that we may deem appropriate to conduct. There can be no assurance that we will conduct any specific level of due diligence, or that, among other things, the due diligence process will uncover all relevant facts, the materials provided to us or that we review will be accurate and complete or that any purchase or our projection for that purchase will prove successful, which could result in losses on these assets, which, in turn, could adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. Many of the assets we own or acquire may be subject to legal, contractual and other restrictions on resale or will otherwise be less liquid than publicly traded securities. For example, certain of our assets may be securitized and are held in a securitization trust and may not be sold or transferred until the note issued by the securitization trust matures or is repaid. Similarly, our joint venture equity and Mezzanine Lending investments may require the consent of our operating partner or a lender to transfer or sell our investment and may also be less attractive to a buyer due to certain contractual provisions. Moreover, because many of our assets are subordinated to more senior securities or loans or depend on the ability of a borrower, tenant or operating partner to meet their contractual obligations, any potential buyer of those assets may request to conduct due diligence on those assets, which may delay the sale or transfer of those assets. **In addition, investments in MSRs are highly illiquid and may be subject to numerous restrictions on transfers, including without limitation the receipt of third-party consents.** The illiquidity of certain of our assets may make it difficult for us to sell such assets on a timely basis or at all if the need or desire arises. **If In addition, if** we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our assets, as was the case in March 2020 when the COVID-19 pandemic caused significant turmoil in our markets. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited, which could materially adversely affect our results of operations and financial condition. As part of our risk management process, models may be used to evaluate, depending on the asset class, ~~house home~~ price appreciation and depreciation by county or region, prepayment speeds and frequency, cost and timing of foreclosures, as well as other factors. Certain assumptions used as inputs to the models may be 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 model output also to 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, we may buy certain assets at prices that are too high, sell certain assets at prices that are too low or miss favorable opportunities altogether, which could have a material adverse impact on our business and growth prospects. Valuations of some of our assets are subject to inherent uncertainty, 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. While the determination of the fair value of our assets generally takes into consideration valuations provided by third-party dealers and pricing services, the final determination of exit price fair values for our assets is based on our judgment, and such valuations may differ from those provided by third-party dealers and pricing services. Valuations of certain assets may be difficult to obtain or may not be reliable (particularly as related to residential loans, as discussed below). In general, dealers and pricing services heavily disclaim their valuations as such valuations are not intended to be binding bid prices. Additionally, dealers may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability arising out of any inaccuracy or incompleteness in valuations. 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. Our results of operations, financial condition and business could be materially adversely affected if our fair value determinations of these assets are materially higher than could actually be realized in the market. Our investments in residential loans are difficult to value and are dependent upon the borrower's ability to service or refinance their debt. The inability of the borrower to do so could materially and adversely affect our liquidity and results of operations. The difficulty in valuation is particularly significant with respect to our less liquid investments such as our re-performing loans ( ~~or "RPLs"~~ **RPL "s** ) and non-performing loans ( ~~or "NPLs"~~ **NPL "s** ). RPLs are loans on which a borrower was previously delinquent but has resumed repaying. Our ability to sell RPLs for a profit depends on the borrower continuing to make payments. An RPL could become a NPL, which could reduce our earnings. Our investments in residential whole loans may require us to engage in workout negotiations, restructuring and / or the possibility of foreclosure. These processes may be lengthy and expensive. If we foreclose on underlying properties, we, through a designated servicer that we retain, will have to manage these properties and may not be able to sell them. We may work with our third-party servicers and seek to help a borrower to refinance an NPL or RPL to realize greater value from such loan. However, there may be impediments to executing a refinancing strategy for NPLs and RPLs. For example, a number of mortgage lenders have adjusted their loan programs and underwriting standards, which has reduced the availability of mortgage credit to prospective borrowers. This has resulted in reduced availability of financing alternatives for borrowers seeking to refinance their mortgage loans. In addition, the value of some borrowers' homes may decline below the amount of the mortgage loans on such homes resulting in higher loan-to-value ratios, which may leave the borrowers with insufficient equity in their homes to permit them to refinance.

With prevailing mortgage interest rates having risen in a meaningful way from their recent low levels, these risks may be exacerbated. The effect of the above would likely serve to make the refinancing of NPLs and RPLs potentially more difficult and less profitable for us. Competition may prevent us from acquiring assets on favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations. We operate in a highly competitive market for investment opportunities. Our net income largely depends on our ability to acquire our targeted assets at favorable spreads over our borrowing costs. In acquiring our targeted assets, we compete with other REITs, investment banking firms, savings and loan associations, banks, insurance companies, mutual funds, private investors, lenders and other entities that purchase mortgage-related assets, many of which have greater financial resources or access to opportunities than us. Greater demand for the assets we target for investment tends to increase prices and reduce the estimated yield on the asset. Additionally, many of our potential competitors are not subject to REIT tax compliance or required to maintain an exclusion from the Investment Company Act. During much of 2021, increased demand for the assets we targeted resulted in reduced levels of investment by us which negatively impacted our net earnings during those periods. As in the recent past, we may not in the future be able to acquire sufficient quantities of our targeted assets at favorable spreads over our borrowing costs, which could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our stockholders. 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 residential loans or make investments in multi-family or single-family rental properties, we **may often times** come into possession of borrower non-public personal information that an identity thief could utilize in engaging in fraudulent activity or theft. ~~We may~~ **In some cases, we** share this information with third parties, such as loan sub-servicers, property managers, outside vendors, third parties interested in acquiring such loans from us, or lenders extending credit to us collateralized by such loans. While we have 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 employees, independent contractors, or others working with us or on our behalf. Our servers and systems, and those of our service providers, operating partners and the companies in which we invest from time to time, may be vulnerable to computer malware, break-ins, denial-of-service attacks, and similar disruptions from unauthorized tampering with our computer systems, which could result in someone obtaining unauthorized access to borrowers’ data or our data, including other confidential business information. We have further developed and enhanced our cybersecurity systems and processes that are intended to protect this type of data and information **but**; ~~however~~, they may not be effective in preventing unauthorized access in the future and such unauthorized access could have a material adverse effect on our business and financial results. 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 or third parties, operating partners, companies in which we invest 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 business partners, 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 use of web-based product offerings and on the use of cybersecurity. We are highly dependent on information and communication systems and system failures and other operational disruptions could significantly disrupt our business, which may, in turn, materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. Our business is highly dependent on communications and information systems. For example, we rely on our proprietary database to track and manage the residential loans in our portfolio. Any failure or interruption in the availability and functionality of our systems or those of our third-party service providers and other operational disruptions could cause delays or other problems in our trading, investment, financing, hedging and other operating activities which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. **We have made and may in the future make investments in companies that we do not control.** Some of our investments currently and may in the future include debt instruments and / or equity securities of companies or investment vehicles that we do not control. ~~Those investments will be subject to the risk that the company or entity in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of such company or entity may take risks or otherwise act in a manner that does not serve our interests.~~ The entities in which we invest could be thinly capitalized, highly leveraged, dependent on a small number of key individuals, subject to regulatory concerns, underperform expectations, or face other obstacles that could adversely affect the business and results of **operations of any such entity.** **If any of the foregoing were to occur, our investments in these entities could be lost in their entirety, and our financial condition, results of operations and cash flow could suffer as a result.** Moreover, as a non-controlling equity

investor in a residential loan originator, our investment in the loan originator, business and reputation could be negatively impacted if such originator fails to comply with such federal, state and local laws, rules and regulations or receives negative media or marketing attention related to its operations. **We are highly dependent on information..... cash flow could suffer as a result**. Our access to financing sources, which may not be available on favorable terms, or at all, may be limited, and this may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. We depend upon the availability of adequate capital and financing sources on acceptable terms to fund our operations, meet financial obligations, and finance asset acquisitions. However, the capital and credit markets have experienced unprecedented levels of volatility and disruption in recent years, ~~including in 2020 as a result of the COVID-19 pandemic and most recently in 2023 due to concerns with the solvency of certain regional banks,~~ that have generally negatively impacted the availability of credit from time- to- time. Continued volatility or disruption in the credit or finance markets or a downturn in the global economy could materially adversely affect one or more of our lenders and could cause lenders to be unwilling or unable to provide us with financing, to increase the costs of that financing or make the terms less attractive, or to become insolvent. Such volatility or disruption could also limit or halt our access to securitization financing. Although we finance some of our assets with longer- term financing, we have also historically relied on access to short- term borrowings in the form of repurchase agreements to finance our investments. Because our repurchase agreements typically have terms of one year or less, our repurchase agreement counterparties may respond to market conditions in a manner that makes it more difficult for us to renew or replace on a continuous basis our maturing short- term financings and **such counterparties have imposed** and may **continue to in the future** impose more onerous conditions when rolling such financings. If we are not able to renew or roll our existing repurchase agreements or arrange for new financing on terms acceptable to us, or if we default on our financial covenants, are otherwise unable to access funds under our financing arrangements, or if we are required to post more collateral or face larger haircuts on our financings, we may have to dispose of assets at significantly depressed prices and at inopportune times, which could cause significant losses, and may also force us to curtail our asset acquisition activities. If we are faced with a larger haircut in order to roll a financing with a particular counterparty, or in order to move a financing from one counterparty to another, then we would need to make up the difference between the two haircuts in the form of cash, which could similarly require us to dispose of assets at significantly depressed prices and at inopportune times, which could cause significant losses. Issues related to financing are exacerbated in times of significant dislocation in the financial markets. It is possible that our financing counterparties will become unwilling or unable to provide us with financing, and we could be forced to sell our assets at an inopportune time when prices are depressed or markets are illiquid, which could cause significant losses. **Indeed, we experienced these types of conditions during the height of the market disruption caused by COVID- 19 and incurred significant losses.** In addition, if the regulatory capital requirements imposed on our financing counterparties change, they may be required to significantly increase the cost of the financing that they provide to us, or to increase the amounts of collateral they require as a condition to providing us with financing. Our financing counterparties also have revised, and may continue to revise, their eligibility requirements for the types of assets that they are willing to finance or the terms of such financings, including increased haircuts and requiring additional cash collateral, based on, among other factors, the regulatory environment and their management of actual and perceived risk, particularly with respect to assignee liability. Moreover, the amount of financing that we receive under our repurchase agreements will be directly related to our counterparties' valuation of our assets that collateralize the outstanding repurchase agreement financing. 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. Finally, securitization financing has been limited from time to time in the recent past. ~~Currently, due to a higher interest rate environment and current market conditions, residential loan securitization activity has fallen in a significant way as the terms of such financing, in many cases, have become less attractive.~~ A prolonged decline in securitization activity may limit borrowings under warehouse facilities and other credit facilities that are intended to be refinanced by such securitizations. Moreover, other forms of longer- term financing have historically been difficult for mortgage REITs to access or contain less favorable terms. 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 restrict our operations **or financing** or 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 investment activities and / or dispose of assets, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. We use repurchase agreements to finance a portion of our investments. In certain cases, these repurchase agreements allow the lender, to varying degrees, to revalue the collateral to values that the lender considers to reflect the market value. In these cases, when a lender determines that the value of the collateral has decreased, it may initiate a margin call, in which case we may be required by the lending institution to provide additional collateral or pay down a portion of the funds advanced, but we may not have the funds available to do so. Typically, repurchase agreements grant the repurchase agreement counterparty the absolute right to reevaluate the fair market value of the assets that cover the amount financed under the repurchase agreement at any time. If a repurchase agreement counterparty determines in its sole discretion that the value of the assets subject to the repurchase agreement financing has decreased, it has the right to initiate a margin call. These valuations may be different than the values that we ascribe to these assets and may be influenced by recent asset sales at distressed levels by forced sellers. A margin call requires us to transfer additional assets to a repurchase agreement counterparty without any advance of funds from the counterparty for such transfer or to repay a portion of the outstanding repurchase agreement financing. We would also be required to post additional collateral if haircuts increase under a repurchase agreement. In these situations, we could be forced to sell assets at significantly depressed prices to meet such margin calls and to maintain adequate

liquidity or to otherwise reduce the amount of leverage we use to finance our business, which could cause significant losses. In the event we do not have sufficient liquidity to meet such requirements, lending institutions can accelerate our indebtedness, increase our borrowing rates, liquidate our collateral at inopportune times or prices and terminate our ability to borrow. Significant margin calls could have a material adverse effect on our results of operations, financial condition, business, liquidity, and ability to make distributions to our stockholders, and could cause the value of our **securities capital stock** to decline. As a result of the COVID-19 outbreak, we observed a mark-down of a portion of our assets by our repurchase agreement counterparties during the first quarter of 2020, resulting in us having to pay cash and securities to satisfy margin calls that were well beyond historical norms. Disruptive events, including events similar to these, could have a material adverse impact on our liquidity and could lead to significant losses, a rapid deterioration of our financial condition and possibly require us to file for protection under the U. S. Bankruptcy Code. We leverage our equity through borrowings, generally through the use of repurchase agreements, longer-term structured debt, such as CDOs and other forms of secured debt, or corporate-level debt, such as senior unsecured notes and convertible notes. We may, in the future, utilize other forms of borrowing. The amount of leverage we incur varies depending on the asset type, our ability to obtain borrowings, the cost of the debt and our lenders' estimates of the value of our portfolio's cash flow. The return on our investments and cash available for distribution to our stockholders may be reduced to the extent that changes in market conditions cause the cost of our financing to increase relative to the income that can be derived from the assets we hold in our investment portfolio. Further, the leverage on our equity may exacerbate any losses we incur. Our debt service payments will reduce the net income available for distribution to our stockholders. We may not be able to meet our debt service obligations and, to the extent that we cannot, we risk the loss of some or all of our assets to sale to satisfy our debt obligations. Although we have established target leverage amounts for many of our assets, there is no established limitation, other than as may be required by our financing arrangements or our investment guidelines, on our leverage ratio or on the aggregate amount of our borrowings. As a result, we may still incur substantially more debt or take other actions which could have the effect of diminishing our ability to make payments on our indebtedness when due and further exacerbate our losses. If we are limited in our ability to leverage our assets to the extent we currently anticipate, the returns on these assets may be negatively impacted. We have historically used leverage to increase the size of our portfolio in order to enhance our returns. The capital and credit markets have experienced unprecedented levels of volatility and disruption in recent years, ~~including as a result of the COVID-19 pandemic and the current inflationary environment~~ that has generally negatively impacted the availability and / or terms of financing from time-to-time. If we are unable to leverage our equity to the extent we currently anticipate due to unavailability or less attractive terms or otherwise, the returns on our portfolio could be diminished, which may limit or eliminate our ability to make distributions to our stockholders. We sometimes utilize non-recourse securitizations and recourse structured financings of our investments in residential loans or investment securities to the extent consistent with the maintenance of our REIT qualification and exclusion from registration under the Investment Company Act in order to generate cash for funding new investments and / or leverage existing assets. Some securitizations are treated as financing transactions for GAAP, while others are treated as sales. In a typical securitization, we convey assets to **an a special purpose vehicle** ("SPE"), the issuer, which then issues one or more classes of notes secured by the assets pursuant to the terms of an indenture. In exchange for conveying assets to the SPE, we may receive the ownership certificate or residual interest in the securitization and we frequently retain a subordinated interest in the securitization. To the extent that we retain the most subordinated economic interests in the issuer, we would continue to be exposed to losses on the assets for as long as those retained interests remained outstanding and therefore able to absorb such losses. Furthermore, our retained interests in a securitization could be less liquid than the underlying assets themselves, and may be subject to U. S. Risk Retention Rules and similar European rules. There can be no assurance that we will be able to access the securitization markets in the future or be able to do so at favorable rates to finance the assets we accumulate as part of our investment strategy. The inability to consummate longer-term financing for the credit sensitive assets in our portfolio could require us to seek other forms of potentially less attractive financing or to liquidate assets at inopportune times or prices, which could adversely affect our performance and our ability to grow our business. In addition, under the terms of the securitization or structured financing, we may have limited or no ability to sell, transfer or replace the assets transferred to the SPE, which could have a material adverse effect on our ability to sell the assets opportunistically or during periods when our liquidity is constrained or to refinance the assets. Under the terms of these financings, some of which have terms of up to forty **- five** years, we ~~have in the past and may in the future~~ agree to receive no cash flows from the assets transferred to the SPE until the debt issued by the SPE has matured or been repaid, which could reduce our liquidity and our cash available for distribution to our stockholders. As part of our financing strategy, we have in the past and may in the future guarantee certain terms or conditions of these financings, including the payment of principal and interest on the debt issued by the SPE, the cash flows for which are typically derived from the assets transferred to the entity. If an SPE defaults on its obligations and we have guaranteed the satisfaction of that obligation, we may be materially adversely affected. In connection with our securitizations, we generally are required to prepare disclosure documentation for investors, including term sheets and offering memoranda, which contain information regarding the securitization generally, the securities being issued, and the assets being securitized. If our disclosure documentation for a securitization is alleged or found to contain material inaccuracies or omissions, we may be liable under federal securities laws, state securities laws or other applicable laws for damages to the investors in such securitization, we may be required to indemnify the underwriters of the securitization or other parties, or we may incur other expenses and costs in connection with disputing these allegations or settling claims. Such liabilities, expenses, and / or losses could be significant. We will typically be required to make representations and warranties in connection with our securitizations regarding, among other things, certain characteristics of the assets being securitized. If any of the representations and warranties that we have made concerning the assets are alleged or found to be inaccurate, we may incur expenses disputing the allegations, and we may be obligated to repurchase certain assets, which may result in losses. Even if we previously obtained representations and warranties from loan

originators or other parties from whom we originally acquired the assets, such representations and warranties may not align with those that we have made for the benefit of the securitization, or may otherwise not protect us from losses (e. g., because of a deterioration in the financial condition of the party that provided representations and warranties to us). When we engage in repurchase transactions, we generally sell RMBS, ~~CMBS~~, residential loans or certain other assets to lenders (i. e., repurchase agreement counterparties) and receive cash from the lenders. The lenders are obligated to resell the same asset back to us at the end of the term of the transaction. Because the cash we receive from the lender when we initially sell the asset to the lender is less than the value of that asset (this difference is referred to as the “haircut”), if the lender defaults on its obligation to resell the same asset back to us we would incur a loss on the transaction equal to the amount of the haircut (assuming there was no change in the value of the asset), plus additional costs associated with asserting or enforcing our rights under the repurchase agreement. Certain of the assets that we pledge as collateral are currently subject to significant haircuts. Further, if we default on one of our obligations under a repurchase transaction, the lender can terminate the transaction and cease entering into any other repurchase transactions with us. Moreover, our repurchase agreements frequently contain cross- default provisions, so that if a default occurs under any one agreement, the lenders under our other agreements may also be entitled to declare a default, which could exacerbate our losses and cause a rapid deterioration of our financial condition. Any losses we incur on our repurchase transactions through our default or the default of our counterparty could adversely affect our liquidity and earnings and thus our cash available for distribution to our stockholders. Our borrowings under repurchase agreements may qualify for special treatment under the bankruptcy code, giving our lenders the ability to avoid the automatic stay provisions of the bankruptcy code and to take possession of and liquidate our collateral under the repurchase agreements without delay in the event that we file for bankruptcy. Furthermore, the special treatment of repurchase agreements under the bankruptcy code may make it difficult for us to recover our pledged assets in the event that a lender files for bankruptcy. Thus, the use of repurchase agreements exposes our pledged assets to risk in the event of a bankruptcy filing by either a lender or us. The repurchase agreements that finance a portion of our investment portfolio and certain of our other existing financing arrangements, including our senior unsecured notes, and those we enter into in the future, contain or may contain financial covenants. Negative impacts on our business, including those caused by significant market disruptions or an economic downturn, have and / or may make it more difficult to meet or satisfy these covenants, and we cannot assure you that we will remain in compliance with these covenants in the future. If we fail to meet or satisfy any of these covenants, we would be in default under these agreements, which could result in a cross- default or cross- acceleration under other financing arrangements, and the financing counterparties could elect to declare the repurchase price or principal and interest due and payable (or such amounts may automatically become due and payable), terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could significantly limit our financing alternatives, which could cause us to curtail our investment activities or dispose of assets when we otherwise would not choose to do so. As a result, a default on any of our financing agreements could materially and adversely affect our business, results of operations, financial condition and ability to make distributions to our stockholders. Hedging against interest rate, credit and market value changes as well as other risks may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. Subject to compliance with the requirements to maintain our qualification as a REIT, we may engage in certain hedging transactions to limit our exposure to changes in interest rates and credit markets and therefore may expose ourselves to risks associated with such transactions. We may utilize instruments such as interest rate swaps, interest rate swaptions, interest rate caps, Eurodollars and U. S. Treasury futures to seek to hedge the interest rate risk associated with our portfolio. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio positions should increase. ~~In addition, to the extent the joint venture entities in which we own a common equity interest own multi- family properties that are required to purchase an interest rate cap to fix the variable interest rate on a senior mortgage on such property, any required reset of the interest rate cap at a time when interest rates are higher than they were at the time we initially underwrote the investment may materially adversely impact the cash flow from and value of such property.~~ Moreover, at any point in time we may choose not to hedge all or a portion of these risks, and we generally will not hedge those risks that we believe are appropriate for us to take at such time, or that we believe would be impractical or prohibitively expensive to hedge. Even if we do choose to hedge certain risks, for a variety of reasons we generally will not seek to establish a perfect correlation between our hedging instruments and the risks being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. Our hedging activity will vary in scope based on the composition of our portfolio, our market views, and changing market conditions, including the level and volatility of interest rates. When we do choose to hedge, hedging may fail to protect or could materially adversely affect us because, among other things: • 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; • we may fail to recalculate, re- adjust and execute hedges in an efficient and timely manner; • the hedging transactions may actually result in poorer overall performance for us than if we had not engaged in the hedging transactions; • interest rate hedging can be expensive, particularly during periods of volatile interest rates; • available hedges may not correspond directly with the risks for which protection is sought; • the durations of the hedges may not match the durations of the related assets or liabilities being hedged; • many hedges are structured as over- the- counter contracts with counterparties whose creditworthiness is not guaranteed, raising the possibility that the hedging counterparty may default on their payment obligations; and • 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. The use of derivative instruments is also subject to an increasing number of laws and regulations, including the Dodd- Frank Act and its implementing regulations. These laws and regulations are complex, compliance with them may be costly and time consuming, and our failure to comply with any of these laws and regulations

could subject us to lawsuits or government actions and damage our reputation. For these and other reasons, our hedging activity may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. Risks Associated with Adverse Developments in the Mortgage, Real Estate, Credit and Financial Markets Generally Difficult conditions in the mortgage, real estate and financial markets and the economy generally have caused and may cause us to experience losses in the future. Our business is materially affected by conditions in the residential and commercial mortgage markets, the residential and commercial real estate markets, the financial markets and the economy generally. Furthermore, because a significant portion of our current assets and our targeted assets are credit sensitive, we believe the risks associated with our investments will be more acute during periods of economic slowdown, recession or market dislocations, especially if these periods are accompanied by declining real estate values and increasing delinquencies and defaults. In recent years, concerns about the health of the global economy generally and the residential and commercial mortgage markets specifically, as well as inflation, energy costs, changes in monetary policy, perceived or actual changes in interest rates, **European sovereign debt the health of the banking system**, U. S. budget debates, geopolitical issues, global pandemics such as the COVID- 19 pandemic and the availability and cost of credit have contributed to increased volatility and uncertainty for the economy and mortgage, real estate and financial markets. The residential and commercial mortgage markets were materially adversely affected by changes in the lending landscape during the financial market crisis of 2008 and again by the significant market disruption in March and April 2020 resulting from the COVID- 19 pandemic, the severity of which, in each case, was largely unanticipated by the markets, and there can be no assurance that such adverse markets will not occur in the future, particularly in light of current economic uncertainty. In addition, an economic slowdown, elevated interest rates or general disruption in the mortgage markets may result in decreased demand for residential and commercial property, which would likely further compress homeownership rates and place pressure on home price performance, while potentially forcing commercial property owners to lower rents on properties with excess supply or experience higher vacancy rates. We believe there is a strong correlation between home price growth rates and mortgage loan delinquencies. Moreover, to the extent that a property owner has fewer tenants or receives lower rents, such property owners may generate less cash flow on their properties, which reduces the value of their property and increases significantly the likelihood that such property owners will default on their debt service obligations. If the borrowers of our mortgage loans, the loans underlying certain of our investment securities or the multi- family properties that we finance or in which we invest, default or become delinquent on their obligations, we may incur material losses on those loans or investments. Any sustained period of increased payment delinquencies, defaults, foreclosures or losses could adversely affect both our net interest income and earnings and our ability to acquire our targeted assets in the future on favorable terms or at all. In addition, the deterioration of the mortgage markets, the residential or commercial real estate markets, the financial markets and the economy generally may result in a decline in the market value of our assets or cause us to experience losses related thereto, which may adversely affect our results of operations or book value, the availability and cost of credit and our ability to make distributions to our stockholders. The U. S. Government and the Federal Reserve took significant actions to support the economy and the continued functioning of the financial markets in response to the COVID- 19 pandemic through multiple relief bills. **More recently From the first quarter of 2022 into the third quarter of 2024**, the U. S. Government and the Federal Reserve **took have taken** significant actions in response to the current inflationary environment in the U. S. **through including**, among other things, **implementing** numerous increases **in to the target rate range** for the **fed federal** funds rate **since in 2022 and 2023 and holding the target range of the federal funds rate at such elevated levels**, creating a great deal of volatility in markets. There can be no assurance as to how, in the long term, these and other actions by the U. S. Government or the Federal Reserve will affect the efficiency, liquidity and stability of the financial and mortgage markets or whether they will be successful in reducing inflation to acceptable **and sustainable** levels without creating an economic recession. There can be no assurance as to how, in the long term, these and other actions by the U. S. Government or the Federal Reserve will affect our business and the efficiency, liquidity and stability of financial and mortgage markets. Moreover, uncertainty with respect to the actions discussed above combined with uncertainty surrounding legislation, regulation and government policy at the federal, state and local levels have introduced new and difficult- to- quantify macroeconomic and political risks with potentially far- reaching implications. There has been a corresponding meaningful increase in uncertainty with respect to interest rates, inflation, foreign exchange rates, trade volumes and trade, fiscal and monetary policy. **The With a U. S. presidential election year upon us in 2024, the** potential for changes in policy and regulation is heightened by **the a potential** change in the U. S. **presidential** administration **at the start of 2025**. New legislative, regulatory or policy changes could significantly impact our business and the markets in which we operate. In addition, disagreements over the federal budget and federal debt limits have increasingly led to the actual or near shutdown of the U. S. Government. To the extent changes in the political environment have a negative impact on our business or the financial and mortgage markets, our business, results of operations, financial condition and ability to make distributions to our stockholders could be materially and adversely impacted. In August 2011, Standard & Poor' s Ratings Services lowered its long- term sovereign credit rating on the U. S. from “ AAA ” to “ AA ” due, in part, to concerns surrounding the burgeoning U. S. Government budget deficit. More recently, Fitch Ratings downgraded the U. S. ' s long- term credit rating in August 2023 from “ AAA ” to “ AA ” due primarily to expected fiscal deterioration and the erosion of governance that has led to repeated debt limit standoffs. The impact of any further downgrades to the U. S. Government' s sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions and would likely impact the credit risk associated with some of the targeted assets in our portfolio or those we may seek to acquire. A downgrade of the U. S. Government' s credit rating or a default by the U. S. Government to satisfy its debt obligations likely would create broader financial turmoil and uncertainty, which would weigh heavily on the global banking system and these developments could cause interest rates and borrowing costs to rise and a reduction in the availability of credit, which may negatively impact the value of the assets in our portfolio, our net income, liquidity and our ability to finance our assets on favorable terms. The federal

conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in **such conservatorship or** laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and Ginnie Mae and the U. S. Government, may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our shareholders. Payments on the Agency RMBS in which we ~~may~~ invest are guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae. Fannie Mae and Freddie Mac are GSEs, but their guarantees are not backed by the full faith and credit of the United States. Ginnie Mae, which guarantees ~~mortgage-backed securities~~ (“MBS”) backed by federally insured or guaranteed loans primarily consisting of loans insured by the Federal Housing Administration (the “FHA”) or guaranteed by the Department of Veterans Affairs (“VA”), is part of a U. S. Government agency and its guarantees are backed by the full faith and credit of the United States. In September 2008, in response to the deteriorating financial condition of Fannie Mae and Freddie Mac, the U. S. Government placed Fannie Mae and Freddie Mac into the conservatorship of the Federal Housing Finance Agency (the “FHFA”), their federal regulator. Shortly after Fannie Mae and Freddie Mac were placed in federal conservatorship, the Secretary of the U. S. Treasury noted that the guarantee structure of Fannie Mae and Freddie Mac required examination and that changes in the structures of the entities were necessary to reduce risk to the financial system. The future roles of Fannie Mae and Freddie Mac could be significantly reduced, and the nature of their guarantees could be considerably limited relative to historical measurements or even eliminated. The substantial financial assistance provided by the U. S. Government to Fannie Mae and Freddie Mac and the mortgage-related operations of other GSEs and government agencies, such as the FHA, VA and Ginnie Mae, has stirred debate among many federal policymakers over the continued role of the U. S. Government in providing such financial support for the mortgage-related GSEs in particular, and for the mortgage and housing markets in general. To date, no definitive legislation has been enacted with respect to a possible unwinding of Fannie Mae or Freddie Mac or a material reduction in their roles in the U. S. mortgage market, and it is not possible at this time to predict the scope and nature of the actions, if any, that the U. S. Government will ultimately take with respect to these entities. Fannie Mae, Freddie Mac and Ginnie Mae could each be dissolved, and the U. S. Government could determine to stop providing liquidity support of any kind to the mortgage market. If Fannie Mae, Freddie Mac or Ginnie Mae were eliminated, or their structures were to change radically, or the U. S. Government significantly reduced its support for any or all of them which would drastically reduce the amount and type of MBS and residential loans available for purchase, we may be unable or significantly limited in our ability to acquire certain of our targeted assets, which, in turn, could negatively impact our ability to maintain our exclusion from regulation as an investment company under the Investment Company Act. Moreover, any changes to the nature of the guarantees provided by, or laws affecting, Fannie Mae, Freddie Mac and Ginnie Mae could materially adversely affect the credit quality of the guarantees, could increase the risk of loss on purchases of MBS issued by these GSEs and could have broad adverse market implications for the MBS they currently guarantee and the mortgage industry generally. Any action that affects the credit quality of the guarantees provided by Fannie Mae, Freddie Mac and Ginnie Mae could materially adversely affect the value of the MBS and other assets that we own or seek to acquire. In addition, any market uncertainty that arises from any such proposed changes, or the perception that such changes will come to fruition, could have a similar impact on us and the values of the MBS and other assets that we own. ~~The discontinuation of LIBOR and the transition from LIBOR to an alternative reference rate, such as SOFR, may adversely impact our borrowings, operations, cash flows and assets and the value of investments in our Series D Preferred Stock and Series E Preferred Stock. Our repurchase agreements, subordinated debt, mortgage debt related to our consolidated multi-family properties, Series D Preferred Stock, Series E Preferred Stock and certain of our floating rate assets, particularly residential loans, are linked to LIBOR, which has been the subject of recent reform. The U. K. Financial Conduct Authority, the regulator of LIBOR, stopped publishing USD LIBOR for the one week and two month USD LIBOR tenors on December 31, 2021 and stopped publishing the remainder of USD LIBOR tenors on June 30, 2023. The Alternative Reference Rates Committee, which was convened by the Federal Reserve Board and the Federal Reserve Bank of New York to help ensure a successful transition from LIBOR, proposed that the SOFR would replace LIBOR. SOFR is based on overnight Treasury General Collateral repo rates. We continue to integrate SOFR into our operations, as it has become in many cases, and will likely become in other cases, the new reference rate for hedges and a range of interest rate investments and financing arrangements. In light of the cessation of the publication of LIBOR, our material contracts that were indexed to LIBOR have been amended to transition to an alternative reference rate and any of our other unmodified agreements that incorporate LIBOR as the referenced rate have provisions in place that provide for identification of an alternative reference rate or specify an alternative reference rate, or by operation of law specify an alternative reference rate, to LIBOR upon its phase-out. However, the full impact of the transition remains unpredictable and these efforts may not be successful in mitigating the legal and financial risk from transitioning to an alternative reference rate in our legacy agreements. In addition, any resulting differences in interest rate standards among our assets and our financing arrangements may result in interest rate mismatches between our assets and the borrowings used to fund such assets. Furthermore, the transition away from LIBOR may adversely impact our ability to manage and hedge exposures to fluctuations in interest rates using derivative instruments. In addition, we cannot predict potential other unforeseen impacts of the transition away from LIBOR. Given that SOFR is a secured rate backed by government securities, it is a rate that does not take into account bank credit risk (as was the case with LIBOR). SOFR is therefore likely to be lower than LIBOR was and is less likely to correlate with the funding costs of financial institutions. Moreover, SOFR has a limited history, having been first published in April 2018, and has been more volatile than other benchmark or market rates, including LIBOR, during certain periods. 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. SOFR-based rates will differ from LIBOR, and the differences may be material. While we will continue to use SOFR, certain factors may impact SOFR, including factors causing SOFR to cease to exist, the establishment of new methods of calculating SOFR, or the use of alternative reference rates. As such, the effect of the transition to SOFR may adversely impact our cost of capital, which could ultimately adversely impact our results of operations;~~

cash flows and the market value and liquidity of our investments. In addition, holders of our Series D Preferred Stock and Series E Preferred Stock should be aware that, with the discontinuance of LIBOR, the dividend rate on our Series D Preferred Stock and Series E Preferred Stock will be determined for the relevant period by the fallback provisions applicable to such preferred stock. From and including October 15, 2027 for our Series D Preferred Stock (“ Series D Preferred Stock Floating Rate Period ”) and from and including January 15, 2025 for our Series E Preferred Stock (the “ Series E Preferred Stock Floating Rate Period, ” and together with the Series D Preferred Stock Floating Rate Period, the “ Floating Rate Period ”), and because Three-Month LIBOR Rate (as defined in the Articles Supplementary of the Series D Preferred Stock and Series E Preferred Stock) will have ceased publication, under the terms of the Series D Preferred Stock and Series E Preferred Stock, we will appoint a calculation agent to determine whether there is an industry accepted substitute or successor base rate to Three-Month LIBOR Rate. If, after such consultation, the calculation agent determines that there is an industry accepted substitute or successor base rate, the calculation agent shall use such substitute or successor base rate. In such case, the calculation agent in its sole discretion may also implement other technical changes to the Series D Preferred Stock and Series E Preferred Stock in a manner that is consistent with industry accepted practices for such substitute or successor base rate. We currently anticipate that the successor rate to be chosen by the calculation agent during the Floating Rate Period will be three-month CME Term SOFR plus the applicable tenor spread adjustment of 0.26161% per annum. The selection of a successor rate, and any decisions, determinations or elections made by us or the calculation agent in connection with implementing a successor rate with respect to the Series D Preferred Stock and Series E Preferred Stock in accordance with their terms during the Floating Rate Period, could result in adverse consequences to the applicable dividend rate on the Series D Preferred Stock or Series E Preferred Stock, which could adversely affect the return on, value of and market for the Series D Preferred Stock or Series E Preferred Stock. Further, there is no assurance that the characteristics of any successor rate will be similar to LIBOR, or that any successor rate will produce the economic equivalent of LIBOR. We may change our investment, financing, or hedging strategies and asset allocation and operational and management policies without stockholder consent, which may result in the purchase of riskier assets, the use of greater leverage or commercially unsound actions, any of which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. We may change our investment strategy, financing strategy, hedging strategy and asset allocation and operational and management policies at any time without the consent of our stockholders, which could result in our purchasing assets or entering into financing or hedging transactions in which we have no or limited experience with or that are different from, and possibly riskier than the assets, financing and hedging transactions described in this report. A change in our investment strategy, financing strategy or hedging strategy may increase our exposure to real estate values, interest rates, prepayment rates, credit risk and other factors and there can be no assurance that we will be able to effectively identify, manage, monitor or mitigate these risks. A change in our asset allocation or investment guidelines could result in us purchasing assets in classes different from those described in this report. Our Board of Directors determines our operational policies and may amend or revise our policies, including those with respect to our investments, such as our investment guidelines, growth, operations, indebtedness, capitalization and distributions or approve transactions that deviate from these policies without a vote of, or notice to, our stockholders. Changes in our investment strategy, financing strategy, hedging strategy and asset allocation and operational and management policies could materially adversely affect our business, financial condition and results of operations and ability to make distributions to our stockholders. Moreover, while our Board of Directors or a duly designated committee thereof periodically reviews our investment guidelines and our investment portfolio, our directors do not approve every individual investment that we make, leaving management with day-to-day discretion over the portfolio composition within the investment guidelines. Within those guidelines, management has discretion to significantly change the composition of the portfolio and utilize leverage. In addition, in conducting periodic reviews, the directors may rely primarily on information provided to them by our management. Moreover, because our management has great latitude within our investment guidelines in determining the types and amounts of assets in which to invest and leverage to employ on our behalf, there can be no assurance that our management will not make or approve investments that result in returns that are substantially below expectations or result in losses, which would materially adversely affect our business, results of operations, financial condition and ability to make distributions to our stockholders. We have conducted and intend to continue to conduct our operations so as not to become regulated as an investment company under the Investment Company Act. We believe that there are a number of exclusions under the Investment Company Act that are applicable to us. To maintain the exclusion, the assets that we acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated under the Investment Company Act. On August 31, 2011, the SEC published a concept release entitled “ Companies Engaged in the Business of Acquiring Mortgages and Mortgage Related Instruments ” (Investment Company Act Rel. No. 29778). This release suggests that the SEC may modify the exclusion relied upon by companies similar to us that invest in mortgage loans and mortgage-backed securities, although no such action has been taken at this time. If the SEC acts to narrow the availability of, or if we otherwise fail to qualify for, our exclusion, we could, among other things, be required either (a) to change the manner in which we conduct our operations to avoid being required to register as an investment company or (b) to register as an investment company, either of which could have a material adverse effect on our operations and the market price of our common stock. Dividends on our Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock accrue cumulatively at a fixed rate for a specified period of time (the “ Fixed Rate Period ”). At the conclusion of the Fixed Rate Period, dividends on our Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock, accrue cumulatively at a floating rate equal to a benchmark rate plus a spread, as set forth in the Articles Supplementary classifying and designating such series of preferred stock. The Fixed Rate Period for the Series ~~D~~<sup>E</sup> Preferred Stock **concluded on January 14, 2025. The Fixed Rate Period for the Series E-D Preferred Stock and Series F Preferred Stock conclude on October 14, 2027, January 14, 2025 and October 14, 2026, respectively.** As the rate at which dividends accrue on our Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock converts from a fixed rate to floating rate, the dividend

rate could fluctuate in an unpredictable manner and, **Based on current interest rate levels, the floating dividend rate exceeds, or may** materially exceed, the fixed rate in effect during the Fixed Rate Period **for the applicable series**. The floating rates on the Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock subject us to interest rate risk and could significantly increase the cost of dividends on such preferred stock. Such increased dividend costs could affect our ability to make cash distributions to our stockholders at our intended levels, or at all, or otherwise materially adversely affect our earnings, cash flows and financial condition. Additionally, following the Fixed Rate Period for each of our Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock, we may redeem such series of preferred stock at our option, in whole or in part, at any time. Should we choose to redeem a series of our preferred stock at the conclusion of its Fixed Rate Period to avoid additional or unpredictable dividend expenses or for other strategic reasons, we may be forced to raise additional funds or sell assets at unfavorable times or on unfavorable terms to us. The U. S. Congress and various state and local legislatures have considered in the past, and in the future may adopt, legislation, which, among other provisions, would permit limited assignee liability for certain violations in the mortgage loan origination process, and would allow judicial modification of loan principal in certain instances. We cannot predict whether or in what form the U. S. 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. Any loan modification program or future legislative or regulatory action, including possible amendments to the bankruptcy laws, which results in the modification of outstanding residential mortgage loans or changes in the requirements necessary to qualify for refinancing mortgage loans with Fannie Mae, Freddie Mac or Ginnie Mae, may adversely affect the value of, and the returns on, our assets which, in turn, could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. Residential mortgage loan originators and servicers are required to comply with various federal, state and local laws and regulations, including anti- predatory lending laws and laws and regulations imposing certain restrictions on requirements on high cost loans. Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of our investment portfolio, could subject us, as an assignee or purchaser of the related residential mortgage loans, to reputational harm, monetary penalties and the risk of the borrowers rescinding the affected residential mortgage loans. Lawsuits have been brought in various states making claims against assignees or purchasers of high cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. Moreover, as a non- controlling equity investor in a residential loan originator, our investment in the loan originator, business and reputation could be negatively impacted if such originator fails to comply with such federal, state and local laws, rules and regulations or receives negative media or marketing attention related to its operations. If loans in our portfolio or those originated by entities in which we have or have previously made an ~~investments-~~ **investment** are found to have been originated in violation of predatory or abusive lending laws, we could incur losses that would materially adversely affect our business. Our business and many of the assets that we invest in, particularly residential loans and mortgage- related assets, are subject to extensive regulation by federal and state governmental authorities, self- regulatory organizations and the securities exchange on which our capital stock is listed for which we incur significant ongoing compliance costs. The laws, rules and regulations comprising this regulatory framework change frequently, as can the interpretation and enforcement of existing laws, rules and regulations. Some of the laws, rules and regulations to which we are subject, including the Dodd- Frank Act and various predatory lending laws, are intended primarily to safeguard and protect consumers, rather than stockholders or creditors. We are unable to predict whether United States federal, state or local authorities, or other pertinent bodies, will enact legislation, laws, rules, regulations, handbooks, guidelines or similar provisions that will affect our business or require changes in our practices in the future, and any such changes could materially and adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders. Certain provisions of Maryland law, our charter and our bylaws may have the effect of delaying, deferring or preventing transactions that involve an actual or threatened change in control. These provisions include the following, among others: • our charter provides that, subject to the rights of one or more classes or series of preferred stock to elect one or more directors, a director may be removed with or without cause only by the affirmative vote of holders of at least two- thirds of all votes entitled to be cast by our stockholders generally in the election of directors; • under our charter, our Board of Directors has authority to issue preferred stock from time to time, in one or more series and to establish the terms, preferences and rights of any such series, all without the approval of our stockholders; • the Maryland Business Combination Act; and • the Maryland Control Share Acquisition Act. Although our Board of Directors has adopted a resolution exempting us from application of the Maryland Business Combination Act and our bylaws provide that we are not subject to the Maryland Control Share Acquisition Act, our Board of Directors may elect to make the “ business combination ” statute and “ control share ” statute applicable to us at any time and may do so without stockholder approval. In order for us to maintain our qualification as a REIT under the Internal Revenue Code, not more than 50 % in value of the issued and outstanding shares of our capital stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year (other than our first year as a REIT). This test is known as the “ 5 / 50 test. ” Attribution rules in the Internal Revenue Code apply to determine if any individual or entity actually or constructively owns our capital stock for purposes of this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of each taxable year (other than our first year as a REIT). To help ensure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock. Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and provides that, unless exempted by our Board of Directors, no person may own more than 9. 9 % in value of the aggregate of the outstanding shares of our capital stock or more than 9. 9 % in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. The ownership limits contained in our charter could delay or prevent a transaction or a change in control of our company under circumstances that otherwise could

provide our stockholders with the opportunity to realize a premium over the then current market price for our common stock or would otherwise be in the best interests of our stockholders. Failure to qualify as a REIT would adversely affect our operations and ability to make distributions. We have operated and intend to continue to operate so to qualify as a REIT for U. S. federal income tax purposes. Our continued qualification as a REIT will depend on our ability to meet various requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income, and the amount of our distributions to our stockholders. In order to satisfy these requirements, we might have to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our investment performance. Moreover, while we intend to continue to operate so to qualify as a REIT for U. S. federal income tax purposes, given the highly complex nature of the rules governing REITs, there can be no assurance that we will so qualify in any taxable year. If we fail to qualify as a REIT in any taxable year and we do not qualify for certain statutory relief provisions, we would be subject to U. S. federal income tax on our taxable income at regular corporate rates. We might be required to borrow funds or liquidate some investments in order to pay the applicable tax. Our payment of income tax would reduce our net earnings available for investment or distribution to stockholders. Furthermore, if we fail to qualify as a REIT and do not qualify for certain statutory relief provisions, we would no longer be required to make distributions to stockholders. Unless our failure to qualify as a REIT were excused under the U. S. federal income tax laws, we generally would be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our REIT status. In order to qualify as a REIT, we generally are required each year to distribute to our stockholders at least 90 % of our REIT taxable income, excluding any net capital gain and without regard to the deduction for dividends paid. To the extent that we distribute at least 90 %, but less than 100 % of our REIT taxable income, we will be subject to corporate income tax on our undistributed REIT taxable income. In addition, we will be subject to a 4 % nondeductible excise tax on the amount, if any, by which certain distributions paid by us with respect to any calendar year are less than the sum of (i) 85 % of our ordinary REIT income for that year, (ii) 95 % of our REIT capital gain net income for that year, and (iii) 100 % of our undistributed REIT taxable income from prior years. We have made and intend to continue to make distributions to our stockholders to comply with the 90 % distribution requirement and to avoid corporate income tax and the nondeductible excise tax. However, differences in timing between the recognition of REIT taxable income and the actual receipt of cash could require us to sell assets or to borrow funds on a short- term basis to meet the 90 % distribution requirement and to avoid corporate income tax and the nondeductible excise tax. Certain of our assets may generate substantial mismatches between REIT taxable income and available cash. Such assets could include mortgage- backed securities we hold that have been issued at a discount and require the accrual of taxable income in advance of the receipt of cash. As a result, our taxable income may exceed our cash available for distribution and the requirement to distribute a substantial portion of our net taxable income could cause us to: • sell assets in adverse market conditions; • borrow on unfavorable terms; or • distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt in order to comply with the REIT distribution requirements. Further, our lenders could require us to enter into negative covenants, including restrictions on our ability to distribute funds or to employ leverage, which could inhibit our ability to satisfy the 90 % distribution requirement. We may satisfy the 90 % distribution test with taxable distributions of our stock or debt securities. Revenue Procedure 2017- 45 authorized elective cash / stock dividends to be made by publicly offered REITs (i. e., REITs that are required to file annual and periodic reports with the SEC under the Exchange Act). Pursuant to Revenue Procedure 2017- 45, the IRS will treat the distribution of stock pursuant to an elective cash / stock dividend as a distribution of property under Section 301 of the Internal Revenue Code (i. e., a dividend), as long as at least 20 % of the total dividend is available in cash and certain other parameters detailed in the Revenue Procedure are satisfied. Although we have no current intention of paying dividends in our own stock, if in the future we choose to pay dividends in our own stock, our ~~stockholder~~ **stockholders** may be required to pay tax in excess of the cash that they receive. The maximum U. S. federal income tax rate for dividends payable to domestic stockholders that are individuals, trusts and estates is 20 %. Dividends payable by REITs, however, are generally not eligible for the reduced rates. Rather, ordinary REIT dividends constitute “ qualified business income ” and thus a 20 % deduction is available to individual taxpayers with respect to such dividends, resulting in a 29. 6 % maximum U. S. federal income tax rate (plus the 3. 8 % surtax on net investment income, if applicable) for individual U. S. stockholders. However, to qualify for this deduction, the stockholder receiving such dividends must hold the dividend- paying REIT stock for at least 46 days (taking into account certain special holding period rules) of the 91- day period beginning 45 days before the stock becomes ex- dividend, and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. Without further legislative action, the 20 % deduction applicable to ordinary REIT dividends will expire on January 1, 2026. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non- REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock. To maintain our qualification as a REIT, we must continually satisfy various tests 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. In order to meet these tests, we may be required to forego investments we might otherwise make. We may be required to make distributions to 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. Complying with REIT requirements may limit our ability to hedge effectively. The REIT provisions of the Internal Revenue Code substantially limit our ability to hedge our assets and liabilities. Any income that we generate from transactions intended to hedge our interest rate or currency risks will be excluded from gross income for purposes of the REIT 75 % and 95 % gross income tests if (i) the instrument hedges risk of interest rate or currency fluctuations with respect to indebtedness incurred or to be incurred to carry or acquire real estate assets, (ii) the instrument hedges risk of currency fluctuations with respect to any item

of income or gain that would be qualifying income under the REIT 75 % or 95 % gross income tests, or (iii) the instrument was entered into to “ offset ” certain instruments described in clauses (i) or (ii) and certain other requirements are satisfied (including proper identification of such instrument under applicable Treasury Regulations). Income from hedging transactions that do not meet these requirements is likely to constitute ~~non- nonqualifying~~ **qualifying** income for purposes of both the REIT 75 % and 95 % gross income tests. Our aggregate gross income from non- qualifying hedges, fees, and certain other non- qualifying sources cannot exceed 5 % of our annual gross income. As a result, we might have to limit our use of advantageous hedging techniques or implement those hedges through a TRS. Any hedging income earned by a TRS would be subject to U. S. federal, state and local income tax at regular corporate rates. This could increase the cost of our hedging activities or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. We have entered, and intend to continue to enter, into repurchase agreements under which we will nominally sell certain of our investments to a counterparty and simultaneously enter into an agreement to repurchase the sold investments. We believe that for U. S. federal income tax purposes these transactions will be treated as secured debt and we will be treated as the owner of the investments that are the subject of any such agreement notwithstanding that such agreement may transfer record ownership of such investments to the counterparty during the term of the agreement. It is possible, however, that the IRS could successfully assert that we do not own the investments during the term of the repurchase agreement, in which case our ability to continue to qualify as a REIT could be adversely affected. We ~~currently own,~~ **have made in the past** and **may** in the future ~~may~~ originate or acquire, mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property, rather than by a direct mortgage of the real property. In Revenue Procedure 2003- 65, the IRS established a safe harbor under which loans secured by a first priority security interest in ownership interests in a partnership or limited liability company owning real property will be treated as real estate assets for purposes of the REIT asset tests, and interest derived from those loans will be treated as qualifying income for both the 75 % and 95 % gross income tests, provided several requirements are satisfied. Although Revenue Procedure 2003- 65 provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. Moreover, our mezzanine loans typically do not meet all of the requirements for reliance on the safe harbor. Consequently, there can be no assurance that the IRS will not challenge our treatment of such loans as qualifying real estate assets, which could adversely affect our ability to continue to qualify as a REIT. We have invested, and will continue to invest, in mezzanine loans in a manner that will enable us to continue to satisfy the REIT gross income and asset tests. A REIT’ s net income from prohibited transactions is subject to a 100 % tax. In general, prohibited transactions are sales or other dispositions of assets held primarily for sale to customers in the ordinary course of business. There is a risk that property held by ~~our joint ventures or~~ partnerships or limited liability companies in which we have ~~an a preferred equity or joint venture~~ interest, property received upon foreclosure of a mortgage by us and / or certain MBS could be treated as held by us primarily for sale to customers in the ordinary course of business. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will be able to avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of property or may contribute those assets to one of our TRSs and conduct the marketing and sale of those assets through that TRS. No assurance can be given that the IRS will respect the transaction by which those assets are contributed to our TRS. Even if those contribution transactions are respected, our TRS will be subject to U. S. federal, state and local corporate income tax and may incur a significant tax liability as a result of those sales. We own ~~certain non- managing member interests in partnerships and limited liability companies that are joint ventures, as well as~~ preferred equity investments treated as partnership interests for U. S. federal income tax purposes, **as well as certain non- managing member interests in partnerships and limited liability companies that are joint ventures**, and we intend to continue to invest in preferred equity investments in the future. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our qualification as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a gross income or asset test, or subject us to the prohibited transactions tax, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were able to qualify for a statutory REIT “ savings ” provision, which could require us to pay a significant penalty tax to maintain our REIT qualification. ~~The~~ **Our joint ventures and the** partnerships and limited liability companies in which we hold ~~an a preferred equity~~ interest may be limited in their ability to provide services to tenants by the REIT rules or such services may have to be provided through a TRS. As a REIT, we generally cannot provide services to tenants other than those that are customarily provided by landlords, nor can we derive income from a third party that provides such services, including with respect to tenants at properties held by a ~~joint venture of ours or a~~ partnership or limited liability company in which we hold ~~an a preferred equity~~ interest. If certain noncustomary services cannot be provided to tenants, we may be at a disadvantage to competitors that are not subject to the same restrictions. However, such non- customary services may be provided to tenants, and we may share in the revenue from such services, if we do so through a TRS, though income earned by such TRS will be subject to U. S. federal corporate income tax. The “ taxable mortgage pool ” rules may increase the taxes that we or our stockholders may incur, and may limit the manner in which we effect future securitizations. Our securitizations have, and could in the future, result in the creation of taxable mortgage pools (“ TMPs ”), for U. S. federal income tax purposes. As a REIT, so long as we own (or a subsidiary REIT of ours owns) 100 % of the equity interests in a TMP, we generally will not be adversely affected by the characterization of the securitization as a TMP. A subsidiary REIT of ours currently owns 100 % of the equity interests in a TMP created by one of our securitizations. To the extent that we (as opposed to our subsidiary REIT) own equity interests in a TMP, certain categories of stockholders, however, such as foreign stockholders eligible for treaty or other benefits, stockholders with net operating losses, and certain tax- exempt stockholders that are subject to unrelated business income tax, could be subject to increased taxes on a portion of their dividend

income from us that is attributable to the TMP, known as “ excess inclusion income. ” In addition, to the extent that we (as opposed to our subsidiary REIT) own equity interests in a TMP, and our common stock is owned by tax- exempt “ disqualified organizations, ” such as certain government- related entities and charitable remainder trusts that are not subject to tax on unrelated business income, we may incur a corporate level tax on a portion of our income from such TMP. However, we believe that we have structured our securitizations such that the above taxes will not apply to us or our stockholders. However, because our subsidiary REIT is, in part, owned by a TRS of ours, that TRS will be subject to tax on any dividend income from our subsidiary REIT, including any excess inclusion income allocated to it. In addition, in certain instances, we may be precluded from selling equity interests in our securitizations to outside investors, or selling any debt securities issued in connection with these securitizations that might be considered to be equity interests for U. S. federal income tax purposes. These limitations may prevent us from using certain techniques to maximize our returns from securitization transactions. If our subsidiary REIT failed to qualify as a REIT, we could be subject to higher taxes and could fail to remain qualified as a REIT. We indirectly own 100 % of the common interests in a subsidiary that has elected to be taxed as a REIT for U. S. federal income tax purposes. Our subsidiary REIT is subject to the various REIT qualification requirements and other limitations described herein that are applicable to us. If our subsidiary REIT were to fail to qualify as a REIT, then (i) such subsidiary REIT would become subject to U. S. federal income tax and applicable state and local taxes on its taxable income at regular corporate rates and (ii) the indirect interests we hold in such subsidiary REIT would cease to be a qualifying asset for purposes of the asset tests applicable to REITs. If our subsidiary REIT were to fail to qualify as a REIT, it is possible that we would fail certain of the asset tests applicable to REITs, in which event we would fail to qualify as a REIT unless we could avail ourselves of certain relief provisions. We have made a “ protective ” TRS election with respect to our subsidiary REIT and may implement other protective arrangements intended to avoid such an outcome if our subsidiary REIT were not to qualify as a REIT, but there can be no assurance that such “ protective ” TRS elections and other arrangements will be effective to avoid the resulting adverse consequences to us. Moreover, even if the “ protective ” TRS election were to be effective in the event of the failure of our subsidiary REIT to qualify as a REIT, such subsidiary REIT would be subject to U. S. federal income tax and applicable state and local taxes on its taxable income at regular corporate rates and we cannot assure you that we would not fail to satisfy the requirement that not more than 20 % of the value of our total assets may be represented by the securities of one or more TRSs. In this event, we would fail to qualify as a REIT unless we or such subsidiary REIT could avail ourselves or itself of certain relief provisions. The failure of excess MSR held by us to qualify as real estate assets, or the failure of the income from excess MSR to qualify as interest from mortgages, could adversely affect our ability to qualify as a REIT. We may hold excess MSRs. In certain private letter rulings, the IRS ruled that excess MSRs meeting certain requirements would be treated as an interest in mortgages on real property and thus a real estate asset for purposes of the 75 % REIT asset test, and interest received by a REIT from such excess MSRs will be considered interest on obligations secured by mortgages on real property for purposes of the 75 % gross income test. A private letter ruling may be relied upon only by the taxpayer to whom it is issued, and the IRS may revoke a private letter ruling. Consistent with the analysis adopted by the IRS in such private letter rulings and based on advice of counsel, we intend to treat any excess MSRs that we acquire that meet the requirements provided in the private letter rulings as qualifying assets for purposes of the 75 % gross asset test, and we intend to treat income from such excess MSRs as qualifying income for purposes of the 75 % and 95 % gross income tests. Notwithstanding the IRS’ s determination in the private letter rulings described above, it is possible that the IRS could successfully assert that any excess MSRs that we acquire do not qualify for purposes of the 75 % REIT asset test and income from such MSRs does not qualify for purposes of the 75 % and / or 95 % gross income tests, which could cause us to be subject to a penalty tax and could adversely impact our ability to qualify as a REIT. At any time, the U. S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new U. S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U. S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, U. S. federal income tax law, regulation or administrative interpretation. Prospective stockholders are urged to consult with their tax advisors with respect to potential changes to the tax laws and any other regulatory or administrative developments and proposals and their potential effect on investment in our common stock.

**General Risk Factors** We may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, acts of violence or war, extreme weather events or other natural disasters. The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as COVID- 19, or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks, acts of violence or war, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to materially adverse declines in the market values of our assets, illiquidity in our investment and financing markets and our ability to effectively conduct our business. We face possible risks associated with the effects of climate change and severe weather. We cannot predict the rate at which climate change will progress. However, the physical effects of climate change could have a material adverse effect on our operations. To the extent that climate change impacts changes in weather patterns, properties in which we hold a direct or indirect interest could experience severe weather, including, without limitation, hurricanes, tornadoes, severe winter storms, and flooding due to increases in storm intensity and rising sea levels, among other effects. Over time, these conditions could result in decreased property values which in turn could negatively affect the value of the assets we hold. Relatedly, geographical concentrations in our portfolio, to include mortgages, mortgage securities, and investments in real properties, may present certain vulnerabilities to the impacts of localized weather conditions resulting from climate change, such as increased coastal flooding or prolonged droughts, which can contribute to, among other things, heightened wildfire risk. There can be no assurance that climate change and severe weather will not have a material adverse effect on our operations, the properties that we invest in or underlie our assets, the residential homes we acquire

through foreclosure, or our business. There are also increasing financial risks linked to climate change which could impact our portfolio and the availability of the assets we target for investment. With increasing attention and activism concerning the need to shift toward renewable energy sources as a result of climate change, it is possible that less capital will be allocated to originating our targeted assets or the terms for these assets may become less attractive to us in the future, which may limit and / or reduce our opportunities for investment, which, in turn, could reduce the diversification of our portfolio and adversely affect our earnings. Relatedly, to the extent that climate change impacts meteorological conditions potentially leading to damage and reductions in the value of our properties or the collateral underlying our assets, this may result in increased interest rates for mortgages paired with decreased adequate insurance coverage for the properties we choose to invest in or that underlie our assets. These climate- related financial risks could, in turn, lead to reductions in our revenues and increased rates of default or delinquency and / or decreased recovery rates on our assets, any of which could cause a decline in the market value of our common stock and negatively impact our ability to pay dividends to our stockholders. ~~Increasing attention to environmental, social, and governance (ESG) matters may impact our business. Increasing attention to, and social expectations on businesses to address, climate change and other environmental and social impacts, alongside investor and societal explanations regarding voluntary ESG disclosures, may result in increased costs in order for us to comply and decreased access to capital. Moreover, increasing attention to climate change and its associated risks may also lead to the expectation of voluntary ESG disclosures from our industry, which may cause a reduction in the production or origination of certain of our targeted assets or changes that make the returns on these assets less attractive, including residential mortgages, MBS and / or direct or indirect investments in real properties, and could negatively impact our portfolio and our results of operations, financial condition and our ability to pay dividends to our stockholders. Additionally, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative sentiment toward us or the assets in which we invest and to the diversion of investments more in line with environmental sustainability, which could have a negative impact on our access to and costs of capital.~~ We are dependent on certain key personnel. We are a small company and are substantially dependent upon the efforts of our Chief Executive Officer, Jason T. Serrano, our President, Nicholas Mah, and certain other key individuals employed by us. The sudden loss of Messrs. Serrano or Mah or any key personnel of our Company could have a material adverse effect on our operations. Investing in our securities involves a high degree of risk. The investments we make in accordance with our investment strategy result in a higher degree of risk or loss of principal than many alternative investment options. Our investments may be highly speculative and aggressive, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance. The market price and trading volume of our securities may be volatile. The market price of our securities may be volatile and subject to wide fluctuations. In addition, the trading volume in our securities may fluctuate and cause significant price variations to occur. Some of the factors that could result in fluctuations in the price or trading volume of our securities include, among other things: actual or anticipated changes in our current or future financial performance or capitalization; actual or anticipated changes in our current or future dividend yield; and changes in market interest rates and general market and economic conditions. We cannot assure you that the market price of our securities will not fluctuate or decline significantly. We have not established a minimum dividend payment level for our common stockholders and there are no assurances of our ability to pay dividends to common or preferred stockholders in the future. We intend to pay quarterly dividends and to make distributions to our common stockholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum dividend payment level for our common stockholders and our ability to pay dividends may be harmed by the risk factors described herein. For example, due to the significant market disruption in March 2020 as a result of the COVID- 19 pandemic and its impact on our business, liquidity and markets, we temporarily suspended dividends on our common stock and preferred stock in March 2020. We subsequently announced in June 2020 that we were reinstating the payment of quarterly dividends on our common stock and preferred stock effective with the second quarter 2020 dividends. All distributions to our common stockholders and preferred stockholders will be made at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board of Directors may deem relevant from time to time. There are no assurances of our ability to pay dividends to our common or preferred stockholders in the future at the current rate or at all. Future offerings of debt securities, which would rank senior to our common stock and preferred stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock and, in certain circumstances, our preferred stock. We may seek to increase our capital resources by making offerings of debt or additional offerings of equity securities, including commercial paper, medium- term notes, senior or subordinated notes, convertible notes and classes of preferred stock or common stock. Upon liquidation, holders of our debt securities and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our preferred stock and common stock, with holders of our preferred stock having priority over holders of our common stock. Additional offerings of equity or other securities with an equity component, such as convertible notes, may dilute the holdings of our existing stockholders or reduce the market price of our equity securities or other securities with an equity component, or both. 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 our securities bear the risk of our future offerings reducing the market price of our securities and diluting their stock holdings in us. Your interest in us may be diluted if we issue additional shares. Current stockholders of our company do not have preemptive rights to any common stock issued by us in the future. Therefore, our common stockholders may experience dilution of their equity investment if we sell additional common stock in the future, sell securities that are

convertible into common stock or issue shares of common stock or options exercisable for shares of common stock. In addition, we could sell securities at a price less than our then- current book value per share. An increase in interest rates may have an adverse effect on the market price of our securities and our ability to make distributions to our stockholders. One of the factors that investors may consider in deciding whether to buy or sell our securities is our dividend rate (or expected future dividend rates) as a percentage of our common stock price, relative to market interest rates. If market interest rates increase, prospective investors may demand a higher dividend rate on our shares or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and capital market conditions can affect the market price of our securities independent of the effects such conditions may have on our portfolio. 49