

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-55188

FRANKLIN BSP REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or Other Jurisdiction of
Incorporation or Organization)

46-1406086

(I.R.S. Employer
Identification No.)

1345 Avenue of the Americas, Suite 32A

New York, New York

(Address of Principal Executive Office)

10105

(Zip Code)

(212) 588-6770

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	FBRT	New York Stock Exchange
7.50% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share	FBRT PRE	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

Emerging growth filer ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock, \$0.01 par value, outstanding as of April 29, 2022 was 83,691,399.

FRANKLIN BSP REALTY TRUST, INC.

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PART I

Item 1. Consolidated Financial Statements and Notes (unaudited)

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	March 31, 2022	December 31, 2021
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 117,064	\$ 154,929
Restricted cash	12,467	13,270
Commercial mortgage loans, held for investment, net of allowance of \$14,933 and \$15,827 as of March 31, 2022 and December 31, 2021, respectively	4,530,451	4,211,061
Commercial mortgage loans, held for sale, measured at fair value	107,978	34,718
Real estate securities, trading, measured at fair value	1,949,336	4,566,871
Derivative instruments, measured at fair value	478	436
Other real estate investments, measured at fair value	—	2,074
Receivable for loan repayment ⁽¹⁾	204,833	252,351
Accrued interest receivable	24,787	30,109
Prepaid expenses and other assets	18,430	13,595
Intangible lease asset, net of amortization	47,752	48,472
Real estate owned, net of depreciation	89,473	90,048
Cash collateral receivable from derivative counterparties	9,106	56,767
Total assets	\$ 7,112,155	\$ 9,474,701
LIABILITIES AND STOCKHOLDERS' EQUITY		
Collateralized loan obligations	\$ 2,883,887	\$ 2,162,190
Repurchase agreements - commercial mortgage loans	522,890	1,019,600
Repurchase agreements - real estate securities	1,714,541	4,178,784
Mortgage note payable	23,998	23,998
Other financing and loan participation - commercial mortgage loans	40,199	37,903
Unsecured debt	98,620	148,594
Derivative instruments, measured at fair value	3,753	32,295
Interest payable	3,309	2,692
Distributions payable	36,735	30,346
Accounts payable and accrued expenses	12,857	12,705
Due to affiliates	21,898	17,538
Total liabilities	\$ 5,362,687	\$ 7,666,645
Commitment and contingencies (See Note 10)		
Redeemable convertible preferred stock Series C, \$0.01 par value, 20,000 authorized and 1,400 issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	6,973	6,971
Redeemable convertible preferred stock Series D, \$0.01 par value, 20,000 authorized and 17,950 issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	89,691	89,684
Equity:		
Preferred stock, \$0.01 par value, 10,000,000 authorized and none issued or outstanding as of March 31, 2022 and December 31, 2021, respectively		—
Preferred stock, \$0.01 par value; 100,000,000 shares authorized, 7.5% Cumulative Redeemable Preferred Stock, Series E, 10,329,039 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	258,742	258,742
Series F Preferred stock, \$0.01 par value, 40,000,000 authorized and 39,733,299 issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	710,431	710,431
Common stock, \$0.01 par value, 900,000,000 shares authorized, 44,471,127 and 43,965,928 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	441	441
Additional paid-in capital	903,855	903,264
Accumulated other comprehensive income (loss)	—	(62)
Accumulated deficit	(226,429)	(167,179)
Total stockholders' equity	\$ 1,647,040	\$ 1,705,637
Non-controlling interest	5,764	5,764
Total equity	\$ 1,652,804	\$ 1,711,401
Total liabilities, redeemable convertible preferred stock and equity	\$ 7,112,155	\$ 9,474,701

⁽¹⁾ Includes \$177.4 million and \$187.0 million of cash held by servicer related to the CLOs as of March 31, 2022 and December 31, 2021, respectively, as well as \$27.4 million and \$65.3 million of RMBS principal paydowns receivable as of March 31, 2022 and December 31, 2021, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Income:		
Interest income	\$ 75,258	\$ 42,237
Less: Interest expense	22,480	11,369
Net interest income	52,778	30,868
Revenue from real estate owned	2,312	716
Total income	\$ 55,090	\$ 31,584
Expenses:		
Asset management and subordinated performance fee	6,745	5,416
Acquisition expenses	315	153
Administrative services expenses	3,353	3,474
Professional fees	6,659	1,997
Depreciation and amortization	1,295	406
Other expenses	1,762	495
Total expenses	\$ 20,129	\$ 11,941
Other (income)/loss:		
Provision/(benefit) for credit losses	(955)	(2,331)
Realized (gain)/loss on sale of real estate securities	—	1,060
Realized (gain)/loss on sale of commercial mortgage loans, held for sale, measured at fair value	(1,889)	(6,630)
Realized (gain)/loss on other real estate investments, measured at fair value	33	—
Unrealized (gain)/loss on commercial mortgage loans, held for sale, measured at fair value	939	(479)
Unrealized (gain)/loss on other real estate investments, measured at fair value	(4)	(6)
Trading (gain)/loss	88,435	—
Unrealized (gain)/loss on derivatives	4,963	(2,109)
Realized (gain)/loss on derivatives	(34,030)	(1,978)
Total other (income)/loss	\$ 57,492	\$ (12,473)
Income before taxes	(22,531)	32,116
Provision/(benefit) for income tax	(24)	1,970
Net income/(loss)	\$ (22,507)	\$ 30,146
Net income/(loss) applicable to common stock	\$ (43,518)	\$ 23,408
Basic earnings per share	\$ (0.99)	\$ 0.53
Diluted earnings per share	\$ (0.99)	\$ 0.53
Basic weighted average shares outstanding	43,956,965	44,290,177
Diluted weighted average shares outstanding	43,956,965	44,306,065

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Net income/(loss)	\$ (22,507)	\$ 30,146
Unrealized gain/(loss) on available for sale securities	—	8,042
Amounts related to cash flow hedges:		
Change in net unrealized gain/(loss)	(220)	—
Reclassification adjustment for amounts included in net income/(loss)	282	—
	\$ 62	\$ —
Comprehensive income/(loss) attributable to Franklin BSP Realty Trust, Inc.	\$ (22,445)	\$ 38,188

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Common Stock			Accumulated Other Comprehensive Loss	Accumulated Deficit	Preferred E	Preferred F	Total Stockholders' Equity	Non- Controlling Interest	Total Equity
	Number of Shares	Par Value	Additional Paid-In Capital							
Balance, December 31, 2021	43,965,928	\$ 441	\$ 903,264	\$ (62)	\$ (167,179)	\$ 258,742	\$ 710,431	\$ 1,705,637	\$ 5,764	\$ 1,711,401
Issuance of common stock	—	—	—	—	—	—	—	—	—	—
Common stock repurchases	—	—	—	—	—	—	—	—	—	—
Common stock issued through distribution reinvestment plan	5,982	—	91	—	—	—	—	91	—	91
Share-based compensation	499,217	—	500	—	—	—	—	500	—	500
Offering costs	—	—	—	—	—	—	—	—	—	—
Net income/(loss)	—	—	—	—	(22,507)	—	—	(22,507)	—	(22,507)
Distributions declared	—	—	—	—	(36,743)	—	—	(36,743)	—	(36,743)
Other comprehensive income	—	—	—	62	—	—	—	62	—	62
Balance, March 31, 2022	44,471,127	\$ 441	\$ 903,855	\$ —	\$ (226,429)	\$ 258,742	\$ 710,431	\$ 1,647,040	\$ 5,764	\$ 1,652,804
Balance, December 31, 2020	44,510,051	\$ 446	\$ 912,725	\$ (8,256)	\$ (106,471)	\$ —	\$ —	\$ 798,444	\$ —	\$ 798,444
Issuance of common stock	—	—	—	—	—	—	—	—	—	—
Common stock repurchases	(521,796)	(5)	(9,142)	—	—	—	—	(9,147)	—	(9,147)
Common stock issued through distribution reinvestment plan	147,404	2	2,583	—	—	—	—	2,585	—	2,585
Share-based compensation	—	—	55	—	—	—	—	55	—	55
Offering costs	—	—	(21)	—	—	—	—	(21)	—	(21)
Net income/(loss)	—	—	—	—	30,146	—	—	30,146	—	30,146
Distributions declared	—	—	—	—	(15,644)	—	—	(15,644)	—	(15,644)
Other comprehensive income	—	—	—	8,042	—	—	—	8,042	—	8,042
Balance, March 31, 2021	44,135,659	\$ 443	\$ 906,200	\$ (214)	\$ (91,969)	\$ —	\$ —	\$ 814,460	\$ —	\$ 814,460

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income/(loss)	\$ (22,507)	\$ 30,146
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Premium amortization and (discount accretion), net	\$ (2,542)	\$ (1,169)
Accretion of deferred commitment fees	(2,219)	(1,488)
Amortization of deferred financing costs	1,403	1,335
Share-based compensation	500	55
Realized (gain)/loss from sale of real estate securities	—	1,060
Realized (gain)/loss from sale of other real estate investments	33	—
Realized (gain)/loss on swap terminations	(34,378)	—
Realized and unrealized gain/loss on real estate securities, trading	88,435	—
Unrealized (gain)/loss from commercial mortgage loans, held for sale	939	(479)
Unrealized (gain)/loss from derivative instruments	4,963	(2,109)
Unrealized (gain)/loss from other real estate investments	(4)	(6)
Depreciation and amortization	1,295	406
Provision/(benefit) for credit losses	(955)	(2,331)
Origination of commercial mortgage loans, held for sale	(150,300)	(166,360)
Proceeds from sale of commercial mortgage loans, held for sale	76,100	141,372
Changes in assets and liabilities:		
Accrued interest receivable	7,542	308
Prepaid expenses and other assets	(5,807)	1,850
Accounts payable and accrued expenses	239	1,570
Due to affiliates	4,360	952
Interest payable	617	(664)
Net cash (used in)/provided by operating activities	\$ (32,286)	\$ 4,448
Cash flows from investing activities:		
Origination and purchase of commercial mortgage loans, held for investment	\$ (636,465)	\$ (520,849)
Principal repayments received on commercial mortgage loans, held for investment	330,130	52,800
Proceeds from (purchase)/sale of other real estate investments	2,045	—
Proceeds from sale/repayment of real estate securities	2,190,143	159,254
Principal collateral on mortgage investments	376,857	—
Proceeds from (purchase)/sale of derivative instruments	148	973
Net cash (used in)/provided by investing activities	\$ 2,262,858	\$ (307,822)
Cash flows from financing activities:		
Proceeds from issuances of redeemable convertible preferred stock	\$ —	\$ 15,000
Common stock repurchases	—	(9,147)
Borrowings on collateralized loan obligations	960,000	573,125
Repayments of collateralized loan obligations	(235,139)	(119,425)
Borrowings on repurchase agreements - commercial mortgage loans	474,466	168,655
Repayments of repurchase agreements - commercial mortgage loans	(971,176)	(292,070)
Borrowings on repurchase agreements - real estate securities	11,937,334	168,550
Repayments of repurchase agreements - real estate securities	(14,401,577)	(267,106)

FRANKLIN BSP REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

Proceeds from other financing and loan participation - commercial mortgage loans	2,296	2,638
Borrowings on unsecured debt	—	100,000
Repayments of unsecured debt	(50,000)	—
Payments of deferred financing costs	(3,595)	(3,944)
Cash collateral received on interest rate swaps	47,661	—
Proceeds from interest rate swap settlements	744	—
Distributions paid	(30,254)	(14,136)
Net cash (used in)/provided by financing activities:	\$ (2,269,240)	\$ 322,140
Net change in cash, cash equivalents and restricted cash	(38,668)	18,766
Cash, cash equivalents and restricted cash, beginning of period	168,199	92,141
Cash, cash equivalents and restricted cash, end of period	\$ 129,531	\$ 110,907
Supplemental disclosures of cash flow information:		
Taxes paid	\$ —	\$ —
Interest paid	20,460	10,698
Supplemental disclosures of non - cash flow information:		
Distribution payable	\$ 36,735	\$ 14,585
Common stock issued through distribution reinvestment plan	91	2,585
Real estate owned received in foreclosure	—	37,523
Reconciliation of cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 117,064	\$ 99,099
Restricted cash	12,467	11,808
Cash, cash equivalents and restricted cash, end of period	\$ 129,531	\$ 110,907

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

Note 1 - Organization and Business Operations

Franklin BSP Realty Trust, Inc. (the "Company") is a real estate finance company that primarily originates, acquires and manages a diversified portfolio of commercial real estate debt investments secured by properties located within and outside the United States. The Company is a Maryland corporation and has made tax elections to be treated as a real estate investment trust (a "REIT") for U.S. federal income tax purposes since 2013.

The Company believes that it has qualified as a REIT and intends to continue to meet the requirements for qualification and taxation as a REIT. Substantially all of the Company's business is conducted through Benefit Street Partners Realty Operating Partnership, L.P. (the "OP"), a Delaware limited partnership. The Company is the sole general partner and directly or indirectly holds all of the units of limited partner interests in the OP. In addition, the Company, through one or more subsidiaries which are treated as a taxable REIT subsidiary (a "TRS"), is indirectly subject to U.S. federal, state and local income taxes.

The Company has no employees. Benefit Street Partners L.L.C. serves as the Company's advisor (the "Advisor") pursuant to an advisory agreement, as amended on August 18, 2021 (the "Advisory Agreement"). The Advisor, an investment adviser registered with the SEC, is a credit-focused alternative asset management firm.

Established in 2008, the Advisor's credit platform manages funds for institutions and high-net-worth investors across various credit funds and complementary strategies including high yield, levered loans, private/opportunistic debt, liquid credit, structured credit and commercial real estate debt. These strategies complement each other as they all leverage the sourcing, analytical, compliance, and operational capabilities that encompass the platform. The Advisor manages the Company's affairs on a day-to-day basis. The Advisor receives compensation fees and reimbursements for services related to the investment and management of the Company's assets and the operations of the Company. The advisor is a wholly-owned subsidiary of Franklin Resources, Inc., which together with its various subsidiaries operates as "Franklin Templeton".

The Company invests in commercial real estate debt investments, which may include first mortgage loans, subordinated mortgage loans, mezzanine loans and participations in such loans. The Company also originates conduit loans which the Company intends to sell through its TRS into commercial mortgage-backed securities ("CMBS") securitization transactions. Historically this business has focused primarily on CMBS, unsecured REIT debt, collateralized debt obligations ("CDOs") and other securities. As a result of the October 2021 acquisition of Capstead Mortgage Corporation ("Capstead"), the Company acquired and continues to hold a significant portfolio of residential mortgage backed securities ("RMBS") in the form of residential adjustable-rate mortgage pass-through securities ("ARM Agency Securities") issued and guaranteed by government-sponsored enterprises or by an agency of the federal government. The Company also owns real estate acquired by the Company through foreclosure and deed in lieu of foreclosure, and purchased for investment, typically subject to triple net leases.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Company's unaudited consolidated financial statements and related footnotes have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and pursuant to the requirements for reporting on Form 10-Q and Regulation S-X, as appropriate. Accordingly, the consolidated financial statements may not include all of the information and notes required by GAAP for annual consolidated financial statements.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of, and for the year ended December 31, 2021, which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 25, 2022.

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially. In the opinion of management, the interim data includes all adjustments, of a normal and recurring nature, necessary for a fair statement of the results for the periods presented. The current period's results of operations will not necessarily be indicative of results that ultimately may be achieved for the entire year or any subsequent interim periods.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

The global coronavirus (COVID-19) pandemic has caused economic disruptions and changes to the real estate market. Certain jurisdictions, including those where our corporate headquarters and/or properties that secure our investments, or properties that the Company owns, are located, have at times imposed “stay-at-home” guidelines or orders or other restrictions to help prevent its spread. The effects of COVID-19 may negatively and materially impact significant estimates and assumptions used by the Company including, but not limited to estimates of expected credit losses, valuation of our equity investments and the fair value estimates of the Company's assets and liabilities. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, the OP and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. In determining whether the Company has a controlling financial interest in a joint venture and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions and contractual and substantive participating rights of the other partners or members, as well as whether the entity is a variable interest entity (“VIE”) for which the Company is the primary beneficiary.

The Company has determined the OP is a VIE of which the Company is the primary beneficiary. Substantially all of the Company's assets and liabilities are held by the OP.

The Company consolidates all entities that it controls through either majority ownership or voting rights. In addition, the Company consolidates all VIEs of which the Company is considered the primary beneficiary. VIEs are entities in which equity investors (i) do not have the characteristics of a controlling financial interest and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly affect the VIE's economic performance and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. Non-controlling interest represents the equity of a consolidated joint venture that is not owned by the Company.

The accompanying consolidated financial statements include the accounts of collateralized loan obligations (“CLOs”) issued and securitized by wholly owned subsidiaries of the Company. The Company has determined the CLOs are VIEs of which the Company's subsidiary is the primary beneficiary. The assets and liabilities of the CLOs are consolidated in the accompanying consolidated balance sheets in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 810, *Consolidation*.

Acquisition Expenses

The Company capitalizes certain direct costs relating to loan origination activities. The cost is amortized over the life of the loan and recognized in interest income in the Company's consolidated statements of operations. Acquisition expenses paid on future funding amounts are expensed within the acquisition expenses line in the Company's consolidated statements of operations.

Cash and Cash Equivalents

Cash consists of amounts deposited with high quality financial institutions. These deposits are guaranteed by the Federal Deposit Insurance Company up to an insurance limit. Cash equivalents include short-term, liquid investments in money market funds with original maturities of 90 days or less when purchased.

Restricted Cash

Restricted cash primarily consists of cash pledged as margin on repurchase agreements and derivative transactions. The duration of this restricted cash generally matches the duration of the related repurchase agreements or derivative transaction.

Commercial Mortgage Loans

Held for Investment - Commercial mortgage loans that are held for investment purposes and are anticipated to be held until maturity, are carried at cost, net of unamortized acquisition expenses, discounts or premiums and unfunded commitments. Commercial mortgage loans, held for investment purposes, are carried at amortized cost less allowance for credit losses. Interest income is recorded on the accrual basis and related discounts, premiums and acquisition expenses on investments are amortized over the life of the investment using the effective interest method. Amortization is reflected as an adjustment to interest income in the Company's consolidated statements of operations. Guaranteed loan commitment fees payable by the borrower upon maturity are accreted over the life of the investment using the effective interest method. The accretion of guaranteed loan commitment fees is recognized in interest income in the Company's consolidated statements of operations.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

Held for Sale - Commercial mortgage loans that are intended to be sold in the foreseeable future are reported as held for sale and are transferred at fair value and recorded at the lower of cost or fair value with changes recorded through the statements of operations. Unamortized loan origination costs for commercial mortgage loans held for sale that are carried at the lower of cost or fair value are capitalized as part of the carrying value of the loans and recognized upon the sale of such loans. Amortization of origination costs ceases upon transfer of commercial mortgage loans to held for sale.

Held for Sale, Accounted for Under the Fair Value Option - The fair value option provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, and written loan commitments. The Company has elected to measure commercial mortgage loans held for sale in the Company's TRS under the fair value option. These commercial mortgage loans are included in the Commercial mortgage loans, held for sale, measured at fair value in the consolidated balance sheets. Interest income received on commercial mortgage loans, held for sale, measured at fair value is recorded on the accrual basis of accounting and is included in interest income in the consolidated statements of operations. Costs to originate these investments are expensed when incurred.

Real estate owned

The Company classifies its real estate owned as long-lived assets held for investment or as long-lived assets held for sale. Held for investment assets are stated at cost, as adjusted for any impairment loss, less accumulated depreciation.

Real estate owned is classified as held for sale in the period in which the six criteria under ASC Topic 360, "Property, Plant, and Equipment" are met: (1) we commit to a plan and have the authority to sell the asset; (2) the asset is available for sale in its current condition; (3) we have initiated an active marketing plan to locate a buyer for the asset; (4) the sale of the asset is both probable and expected to qualify for full sales recognition within a period of 12 months; (5) the asset is being actively marketed for sale at a price that is reflective of its current fair value; and (6) we do not anticipate changes to our plan to sell the asset. Held for sale assets are carried at the lower of depreciated cost or estimated fair value, less estimated costs to sell.

Amounts capitalized to real estate owned consist of the cost of acquisition or construction, any tenant improvements or major improvements, betterments that extend the useful life of the related asset, and transaction costs associated with the acquisition of an individual asset that does not qualify as a business combination. All repairs and maintenance are expensed as incurred. Additionally, the Company capitalizes interest while the development, or redevelopment, of a real estate owned asset is in progress. No development or redevelopments of real estate owned assets are in progress as of March 31, 2022.

The Company's real estate owned assets are depreciated or amortized using the straight-line method over the following useful lives:

Buildings	40 years
Furniture, fixtures, and equipment	15 years
Site Improvements	5 - 25 years
Intangible lease assets	Lease term

The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of the real estate and related intangible assets of either operating properties or properties under construction in which the Company has an ownership interest, either directly or through investments in joint ventures, may not be recoverable. When indicators of potential impairment are present, management assesses whether the respective carrying values will be recovered from the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition for assets held for use, or from the estimated fair values, less costs to sell, for assets held for sale. In the event that the expected undiscounted future cash flows for assets held for use or the estimated fair value, less costs to sell, for assets held for sale do not exceed the respective asset carrying value, management adjusts such assets to the respective estimated fair values and recognizes an impairment loss. Estimated fair values are calculated based on the following information, depending upon availability, in order of preference: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the present value of undiscounted cash flows, including estimated sales value (which is based on key assumptions such as estimated market rents, lease-up periods, estimated lease terms, and capitalization and discount rates) less estimated selling costs.

Real estate owned assets that are probable to be sold within one year are reported as held for sale. Real estate owned assets classified as held for sale are measured at the lower of its carrying amount or fair value less cost to sell. Real estate owned assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be accrued. Upon the disposition of a real estate owned asset, the Company calculates realized gains and losses as net proceeds received less the carrying value of the real estate owned asset. Net proceeds received are net of direct selling costs associated with the disposition of the real estate owned asset.

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Fair Value of Assets and Liabilities of Acquired Properties

Upon the acquisition of real properties, the Company records the fair value of properties (plus any related acquisition costs) allocated based on relative fair value as tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and the value of in-place leases, based on their estimated fair values. Substantially all of the Company's property acquisitions qualify as asset acquisitions under Accounting Standards Codification ("ASC") 805, Business Combinations.

The estimated fair values of the tangible assets of an acquired property are determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land and building based on management's determination of the estimated fair value of these assets. Management relies on a sales comparison approach using closed land sales and listings in determining the land value, and determines the as-if-vacant estimated fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance, and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates the cost to execute similar leases including leasing commissions, legal, and other related costs.

The estimated fair values of above-market and below-market in-place leases are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of market rates for the corresponding in-place leases, measured over a period equal to the remaining terms of the leases, taking into consideration the probability of renewals for any below-market leases. The capitalized above-market and below-market lease values are recorded as intangible lease assets or liabilities and amortized as an adjustment to rental revenues over the remaining terms of the respective leases.

The estimated fair values of in-place leases include an estimate of the direct costs associated with obtaining the acquired or "in place" tenant and estimates of opportunity costs associated with lost rentals that are avoided by acquiring an in-place lease. The amount capitalized as direct costs associated with obtaining a tenant include commissions, tenant improvements, and other direct costs and are estimated based on management's consideration of current market costs to execute a similar lease. These direct lease origination costs are included in deferred lease costs in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases. The value of opportunity costs is calculated using the contractual amounts to be paid pursuant to the in-place leases over a market absorption period for a similar lease. These lease intangibles are included in intangible lease assets in the accompanying consolidated balance sheets and are amortized to expense over the remaining terms of the respective leases.

Credit Losses

The allowance for credit losses required under Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments Credit Losses, is deducted from the respective loans' amortized cost basis on the Company's consolidated balance sheets. The allowance for credit losses attributed to unfunded loan commitments is included in Accounts payable and accrued expenses on the consolidated balance sheets.

Allowance for credit losses

The allowance for credit losses for the Company's financial instruments carried at amortized cost and off-balance sheet credit exposures, such as loans held for investment and unfunded loan commitments represents a lifetime estimate of expected credit losses. Factors considered by the Company when determining the allowance for credit losses reserve include loan-specific characteristics such as loan-to-value ("LTV") ratio, vintage year, loan term, property type, occupancy and geographic location, financial performance of the borrower, expected payments of principal and interest, as well as internal or external information relating to past events, current conditions and reasonable and supportable forecasts.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist for multiple financial instruments. If similar risk characteristics do not exist, the Company measures the allowance for credit losses on an individual instrument basis. The determination of whether a particular financial instrument should be included in a pool can change over time. If a financial asset's risk characteristics change, the Company evaluates whether it is appropriate to continue to keep the financial instrument in its existing pool or evaluate it individually.

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In measuring the allowance for credit losses for financial instruments including our unfunded loan commitments that share similar risk characteristics, the Company primarily applies a probability of default ("PD")/loss given default ("LGD") model for instruments that are collectively assessed, whereby the allowance for credit losses is calculated as the product of PD, LGD and exposure at default ("EAD"). The Company's model principally utilizes historical loss rates derived from a commercial mortgage backed securities database with historical losses from 1998 to 2021 provided by a reputable third party, forecasting the loss parameters using a scenario-based statistical approach over a reasonable and supportable forecast period of twelve months, followed by an immediate reversion to average historical losses. For financial instruments assessed on an individual basis, including when it is probable that the Company will be unable to collect the full payment of principal and interest on the instrument, the Company applies a discounted cash flow ("DCF") methodology.

For financial instruments where the borrower is experiencing financial difficulty based on the Company's assessment at the reporting date and the repayment is expected to be provided substantially through the operation or sale of the collateral, the Company may elect to use as a practical expedient the fair value of the collateral at the reporting date when determining the allowance for credit losses.

In developing the allowance for credit losses for its loans held for investment, the Company performs a comprehensive analysis of its loan portfolio and assigns risk ratings to loans that incorporate management's current judgments about their credit quality based on all known and relevant internal and external factors that may affect collectability, using similar factors as those in developing the allowance for credit losses. This methodology results in loans being segmented by risk classification into risk rating categories that are associated with estimated probabilities of default and principal loss. Risk rating categories range from "1" to "5" with "1" representing the lowest risk of loss and "5" representing the highest risk of loss with the ratings updated quarterly. At the time of origination or purchase, loans held for investment are ranked as a "2" and will move accordingly going forward based on the ratings which are defined as follows:

1. *Very Low Risk*- Investment exceeding fundamental performance expectations and/or capital gain expected. Trends and risk factors since time of investment are favorable.
2. *Low Risk*- Performing consistent with expectations and a full return of principal and interest expected. Trends and risk factors are neutral to favorable.
3. *Average Risk*- Performing investments requiring closer monitoring. Trends and risk factors show some deterioration.
4. *High Risk/Delinquent/Potential for Loss*- Underperforming investment with the potential of some interest loss but still expecting a positive return on investment. Trends and risk factors are negative.
5. *Impaired/Defaulted/Loss Likely*- Underperforming investment with expected loss of interest and some principal.

The Company also considers qualitative and environmental factors, including, but not limited to, economic and business conditions, nature and volume of the loan portfolio, lending terms, volume and severity of past due loans, concentration of credit and changes in the level of such concentrations in its determination of the allowance for credit losses.

Changes in the allowance for credit losses for the Company's financial instruments are recorded in Provision/(benefit) for credit losses on the consolidated statements of operations with a corresponding offset to the financial instrument's amortized cost recorded on the consolidated balance sheets, or as a component of Accounts payable and accrued expenses for unfunded loan commitments.

The Company has elected to not measure an allowance for credit losses for accrued interest receivable as it is timely, following three months' time, reversed against interest income when a loan, real estate security or preferred equity investment is placed on nonaccrual status. The Company did not record reversals of accrued interest receivable during the three months ended March 31, 2022. Loans are charged off against the Provision/(benefit) for credit losses when all or a portion of the principal amount is determined to be uncollectible.

Past due and nonaccrual status

Loans are placed on nonaccrual status and considered non-performing when full payment of principal and interest is unpaid for 90 days or more or where reasonable doubt exists as to timely collection, unless the loan is both well secured and in the process of collection. Interest received on nonaccrual status loans are accounted for under the cost-recovery method, until qualifying for return to accrual. Upon restructuring the nonaccrual loan, the Company may return a loan to accrual status when repayment of principal and interest is reasonably assured.

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Troubled Debt Restructuring ("TDR")

The Company classifies an individual financial instrument as a TDR when it has a reasonable expectation that the financial instrument's contractual terms will be modified in a manner that grants concession to the borrower who is experiencing financial difficulty. Concessions could include term extensions, payment deferrals, interest rate reductions, principal forgiveness, forbearance, or other actions designed to maximize the Company's collection on the financial instrument. The Company determines the allowance for credit losses for financial instruments that are TDRs individually.

Real Estate Securities

Available For Sale

On the acquisition date, all of the Company's commercial real estate securities were classified as available for sale ("AFS") and carried at fair value, and subsequently any unrealized gains or losses are recognized as a component of accumulated other comprehensive income or loss. The Company may elect the fair value option for its real estate securities, and as a result, any unrealized gains or losses on such real estate securities will be recorded in the Company's consolidated statements of operations. No such election was made as of March 31, 2022. Related discounts, premiums and acquisition expenses on investments are amortized over the life of the investment using the effective interest method. Amortization is reflected as an adjustment to interest income in the Company's consolidated statements of operations. The Company uses the specific identification method in determining the cost relief for real estate securities sold. Realized gains and losses from the sale of real estate securities are included in the Company's consolidated statements of operations.

AFS real estate securities which have experienced a decline in the fair value below their amortized cost basis (i.e., impairment) are evaluated each reporting period to determine whether the decline in fair value is due to credit-related factors. Any impairment that is not credit-related is recognized in accumulated other comprehensive income, while credit-related impairment is recognized as an allowance on the consolidated balance sheets with a corresponding adjustment on the consolidated statements of operations. If the Company intends to sell an impaired real estate security or more likely than not will be required to sell such a security before recovering its amortized cost basis, the entire impairment amount is recognized in the consolidated statements of operations with a corresponding adjustment to the security's amortized cost basis.

The Company analyzes the AFS security portfolio on a periodic basis for credit losses at the individual security level using the same criteria described above for those amortized cost financial assets subject to an allowance for credit losses including but not limited to; performance of the underlying assets in the security, borrower financial resources and investment in collateral, collateral type, credit ratings, project economics and geographic location as well as national and regional economic factors.

The non-credit loss component of the unrealized loss within the Company's AFS portfolio is recognized as an adjustment to the individual security's asset balance with an offsetting entry to accumulated other comprehensive income in the consolidated balance sheets.

Trading

In the merger with Capstead, the Company acquired a portfolio of residential mortgage pass-through securities consisting primarily of adjustable-rate mortgage ("ARM") securities issued and guaranteed by government-sponsored enterprises, either Fannie Mae, Freddie Mac, or by an agency of the federal government, Ginnie Mae. Together these securities are referred to as "ARM Agency Securities" and are classified as "trading".

ARM Agency Securities are recorded at fair value on the balance sheet with trading gains and losses on the paydowns and sales of these securities recorded in the Company's consolidated statements of operations. Fair values fluctuate with current and projected changes in interest rates, prepayment expectations and other factors such as market liquidity conditions and the perceived credit quality of agency securities. Judgment is required to interpret market data and develop estimated fair values, particularly in circumstances of deteriorating credit quality and market liquidity.

Repurchase Agreements

Commercial mortgage loans and real estate securities sold under repurchase agreements have been treated as collateralized financing transactions because the Company maintains effective control over the transferred securities. Commercial mortgage loans and real estate securities financed through a repurchase agreement remain on the Company's consolidated balance sheets as an asset and cash received from the purchaser is recorded as a liability. Interest paid in accordance with repurchase agreements is recorded in interest expense on the Company's consolidated statements of operations.

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Deferred Financing Costs

The deferred financing costs related to the Company's various Master Repurchase Agreements as well as certain prepaid subscription costs are included in Prepaid expenses and other assets on the consolidated balance sheets. Deferred financing cost on the Company's collateralized loan obligations ("CLO") are netted against the Company's CLO payable in the Collateralized loan obligations on the consolidated balance sheets. Deferred financing costs are amortized over the terms of the respective financing agreement using the effective interest method and included in interest expense on the Company's consolidated statements of operations. Unamortized deferred financing costs are generally expensed when the associated debt is refinanced or repaid before maturity.

Share Repurchase Program

Until the merger with Capstead, the Company had a Share Repurchase Program (the "SRP") that enabled stockholders to sell their shares to the Company, subject to certain conditions. Under the SRP, when a stockholder requested a redemption and the redemption was approved by the board of directors, the Company reclassified such obligation from equity to a liability based on the settlement value of the obligation. Shares repurchased under the SRP have the status of authorized but unissued shares.

Offering and Related Costs

Since 2018, the Company has from time to time offered, and may in the future offer, shares of the Company's common stock or one or more series of its preferred stock, including its Series C convertible preferred stock (the "Series C Preferred Stock,") and Series D convertible preferred stock (the "Series D Preferred Stock") in private placements exempt from the registration requirements of the Securities Act of 1933, as amended. In connection with these offerings, the Company incurs various offering costs. These offering costs include but are not limited to legal, accounting, printing, mailing and filing fees, and diligence expenses of broker-dealers. Offering costs for the common stock are recorded in the Company's stockholders' equity, while the offering costs for the Series C Preferred Stock and Series D Preferred Stock are included within Series C Preferred Stock and Series D Preferred Stock, respectively, on the Company's consolidated balance sheets.

Equity Incentive Plan

The Company maintains the Franklin BSP Realty Trust, Inc. 2021 Equity Incentive Plan (the "2021 Incentive Plan"), pursuant to which the Company may, from time to time, grant equity awards to the Company's directors, officers and employees (if it ever has employees), employees of the Advisor and its affiliates, or certain of the Company's consultants, advisors or other service providers to the Company or an affiliate of the Company. The 2021 Incentive Plan, which is administered by the Compensation Committee of the Board of Directors, provides for the grant of awards of share options, share appreciation rights, restricted shares, restricted share units, deferred share units, unrestricted shares, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards, LTIP units and cash bonus awards.

In January 2022, the Company began issuing awards of restricted stock units ("RSUs") to its officers and certain other personnel of the Advisor who provide services to the Company. These awards are service-based and vest in equal annual installments beginning on the anniversary of the date of grant over a period of three years, subject to continuing service. One share of the Company's common stock will be issued for each unit that vests. These awards also grant non-forfeitable dividend equivalent rights equal to the cash dividend paid in the ordinary course on a common share to the Company's common shareholders. Upon termination for any reason, all unvested RSUs will be forfeited by the grantee, who will be given no further rights to such RSUs.

Restricted Share Plan

The Company also has an Amended and Restated Employee and Director Incentive Restricted Share Plan (the "RSP"), which provides the Company with the ability to grant awards of restricted shares to the Company's directors, officers and employees (if the Company ever has employees), employees of the Advisor and its affiliates, employees of entities that provide services to the Company, directors of the Advisor or of entities that provide services to the Company, the Advisor and its affiliates. The total number of common shares granted under the RSP shall not exceed 5% of the Company's authorized common shares, and in any event, will not exceed 4.0 million shares (as such number may be adjusted for stock splits, stock distributions, combinations and similar events). The RSP will expire on February 7, 2023.

Restricted share awards entitle the recipient to receive common shares from the Company under terms that provide for vesting over a specified period of time or upon attainment of pre-established performance objectives. Such awards would typically be forfeited with respect to the unvested shares upon the termination of the recipient's employment or other relationship with the Company. Restricted shares may not, in general, be sold or otherwise transferred until restrictions are removed and the shares have vested. Holders of restricted shares may receive cash distributions prior to the time that the restrictions on the shares have lapsed. Any distributions payable in common shares shall be subject to the same restrictions as the underlying restricted shares. The fair value of the restricted share awards are expensed over the vesting period.

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Distribution Reinvestment Plan

Pursuant to the terms of the Company's distribution reinvestment plan ("DRIP") in effect until December 17, 2021, stockholders had the option to elect to reinvest distributions by purchasing shares of common stock in lieu of receiving cash. No dealer manager fees or selling commissions were paid with respect to shares purchased pursuant to the DRIP. The purchase price for shares purchased through the DRIP was the lesser of (i) the Company's most recent estimated per share NAV, and (ii) the Company's GAAP book value per share. The Company had the right to amend any aspect of the DRIP or terminate the DRIP with ten days' notice to participants. Shares issued under the DRIP were recorded to equity in the consolidated balance sheets in the period distributions are declared.

On December 17, 2021, the Company amended and restated the DRIP (the "Amended DRIP") in recognition of the listing of the Company's common stock on the New York Stock Exchange ("NYSE"). Shares of common stock purchased through the Amended DRIP for dividend reinvestments are supplied either directly by the Company as newly issued shares or via purchases by the DRIP administrator of shares of common stock on the open market, at the Company's option. If the shares are purchased in the open market, the purchase price will be the average price per share of shares purchased; if the shares are purchased directly from the Company, the purchase price will generally be the average of the daily high and low sales prices for a share of common stock reported by the NYSE on the dividend payment date authorized by the Company's board of directors. The Company may suspend, modify or terminate the Amended DRIP at any time in its sole discretion.

Income Taxes

The Company has conducted its operations to qualify as a REIT for U.S. federal income tax purposes beginning with its taxable year ended December 31, 2013. As a REIT, if the Company meets certain organizational and operational requirements and distributes at least 90% of its "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to its stockholders in a year, it will not be subject to U.S. federal income tax to the extent of the income that it distributes. However, even if the Company qualifies for taxation as a REIT, it may be subject to certain state and local taxes on income in addition to U.S. federal income and excise taxes on its undistributed income. The Company, through its TRSs, is indirectly subject to U.S. federal, state and local income taxes. The Company's TRSs are not consolidated for U.S. federal income tax purposes, but are instead taxed as C corporations. For financial reporting purposes, the TRSs are consolidated and a provision for current and deferred taxes is established for the portion of earnings recognized by the Company with respect to its interest in its TRSs. Total income tax provision/(benefit) for the three months ended March 31, 2022 and March 31, 2021 was \$(24) thousand and \$2.0 million, respectively.

The Company uses a more-likely-than-not threshold for recognition and derecognition of tax positions taken or to be taken in a tax return. The Company has assessed its tax positions for all open tax years beginning with December 31, 2017 and concluded that there were no uncertainties to be recognized. The Company's accounting policy with respect to interest and penalties related to tax uncertainties is to classify these amounts as provision for income taxes.

The Company utilizes the TRSs to reduce the impact of the prohibited transaction tax and to avoid penalty for the holding of assets not qualifying as real estate assets for purposes of the REIT asset tests. Any income associated with a TRS is fully taxable because the TRS is subject to federal and state income taxes as a domestic C corporation based upon its net income.

Derivatives and Hedging Activities

In the normal course of business, the Company is exposed to the effect of interest rate changes and may undertake a strategy to limit these risks through the use of derivatives. The Company uses derivatives primarily to economically hedge against interest rates, CMBS spreads and macro market risk in order to minimize volatility. The Company may use a variety of derivative instruments that are considered conventional, including but not limited to: Treasury note futures and credit derivatives on various indices including CMBX and CDX.

The Company recognizes all derivatives on the consolidated balance sheets at fair value. The Company does not designate derivatives as hedges to qualify for hedge accounting for financial reporting purposes and therefore any net payments under, or fluctuations in the fair value of these derivatives have been recognized currently in unrealized (gain)/loss on derivative instruments in the accompanying consolidated statements of operations. The Company records derivative asset and liability positions on a gross basis with any collateral posted with or received from counterparties recorded separately within Restricted cash on the Company's consolidated balance sheets. Certain derivatives that the Company has entered into are subject to master netting agreements with its counterparties, allowing for netting of the same transaction, in the same currency, on the same date.

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Per Share Data

The Series C Preferred Stock, Series D Preferred Stock and Series F Preferred Stock are each considered a participating security and the Company calculates basic earnings per share using the two-class method. The Company's dilutive earnings per share calculation is computed using the more dilutive result of the treasury stock method, assuming the participating security is a potential common share, or the two-class method, assuming the participating security is not converted. The Company calculates basic earnings per share by dividing net income applicable to common stock for the period by the weighted-average number of shares of common stock outstanding for that period. Diluted earnings per share reflects the potential dilution that could occur from shares outstanding if potential shares of common stock with a dilutive effect have been issued in connection with the restricted stock plan or upon conversion of the outstanding shares of Series C Preferred Stock and Series D Preferred Stock, except when doing so would be anti-dilutive.

Reportable Segments

The Company has determined that it has four reportable segments based on how the chief operating decision maker reviews and manages the business. The four reporting segments are as follows:

- The real estate debt business which is focused on originating, acquiring and asset managing commercial real estate debt investments, including first mortgage loans, subordinate mortgages, mezzanine loans and participations in such loans.
- The real estate securities business focuses on investing in and asset managing real estate securities. Historically this business has focused primarily on CMBS, unsecured REIT debt, CDO notes and other securities. As a result of the October 2021 acquisition of Capstead, the Company acquired and continues to hold a significant portfolio of RMBS in the form of the ARM Agency Securities. The Company intends to reinvest the cash and proceeds from dividends, interest, repayments and sales of these assets into its other segments and does not intend to continue to invest in ARM Agency Securities or RMBS in general. As of March 31, 2022, all of the real estate securities in this segment were ARM Agency Securities acquired in the Capstead acquisition.
- The commercial conduit business in the Company's TRS, which is focused on originating and subsequently selling fixed-rate commercial real estate loans into the CMBS securitization market.
- The real estate owned business represents real estate acquired by the Company through foreclosure, deed in lieu of foreclosure, or purchase.

See Note 16 - Segment Reporting for further information regarding the Company's segments.

Redeemable Convertible Preferred Stock

The Company's outstanding Series C and Series D classes of preferred stock are classified outside of permanent equity in the consolidated balance sheets.

Series C Preferred Stock

The Series C Preferred Stock ranks senior to the Common Stock and while it was outstanding, ranked senior to the Company's Series F Convertible Preferred Stock ("Series F Preferred Stock") and on parity with the Series D Preferred Stock and the Company's 7.50% Series E Cumulative Redeemable Preferred Stock ("Series E Preferred Stock") with respect to priority in dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. The liquidation preference of each share of Series C Preferred Stock is the greater of (i) \$5,000 plus accrued and unpaid dividends, and (ii) the amount that would be received upon a conversion of the Series C Preferred Stock into the Common Stock.

Dividends on the Series C Preferred Stock, which are typically declared and paid quarterly, accrue at a rate equal to the greater of (i) an annual amount equal to 4.0% of the liquidation preference per share and (ii) the dividends that would have been paid had such share of Series C Preferred Stock been converted into a share of common stock on the first day of such quarter, subject to proration in the event the share of Series C preferred stock is not outstanding for the full quarter. Dividends are paid in arrears. Dividends will accumulate and be cumulative from the most recent date to which dividends had been paid.

Each outstanding share of Series C Preferred Stock shall convert into 299.2 shares of common stock (the "Conversion Rate"), subject to anti-dilution adjustments described in the Articles Supplementary for the Series C Preferred Stock, on October 19, 2022 or at any time before then upon the election of the Company with 10 days' prior notice to the holders.

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In the event of the sale of all or substantially all of the business or assets of the Company (by sale, merger, consolidation or otherwise) or the acquisition by any person of more than 50% of the total economic interests or voting power of all securities of the Company (a "Change of Control"), in each case prior to the automatic conversion dates set forth above, each holder of Series C Preferred Stock will have the right, prior to consummation of such transaction, to convert its Series C Preferred Stock into common stock at the Conversion Rate. In addition, in the event of a change of control (as defined in the Articles Supplementary of the Series C Preferred Stock) of the Advisor or a Change of Control that is not a "Liquidity Event" and that is related to the removal of the Advisor, both the Company and the holder shall have the right, prior to consummation of the transaction, to require the redemption of the Series C Preferred Stock for the liquidation preference. A "Liquidity Event" is defined as (i) the listing of the Common Stock on a national securities exchange or quotation on an electronic inter-dealer quotation system; (ii) a merger or business combination involving the Company pursuant to which outstanding shares of Common Stock are exchanged for securities of another company which are listed on a national securities exchange or quoted on an electronic inter-dealer quotation system; or (iii) any other transaction or series of transaction that results in all shares of Common Stock being transferred or exchanged for cash or securities which are listed on a national securities exchange or quoted on an electronic inter-dealer quotation system.

Holders of the Series C Preferred Stock (voting as a single class with holders of common stock) are entitled to vote on each matter submitted to a vote of the stockholders of the Company upon which the holders of common stock are entitled to vote. The number of votes applicable to a share of outstanding Series C Preferred Stock will be equal to the number of shares of common stock a share of Series C Preferred Stock could have been converted into as of the record date set for purposes of such stockholder vote (rounded down to the nearest whole number of shares of common stock). In addition, the affirmative vote of the holders of two-thirds of the outstanding shares of Series C Preferred Stock, voting as a single class with other shares of parity preferred stock, is required to approve the issuance of any equity securities senior to the Series C Preferred Stock and to take certain actions materially adverse to the holders of the Series C Preferred Stock.

Series D Preferred Stock

The Series D Preferred Stock is on parity with the Series C Preferred Stock and Series E Preferred Stock with respect to preference on liquidation and dividend rights. The terms of the Series D Preferred Stock are substantially the same as the terms of the Series C Preferred Stock, except that the holders of the Series D Preferred Stock have the option to accelerate the mandatory conversion date, which is October 19, 2022, to a date no earlier than April 19, 2022.

Automatically Convertible Preferred Stock - Series F Preferred Stock

The Series F Preferred Stock ranked junior to all other outstanding classes of the Company's preferred stock with respect to priority in dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company. The liquidation preference of each share of Series F Preferred Stock was \$2.00.

Dividends on the Series F Preferred Stock were equal to, and were paid at the same time as, dividends that were authorized and declared on the Company's common stock. The Series F Preferred Stock ranked senior to the Company's Common Stock with respect to the distribution of assets upon any liquidation, dissolution or winding up of the Company (other than a liquidation, dissolution or winding up of the Company that results in the automatic conversion of such Series F Preferred Stock into Common Stock).

Each share (or fractional share) of Series F Preferred Stock automatically converted into one share of Common Stock (or equivalent fractional share, as applicable) on April 19, 2022, in accordance with the terms of the Series F Preferred Stock. Following the conversion, there were no shares of Series F Preferred Stock issued or outstanding.

The Series F Preferred Stock had no stated maturity and was not redeemable.

Holders of Series F Preferred Stock (voting as a single class with holders of Common Stock and other series of Company equity securities entitled to vote with the common stockholders) were entitled to vote on each matter submitted to a vote of the stockholders of the Company upon which the holders of Common Stock are entitled to vote. The number of votes applicable to a share of outstanding Series F Preferred Stock would have been equal to the number of shares of Common Stock a share of Series F Preferred Stock could have been converted into as of the record date set for purposes of such stockholder vote (rounded down to the nearest whole number of shares of Common Stock). In addition, the affirmative vote of the holders of two-thirds of the outstanding shares of Series F Preferred Stock would have been required to take certain actions materially adverse to the holders of the Series F Preferred Stock.

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Perpetual Preferred Stock—Series E Preferred Stock

The Series E Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. The Series E Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon its liquidation, dissolution or winding up, senior to the common stock and Series F Preferred Stock and on a parity with the Series C Preferred Stock and Series D Preferred Stock. The liquidation preference is \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends.

Holders of shares of the Series E Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by the Company, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.50% of the \$25.00 per share liquidation preference per annum (equivalent to \$1.875 per annum per share). Dividends on the Series E Preferred Stock are cumulative and payable quarterly in arrears.

Dividends on the Series E Preferred Stock will accumulate whether or not the Company has earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared.

The Company may, at its option, upon not less than 30 nor more than 60 days' written notice, redeem the Series E Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption. Upon a change of control of the Company, in the event the Company does not redeem the Series E Preferred Stock, a holder of Series E Preferred Stock will have the right to convert to Common Stock upon the terms set forth in the applicable Articles Supplementary.

The Series E Preferred Stock is listed on the New York Stock Exchange under the symbol "FBRT PRE".

Summary of Preferred Stock Conversion Terms

The complete terms of the Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock are set forth in the Articles Supplementary applicable to each class, which have been filed as exhibits to the Company's periodic reports filed pursuant to the Securities Exchange Act of 1934, as amended.

The below table summarizes the timing of the conversion of the Company's outstanding classes of convertible preferred stock into common stock:

Series/Shares Outstanding at 3/31/22	Conversion Date	Conversion Amount Per One Share of Preferred*
Redeemable Convertible Series C Preferred Stock / 1,400 shares outstanding	October 19, 2022, subject to the Company's right to accelerate the conversion starting April 19, 2022	299.2 shares of Common Stock
Redeemable Convertible Series D Preferred Stock / 17,950 shares outstanding	October 19, 2022, subject to the holder's right to accelerate the conversion starting April 19, 2022	299.2 shares of Common Stock
Series F Preferred Stock / 39,733,299 shares outstanding	April 19, 2022	1 share of Common Stock

*Subject to anti-dilution adjustments as set forth in Articles Supplementary.

Accounting Pronouncements Not Yet Adopted

In March 2022, the FASB issued ASU 2022-02 "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures," or ASU 2022-02. ASU 2022-02 eliminates the accounting guidance for troubled debt restructurings and requires disclosure of current-period gross write-offs by year of loan origination. Additionally, ASU 2022-02 updates the accounting for credit losses under ASC 326 and adds enhanced disclosures with respect to loan refinancing and restructuring in the form of principal forgiveness, interest rate concessions, other-than-insignificant payment delays, or term extensions when the borrower is experiencing financial difficulties. ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, and early adoption is permitted. The amendments should be applied prospectively, however for the recognition and measurement of troubled debt restructurings, the entity has the option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. We are currently evaluating what impact, if any ASU 2022-02 will have on our consolidated financial statements.

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In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates. The guidance is effective upon issuance and generally can be applied through December 31, 2022. The Company has not adopted any of the optional expedients or exceptions through March 31, 2022, but will continue to evaluate the possible adoption of any such expedients or exceptions during the effective period as circumstances evolve.

Note 3 - Commercial Mortgage Loans

The following table is a summary of the Company's commercial mortgage loans, held for investment, carrying values by class (dollars in thousands):

	March 31, 2022	December 31, 2021
Senior loans	\$ 4,517,879	\$ 4,204,464
Mezzanine loans	27,505	22,424
Total gross carrying value of loans	4,545,384	4,226,888
Less: Allowance for credit losses ⁽¹⁾	14,933	15,827
Total commercial mortgage loans, held for investment, net	\$ 4,530,451	\$ 4,211,061

⁽¹⁾ As of March 31, 2022 and December 31, 2021, there have been no specific reserves for loans in non-performing status.

As of March 31, 2022 and December 31, 2021, the Company's total commercial mortgage loan portfolio, excluding commercial mortgage loans accounted for under the fair value option, was comprised of 166 and 165 loans, respectively.

Allowance for Credit Losses

The following table presents the activity in the Company's allowance for credit losses, excluding the unfunded loan commitments, as of March 31, 2022 (dollars in thousands):

	Three Months Ended March 31, 2022								
	MultiFamily	Retail	Office	Industrial	Mixed Use	Hospitality	Self-Storage	Manufactured Housing	Total
Beginning Balance	\$ 9,681	\$ 288	\$ 776	\$ 86	\$ 169	\$ 4,597	\$ 152	\$ 78	\$ 15,827
Current Period:									
Provision/(benefit) for credit losses	32	234	(103)	15	(108)	(807)	(110)	(47)	(894)
Write offs	—	—	—	—	—	—	—	—	—
Ending Balance	\$ 9,713	\$ 522	\$ 673	\$ 101	\$ 61	\$ 3,790	\$ 42	\$ 31	\$ 14,933

The Company recorded a decrease in its provision for credit losses during the three months ended March 31, 2022 of \$0.9 million. The primary driver for the improvement in the reserve balance is the positive economic outlook since the end of the prior year.

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The following table presents the activity in the Company's allowance for credit losses, for the unfunded loan commitments, as of March 31, 2022 (dollars in thousands):

	Three Months Ended March 31, 2022								
	MultiFamily	Retail	Office	Industrial	Mixed Use	Hospitality	Self-Storage	Manufactured Housing	Total
Beginning Balance	\$ 137	\$ 1	\$ 13	\$ 3	\$ 10	\$ 79	\$ —	\$ —	\$ 243
Current Period:									
Provision/(benefit) for credit losses	(32)	15	(4)	(2)	(10)	(28)	—	—	(61)
Ending Balance	\$ 105	\$ 16	\$ 9	\$ 1	\$ —	\$ 51	\$ —	\$ —	\$ 182

The following tables represent the composition by loan type and region of the Company's commercial mortgage loans, held for investment portfolio (dollars in thousands):

	March 31, 2022		December 31, 2021	
Loan Type	Par Value	Percentage	Par Value	Percentage
Multifamily	\$ 3,264,959	71.6 %	\$ 2,953,938	69.6 %
Hospitality	542,171	11.9 %	460,884	10.9 %
Office	479,607	10.5 %	485,575	11.4 %
Retail	84,215	1.8 %	104,990	2.5 %
Industrial	69,985	1.5 %	88,956	2.1 %
Mixed Use	52,500	1.2 %	62,965	1.5 %
Self Storage	44,895	1.0 %	56,495	1.3 %
Manufactured Housing	24,152	0.5 %	29,159	0.7 %
Total	\$ 4,562,484	100.0 %	\$ 4,242,962	100.0 %

	March 31, 2022		December 31, 2021	
Loan Region	Par Value	Percentage	Par Value	Percentage
Southwest	\$ 1,784,211	39.1 %	\$ 1,764,905	41.6 %
Southeast	1,380,246	30.1 %	1,106,439	26.2 %
Mideast	784,182	17.2 %	646,125	15.2 %
Far West	262,728	5.8 %	301,040	7.1 %
Great Lakes	168,114	3.7 %	183,930	4.3 %
New England	67,117	1.5 %	67,651	1.6 %
Plains	60,172	1.3 %	60,225	1.4 %
Rocky Mountain	43,751	1.0 %	43,751	1.0 %
Various	11,963	0.3 %	68,896	1.6 %
Total	\$ 4,562,484	100.0 %	\$ 4,242,962	100.0 %

As of March 31, 2022 and December 31, 2021, the Company's total commercial mortgage loans, held for sale, measured at fair value were comprised of nine loans and one loan, respectively. As of March 31, 2022 and December 31, 2021, the contractual principal outstanding of commercial mortgage loans, held for sale, measured at fair value was \$108.5 million and \$34.3 million, respectively. As of March 31, 2022 and December 31, 2021, none of the Company's commercial mortgage loans, held for sale, measured at fair value were in default or greater than ninety days past due.

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The following tables represent the composition by loan type and region of the Company's commercial mortgage loans, held for sale, measured at fair value (dollars in thousands):

Loan Type	March 31, 2022		December 31, 2021	
	Par Value	Percentage	Par Value	Percentage
Retail	\$ 54,550	50.3 %	\$ —	— %
Hospitality	32,457	30.0 %	—	— %
Office	12,193	11.2 %	34,250	100.0 %
Multifamily	6,500	6.0 %	—	— %
Mixed Use	2,750	2.5 %	—	— %
Total	\$ 108,450	100.0 %	\$ 34,250	100.0 %

Loan Region	March 31, 2022		December 31, 2021	
	Par Value	Percentage	Par Value	Percentage
Far West	\$ 47,300	43.6 %	\$ —	— %
Southeast	44,750	41.3 %	34,250	100.0 %
Great Lakes	10,000	9.2 %	—	— %
Rocky Mountain	6,400	5.9 %	—	— %
Total	\$ 108,450	100.0 %	\$ 34,250	100.0 %

Loan Credit Quality and Vintage

The following tables present the amortized cost of our commercial mortgage loans, held for investment as of March 31, 2022 and December 31, 2021, by loan type, the Company's internal risk rating and year of origination. The risk ratings are updated as of March 31, 2022.

As of March 31, 2022							
	2022	2021	2020	2019	2018	2017	Total
Multifamily:							
Risk Rating:							
1-2 internal grade	\$ 388,347	\$ 2,426,914	\$ 229,560	\$ 67,567	\$ 83,619	\$ —	\$ 3,196,007
3-4 internal grade	—	—	18,669	—	37,025	—	55,694
Total Multifamily Loans	\$ 388,347	\$ 2,426,914	\$ 248,229	\$ 67,567	\$ 120,644	\$ —	\$ 3,251,701
Retail:							
Risk Rating:							
1-2 internal grade	\$ 20,480	\$ 33,843	\$ 11,952	\$ 17,596	\$ —	\$ —	\$ 83,871
3-4 internal grade	—	—	—	—	—	—	—
Total Retail Loans	\$ 20,480	\$ 33,843	\$ 11,952	\$ 17,596	\$ —	\$ —	\$ 83,871
Office:							
Risk Rating:							
1-2 internal grade	\$ —	\$ 50,320	\$ 254,583	\$ 137,233	\$ 36,291	\$ —	\$ 478,427
3-4 internal grade	—	—	—	—	—	—	—
Total Office Loans	\$ —	\$ 50,320	\$ 254,583	\$ 137,233	\$ 36,291	\$ —	\$ 478,427
Industrial:							
Risk Rating:							
1-2 internal grade	\$ 54,730	\$ —	\$ 14,931	\$ —	\$ —	\$ —	\$ 69,661

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3-4 internal grade	—	—	—	—	—	—	—
Total Industrial Loans	\$ 54,730	\$ —	\$ 14,931	\$ —	\$ —	\$ —	\$ 69,661
Mixed Use:							
Risk Rating:							
1-2 internal grade	\$ 19,902	\$ 32,411	\$ —	\$ —	\$ —	\$ —	\$ 52,313
3-4 internal grade	—	—	—	—	—	—	—
Total Mixed Use Loans	\$ 19,902	\$ 32,411	\$ —	\$ —	\$ —	\$ —	\$ 52,313
Hospitality:							
Risk Rating:							
1-2 internal grade	\$ 90,726	\$ 154,543	\$ 26,932	\$ 33,945	\$ —	\$ —	\$ 306,146
3-4 internal grade	—	—	—	103,130	52,234	79,041	234,405
Total Hospitality Loans	\$ 90,726	\$ 154,543	\$ 26,932	\$ 137,075	\$ 52,234	\$ 79,041	\$ 540,551
Self-Storage:							
Risk Rating:							
1-2 internal grade	\$ —	\$ 14,957	\$ 29,820	\$ —	\$ —	\$ —	\$ 44,777
3-4 internal grade	—	—	—	—	—	—	—
Total Self-Storage Loans	\$ —	\$ 14,957	\$ 29,820	\$ —	\$ —	\$ —	\$ 44,777
Manufactured Housing:							
Risk Rating:							
1-2 internal grade	\$ —	\$ 6,668	\$ 17,415	\$ —	\$ —	\$ —	\$ 24,083
3-4 internal grade	—	—	—	—	—	—	—
Total Manufactured Housing Loans	\$ —	\$ 6,668	\$ 17,415	\$ —	\$ —	\$ —	\$ 24,083
Total	\$ 574,185	\$ 2,719,656	\$ 603,862	\$ 359,471	\$ 209,169	\$ 79,041	\$ 4,545,384

December 31, 2021

	2021	2020	2019	2018	2017	Total
Multifamily:						
Risk Rating:						
1-2 internal grade	\$ 2,438,376	\$ 270,953	\$ 103,989	\$ 90,877	\$ —	\$ 2,904,195
3-4 internal grade	—	—	—	37,025	—	37,025
Total Multifamily Loans	\$ 2,438,376	\$ 270,953	\$ 103,989	\$ 127,902	\$ —	\$ 2,941,220
Retail:						
Risk Rating:						
1-2 internal grade	\$ 33,830	\$ 11,928	\$ 29,515	\$ 29,452	\$ —	\$ 104,725
3-4 internal grade	—	—	—	—	—	—
Total Retail Loans	\$ 33,830	\$ 11,928	\$ 29,515	\$ 29,452	\$ —	\$ 104,725
Office:						
Risk Rating:						

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1-2 internal grade	\$	50,291	\$	253,759	\$	136,800	\$	43,308	\$	—	\$	484,158
3-4 internal grade		—		—		—		—		—		—
Total Office Loans	\$	50,291	\$	253,759	\$	136,800	\$	43,308	\$	—	\$	484,158
Industrial:												
Risk Rating:												
1-2 internal grade	\$	—	\$	31,906	\$	—	\$	—	\$	—	\$	31,906
3-4 internal grade		—		—		56,933		—		—		56,933
Total Industrial Loans	\$	—	\$	31,906	\$	56,933	\$	—	\$	—	\$	88,839
Mixed Use:												
Risk Rating:												
1-2 internal grade	\$	32,395	\$	30,325	\$	—	\$	—	\$	—	\$	62,720
3-4 internal grade		—		—		—		—		—		—
Total Mixed Use Loans	\$	32,395	\$	30,325	\$	—	\$	—	\$	—	\$	62,720
Hospitality:												
Risk Rating:												
1-2 internal grade	\$	153,032	\$	26,920	\$	34,054	\$	—	\$	—	\$	214,006
3-4 internal grade		—		—		113,961		52,790		79,102		245,853
Total Hospitality Loans	\$	153,032	\$	26,920	\$	148,015	\$	52,790	\$	79,102	\$	459,859
Self-Storage:												
Risk Rating:												
1-2 internal grade	\$	14,948	\$	41,382	\$	—	\$	—	\$	—	\$	56,330
3-4 internal grade		—		—		—		—		—		—
Total Self-Storage Loans	\$	14,948	\$	41,382	\$	—	\$	—	\$	—	\$	56,330
Manufactured Housing:												
Risk Rating:												
1-2 internal grade	\$	6,665	\$	22,372	\$	—	\$	—	\$	—	\$	29,037
3-4 internal grade		—		—		—		—		—		—
Total Manufactured Housing Loans	\$	6,665	\$	22,372	\$	—	\$	—	\$	—	\$	29,037
Total	\$	2,729,537	\$	689,545	\$	475,252	\$	253,452	\$	79,102	\$	4,226,888

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Past Due Status

The following table presents an aging summary of the loans amortized cost basis at March 31, 2022 (dollars in thousands):

	Multifamily	Retail	Office	Industrial	Mixed Use	Hospitality	Self-Storage	Manufactured Housing	Total
Status:									
Current	\$ 3,251,701	\$ 83,871	\$ 478,427	\$ 69,661	\$ 52,313	\$ 483,476	\$ 44,777	\$ 24,083	\$ 4,488,309
1-29 days past due	—	—	—	—	—	—	—	—	—
30-59 days past due	—	—	—	—	—	—	—	—	—
60-89 days past due	—	—	—	—	—	—	—	—	—
90-119 days past due	—	—	—	—	—	—	—	—	—
120+ days past due ⁽¹⁾	—	—	—	—	—	57,075	—	—	57,075
Total	\$ 3,251,701	\$ 83,871	\$ 478,427	\$ 69,661	\$ 52,313	\$ 540,551	\$ 44,777	\$ 24,083	\$ 4,545,384

⁽¹⁾ For the three months ended March 31, 2022, there was no interest income recognized on this loan.

As of March 31, 2022 and December 31, 2021, the Company had one loan with a total cost basis of \$57.1 million on non-accrual status for which there was no related allowance for credit losses.

Credit Characteristics

As part of the Company's process for monitoring the credit quality of its commercial mortgage loans, excluding those held for sale, measured at fair value, it performs a quarterly loan portfolio assessment and assigns risk ratings to each of its loans. The loans are scored on a scale of 1 to 5 as follows:

Investment Rating	Summary Description
1	<i>Very Low Risk</i> - Investment exceeding fundamental performance expectations and/or capital gain expected. Trends and risk factors since time of investment are favorable.
2	<i>Low Risk</i> - Performing consistent with expectations and a full return of principal and interest expected. Trends and risk factors are neutral to favorable.
3	<i>Average Risk</i> - Performing investments requiring closer monitoring. Trends and risk factors show some deterioration.
4	<i>High Risk/Delinquent/Potential For Loss</i> - Underperforming investment with the potential of some interest loss but still expecting a positive return on investment. Trends and risk factors are negative.
5	<i>Impaired/Defaulted/Loss Likely</i> - Underperforming investment with expected loss of interest and some principal.

All commercial mortgage loans, excluding loans classified as commercial mortgage loans, held for sale, measured at fair value within the consolidated balance sheets, are assigned an initial risk rating of 2.0. As of March 31, 2022 and December 31, 2021, the weighted average risk rating of the loans was 2.1.

The following table represents the allocation by risk rating for the Company's commercial mortgage loans, held for investment (dollars in thousands):

March 31, 2022			December 31, 2021		
Risk Rating	Number of Loans	Par Value	Risk Rating	Number of Loans	Par Value
1	—	\$ —	1	—	\$ —
2	150	4,272,194	2	148	3,903,047
3	15	233,215	3	16	282,840
4	1	57,075	4	1	57,075
5	—	—	5	—	—
	166	\$ 4,562,484		165	\$ 4,242,962

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For the three months ended March 31, 2022 and year ended December 31, 2021, the activity in the Company's commercial mortgage loans, held for investment portfolio was as follows (dollars in thousands):

	Three Months Ended March 31,	Year Ended December 31,
	2022	2021
Balance at Beginning of Year	\$ 4,211,061	\$ 2,693,848
Acquisitions and originations	640,033	2,897,002
Principal repayments	(320,511)	(1,286,598)
Discount accretion/premium amortization	2,542	7,038
Loans transferred from/(to) commercial real estate loans, held for sale	—	(52,615)
Net fees capitalized into carrying value of loans	(3,568)	(15,150)
(Provision)/benefit for credit losses	894	4,770
Charge-off from allowance	—	289
Transfer to real estate owned	—	(37,523)
Balance at End of Period	\$ 4,530,451	\$ 4,211,061

Note 4 - Real Estate Securities

Real Estate Securities Classified As Trading

The following is a summary of the Company's RMBS classified by collateral type and interest rate characteristics (dollars in thousands):

	Carrying Amount	Average Yield ⁽¹⁾
March 31, 2022		
Agency Securities:		
Fannie Mae/Freddie Mac ARMs	\$ 1,678,297	2.34 %
Ginnie Mae ARMs	271,039	2.68 %
	\$ 1,949,336	2.37 %
December 31, 2021		
Agency Securities:		
Fannie Mae/Freddie Mac ARMs	\$ 4,246,803	2.23 %
Ginnie Mae ARMs	320,068	2.72 %
	\$ 4,566,871	2.26 %

⁽¹⁾ Average yield is presented for the year then ended, and is based on the cash component of interest income expressed as a percentage on average cost basis (the "cash yield").

The maturity of the Company's ARM Agency Securities is directly affected by prepayments of principal on the underlying mortgage loans. Consequently, actual maturities will be significantly shorter than the portfolio's weighted average contractual maturity of 278 months.

The Company's ARM Agency Securities are backed by residential mortgage loans that have coupon interest rates that adjust at least annually to more current interest rates or begin doing so after an initial fixed-rate period. After the initial fixed-rate period, if applicable, mortgage loans underlying ARM securities typically either (i) adjust annually based on specified margins over the one-year London interbank offered rate ("LIBOR") or the one-year Constant Maturity U.S. Treasury Note Rate ("CMT"), (ii) adjust semiannually based on specified margins over six-month LIBOR or the six-month Secured Overnight Financing Rate ("SOFR"), or (iii) adjust monthly based on specified margins over indices such as one-month LIBOR, the Eleventh District Federal Reserve Bank Cost of Funds Index, or over a rolling twelve month average of the one-year CMT index, usually subject to periodic and lifetime limits, or caps, on the amount of such adjustments during any single interest rate adjustment period and over the contractual term of the underlying loans.

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During the first quarter of 2022, the Company sold trading securities using the specific identification method for proceeds totaling \$2.2 billion. Subsequent to quarter end, the Company sold trading securities using the same method for proceeds totaling \$1.2 billion.

Note 5 - Real Estate Owned

The following table summarizes the Company's real estate owned asset, held for investment, as of March 31, 2022 (dollars in thousands):

Acquisition Date	Property Type	Primary Location(s)	Land	Building and Improvements	Furniture, Fixtures and Equipment	Accumulated Depreciation	Real Estate Owned, net
September 2021 ⁽¹⁾	Industrial	Jeffersonville, GA	\$ 3,436	\$ 84,259	\$ 2,928	\$ (1,150)	\$ 89,473
			<u>\$ 3,436</u>	<u>\$ 84,259</u>	<u>\$ 2,928</u>	<u>\$ (1,150)</u>	<u>\$ 89,473</u>

⁽¹⁾ See Note 2 - Summary of Significant Accounting Policies.

The following table summarizes the Company's real estate owned asset, held for investment, as of December 31, 2021 (dollars in thousands):

Acquisition Date	Property Type	Primary Location(s)	Land	Building and Improvements	Furniture, Fixtures and Equipment	Accumulated Depreciation	Real Estate Owned, net
September 2021 ⁽¹⁾	Industrial	Jeffersonville, GA	\$ 3,436	\$ 84,259	\$ 2,928	\$ (575)	\$ 90,048
			<u>\$ 3,436</u>	<u>\$ 84,259</u>	<u>\$ 2,928</u>	<u>\$ (575)</u>	<u>\$ 90,048</u>

⁽¹⁾ See Note 2 - Summary of Significant Accounting Policies.

Depreciation expense for the three months ended March 31, 2022 and March 31, 2021 totaled \$0.6 million and \$0.2 million, respectively.

In August 2021 the Company and an affiliate of the Company entered into a joint venture agreement and formed a joint venture entity, Jeffersonville Member, LLC (the "Jeffersonville JV") to acquire a \$139.5 million triple net lease property in Jeffersonville, GA. The Company has a 79% interest in the Jeffersonville JV, while the affiliate has a 21% interest. The Company invested a total of \$109.8 million, made up of \$88.7 million in debt and \$21.1 million in equity, representing 79% of the ownership interest in the Jeffersonville JV. The affiliate made up the remaining \$29.8 million composed of a \$24.0 million mortgage note payable and \$5.7 million in equity. The Company has control of Jeffersonville JV with 79% ownership and, therefore, consolidates Jeffersonville JV on its consolidated balance sheet. The Company's \$88.7 million mortgage note payable to Jeffersonville JV is eliminated in consolidation (see Note 7 - Debt).

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Note 6 - Leases
Intangible Lease Asset

The following table summarizes the Company's intangible lease asset recognized in the consolidated balance sheets as of March 31, 2022 (dollars in thousands):

Acquisition Date	Property Type	Primary Location(s)	Intangible Lease Asset, Gross	Accumulated Amortization	Intangible Lease Asset, Net of Amortization
September 2021	Industrial	Jeffersonville, GA	\$ 49,192	\$ (1,440)	\$ 47,752
			\$ 49,192	\$ (1,440)	\$ 47,752

The following table summarizes the Company's intangible lease asset recognized in the consolidated balance sheets as of December 31, 2021 (dollars in thousands):

Acquisition Date	Property Type	Primary Location(s)	Intangible Lease Asset, Gross	Accumulated Amortization	Intangible Lease Asset, Net of Amortization
September 2021	Industrial	Jeffersonville, GA	\$ 49,192	\$ (720)	\$ 48,472
			\$ 49,192	\$ (720)	\$ 48,472

Rental Income

On September 17, 2021, the Company, through a joint venture, purchased an industrial facility that is subject to an existing triple net lease. The minimum rental amount due under the lease is subject to annual increases of 2.0%. The initial term of the lease expires in 2038 and contains renewal options for four consecutive five-year terms. The remaining lease term is 16.5 years. Rental income for this lease for the three months ended March 31, 2022 totaled \$2.3 million. Rental income is included in Revenue from real estate owned in the consolidated statements of operations.

The following table summarizes the Company's schedule of future minimum rents to be received under the industrial facility lease (dollars in thousands):

Minimum Rents	March 31, 2022
2022 (April - December)	\$ 5,923
2023	8,046
2024	8,207
2025	8,372
2026	8,539
2027 and beyond	114,981
Total minimum rent	\$ 154,068

Amortization Expense

Intangible lease assets are amortized using the straight-line method over the contractual life of the lease, of a period up to 20 years. The weighted average life of the intangible asset as of March 31, 2022 is approximately 16.5 years. Amortization expense for the three months ended March 31, 2022 totaled \$0.7 million. Amortization expense for the three months ended March 31, 2021 totaled \$0.2 million.

The following table summarizes the Company's expected amortization for intangible assets over the next five years, assuming no further acquisitions or dispositions (dollars in thousands):

Amortization Expense	March 31, 2022
2022 (April - December)	\$ (2,160)
2023	(2,880)
2024	(2,880)
2025	(2,880)
2026	(2,880)

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Note 7 - Debt
Repurchase Agreements - Commercial Mortgage Loans

The Company has entered into repurchase facilities with JPMorgan Chase Bank, National Association (the "JPM Repo Facility"), Barclays Bank PLC (the "Barclays Revolver Facility" and the "Barclays Repo Facility"), Wells Fargo Bank, National Association (the "WF Repo Facility"), and Credit Suisse AG (the "CS Repo Facility" and together with JPM Repo Facility, WF Repo Facility, Barclays Revolver Facility, and Barclays Repo Facility, the "Repo Facilities").

The Repo Facilities are financing sources through which the Company may pledge one or more mortgage loans to the financing entity in exchange for funds typically at an advance rate of between 65% to 80% of the principal amount of the mortgage loan being pledged.

The details of the Company's Repo Facilities at March 31, 2022 and December 31, 2021 are as follows (dollars in thousands):

As of March 31, 2022

Repurchase Facility	Committed Financing	Amount Outstanding	Interest Expense ⁽¹⁾	Ending Weighted Average Interest Rate	Term Maturity
JPM Repo Facility	\$ 400,000	\$ 69,757	\$ 1,474	2.80 %	10/6/2022
CS Repo Facility ⁽²⁾	300,000	123,259	1,138	3.01 %	9/30/2022
WF Repo Facility ⁽³⁾	450,000	201,812	1,248	2.08 %	11/21/2023
Barclays Revolver Facility ⁽⁴⁾	250,000	—	2,027	N/A	9/20/2023
Barclays Repo Facility ⁽⁵⁾	500,000	128,062	1,490	2.08 %	3/14/2025
Total	\$ 1,900,000	\$ 522,890	\$ 7,377		

⁽¹⁾ For the three months ended March 31, 2022. Includes amortization of deferred financing costs.

⁽²⁾ On August 12, 2021, the Company exercised the extension option upon the satisfaction of certain conditions, and extended the term maturity to September 30, 2022. Additionally, on November 3, 2021 the committed financing amount was amended from \$200 million to \$300 million with the option to increase to \$400 million at the Company's discretion.

⁽³⁾ On November 19, 2021, the committed financing amount was increased from \$275 million to \$450 million. There are three more one-year extension options available at the Company's discretion.

⁽⁴⁾ On September 8, 2021, the Company amended the maturity date to September 20, 2023. On December 1, 2021 the committed financing amount was increased from \$100 million to \$250 million. The Company may increase the total commitment amount by an amount between \$100 million and \$150 million for three month intervals, on an unlimited basis prior to maturity.

⁽⁵⁾ On December 3, 2021 the Company amended the maturity date to March 14, 2025 and the committed financing amount was increased from \$300 million to \$500 million. There are two one-year extension options available at the Company's discretion.

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As of December 31, 2021

Repurchase Facility	Committed Financing	Amount Outstanding	Interest Expense ⁽¹⁾	Ending Weighted Average Interest Rate	Term Maturity
JPM Repo Facility	\$ 400,000	\$ 136,470	\$ 5,178	2.13 %	10/6/2022
CS Repo Facility ⁽²⁾	300,000	137,364	3,446	2.43 %	9/30/2022
WF Repo Facility ⁽³⁾	450,000	186,734	2,090	1.64 %	11/21/2023
Barclays Revolver Facility ⁽⁴⁾	250,000	166,700	1,976	6.12 %	9/20/2023
Barclays Repo Facility ⁽⁵⁾	500,000	392,332	4,057	1.76 %	3/14/2025
Total	\$ 1,900,000	\$ 1,019,600	\$ 16,747		

⁽¹⁾ For the year ended December 31, 2020. Includes amortization of deferred financing costs.

⁽²⁾ On August 12, 2021, the Company exercised the extension option upon the satisfaction of certain conditions, and extended the term maturity to September 30, 2022. Additionally, on November 3, 2021 the committed financing amount was amended from \$200 million to \$300 million with the option to increase to \$400 million at the Company's discretion.

⁽³⁾ On November 19, 2021, the committed financing amount was increased from \$275 million to \$450 million. There are three more one-year extension options available at the Company's discretion.

⁽⁴⁾ On September 8, 2021, the Company amended the maturity date to September 20, 2023. On December 1, 2021 the committed financing amount was increased from \$100 million to \$250 million. The Company may increase the total commitment amount by an amount between \$100 million and \$150 million for three month intervals, on an unlimited basis prior to maturity.

⁽⁵⁾ On December 3, 2021 the Company amended the maturity date to March 14, 2025 and the committed financing amount was increased from \$300 million to \$500 million. There are two one-year extension options available at the Company's discretion.

The Company expects to use the advances from the Repo Facilities to finance the acquisition or origination of eligible loans, including first mortgage loans, subordinated mortgage loans, mezzanine loans and participation interests therein.

The Repo Facilities generally provide that in the event of a decrease in the value of the Company's collateral, the lenders can demand additional collateral. As of March 31, 2022 and December 31, 2021, the Company is in compliance with all debt covenants.

Other financing and loan participation - Commercial Mortgage Loans

On March 23, 2020, the Company transferred \$15.2 million of its interest in a term loan to Sterling National Bank ("SNB") via a participation agreement. Since inception, the Company's outstanding loan increased as a result of future fundings, leading to an increase in amount outstanding via the participation agreement. The Company incurred \$0.2 million of interest expense on the SNB term loan for the three months ended March 31, 2022. As of March 31, 2022 and December 31, 2021 the outstanding participation balance was \$37.9 million. The loan accrued interest at an annual rate of one-month LIBOR +2.20% and matures on February 9, 2023.

On February 10, 2022, the Company transferred \$38.0 million of its interest in a term loan to Customers Bank via a participation agreement. Since inception, the Company's outstanding loan increased as a result of future fundings, leading to an increase in amount outstanding via the participation agreement. The Company incurred \$5,000 of interest expense on the Customers Bank term loan for the three months ended March 31, 2022. As of March 31, 2022 the outstanding participation balance was \$2.3 million. The loan accrued interest at an annual rate of one-month SOFR + 4.01% and matures on May 1, 2025.

Mortgage Note Payable

On September 17, 2021, the Company, in connection with the consolidating joint venture (as discussed in Note 5 - Real Estate Owned), originated a \$112.7 million mortgage note payable, of which \$88.7 million is eliminated in consolidation (see Note 5 - Real Estate Owned). The remaining mortgage note payable of \$24.0 million is recorded on the consolidated balance sheet. As of March 31, 2022, the loan accrued interest at an annual rate of 3.1% and matures on October 9, 2024.

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Unsecured Debt

As of March 31, 2022, the Company held 30-year junior subordinated notes issued in 2005 and 2006 and maturing in 2035 and 2036, with a total face amount of \$100 million. Note balances net of deferred issuance costs, and related weighted average interest rates as of the indicated dates (calculated including issuance cost amortization and adjusted for the effects of related derivatives held as cash flow hedges prior to termination) were as follows (dollars in thousands):

	As of March 31, 2022		As of December 31, 2021	
	Borrowings Outstanding	Average Rate	Borrowings Outstanding	Average Rate
Junior subordinated notes maturing in:				
October 2035 (\$35,000 face amount)	\$ 34,479	5.34 %	\$ 34,470	7.86 %
December 2035 (\$40,000 face amount)	39,484	5.25 %	39,474	7.63 %
September 2036 (\$25,000 face amount)	24,657	5.29 %	24,650	7.67 %
	\$ 98,620	5.29 %	\$ 98,594	7.72 %

The notes are currently redeemable, in whole or in part, without penalty, at the Company's option.

Pursuant to a lending and security agreement with Security Benefit Life Insurance Company ("SBL"), which was entered into in February 2020 and amended in March and August 2020, the Company may borrow up to \$100 million at a rate of one-month LIBOR + 4.5%. The facility has a maturity of February 10, 2023 and is secured by a pledge of equity interests in certain of the Company's subsidiaries. The Company incurred \$0.3 million of interest expense on the lending agreement with SBL for the three months ended March 31, 2022. As of March 31, 2022 there was no outstanding balance.

Repurchase Agreements - Real Estate Securities

The Company has entered into various Master Repurchase Agreements (the "MRAs") that allow the Company to sell real estate securities while providing a fixed repurchase price for the same real estate securities in the future. The repurchase contracts on each security under an MRA generally mature in 30-90 days and terms are adjusted for current market rates as necessary.

Below is a summary of the Company's MRAs as of March 31, 2022 and December 31, 2021 (dollars in thousands):

				Weighted Average	
Counterparty	Amount Outstanding	Interest Expense	Collateral Pledged ⁽¹⁾	Interest Rate	Days to Maturity
As of March 31, 2022					
JP Morgan Securities LLC	\$ 19,283	\$ 55	\$ 23,995	1.27 %	14
Goldman Sachs International	—	—	—	N/A	N/A
Barclays Capital Inc.	35,327	75	44,284	1.40 %	7
Citigroup Global Markets, Inc.	—	—	—	N/A	N/A
Total/Weighted Average	\$ 54,610	\$ 130	\$ 68,279	1.35 %	9
As of December 31, 2021					
JP Morgan Securities LLC	\$ 19,025	\$ 261	\$ 24,087	1.14 %	10
Goldman Sachs International	—	37	—	N/A	N/A
Barclays Capital Inc.	15,286	526	19,131	1.21 %	14
Citigroup Global Markets, Inc.	—	81	—	N/A	N/A
Total/Weighted Average	\$ 34,311	\$ 905	\$ 43,218	1.71 %	12

⁽¹⁾ Includes \$68.3 million and \$43.2 million of CLO notes, held by the Company, which are eliminated within the real estate securities, at fair value line in the consolidated balance sheets as of March 31, 2022 and December 31, 2021, respectively.

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Repurchase Agreements - Real Estate Securities Classified As Trading

The Company pledges its real estate securities classified as trading as collateral for repurchase agreements with commercial banks and other financial institutions. Repurchase arrangements entered into by the Company involve the sale and a simultaneous agreement to repurchase the transferred assets at a future date and are accounted for as financings. The Company maintains the beneficial interest in the specific securities pledged during the term of each repurchase arrangement and receives the related principal and interest payments.

The terms and conditions of repurchase agreements are negotiated on a transaction-by-transaction basis when each such agreement is initiated or renewed. The amount borrowed is generally equal to the fair value of the securities pledged, as determined by the lending counterparty, less an agreed-upon discount, referred to as a "haircut." Interest rates are generally fixed based on prevailing rates corresponding to the terms of the borrowings. Interest may be paid monthly or at the termination of an agreement at which time the Company may enter into a new agreement at prevailing haircuts and rates with the same lending counterparty or repay that counterparty and negotiate financing with a different lending counterparty. None of the Company's lending counterparties are obligated to renew or otherwise enter into new agreements at the conclusion of existing agreements. In response to declines in fair value of pledged securities due to changes in market conditions or the publishing of monthly security pay-down factors, lending counterparties typically require the Company to post additional securities as collateral, pay down borrowings or fund cash margin accounts with the counterparties in order to re-establish the agreed-upon collateral requirements. These actions are referred to as margin calls. Conversely, in response to increases in fair value of pledged securities, the Company routinely margin calls its lending counterparties in order to have previously pledged collateral returned.

Repurchase agreements (and related pledged collateral, including accrued interest receivable), classified by collateral type and remaining maturities, and related weighted average borrowing rates as of the indicated dates were as follows (dollars in thousands):

Collateral Type	Collateral Carrying Amount	Accrued Interest Receivable	Borrowings Outstanding	Average Borrowing Rates
As of March 31, 2022				
Repurchase arrangements secured by Agency securities with maturities of 30 days or less	\$ 1,733,101	\$ 3,726	\$ 1,659,931	0.39 %
	<u>\$ 1,733,101</u>	<u>\$ 3,726</u>	<u>\$ 1,659,931</u>	<u>0.39 %</u>
As of December 31, 2021				
Repurchase arrangements secured by Agency securities with maturities of 30 days or less	\$ 4,327,020	\$ 8,908	\$ 4,144,473	0.13 %
	<u>\$ 4,327,020</u>	<u>\$ 8,908</u>	<u>\$ 4,144,473</u>	<u>0.13 %</u>

Average repurchase agreements outstanding were \$3.06 billion and \$3.97 billion during the quarters ended March 31, 2022 and December 31, 2021. Average repurchase agreements outstanding differed from respective quarter-end balances during the indicated periods primarily due to changes in portfolio levels and differences in the timing of portfolio acquisitions relative to portfolio runoff and asset sales.

Collateralized Loan Obligations

As of March 31, 2022 and December 31, 2021 the notes issued by BSPRT 2018-FL4 Issuer, Ltd. and BSPRT 2018-FL4 Co-Issuer, LLC, each wholly owned indirect subsidiaries of the Company, are collateralized by interests in a pool of 24 and 31 mortgage assets having a principal balance of \$338.0 million and \$503.3 million, respectively (the "2018-FL4 Mortgage Assets"). The sale of the 2018-FL4 Mortgage Assets to BSPRT 2018-FL4 Issuer is governed by a Mortgage Asset Purchase Agreement dated as of October 12, 2018, between the Company and BSPRT 2018-FL4 Issuer.

As of March 31, 2022 and December 31, 2021, the notes issued by BSPRT 2019-FL5 Issuer, Ltd. and BSPRT 2019-FL5 Co-Issuer, LLC, each wholly owned indirect subsidiaries of the Company, are collateralized by interests in a pool of 40 and 48 mortgage assets having a principal balance of \$546.4 million and \$589.0 million respectively (the "2019-FL5 Mortgage Assets"). The sale of the 2019-FL5 Mortgage Assets to BSPRT 2019-FL5 Issuer is governed by a Mortgage Asset Purchase Agreement dated as of May 30, 2019, between the Company and BSPRT 2019-FL5 Issuer.

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As of March 31, 2022 and December 31, 2021, the notes issued by BSPRT 2021-FL6 Issuer, Ltd. and BSPRT 2021-FL6 Co-Issuer, LLC, each wholly owned indirect subsidiaries of the Company, are collateralized by interests in a pool of 38 and 44 mortgage assets having a principal balance of \$636.9 million and \$682.32 million respectively (the "2021-FL6 Mortgage Assets"). The sale of the 2021-FL6 Mortgage Assets to BSPRT 2021-FL6 Issuer, Ltd. is governed by a Collateral Interest Purchase Agreement dated as of March 25, 2021, between the Company and BSPRT 2021-FL6 Issuer, Ltd.

As of March 31, 2022 and December 31, 2021, the notes issued by BSPRT 2021-FL7 Issuer, Ltd. and BSPRT 2021-FL7 Co-Issuer, LLC, each wholly owned indirect subsidiaries of the Company, are collateralized by interests in a pool of 45 and 47 mortgage assets having a principal balance of \$899.1 million and \$871.44 million respectively (the "2021-FL7 Mortgage Assets"). The sale of the 2021-FL7 Mortgage Assets to BSPRT 2021-FL7 Issuer, Ltd. is governed by a Collateral Interest Purchase Agreement dated as of March 25, 2021, between the Company and BSPRT 2021-FL7 Issuer, Ltd.

On February 15, 2022, BSPRT 2022-FL8 Issuer, Ltd. and BSPRT 2022-FL8 Co-Issuer, LLC, both wholly owned indirect subsidiaries of the Company entered into an indenture with the OP, as advancing agent and U.S. Bank National Association, as note administrator and trustee, which governs the issuance of approximately \$1.1 billion principal balance secured floating rate notes, of which \$960 million were purchased by third party investors and \$132 million were purchased by a wholly owned subsidiary of the OP. In addition, concurrently with the issuance of the notes, BSPRT 2022-FL8 Issuer, Ltd. also issued 108,000 preferred shares, par value of \$0.001 per share and with an aggregate liquidation preference and notional amount equal to \$1,000 per share, which were not offered as part of closing the indenture. For U.S. federal income tax purposes, BSPRT 2022-FL8 Issuer, Ltd. and BSPRT 2022-FL8 Co-Issuer, LLC are disregarded entities.

As of March 31, 2022, the notes issued by BSPRT 2022-FL8 Issuer, Ltd. and BSPRT 2022-FL8 Co-Issuer, LLC, are collateralized by interests in a pool of 32 mortgage assets having a principal balance of \$1.2 billion (the "2022-FL8 Mortgage Assets"). The sale of the 2022-FL8 Mortgage Assets to BSPRT 2022-FL8 Issuer, Ltd. is governed by a Collateral Interest Purchase Agreement dated as of December 21, 2021, between the Company and BSPRT 2022-FL8 Issuer, Ltd.

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The Company, through its wholly-owned subsidiaries, holds the preferred equity tranches of the above CLOs of approximately \$437.2 million and \$329.2 million as of March 31, 2022 and December 31, 2021, respectively. The following table represents the terms of the notes issued by 2018-FL4 Issuer, 2019-FL5 Issuer, 2021-FL6 Issuer, 2021-FL7 Issuer and 2022-FL8 Issuer (the "CLOs"), respectively, as of March 31, 2022 (dollars in thousands):

CLO Facility	Tranche	Par Value Issued	Par Value Outstanding⁽¹⁾	Interest Rate	Maturity Date
2018-FL4 Issuer	Tranche A	\$ 416,827	\$ —	1M LIBOR + 105	9/15/2035
2018-FL4 Issuer	Tranche A-S	73,813	42,998	1M LIBOR + 130	9/15/2035
2018-FL4 Issuer	Tranche B	56,446	56,446	1M LIBOR + 160	9/15/2035
2018-FL4 Issuer	Tranche C	68,385	68,385	1M LIBOR + 210	9/15/2035
2018-FL4 Issuer	Tranche D	57,531	57,531	1M LIBOR + 275	9/15/2035
2018-FL4 Issuer	Tranche E	28,223	28,223	1M LIBOR + 305	9/15/2035
2019-FL5 Issuer	Tranche A	407,025	170,467	1M LIBOR + 115	5/15/2029
2019-FL5 Issuer	Tranche A-S	76,950	76,950	1M LIBOR + 148	5/15/2029
2019-FL5 Issuer	Tranche B	50,000	50,000	1M LIBOR + 140	5/15/2029
2019-FL5 Issuer	Tranche C	61,374	61,374	1M LIBOR + 200	5/15/2029
2019-FL5 Issuer	Tranche D	48,600	5,000	1M LIBOR + 240	5/15/2029
2019-FL5 Issuer	Tranche E	20,250	20,250	1M LIBOR + 285	5/15/2029
2021-FL6 Issuer	Tranche A	367,500	367,500	1M LIBOR + 110	3/15/2036
2021-FL6 Issuer	Tranche A-S	86,625	86,625	1M LIBOR + 130	3/15/2036
2021-FL6 Issuer	Tranche B	33,250	33,250	1M LIBOR + 160	3/15/2036
2021-FL6 Issuer	Tranche C	41,125	41,125	1M LIBOR + 205	3/15/2036
2021-FL6 Issuer	Tranche D	44,625	44,625	1M LIBOR + 300	3/15/2036
2021-FL6 Issuer	Tranche E	11,375	11,375	1M LIBOR + 350	3/15/2036
2021-FL7 Issuer	Tranche A	508,500	508,500	1M LIBOR + 132	12/21/2038
2021-FL7 Issuer	Tranche A-S	13,500	13,500	1M LIBOR + 165	12/21/2038
2021-FL7 Issuer	Tranche B	52,875	52,875	1M LIBOR + 205	12/21/2038
2021-FL7 Issuer	Tranche C	66,375	66,375	1M LIBOR + 230	12/21/2038
2021-FL7 Issuer	Tranche D	67,500	67,500	1M LIBOR + 275	12/21/2038
2021-FL7 Issuer	Tranche E	13,500	13,500	1M LIBOR + 340	12/21/2038
2022-FL8 Issuer	Tranche A	690,000	690,000	1M LIBOR + 150	2/15/2037
2022-FL8 Issuer	Tranche A-S	66,000	66,000	1M LIBOR + 185	2/15/2037
2022-FL8 Issuer	Tranche B	55,500	55,500	1M LIBOR + 205	2/15/2037
2022-FL8 Issuer	Tranche C	67,500	67,500	1M LIBOR + 230	2/15/2037
2022-FL8 Issuer	Tranche D	81,000	81,000	1M LIBOR + 350	2/15/2037
2022-FL8 Issuer	Tranche E	25,500	—	1M LIBOR + 350	2/15/2037
		\$ 3,657,674	\$ 2,904,374		

⁽¹⁾ Excludes \$452.6 million of CLO notes, held by the Company, which are eliminated within the collateralized loan obligations line in the consolidated balance sheets as of March 31, 2022.

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The following table represents the terms of the notes issued by 2018-FL4 Issuer, 2019-FL5 Issuer, 2021-FL6 Issuer and 2021-FL7 Issuer, as of December 31, 2021 (dollars in thousands):

CLO Facility	Tranche	Par Value Issued	Par Value Outstanding⁽¹⁾	Interest Rate	Maturity Date
2018-FL4 Issuer	Tranche A	\$ 416,827	\$ 75,263	1M LIBOR + 105	9/15/2035
2018-FL4 Issuer	Tranche A-S	73,813	73,813	1M LIBOR + 130	9/15/2035
2018-FL4 Issuer	Tranche B	56,446	56,446	1M LIBOR + 160	9/15/2035
2018-FL4 Issuer	Tranche C	68,385	68,385	1M LIBOR + 210	9/15/2035
2018-FL4 Issuer	Tranche D	57,531	57,531	1M LIBOR + 275	9/15/2035
2018-FL4 Issuer	Tranche E	28,223	28,223	1M LIBOR + 305	9/15/2035
2019-FL5 Issuer	Tranche A	407,025	299,529	1M LIBOR + 115	5/15/2029
2019-FL5 Issuer	Tranche A-S	76,950	76,950	1M LIBOR + 148	5/15/2029
2019-FL5 Issuer	Tranche B	50,000	50,000	1M LIBOR + 140	5/15/2029
2019-FL5 Issuer	Tranche C	61,374	61,374	1M LIBOR + 200	5/15/2029
2019-FL5 Issuer	Tranche D	48,600	5,000	1M LIBOR + 240	5/15/2029
2019-FL5 Issuer	Tranche E	20,250	20,250	1M LIBOR + 285	5/15/2029
2021-FL6 Issuer	Tranche A	367,500	367,500	1M LIBOR + 110	3/15/2036
2021-FL6 Issuer	Tranche A-S	86,625	86,625	1M LIBOR + 130	3/15/2036
2021-FL6 Issuer	Tranche B	33,250	33,250	1M LIBOR + 160	3/15/2036
2021-FL6 Issuer	Tranche C	41,125	41,125	1M LIBOR + 205	3/15/2036
2021-FL6 Issuer	Tranche D	44,625	44,625	1M LIBOR + 300	3/15/2036
2021-FL6 Issuer	Tranche E	11,375	11,375	1M LIBOR + 350	3/15/2036
2021-FL7 Issuer	Tranche A	508,500	508,500	1M LIBOR + 132	12/21/2038
2021-FL7 Issuer	Tranche A-S	13,500	13,500	1M LIBOR + 165	12/21/2038
2021-FL7 Issuer	Tranche B	52,875	52,875	1M LIBOR + 205	12/21/2038
2021-FL7 Issuer	Tranche C	66,375	66,375	1M LIBOR + 230	12/21/2038
2021-FL7 Issuer	Tranche D	67,500	67,500	1M LIBOR + 275	12/21/2038
2021-FL7 Issuer	Tranche E	13,500	13,500	1M LIBOR + 340	12/21/2038
		\$ 2,672,174	\$ 2,179,514		

⁽¹⁾ Excludes \$320.6 million of CLO notes, held by the Company, which are eliminated within the collateralized loan obligations line in the consolidated balance sheets as of December 31, 2021.

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The below table reflects the total assets and liabilities of the Company's outstanding CLOs. The CLOs are considered VIEs and are consolidated into the Company's consolidated financial statements as of March 31, 2022 and December 31, 2021 as the Company is the primary beneficiary of the VIE. The Company is the primary beneficiary of the CLOs because (i) the Company has the power to direct the activities that most significantly affect the VIE's economic performance and (ii) the right to receive benefits from the VIEs or the obligation to absorb losses of the VIEs that could be significant to the VIE. The VIE's are non-recourse to the Company.

Assets (dollars in thousands)	March 31, 2022	December 31, 2021
Cash ⁽¹⁾	\$ 178,313	\$ 187,668
Commercial mortgage loans, held for investment, net ⁽²⁾	3,600,351	2,629,431
Accrued interest receivable	7,833	5,918
Total Assets	\$ 3,786,497	\$ 2,823,017
Liabilities		
Notes payable ⁽³⁾⁽⁴⁾	\$ 3,336,459	\$ 2,482,762
Accrued interest payable	2,495	1,598
Total Liabilities	\$ 3,338,954	\$ 2,484,360

⁽¹⁾ Includes \$177.4 million and \$187.0 million of cash held by the servicer related to CLO loan payoffs as of March 31, 2022 and December 31, 2021, respectively.

⁽²⁾ The balance is presented net of allowance for credit losses of \$8.5 million and \$8.7 million as of March 31, 2022 and December 31, 2021, respectively.

⁽³⁾ Includes \$452.6 million and \$320.6 million of CLO notes, held by the Company, which are eliminated within the collateralized loan obligations line of the consolidated balance sheets as of March 31, 2022 and December 31, 2021, respectively.

⁽⁴⁾ The balance is presented net of deferred financing cost and discount of \$20.5 million and \$17.3 million as of March 31, 2022 and December 31, 2021, respectively.

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Note 8 - Earnings Per Share

The Company uses the two-class method in calculating basic and diluted earnings per share. Net income/(loss) is allocated between our common stock and other participating securities based on their participation rights. Diluted net income per share has been computed using the weighted average number of shares of common stock outstanding and other dilutive securities. The following table presents a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations and the calculation of basic and diluted earnings per share for the three months ended March 31, 2022 and March 31, 2021 (in thousands, except share and per share data):

Numerator	Three Months Ended March 31,	
	2022	2021
Net income/(loss)	\$ (22,507)	\$ 30,146
Less: Preferred stock dividends	21,011	3,511
Less: Undistributed earnings allocated to preferred stock	—	3,227
Net income/(loss) attributable to common stockholders (for basic and diluted earnings per share)	\$ (43,518)	\$ 23,408
Denominator		
Weighted-average common shares outstanding for basic earnings per share	43,956,965	44,290,177
Effect of dilutive shares ⁽¹⁾ :		
Unvested restricted shares	—	15,888
Weighted-average common shares outstanding for diluted earnings per share	43,956,965	44,306,065
Basic earnings per share	\$ (0.99)	\$ 0.53
Diluted earnings per share	\$ (0.99)	\$ 0.53

⁽¹⁾ The effect of dilutive shares excluded an aggregate of 368,257 weighted average restricted stock units for the three months ended March 31, 2022 as their effect was anti-dilutive.

Note 9 - Stock Transactions

As of March 31, 2022 and December 31, 2021, the Company had 44,471,127 and 43,965,928 shares of common stock outstanding, respectively, including shares issued pursuant to the Company's distribution reinvestment plan (the "DRIP") and unvested restricted shares.

As of each of March 31, 2022 and December 31, 2021, the Company had 1,400 shares of Series C Preferred Stock outstanding, 17,950 shares of Series D Preferred Stock outstanding, 10,329,039 shares of Series E Preferred Stock outstanding and 39,733,299 shares of Series F Preferred Stock outstanding.

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The following tables present the activity in the Company's Series C Preferred Stock for the period ended March 31, 2022 and March 31, 2021 (dollars in thousands, except share amounts):

	Shares	Amount
Balance, December 31, 2021	1,400	\$ 6,971
Issuance of Preferred Stock	—	—
Dividends paid in Preferred Stock	—	—
Offering costs	—	—
Amortization of offering costs	—	2
Ending Balance, March 31, 2022	1,400	\$ 6,973

	Shares	Amount
Balance, December 31, 2020	1,400	\$ 6,962
Issuance of Preferred Stock	—	—
Dividends paid in Preferred Stock	—	—
Offering costs	—	—
Amortization of offering costs	—	2
Ending Balance, March 31, 2021	1,400	\$ 6,964

The following table presents the activity in the Company's Series D Preferred Stock for the period ended March 31, 2022 and March 31, 2021 (dollars in thousands, except share amounts):

	Shares	Amount
Balance, December 31, 2021	17,950	\$ 89,684
Issuance of Preferred Stock	—	—
Dividends paid in Preferred Stock	—	—
Offering costs	—	—
Amortization of offering costs	—	7
Balance, March 31, 2022	17,950	\$ 89,691

	Shares	Amount
Balance, December 31, 2020	—	\$ —
Issuance of Preferred Stock	17,950	89,748
Dividends paid in Preferred Stock	—	—
Offering costs	—	(26)
Amortization of offering costs	—	—
Ending Balance, March 31, 2021	17,950	\$ 89,722

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The following table presents the activity in the Company's Series E Preferred Stock for the period ended March 31, 2022 (dollars in thousands, except share amounts):

	Shares	Amount
Balance, December 31, 2021	10,329,039	\$ 258,742
Issuance of Preferred Stock	—	—
Dividends paid in Preferred Stock	—	—
Offering costs	—	—
Amortization of offering costs	—	—
Balance, March 31, 2022	10,329,039	\$ 258,742

As of March 31, 2021 the Company did not have any Series E Preferred Stock outstanding.

The following table presents the activity in the Company's Series F Preferred Stock for the period ended March 31, 2022 (dollars in thousands, except share amounts):

	Shares	Amount
Balance, December 31, 2021	39,733,299	\$ 710,431
Issuance of Preferred Stock	—	—
Dividends paid in Preferred Stock	—	—
Offering costs	—	—
Amortization of offering costs	—	—
Balance, March 31, 2022	39,733,299	\$ 710,431

As of March 31, 2021 the Company did not have any Series F Preferred Stock outstanding.

On April 19, 2022, all 39,733,299 shares of Series F Preferred Stock converted to common stock on a one for one ratio.

Distributions

In order to maintain its election to qualify as a REIT, the Company must currently distribute, at a minimum, an amount equal to 90% of its taxable income, without regard to the deduction for distributions paid and excluding net capital gains. The Company must distribute 100% of its taxable income (including net capital gains) to avoid paying corporate U.S. federal income taxes. Distribution payments are dependent on the availability of funds. The Company's board of directors may reduce the amount of distributions paid or suspend distribution payments at any time, and therefore, distributions payments are not assured.

Quarterly distributions are paid at a quarterly rate of \$0.355 per share of common stock (equivalent to \$1.42 per annum). In March 2022, the Company's board of directors declared the following first quarter 2022 dividends: (i) a quarterly cash dividend of \$0.355 per share on the Company's common stock and Series F Preferred Stock (equivalent to \$1.42 per annum), (ii) a first quarter 2022 dividend of \$106.22 per share on the Company's Series C Preferred Stock and Series D Preferred Stock, and (iii) a first quarter 2022 dividend of \$0.46875 per share on the Company's Series E Preferred Stock, all which were paid in April 2022 to holders of record on March 31, 2021. Distribution payments are dependent on the availability of funds. The board of directors may reduce the amount of distributions paid or suspend distribution payments at any time, and therefore, distribution payments are not assured. Dividends on the Company's preferred stock, to the extent not declared by the board of directors quarterly, will accrue, and dividends may not be paid on the Company's common stock to the extent there are accrued and unpaid dividends on the preferred stock. The amount of dividends paid on the Company's Series C Preferred Stock and Series D Preferred Stock are generally in an amount equal to the dividends a holder of such preferred stock would have received if the preferred stock had been converted into common stock in accordance with its terms, except when the amount of common stock dividends are below the threshold stated in the terms of such preferred stock.

The Company distributed \$12.5 million of common stock dividends during the three months ended March 31, 2022, comprised of \$12.4 million in cash and \$0.1 million in shares of common stock issued under the DRIP. The Company distributed \$12.2 million of common stock dividends during the three months ended March 31, 2021, comprised of \$9.7 million in cash and \$2.6 million in shares of common stock issued under the DRIP.

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As of March 31, 2022 and December 31, 2021, the Company had declared but unpaid common stock distributions of \$15.7 million and \$12.5 million, respectively. Additionally, as of March 31, 2022 and December 31, 2021, the Company had declared but unpaid Series C Preferred Stock distributions of \$0.2 million and \$0.1 million, respectively, \$1.9 million and \$1.5 million of declared but unpaid Series D Preferred stock distributions, respectively, \$4.8 million of declared but unpaid Series E Preferred stock distributions and \$14.1 million and \$11.3 million of declared but unpaid Series F Preferred Stock distributions, respectively. These amounts are included in Distributions payable on the Company's consolidated balance sheets.

Note 10 - Commitments and Contingencies

Unfunded Commitments Under Commercial Mortgage Loans

As of March 31, 2022 and December 31, 2021, the Company had the below unfunded commitments to the Company's borrowers (dollars in thousands):

Funding Expiration	March 31, 2022	December 31, 2021
2022	\$ 17,538	\$ 25,864
2023	102,288	123,860
2024	245,726	271,056
2025 and beyond	35,126	37,325
	\$ 400,678	\$ 458,105

The borrowers are required to meet or maintain certain metrics in order to qualify for the unfunded commitment amounts.

Litigation and Regulatory Matters

The Company is not presently involved in any material litigation arising outside the ordinary course of business. However, the Company is involved in routine litigation arising in the ordinary course of business, none of which the Company believes, individually or in the aggregate, will have a material impact on the Company's financial condition, operating results or cash flows.

Note 11 - Related Party Transactions and Arrangements

Advisory Agreement Fees and Reimbursements

Pursuant to the Advisory Agreement, the Company is required to make the following payments and reimbursements to the Advisor:

- The Company reimburses the Advisor's costs of providing services pursuant to the Advisory Agreement, except the salaries and benefits paid by the Advisor to the Company's executive officers.
- The Company pays the Advisor, or its affiliates, a monthly asset management fee equal to one-twelfth of 1.5% of stockholders' equity as calculated pursuant to the Advisory Agreement.
- The Company will pay the Advisor an annual subordinated performance fee calculated on the basis of total return to stockholders, payable monthly in arrears, such that for any year in which total return on stockholders' capital (as defined in the Advisory Agreement) exceeds 6.0% per annum, our Advisor will be entitled to 15.0% of the excess total return; provided that in no event will the annual subordinated performance fee payable to our Advisor exceed 10.0% of the aggregate total return for such year.
- The Company reimburses the Advisor for insourced expenses incurred by the Advisor on the Company's behalf related to selecting, evaluating, originating and acquiring investments in an amount up to 0.5% of the principal amount funded by the Company to originate or acquire commercial mortgage loans and up to 0.5% of the anticipated net equity funded by the Company to acquire real estate securities investments.

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The table below shows the costs incurred due to arrangements with our Advisor and its affiliates during the three months ended March 31, 2022 and 2021 and the associated payable as of March 31, 2022 and December 31, 2021 (dollars in thousands):

	Three Months Ended March 31,		Payable as of	
	2022	2021	March 31, 2022	December 31, 2021
Acquisition expenses ⁽¹⁾	\$ 315	\$ 153	\$ —	\$ —
Administrative services expenses	3,353	3,474	3,353	—
Asset management and subordinated performance fee	6,745	5,416	17,586	15,595
Other related party expenses ⁽²⁾⁽³⁾	253	29	959	1,943
Total related party fees and reimbursements	\$ 10,666	\$ 9,072	\$ 21,898	\$ 17,538

⁽¹⁾ Total acquisition expenses paid during the three months ended March 31, 2022 were \$3.2 million, of which \$2.9 million was capitalized within the commercial mortgage loans, held for investment line of the consolidated balance sheets. Total acquisition expenses paid during the three months ended March 31, 2021 were \$2.6 million, of which \$2.4 million was capitalized within the commercial mortgage loans, held for investment line of the consolidated balance sheets.

⁽²⁾ These are related to reimbursable costs incurred related to the increase in loan origination activities and are included in Other expenses in the Company's consolidated statements of operations.

⁽³⁾ As of March 31, 2022 and December 31, 2021 the related party payables include \$1.0 million and \$1.9 million of payments made by the Advisor to third party vendors on behalf of the Company.

The payables as of March 31, 2022 and December 31, 2021 in the table above are included in Due to affiliates on the Company's consolidated balance sheets.

Other Transactions

Pursuant to a lending and security agreement with SBL, which was entered into in February 2020 and amended in March and August 2020, the Company may borrow up to \$100.0 million at a rate of one-month LIBOR + 4.5%. The facility has a maturity of February 10, 2023 and is secured by a pledge of equity interests in certain of the Company's subsidiaries. The Company incurred \$0.3 million in interest expense on the lending agreement with SBL for the three months ended March 31, 2022. As of March 31, 2022 there were no amounts outstanding under the lending agreement.

SBL also holds 17,950 shares of the Company's outstanding shares of Series D Preferred Stock of which, 14,950 shares were acquired in exchange for an equivalent number of shares of Series A Preferred Stock in March 2021. SBL also acquired an additional 3,000 shares of Series D Preferred Stock at the liquidation preference of \$15.0 million (net of accrued and unpaid dividends on the exchanged Series A Preferred Stock) in such transaction.

In August 2021 the Company and an affiliate of the Company entered into a joint venture agreement and formed a joint venture entity, Jeffersonville Member, LLC (the "Jeffersonville JV") to acquire a \$139.5 million triple net lease property in Jeffersonville, GA. The Company has a 79% interest in the Jeffersonville JV, while the affiliate has a 21% interest. The Company invested a total of \$109.8 million, made up of \$88.7 million in debt and \$21.1 million in equity, representing 79% of the ownership interest in the Jeffersonville JV. The affiliate made up the remaining \$29.8 million composed of a \$24.0 million mortgage note payable and \$5.7 million in equity. The Company has control of Jeffersonville JV with 79% ownership and, therefore, consolidates Jeffersonville JV on its consolidated balance sheet. The Company's \$88.7 million mortgage note payable to Jeffersonville JV is eliminated in consolidation (see Note 7 - Debt).

As discussed below, in the first quarter of 2022, pursuant to the 2021 Incentive Plan, the Company issued awards of restricted stock units to its officers and certain other personnel of the Advisor who provide services to the Company under the Advisory Agreement (see Note 12 - Share-based Compensation).

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Note 12 - Share-based Compensation

Share Plan

The Company's equity incentive plans provide the Company with the ability to grant equity-based awards to its directors, officers and employees (if the Company ever has employees), employees of the Advisor and its affiliates, or certain of the Company's consultants, employees of entities that provide services to the Company, directors of the Advisor or of entities that provide services to the Company, the Advisor and its affiliates.

Under the Company's RSP, the total number of common shares granted shall not exceed 5% of the Company's authorized common shares, and in any event, will not exceed 4.0 million shares (as such number may be adjusted for stock splits, stock distributions, combinations and similar events). The RSP will expire on February 7, 2023.

At March 31, 2022, there were 5,007,893 shares of common stock remaining available for issuance under the Company's 2021 Incentive Plan. The Board may amend, suspend or terminate the 2021 Incentive Plan at any time; provided that no amendment, suspension or termination may impair rights or obligations under any outstanding award without the participant's consent or violate the 2021 Incentive Plan's prohibition on repricing.

Service-based Restricted Stock Units

In the first quarter of 2022, in accordance with the 2021 Incentive Plan, the Company issued awards of RSUs to its officers and certain other personnel of the Advisor who provide services to the Company under the Advisory Agreement.

RSU activity issued under the 2021 Incentive Plan for the quarter ended March 31, 2022 is summarized below:

	Number of shares	Weighted Avg Grant Date Fair Value
Unvested RSU awards outstanding at December 31, 2021	—	\$ —
Grants	492,107	14.34
Forfeitures	—	—
Vested	—	—
Unvested RSU awards outstanding at March 31, 2022	<u>492,107</u>	<u>\$ 14.34</u>

During the quarter ended March 31, 2022, the company recognized compensation expense associated with the RSUs of \$412,000, which is included in Other expenses on the consolidated statements of operations. Unrecognized estimated compensation expense for these awards totaled \$4.5 million at March 31, 2022, to be expensed over a weighted average period of 1.8 years.

Note 13 - Fair Value of Financial Instruments

GAAP establishes a hierarchy of valuation techniques based on the observability of inputs used in measuring financial instruments at fair values. GAAP establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy are described below:

- Level I - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level II - Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level III - Unobservable inputs that reflect the entity's own assumptions about the assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

The determination of where an asset or liability falls in the above hierarchy requires significant judgment and factors specific to the asset or liability. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company evaluates its hierarchy disclosures each quarter and depending on various factors, it is possible that an asset or liability may be classified differently from quarter to quarter.

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The Company has implemented valuation control processes to validate the fair value of the Company's financial instruments measured at fair value including those derived from pricing models. These control processes are designed to assure that the values used for financial reporting are based on observable inputs wherever possible. In the event that observable inputs are not available, the control processes are designed to assure that the valuation approach utilized is appropriate and consistently applied and the assumptions are reasonable.

Financial Instruments Measured at Fair Value on a Recurring Basis

Real estate securities classified as trading, RMBS, are measured at fair value by utilizing a third party pricing service to obtain a current estimated liquid price of the securities. The RMBS are classified in Level II of the fair value hierarchy.

Commercial mortgage loans, held for sale, measured at fair value in the Company's TRS are initially recorded at transaction proceeds, which are considered to be the best initial estimate of fair value. The Company engaged the services of a third party independent valuation firm to determine fair value of certain investments held by the Company. Fair value is determined using a discounted cash flow model that primarily considers changes in interest rates and credit spreads, weighted average life and current performance of the underlying collateral. Commercial mortgage loans, held for sale, measured at fair value that are originated in the last month of the reporting period are held and marked to the transaction proceeds. The Company classified the commercial mortgage loans, held for sale, measured at fair value as Level III.

Other real estate investments, measured at fair value on the consolidated balance sheets are valued using unobservable inputs. The Company engaged the services of a third party independent valuation firm to determine fair value of certain investments, including preferred equity investments, held by the Company. Fair value is determined using a discounted cash flow model that primarily considers changes in interest rates and credit spreads, weighted average life and current performance of the underlying collateral. The Company classified the other real estate investments, measured at fair value as Level III.

The fair value for Treasury note futures is derived using market prices. Treasury note futures trade on the Chicago Mercantile Exchange ("CME"). The instruments are a variety of recently issued 10-year U.S. Treasury notes. The future contracts are liquid and are centrally cleared through the CME. Treasury note futures are generally categorized in Level II of the fair value hierarchy.

The fair value for credit default swaps and interest rate swaps contracts are derived using pricing models that are widely accepted by marketplace participants. Credit default swaps and interest rate swaps are traded in the OTC market. The pricing models take into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates, and/or current credit spreads obtained from swap counterparties and other market participants. Most inputs into the models are not subjective as they are observable in the marketplace or set per the contract. Valuation is primarily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. If the underlying indices are liquid and the OTC market for the current spread is active, credit default swaps and interest rate swaps are categorized in Level II of the fair value hierarchy. If the underlying indices are illiquid and the OTC market for the current spread is not active, credit default swaps are categorized in Level III of the fair value hierarchy. The credit default swaps and interest rate swaps are generally categorized in Level II of the fair value hierarchy.

The fair value of exchange-traded swap agreements hedging RMBS repurchase agreements are calculated using the net discounted future fixed cash payments and the discounted future variable cash receipts which are based on expected future interest rates derived from observable market interest rate curves. The Company also incorporates both its own nonperformance risk and its counterparties' nonperformance risk in determining fair value. In considering the effect of nonperformance risk, the Company considered the impact of netting and credit enhancements, such as collateral postings and guarantees, and has concluded that counterparty risk is not significant to the overall valuation. Interest rate swap agreements hedging the Company's RMBS repurchase agreements are measured at fair value on a recurring basis primarily using Level II inputs. The fair value of these derivatives are calculated including accrued interest and net of variation margin amounts received or paid through the exchange, resulting in separately presenting on the balance sheet a significantly reduced fair value amount representing the unsettled fair value of these derivatives.

A review of the fair value hierarchy classification is conducted on a quarterly basis. Changes in the type of inputs may result in a reclassification for certain assets or liabilities. The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the beginning of the reporting period. There were no material transfers between levels within the fair value hierarchy for the period ended March 31, 2022 and December 31, 2021.

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The following table presents the Company's financial instruments carried at fair value on a recurring basis in the consolidated balance sheets by its level in the fair value hierarchy as of March 31, 2022 and December 31, 2021 (dollars in thousands):

	Total	Level I	Level II	Level III
March 31, 2022				
Assets, at fair value				
Real estate securities, trading, measured at fair value	\$ 1,949,336	\$ —	\$ 1,949,336	\$ —
Commercial mortgage loans, held for sale, measured at fair value	107,978	—	—	107,978
Other real estate investments, measured at fair value	—	—	—	—
Credit default swaps	104	—	104	—
Interest rate swaps	374	—	374	—
Total assets, at fair value	\$ 2,057,792	\$ —	\$ 1,949,814	\$ 107,978
Liabilities, at fair value				
Credit default swaps	\$ 1,493	\$ —	\$ 1,493	\$ —
Interest rate swaps	2,260	—	2,260	—
Total liabilities, at fair value	\$ 3,753	\$ —	\$ 3,753	\$ —
December 31, 2021				
Assets, at fair value				
Real estate securities, trading, measured at fair value	\$ 4,566,871	\$ —	\$ 4,566,871	\$ —
Commercial mortgage loans, held for sale, measured at fair value	34,718	—	—	34,718
Other real estate investments, measured at fair value	2,074	—	—	2,074
Interest rate swaps	312	—	312	—
Treasury note futures	124	—	124	—
Total assets, at fair value	\$ 4,604,099	\$ —	\$ 4,567,307	\$ 36,792
Liabilities, at fair value				
Credit default swaps	\$ 1,142	\$ —	\$ 1,142	\$ —
Unsecured debt-related interest rate swap agreements	31,153	—	31,153	—
Total liabilities, at fair value	\$ 32,295	\$ —	\$ 32,295	\$ —

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Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level III category. As a result, the unrealized gains and losses for assets and liabilities within the Level III category may include changes in fair value that were attributable to both observable and unobservable inputs. The following table summarizes the valuation method and significant unobservable inputs used for the Company's financial instruments that are categorized within Level III of the fair value hierarchy as of March 31, 2022 and December 31, 2021 (dollars in thousands):

Asset Category	Fair Value	Valuation Methodologies	Unobservable Inputs ⁽¹⁾	Weighted Average ⁽²⁾	Range
March 31, 2022					
Commercial mortgage loans, held for sale, measured at fair value	\$ 107,978	Discounted Cash Flow	Yield	2.3%	1.6% - 5.6%
December 31, 2021					
Commercial mortgage loans, held for sale, measured at fair value	\$ 34,718	Discounted Cash Flow	Yield	3.4%	3.2% - 4.2%
Other real estate investments, measured at fair value	2,074	Discounted Cash Flow	Yield	10.9%	9.9% - 11.9%

⁽¹⁾ In determining certain inputs, the Company evaluates a variety of factors including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments including exit strategies and realization opportunities. The Company has determined that market participants would take these inputs into account when valuing the investments.

⁽²⁾ Inputs were weighted based on the fair value of the investments included in the range.

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Increases or decreases in any of the above unobservable inputs in isolation would result in a lower or higher fair value measurement for such assets. The following table presents additional information about the Company's financial instruments which are measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021 for which the Company has used Level III inputs to determine fair value (dollars in thousands):

	March 31, 2022	
	Commercial Mortgage Loans, held for sale, measured at fair value	Other Real Estate Investments, measured at fair value
Beginning balance, January 1, 2022	\$ 34,718	\$ 2,074
Transfers into Level III ⁽¹⁾	—	—
Total realized and unrealized gain/(loss) included in earnings:		
Realized gain/(loss) on sale of commercial mortgage loans, held for sale, and other real estate investments	1,889	(33)
Unrealized gain/(loss) on commercial mortgage loans, held for sale and other real estate investments	(939)	4
Net accretion	—	—
Purchases	150,300	—
Sales / paydowns	(77,990)	(2,045)
Transfers out of Level III ⁽¹⁾	—	—
Ending Balance, March 31, 2022	\$ 107,978	\$ —
	December 31, 2021	
	Commercial Mortgage Loans, held for sale, measured at fair value	Other Real Estate Investments, measured at fair value
Beginning balance, January 1, 2021	\$ 67,649	\$ 2,522
Transfers into Level III ⁽¹⁾	—	—
Total realized and unrealized gain/(loss) included in earnings:		
Realized gain/(loss) on sale of commercial mortgage loans, held for sale	24,208	—
Unrealized gain/(loss) on commercial mortgage loans, held for sale and other real estate investments	469	(19)
Net accretion	—	(3)
Purchases	420,673	—
Sales / paydowns	(478,281)	(426)
Transfers out of Level III ⁽¹⁾	—	—
Ending Balance, December 31, 2021	\$ 34,718	\$ 2,074

⁽¹⁾ Transfers in and transfers out include transfers between Commercial mortgage loans, held for sale and Commercial mortgage loans, held for investment.

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The fair value of cash and cash equivalents and restricted cash are measured using observable quoted market prices, or Level I inputs and their carrying value approximates their fair value. The fair value of borrowings under repurchase agreements approximate their carrying value on the consolidated balance sheets due to their short-term nature, and are measured using Level II inputs.

Financial Instruments Not Measured at Fair Value

The fair values of the Company's commercial mortgage loans, held for investment and collateralized loan obligations, which are not reported at fair value on the consolidated balance sheets are reported below as of March 31, 2022 and December 31, 2021 (dollars in thousands):

		Level	Carrying Amount ⁽¹⁾	Fair Value
March 31, 2022				
Commercial mortgage loans, held for investment	Asset	III	\$ 4,545,384	\$ 4,568,380
Collateralized loan obligations	Liability	III	2,883,887	2,879,415
Mortgage note payable	Liability	III	23,998	23,998
Other financing and loan participation - commercial mortgage loans	Liability	III	40,199	40,199
Unsecured debt	Liability	III	98,620	79,000
December 31, 2021				
Commercial mortgage loans, held for investment	Asset	III	\$ 4,226,888	\$ 4,249,118
Collateralized loan obligation	Liability	III	2,162,190	2,181,571
Mortgage Note Payable	Liability	III	23,998	23,998
Other financing and loan participation - commercial mortgage loans	Liability	III	37,903	37,903
Unsecured Debt	Liability	III	148,594	125,400

⁽¹⁾ The carrying value is gross of \$14.9 million and \$15.8 million of allowance for credit losses as of March 31, 2022 and December 31, 2021, respectively.

The fair value of the commercial mortgage loans, held for investment is estimated using a discounted cash flow analysis, based on the Advisor's experience with similar types of investments. The Company estimates the fair value of the collateralized loan obligations using external broker quotes. The fair value of the other financing and loan participation-commercial mortgage loans is generally estimated using a discounted cash flow analysis. At March 31, 2022, the Mortgage note payable was recorded at transaction proceeds, which are considered to be the best initial estimate of fair value. The fair value of the unsecured debt is based on discounted cash flows using Company estimates for market yields on similarly structured debt instruments.

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Note 14 - Derivative Instruments

The Company uses derivative instruments primarily to manage the fair value variability of fixed rate assets caused by interest rate fluctuations and overall portfolio market risk.

As of March 31, 2022, the net premiums received on derivative instrument assets were \$0.8 million.

The following derivative instruments were outstanding as of March 31, 2022 and December 31, 2021 (dollars in thousands):

	Fair Value		
Contract type	Notional	Assets	Liabilities
March 31, 2022			
Credit default swaps	\$ 98,000	\$ 104	\$ 1,493
Interest rate swaps ⁽¹⁾	1,588,000	374	2,260
Interest rate swaps on unsecured debt	—	—	—
Treasury note futures	—	—	—
Total	<u>\$ 1,686,000</u>	<u>\$ 478</u>	<u>\$ 3,753</u>
December 31, 2021			
Credit default swaps	\$ 47,000	\$ —	\$ 1,142
Interest rate swaps	3,649,500	312	—
Interest rate swaps on unsecured debt	100,000	—	31,153
Treasury note futures	360	124	—
Total	<u>\$ 3,796,860</u>	<u>\$ 436</u>	<u>\$ 32,295</u>

⁽¹⁾ As of March 31, 2022, asset vs. liability notional breakout for interest rate swaps assets was \$1,499.5 million and \$88.5 million, respectively.

The following table indicates the net realized and unrealized gains and losses on derivatives, by primary underlying risk exposure, as included in loss on derivative instruments in the consolidated statements of operations for the three months ended March 31, 2022 and March 31, 2021:

Contract type	Three Months Ended March 31, 2022	
	Unrealized (Gain)/Loss	Realized (Gain)/Loss
Credit default swaps	\$ 99	\$ (104)
Interest rate swaps	4,740	(32,987)
Treasury note futures	124	(939)
Total	<u>\$ 4,963</u>	<u>\$ (34,030)</u>
Contract type	Three Months Ended March 31, 2021	
	Unrealized (Gain)/Loss	Realized (Gain)/Loss
Credit default swaps	\$ (163)	\$ 455
Interest rate swaps	(865)	(921)
Treasury note futures	(1,081)	(1,512)
Total	<u>\$ (2,109)</u>	<u>\$ (1,978)</u>

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

The following table includes information regarding components of unsecured debt-related effects on interest expense and other comprehensive income for the three months ended March 31, 2022 and March 31, 2021:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Related to the statement of operations		
Amount of net loss reclassified from other comprehensive income ⁽¹⁾	\$ (282)	\$ —
Related to other comprehensive income		
Amount of gain/(loss) recognized in other comprehensive income	\$ (220)	\$ —

⁽¹⁾ Included in interest expense in the consolidated statements of operations

The Company's portfolio of derivatives additionally hedges the variability of the underlying benchmark interest rate of current and forecasted 30- to 90-day repurchase agreements. The Company attempts to mitigate exposure to higher interest rates primarily by entering into pay-fixed, receive-variable, interest rate swap agreements for terms between eighteen months and three years. From an economic perspective, this hedge relationship establishes a relatively stable fixed rate on related debt because the variable-rate payments received on the swap agreements offset a significant portion of the interest accruing on the debt, leaving the fixed-rate swap payments as the Company's effective borrowing rate. Additionally, changes in fair value of these derivatives tend to offset opposing changes in fair value of the Company's residential mortgage investments that can occur in response to changes in market interest rates.

During the first quarter of 2022, the Company entered into swap agreements with notional amounts totaling \$1.1 billion requiring fixed-rate interest payments averaging 1.10%. No swaps had matured during this time. In the first quarter of 2022, the Company terminated \$3.3 billion notional amount of swaps related to the ARM portfolio requiring fixed-rate interest payments averaging 0.25%. Subsequent to March 31, 2022, the Company terminated \$0.8 billion notional amount of swaps requiring fixed-rate interest payments averaging 0.28%.

At March 31, 2022, the Company's trading securities portfolio financing-related swap positions, all of which were either SOFR or OIS-indexed, had the following characteristics (dollars in thousands):

Period of Contract Expiration	Swap Notional Amounts	Average Fixed Rates
Third quarter 2022	\$ 300,000	0.03 %
Fourth quarter 2022	400,000	0.07 %
First quarter 2023	525,000	0.77 %
Fourth quarter 2023	174,500	0.11 %
First quarter 2024	100,000	2.28 %
	\$ 1,499,500	

In January 2022, the Company terminated the entirety of its three-month LIBOR-indexed, pay-fixed, receive-variable, interest rate swap agreements with notional amounts totaling \$100 million and average fixed rates of 4.09% with 20-year payment terms coinciding with the floating-rate terms of the Company's unsecured debt that mature in 2035 and 2036.

Interest rate swap agreements are measured at fair value on a recurring basis primarily using Level Two Inputs in accordance with ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820). In determining fair value estimates for swaps, The Company utilizes the standard methodology of netting the discounted future fixed cash payments and the discounted future variable cash receipts which are based on expected future interest rates derived from observable market interest rate curves. The Company also incorporates both its own nonperformance risk and its counterparties' nonperformance risk in determining fair value. In considering the effect of nonperformance risk, the Company considered the impact of netting and credit enhancements, such as collateral postings and guarantees, and has concluded that counterparty risk is not significant to the overall valuation.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

The fair value of exchange-traded swap agreements hedging repurchase agreements is calculated including accrued interest and net of variation margin amounts received or paid through the exchange, resulting in separately presenting on the balance sheet a fair value amount representing the unsettled fair value of these derivatives. Non-exchange traded swap agreements held as cash flow hedges of unsecured debt are reported at fair value calculated excluding accrued interest. At March 31, 2022, cash collateral receivable from derivative counterparties includes initial margin for all derivatives and variation margin for non-exchange traded derivatives. Accrued interest for non-exchange traded swap agreements is included in accounts payable and accrued expenses.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

Note 15 - Offsetting Assets and Liabilities

The Company's consolidated balance sheets used a gross presentation of repurchase agreements and collateral pledged. The table below provides a gross presentation, the effects of offsetting and a net presentation of the Company's derivative instruments and repurchase agreements within the scope of ASC 210-20, *Balance Sheet—Offsetting*, as of March 31, 2022 and December 31, 2021 (dollars in thousands):

	Gross Amounts Not Offset on the Balance Sheet					
	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Balance Sheet	Net Amount of Assets Presented on the Balance Sheet	Financial Instruments	Cash Collateral ⁽¹⁾	Net Amount
Assets						
March 31, 2022						
Derivative instruments, at fair value	\$ 478	\$ —	\$ 478	\$ —	\$ —	\$ 478
December 31, 2021						
Derivative instruments, at fair value	\$ 436	\$ —	\$ 436	\$ —	\$ —	\$ 436
	Gross Amounts Not Offset on the Balance Sheet					
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Balance Sheet	Net Amount of Liabilities Presented on the Balance Sheet	Financial Instruments	Cash Collateral ⁽¹⁾	Net Amount
Liabilities						
March 31, 2022						
Repurchase agreements - commercial mortgage loans	\$ 522,890	\$ —	\$ 522,890	\$ 813,303	\$ 5,010	\$ —
Repurchase agreements - real estate securities	1,714,541	—	1,714,541	1,801,381	—	—
Derivative instruments, at fair value	3,753	—	3,753	—	7,069	—
December 31, 2021						
Repurchase agreements - commercial mortgage loans	\$ 1,019,600	\$ —	\$ 1,019,600	\$ 1,460,317	\$ 5,015	\$ —
Repurchase agreements - real estate securities	4,178,784	—	4,178,784	4,370,239	—	—
Derivative instruments, at fair value	32,295	—	32,295	—	64,393	—

⁽¹⁾ These cash collateral amounts are recorded within the Restricted cash balance on the consolidated balance sheets.

FRANKLIN BSP REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022
(Unaudited)

Note 16 - Segment Reporting

The Company conducts its business through the following reporting segments:

- The real estate debt business focuses on originating, acquiring and asset managing commercial real estate debt investments, including first mortgage loans, subordinate mortgages, mezzanine loans and participations in such loans.
- The real estate securities business focuses on investing in and asset managing real estate securities. Historically this business has focused primarily on CMBS, unsecured REIT debt, CDO notes and other securities. As a result of the October 2021 acquisition of Capstead, the Company acquired and continues to hold a significant portfolio of ARM Agency Securities. As of March 31, 2022, all of the real estate securities in this segment were ARM Agency Securities acquired in the Capstead acquisition.
- The commercial real estate conduit business operated through the Company's TRS, which is focused on generating risk-adjusted returns by originating and subsequently selling fixed-rate commercial real estate loans into the CMBS securitization market at a profit.
- The real estate owned business represents real estate acquired by the Company through foreclosure, deed in lieu of foreclosure, or purchase.

The following table represents the Company's operations by segment for the three and three months ended March 31, 2022 and March 31, 2021 (dollars in thousands):

		Real Estate Debt and Other Real Estate Investments	Real Estate Securities	TRS	Real Estate Owned
Three Months Ended March 31, 2022	Total				
Interest income	\$ 75,258	\$ 55,687	\$ 18,885	\$ 686	\$ —
Revenue from real estate owned	2,312	—	—	—	2,312
Interest expense	22,480	19,464	2,616	206	194
Net income/(loss)	(22,507)	22,092	(45,311)	(107)	819
Total assets as of March 31, 2022	7,112,155	4,346,668	2,496,732	127,392	141,363
Three Months Ended March 31, 2021					
Interest income	\$ 42,237	\$ 40,757	\$ 424	\$ 1,056	\$ —
Revenue from real estate owned	716	—	—	—	716
Interest expense	11,369	10,574	182	332	281
Net income/(loss)	30,146	23,033	(454)	7,538	29
Total assets as of December 31, 2021	9,474,701	4,205,883	5,054,394	72,840	141,584

For the purposes of the table above, any expenses not associated with a specific segment have been allocated to the business segments using a percentage derived by using the sum of commercial mortgage loans originated during the year as the denominator and commercial mortgage loans, held for investment, net of allowance and commercial mortgage loans, held for sale, measured at fair value as numerator.

Note 17 - Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q.

On April 19, 2022, all of the 39,733,299 outstanding shares of the Company's Series F Preferred Stock automatically converted on a one-for-one basis into an equal amount of shares of common stock, pursuant to the terms of the Articles Supplementary of the Series F Preferred Stock. The shares of common stock issued upon conversion of the Series F Preferred Stock are freely tradable by the holders on the New York Stock Exchange. There are no shares of Series F Preferred Stock outstanding following the conversion.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the accompanying financial statements of Franklin BSP Realty Trust, Inc. the notes thereto and other financial information included elsewhere in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 25, 2022.

As used herein, the terms "the Company," "we," "our" and "us" refer to Franklin BSP Realty Trust, Inc., a Maryland corporation and, as required by context, to Benefit Street Partners Realty Operating Partnership, L.P., a Delaware limited partnership, which we refer to as the "OP," and to its subsidiaries. We are externally managed by Benefit Street Partners L.L.C. (our "Advisor").

Certain statements included in this Quarterly Report on Form 10-Q are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of the Company and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as "may," "will," "seeks," "anticipates," "believes," "estimates," "expects," "plans," "intends," "should" or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

Our forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements, and thus our investors should not place undue reliance on these statements. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at <http://www.sec.gov>. These factors include:

- our business and investment strategy;
- our ability to make investments in a timely manner or on acceptable terms;
- the impact of the COVID-19 pandemic;
- current credit market conditions and our ability to obtain long-term financing for our investments in a timely manner and on terms that are consistent with what we project when we invest;
- the effect of general market, real estate market, economic and political conditions, including changing interest rate environments and inflation;
- our ability to make scheduled payments on our debt obligations;
- our ability to generate sufficient cash flows to make distributions to our stockholders;
- our ability to generate sufficient debt and equity capital to fund additional investments;
- our ability to refinance our existing financing arrangements;
- our ability to successfully and in a timely matter reinvest the dividend, interest, principal and sales proceeds from the assets acquired in the merger with Capstead Mortgage Corporation in a manner consistent with our investment strategies;
- adverse changes in the value of the assets acquired in the merger with Capstead Mortgage Corporation prior to the time such assets are monetized and reinvested in a manner consistent with our investment strategies;
- the degree and nature of our competition;
- the availability of qualified personnel;
- we may be deemed to be an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and thus subject to regulation under the Investment Company Act;
- our ability to maintain our qualification as a real estate investment trust ("REIT"); and
- other factors set forth under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Currently, one of the most significant factors that could cause actual outcomes to differ materially from our forward-looking statements is the continuing adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on the financial condition, operating results and cash flows of the Company, its borrowers, the real estate market, the global economy and the financial markets. The extent to which the COVID-19 pandemic continues to impact us and our borrowers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, including resurgences of the virus and its variants, the speed, effectiveness and adoption of vaccine (including boosters) and treatment developments and the direct and indirect economic effects of the pandemic and containment measures, among others.

Overview

The Company is a Maryland corporation and has made tax elections to be treated as a REIT for U.S. federal income tax purposes since 2013. The Company, through one or more subsidiaries which are each treated as a taxable REIT subsidiary ("TRS"), is indirectly subject to U.S. federal, state and local income taxes. We commenced business in May 2013. We primarily originate, acquire and manage a diversified portfolio of commercial real estate debt investments secured by properties located within and outside of the United States. Commercial real estate debt investments may include first mortgage loans, subordinated mortgage loans, mezzanine loans and participations in such loans. Substantially all of our business is conducted through the OP, a Delaware limited partnership. We are the sole general partner and directly or indirectly hold all of the units of limited partner interests in the OP.

The Company has no employees. We are managed by our Advisor pursuant to an Advisory Agreement, as amended on August 18, 2021 (the "Advisory Agreement"). Our Advisor manages our affairs on a day-to-day basis. The Advisor receives compensation and fees for services related to the investment and management of our assets and our operations.

The Advisor, an SEC-registered investment adviser, is a credit-focused alternative asset management firm. The Advisor manages funds for institutions and high-net-worth investors across various credit funds and complementary strategies including high yield, levered loans, private / opportunistic debt, liquid credit, structured credit and commercial real estate debt. These strategies complement each other as they all leverage the sourcing, analytical, compliance, and operational capabilities that encompass the Advisor's robust platform. The Advisor is a wholly-owned subsidiary of Franklin Resources, Inc., which together with its various subsidiaries operates as "Franklin Templeton."

The Company invests in commercial real estate debt investments, which may include first mortgage loans, subordinated mortgage loans, mezzanine loans and participations in such loans. The Company also originates conduit loans which the Company intends to sell through its TRS into commercial mortgage-backed securities ("CMBS") securitization transactions at a profit. Historically this business has focused primarily on CMBS, unsecured REIT debt, collateralized debt obligations ("CDOs") and other securities. As a result of the October 2021 acquisition of Capstead Mortgage Corporation ("Capstead"), the Company acquired and continues to hold a significant portfolio of residential mortgage backed securities ("RMBS") in the form of residential adjustable-rate mortgage pass-through securities ("ARM Agency Securities") issued and guaranteed by government-sponsored enterprises or by an agency of the federal government. The Company also owns real estate which it acquires through foreclosure and deed in lieu of foreclosure, and which it purchases for investment, typically subject to triple net leases.

Book Value Per Share

The following table calculates our book value per share as of March 31, 2022 and December 31, 2021 (\$ in thousands, except per share data):

	March 31, 2022	December 31, 2021
Stockholders' equity applicable to common stock	\$ 677,867	\$ 736,464
Shares		
Common stock	43,957,363	43,951,382
Restricted stock	513,764	14,546
Total outstanding	44,471,127	43,965,928
Book value per share	\$ 15.24	\$ 16.75

The following table calculates our fully-converted book value per share as of March 31, 2022 and December 31, 2021 (\$ in thousands, except per share data):

	March 31, 2022	December 31, 2021
Stockholders' equity applicable to convertible common stock	\$ 1,484,962	\$ 1,543,550
Shares		
Common stock	43,957,363	43,951,382
Restricted stock	513,764	14,546
Series C convertible preferred stock	418,880	418,880
Series D convertible preferred stock	5,370,640	5,370,640
Series F convertible preferred stock	39,733,299	39,733,299
Total outstanding	89,993,946	89,488,747
Fully-converted book value per share	\$ 16.50	\$ 17.25

Critical Accounting Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Critical accounting estimates are those that require the application of management's most difficult, subjective or complex judgments on matters that are inherently uncertain and that may change in subsequent periods. In preparing the financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In preparing the financial statements, management has utilized available information, including our past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments, giving due consideration to materiality. Actual results may differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to those of companies in similar businesses.

During the three months ended March 31, 2022, there were no material changes to our critical accounting estimates as compared to the critical accounting estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Portfolio

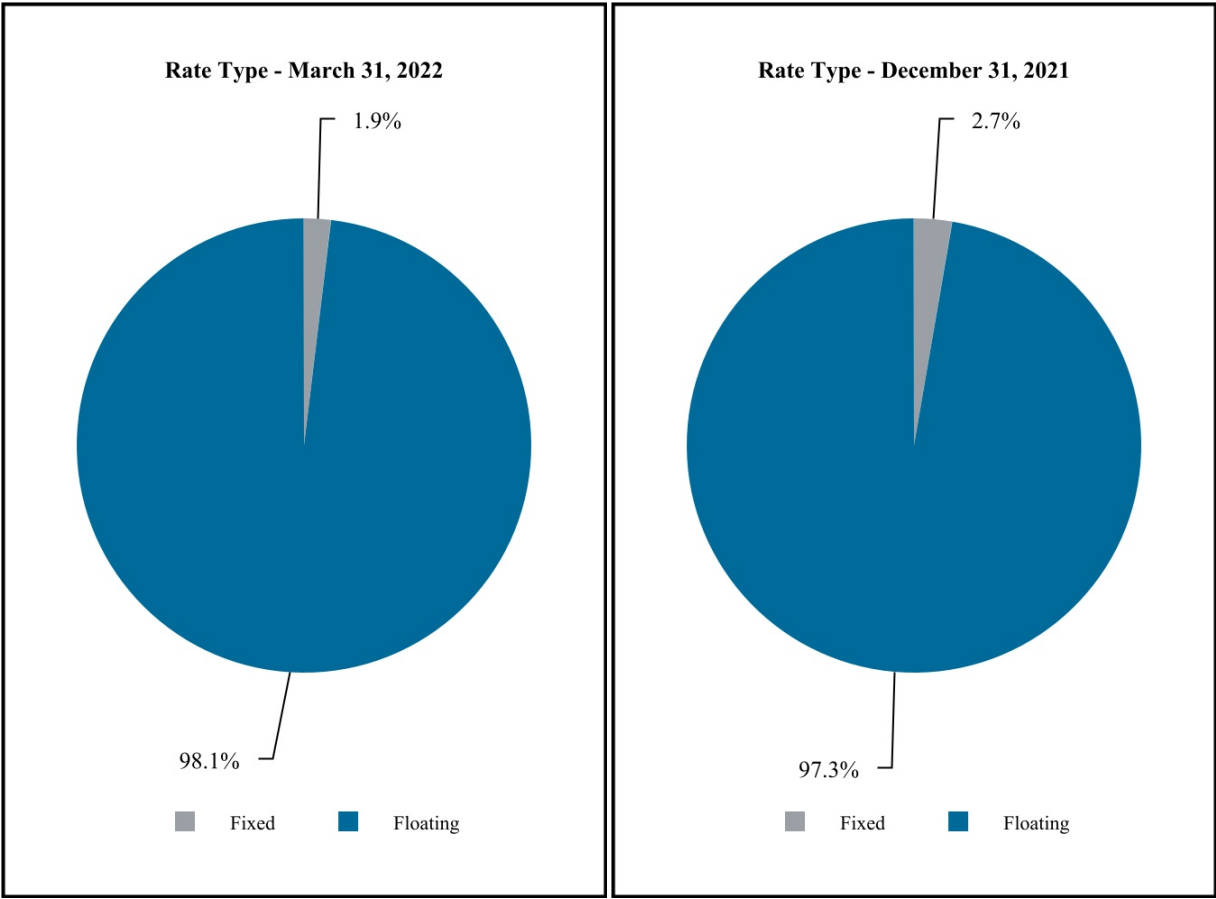
As of March 31, 2022 and December 31, 2021, our portfolio consisted of 166 and 165 commercial mortgage loans, respectively, excluding commercial mortgage loans accounted for under the fair value option. The commercial mortgage loans, held for investment as of March 31, 2022 and December 31, 2021 had a total carrying value, net of allowance for credit losses, of \$4,530.5 million and \$4,211.1 million, respectively. As of March 31, 2022 and December 31, 2021, our total commercial mortgage loans, held for sale, measured at fair value comprised of nine loans with total fair value of \$108.0 million and one loan with total fair value of \$34.7 million, respectively. As of March 31, 2022 and December 31, 2021 we had real estate securities, trading, measured at fair value of \$1,949.3 million and \$4,566.9 million, respectively. As of March 31, 2022 we had no other real estate investments, measured at fair value. As of December 31, 2021, our other real estate investments, measured at fair value, were comprised of one investment with a total fair value of \$2.1 million. As of March 31, 2022 and December 31, 2021, our real estate owned, held for investment portfolio comprised of one investment with a carrying value of \$89.5 million and \$90.0 million, respectively.

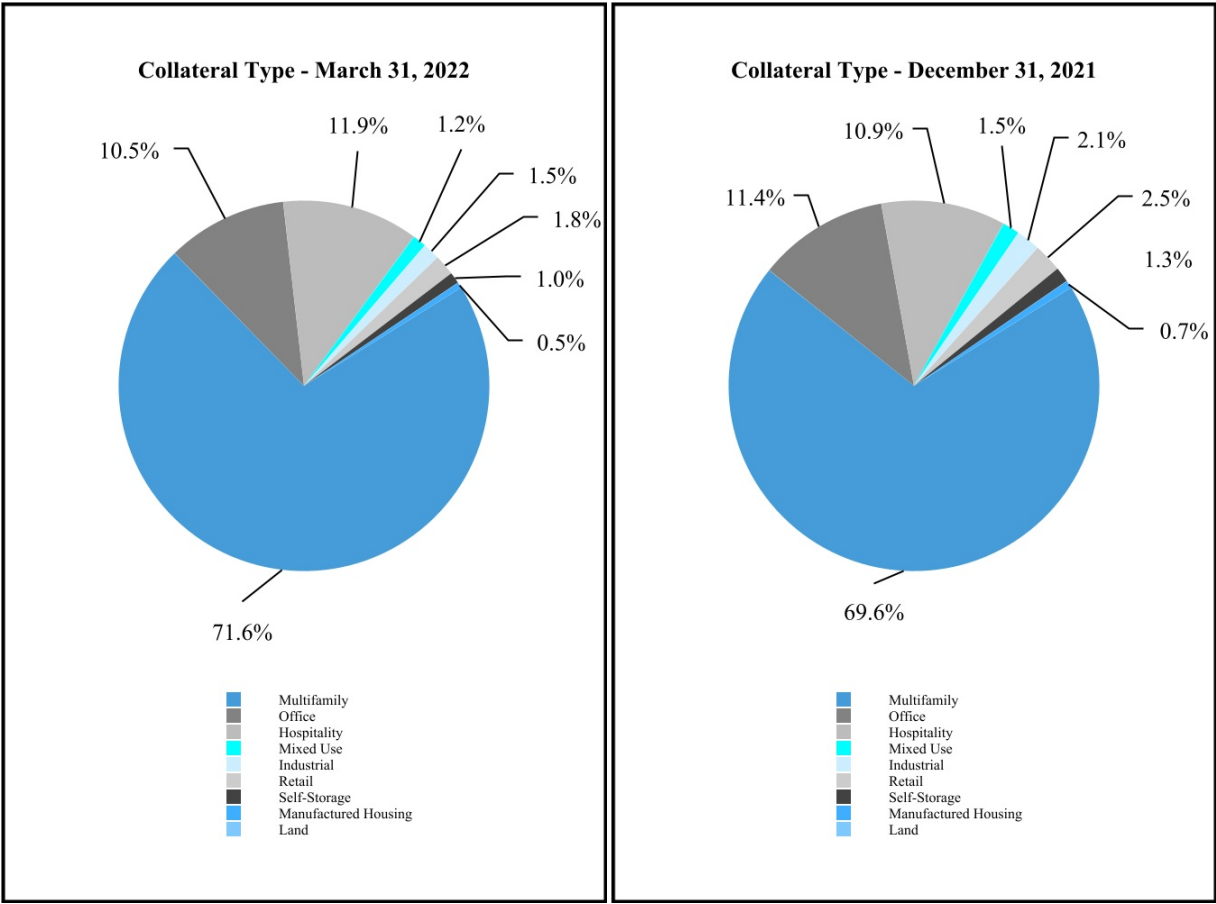
As of March 31, 2022, we had one loan with unpaid contractual principal balance for a total carrying value of \$57.1 million that had interest past due for greater than 90 days. We did not take any asset specific reserves for this loan. As of December 31, 2021, we had two loans with an aggregate unpaid contractual principal balance and carrying value of \$114.0 million, one with interest past due for greater than 90 days and the other which was current.

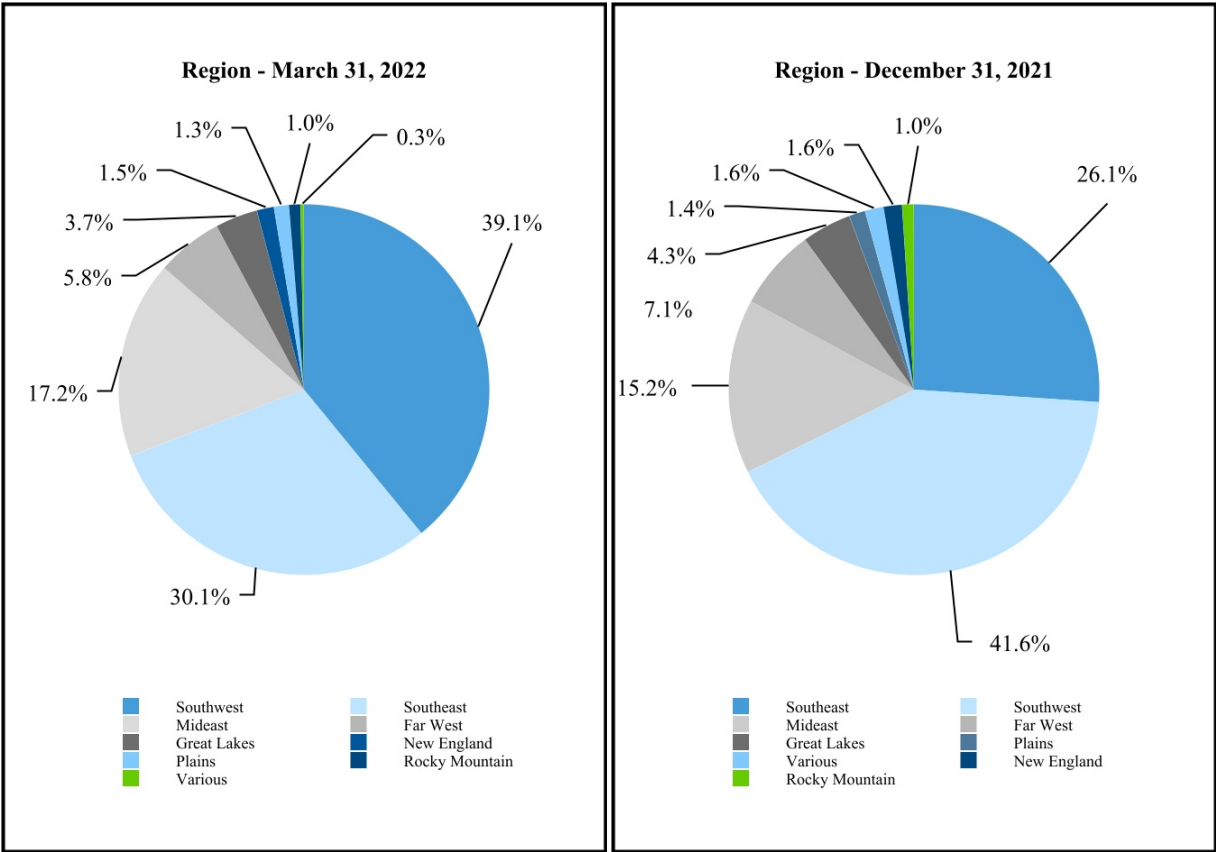
As of March 31, 2022 and December 31, 2021 our commercial mortgage loans, excluding commercial mortgage loans accounted for under the fair value option, had a weighted average coupon of 4.4% and 4.3%, and a weighted average remaining life of 1.9 years and 2.1 years, respectively.

As of March 31, 2022, the value of the Company's residential ARM Agency Securities portfolio was \$1.9 billion, compared to \$4.6 billion as of December 31, 2021. The reduction in the value of this portfolio in the first quarter is due in part to (i) \$339 million of principal paydowns and (ii) \$2.2 billion of sales. During that period, the Company experienced trading losses of \$88.4 million related to these assets. As of May 3, 2022, the value of the Company's residential ARM Agency Securities portfolio was \$649 million. From April 1, 2022 to May 3, 2022, the Company experienced losses of \$6.9 million related to the ARM Agency Securities portfolio as a result of net trading losses totaling \$15.4 million related to principal paydowns, changes in market price and losses on sales of securities, net of portfolio related derivative gains of \$8.6 million.

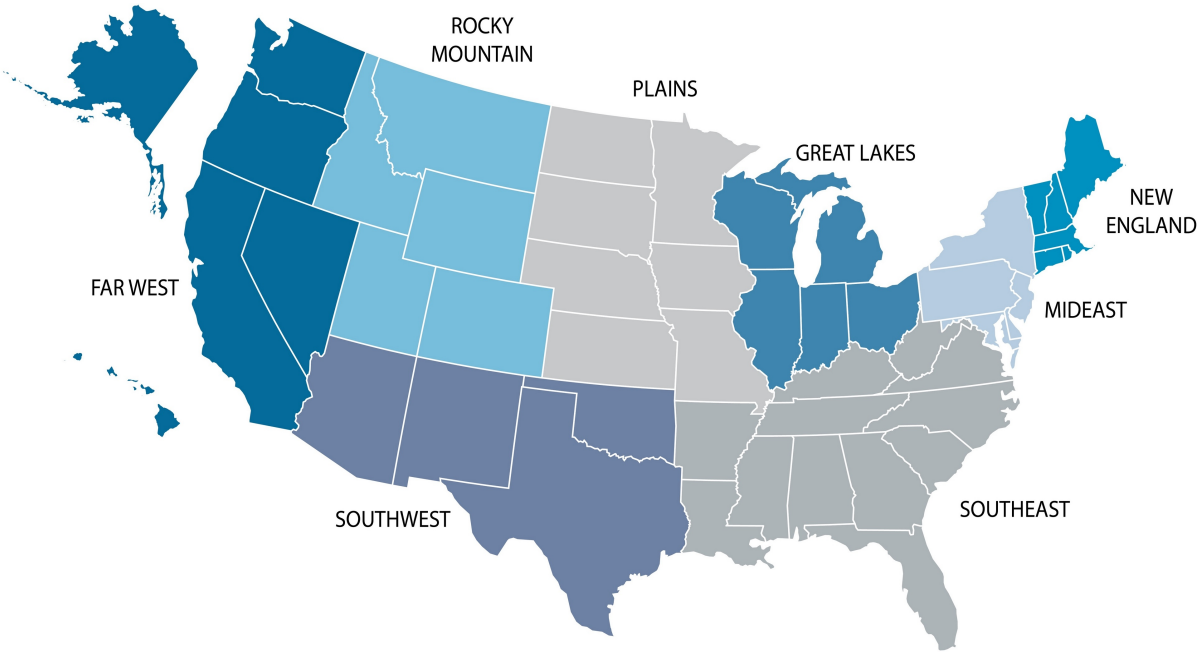
The following charts summarize our commercial mortgage loans, held for investment, by coupon rate type, collateral type and geographical region as of March 31, 2022 and December 31, 2021:



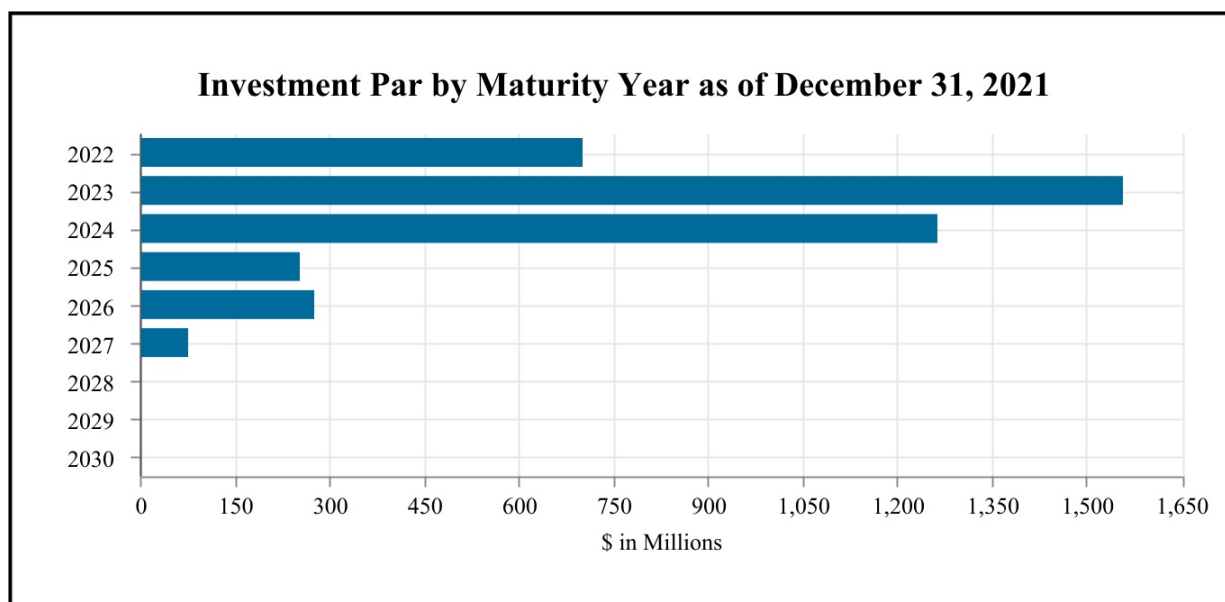
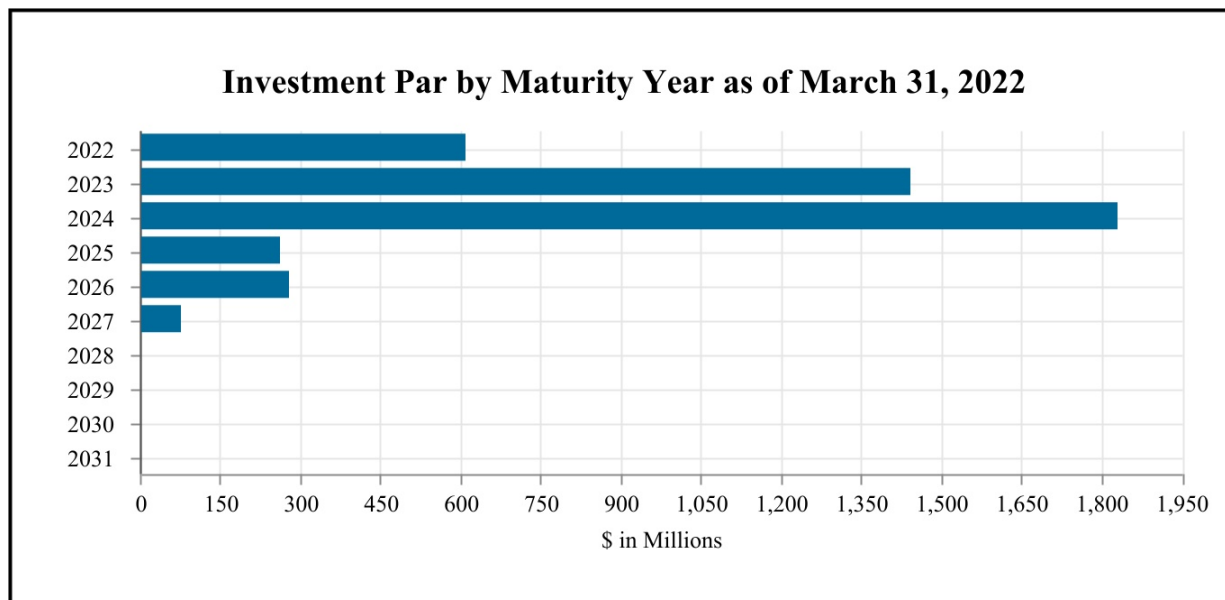




An investments region classification is defined according to the below map based on the location of investments secured property.



The following charts show the par value by contractual maturity year for the commercial mortgage loans held for investments (excluding commercial mortgage loans in principal default) in our portfolio as of March 31, 2022 and December 31, 2021:



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The following table shows selected data from our commercial mortgage loans, held for investment in our portfolio as of March 31, 2022 (dollars in thousands):

Loan Type	Property Type	Par Value	Interest Rate ⁽¹⁾	Effective Yield	Loan to Value ⁽²⁾
Senior Debt 1	Hospitality	\$4,849	1 month LIBOR + 4.00%	5.0%	77.0%
Senior Debt 2	Hospitality	57,075	1 month LIBOR + 5.19%	6.2%	51.8%
Senior Debt 3	Multifamily	20,343	1 month LIBOR + 4.50%	5.5%	22.4%
Senior Debt 4	Hospitality	22,094	1 month LIBOR + 6.00%	6.5%	48.1%
Senior Debt 5	Multifamily	35,883	1 month LIBOR + 3.00%	3.8%	63.7%
Senior Debt 6	Multifamily	37,025	1 month LIBOR + 3.00%	4.5%	83.6%
Senior Debt 7	Hospitality	22,355	1 month LIBOR + 3.50%	4.8%	68.8%
Senior Debt 8	Office	20,622	1 month LIBOR + 3.75%	5.8%	70.0%
Senior Debt 9	Office	15,669	1 month LIBOR + 3.40%	5.3%	67.5%
Senior Debt 10	Multifamily	27,392	1 month LIBOR + 3.35%	5.3%	73.0%
Senior Debt 11	Hospitality	7,785	1 month SOFR + 4.85%	6.8%	62.5%
Senior Debt 12	Office	7,103	1 month LIBOR + 3.90%	6.0%	67.6%
Senior Debt 13	Hospitality	13,943	1 month LIBOR + 4.47%	6.7%	44.8%
Senior Debt 14	Office	43,012	1 month LIBOR + 3.50%	5.8%	71.0%
Senior Debt 15	Retail	8,203	1 month LIBOR + 8.00%	8.5%	51.6%
Senior Debt 16	Hospitality	10,580	1 month LIBOR + 4.50%	6.8%	68.7%
Senior Debt 17	Hospitality	19,900	1 month LIBOR + 4.15%	6.5%	61.8%
Senior Debt 18	Office	39,650	1 month LIBOR + 4.11%	6.4%	68.2%
Senior Debt 19	Hospitality	20,930	1 month LIBOR + 3.75%	6.1%	62.6%
Senior Debt 20	Hospitality	13,000	1 month LIBOR + 2.94%	5.4%	56.4%
Senior Debt 21	Hospitality	4,988	1 month LIBOR + 4.25%	6.5%	47.7%
Senior Debt 22	Hospitality	12,750	1 month LIBOR + 4.45%	6.9%	62.9%
Senior Debt 23	Retail	9,400	1 month LIBOR + 4.20%	6.3%	77.1%
Senior Debt 24	Hospitality	33,945	1 month LIBOR + 3.99%	5.7%	31.0%
Senior Debt 25	Office	21,825	1 month LIBOR + 3.50%	5.4%	70.9%
Senior Debt 26	Hospitality	7,100	1 month LIBOR + 4.00%	5.8%	70.3%
Senior Debt 27	Multifamily	15,575	1 month LIBOR + 2.75%	4.3%	71.7%
Senior Debt 28	Multifamily	27,553	1 month LIBOR + 3.15%	5.0%	71.6%
Senior Debt 29	Multifamily	24,500	1 month SOFR + 3.30%	4.8%	75.5%
Senior Debt 30	Office	25,802	1 month LIBOR + 4.35%	6.1%	64.9%
Senior Debt 31	Office	58,714	1 month LIBOR + 3.70%	5.0%	65.7%
Senior Debt 32	Multifamily	11,694	1 month LIBOR + 3.15%	4.8%	72.4%
Senior Debt 33	Office	29,317	1 month LIBOR + 2.70%	3.2%	71.4%
Senior Debt 34	Manufactured Housing	1,352	5.50%	5.5%	62.8%
Senior Debt 35	Multifamily	7,038	1 month LIBOR + 4.75%	5.8%	62.6%
Senior Debt 36	Multifamily	4,300	1 month LIBOR + 5.50%	6.5%	87.4%
Senior Debt 37	Manufactured Housing	7,680	1 month LIBOR + 4.50%	5.0%	66.7%
Senior Debt 38	Hospitality	27,000	1 month LIBOR + 6.50%	7.0%	62.7%
Senior Debt 39	Multifamily	50,000	1 month LIBOR + 6.69%	7.4%	80.0%
Senior Debt 40	Self Storage	29,895	1 month LIBOR + 5.00%	5.5%	58.8%
Senior Debt 41	Multifamily	14,183	1 month LIBOR + 4.75%	5.3%	70.0%
Senior Debt 42	Manufactured Housing	3,400	1 month LIBOR + 5.00%	5.5%	58.6%
Senior Debt 43	Multifamily	27,550	1 month LIBOR + 5.75%	6.2%	69.8%
Senior Debt 44	Manufactured Housing	5,020	1 month LIBOR + 5.25%	5.7%	65.9%
Senior Debt 45	Office	18,503	1 month LIBOR + 4.50%	5.3%	47.9%
Senior Debt 46	Office	67,117	5.15%	5.2%	52.5%
Senior Debt 47	Office	30,990	1 month LIBOR + 5.20%	5.7%	66.0%
Senior Debt 48	Office	12,750	1 month LIBOR + 5.00%	5.5%	67.8%
Senior Debt 49	Multifamily	44,036	1 month LIBOR + 4.35%	4.8%	73.2%
Senior Debt 50	Multifamily	38,019	1 month LIBOR + 4.45%	4.9%	66.5%
Senior Debt 51	Retail	11,963	1 month LIBOR + 4.87%	5.3%	75.0%
Senior Debt 52	Multifamily	5,730	1 month LIBOR + 5.00%	5.5%	73.5%
Senior Debt 53	Multifamily	18,800	1 month LIBOR + 4.00%	4.5%	79.7%
Senior Debt 54	Industrial	14,985	1 month LIBOR + 4.50%	5.0%	66.3%

Loan Type	Property Type	Par Value	Interest Rate ⁽¹⁾	Effective Yield	Loan to Value ⁽²⁾
Senior Debt 55	Office	11,981	1 month LIBOR + 5.50%	6.0%	68.8%
Senior Debt 56	Multifamily	11,918	1 month LIBOR + 4.55%	5.0%	73.0%
Senior Debt 57	Multifamily	21,000	1 month LIBOR + 4.60%	5.1%	66.7%
Senior Debt 58	Office	26,000	1 month LIBOR + 5.00%	5.5%	63.9%
Senior Debt 59	Multifamily	11,672	1 month LIBOR + 3.50%	4.0%	60.1%
Senior Debt 60	Multifamily	21,000	1 month LIBOR + 4.95%	5.4%	84.2%
Senior Debt 61	Office	43,751	1 month LIBOR + 3.94%	4.4%	53.9%
Senior Debt 62	Multifamily	3,295	1 month LIBOR + 7.25%	7.7%	—%
Senior Debt 63	Multifamily	5,400	1 month LIBOR + 5.25%	5.7%	83.1%
Senior Debt 64	Hospitality	23,000	1 month LIBOR + 5.79%	6.3%	57.2%
Senior Debt 65	Multifamily	34,750	1 month LIBOR + 6.75%	7.2%	78.2%
Senior Debt 66	Multifamily	12,325	1 month LIBOR + 4.50%	5.0%	83.3%
Senior Debt 67	Multifamily	6,300	1 month LIBOR + 5.35%	5.8%	84.0%
Senior Debt 68	Multifamily	31,354	1 month LIBOR + 3.00%	3.5%	74.3%
Senior Debt 69	Multifamily	12,038	1 month LIBOR + 4.25%	4.7%	76.4%
Senior Debt 70	Multifamily	5,575	1 month LIBOR + 4.50%	5.0%	83.6%
Senior Debt 71	Multifamily	53,557	1 month LIBOR + 3.00%	3.5%	71.6%
Senior Debt 72	Multifamily	14,045	1 month LIBOR + 3.39%	3.9%	70.6%
Senior Debt 73	Multifamily	8,447	1 month LIBOR + 3.80%	4.3%	69.9%
Senior Debt 74	Multifamily	13,582	1 month LIBOR + 4.50%	5.0%	76.7%
Senior Debt 75	Multifamily	18,653	1 month LIBOR + 5.25%	5.7%	67.0%
Senior Debt 76	Multifamily	18,273	1 month LIBOR + 3.60%	4.1%	70.8%
Senior Debt 77	Multifamily	42,170	1 month LIBOR + 2.95%	3.4%	71.6%
Senior Debt 78	Hospitality	25,785	1 month LIBOR + 5.60%	6.1%	61.0%
Senior Debt 79	Mixed Use	32,500	1 month LIBOR + 3.70%	4.2%	69.7%
Senior Debt 80	Multifamily	12,997	1 month LIBOR + 3.75%	4.2%	63.2%
Senior Debt 81	Multifamily	71,334	1 month LIBOR + 2.95%	3.4%	72.6%
Senior Debt 82	Multifamily	20,427	1 month LIBOR + 3.35%	3.8%	67.7%
Senior Debt 83	Multifamily	29,033	1 month LIBOR + 2.95%	3.4%	70.4%
Senior Debt 84	Multifamily	35,307	1 month LIBOR + 2.95%	3.4%	71.7%
Senior Debt 85	Multifamily	32,557	1 month LIBOR + 2.95%	3.4%	72.2%
Senior Debt 86	Hospitality	25,771	1 month LIBOR + 9.00%	9.5%	74.2%
Senior Debt 87	Self Storage	15,000	1 month LIBOR + 4.26%	4.7%	74.6%
Senior Debt 88	Multifamily	24,579	1 month LIBOR + 3.25%	3.7%	70.8%
Senior Debt 89	Office	6,800	1 month LIBOR + 5.25%	5.7%	67.3%
Senior Debt 90	Multifamily	45,202	1 month LIBOR + 6.50%	7.0%	—%
Senior Debt 91	Multifamily	10,591	1 month LIBOR + 3.15%	3.6%	75.6%
Senior Debt 92	Hospitality	18,859	1 month LIBOR + 5.35%	5.8%	56.8%
Senior Debt 93	Hospitality	28,000	1 month LIBOR + 6.25%	6.7%	59.2%
Senior Debt 94	Multifamily	32,213	1 month LIBOR + 3.15%	3.6%	73.0%
Senior Debt 95	Multifamily	37,393	1 month LIBOR + 3.40%	3.9%	75.6%
Senior Debt 96	Multifamily	3,063	1 month LIBOR + 8.00%	8.5%	—%
Senior Debt 97	Multifamily	29,500	1 month LIBOR + 2.88%	3.3%	68.0%
Senior Debt 98	Multifamily	14,193	1 month LIBOR + 3.75%	4.2%	76.9%
Senior Debt 99	Multifamily	29,250	1 month LIBOR + 3.00%	3.5%	73.5%
Senior Debt 100	Multifamily	35,207	1 month LIBOR + 3.15%	3.6%	71.0%
Senior Debt 101	Multifamily	42,850	1 month LIBOR + 3.40%	3.9%	79.9%
Senior Debt 102	Multifamily	35,823	1 month LIBOR + 3.64%	4.1%	66.0%
Senior Debt 103	Multifamily	8,500	1 month LIBOR + 3.75%	4.2%	79.4%
Senior Debt 104	Multifamily	14,200	1 month LIBOR + 3.15%	3.6%	79.8%
Senior Debt 105	Multifamily	13,350	1 month LIBOR + 3.75%	4.2%	64.2%
Senior Debt 106	Multifamily	66,650	1 month LIBOR + 3.25%	3.7%	77.1%
Senior Debt 107	Multifamily	18,853	1 month LIBOR + 2.95%	3.4%	72.1%
Senior Debt 108	Multifamily	9,099	1 month LIBOR + 3.75%	4.2%	70.0%
Senior Debt 109	Hospitality	34,012	1 month SOFR + 6.73%	7.0%	55.8%
Senior Debt 110	Multifamily	26,340	1 month LIBOR + 3.20%	3.7%	77.3%

Loan Type	Property Type	Par Value	Interest Rate ⁽¹⁾	Effective Yield	Loan to Value ⁽²⁾
Senior Debt 111	Hospitality	17,370	1 month LIBOR + 5.25%	5.7%	61.0%
Senior Debt 112	Hospitality	16,500	1 month LIBOR + 7.10%	7.6%	73.0%
Senior Debt 113	Multifamily	13,168	1 month LIBOR + 3.40%	3.9%	78.2%
Senior Debt 114	Multifamily	88,500	1 month LIBOR + 2.75%	3.2%	50.3%
Senior Debt 115	Multifamily	56,150	1 month LIBOR + 3.10%	3.6%	78.9%
Senior Debt 116	Multifamily	37,051	1 month LIBOR + 2.90%	3.4%	72.2%
Senior Debt 117	Multifamily	52,576	1 month LIBOR + 3.10%	3.6%	67.2%
Senior Debt 118	Multifamily	37,100	1 month LIBOR + 2.90%	3.4%	72.0%
Senior Debt 119	Multifamily	62,225	1 month LIBOR + 2.85%	3.3%	70.6%
Senior Debt 120	Multifamily	30,600	1 month LIBOR + 2.65%	3.1%	59.1%
Senior Debt 121	Multifamily	30,650	1 month LIBOR + 3.25%	3.7%	80.0%
Senior Debt 122	Multifamily	62,850	1 month LIBOR + 3.35%	3.8%	78.0%
Senior Debt 123	Multifamily	43,228	1 month LIBOR + 3.00%	3.5%	74.8%
Senior Debt 124	Multifamily	46,080	1 month LIBOR + 2.75%	3.2%	68.1%
Senior Debt 125	Multifamily	86,000	1 month SOFR + 3.24%	3.5%	60.0%
Senior Debt 126	Multifamily	28,880	1 month LIBOR + 2.90%	3.4%	74.2%
Senior Debt 127	Manufactured Housing	6,700	1 month LIBOR + 4.50%	5.0%	77.9%
Senior Debt 128	Multifamily	58,680	1 month LIBOR + 3.45%	3.9%	74.8%
Senior Debt 129	Multifamily	26,600	1 month LIBOR + 2.90%	3.4%	72.1%
Senior Debt 130	Multifamily	12,478	1 month LIBOR + 3.20%	3.7%	62.4%
Senior Debt 131	Multifamily	35,996	1 month LIBOR + 3.00%	3.5%	73.3%
Senior Debt 132	Multifamily	32,250	1 month LIBOR + 3.20%	3.7%	74.5%
Senior Debt 133	Multifamily	38,631	1 month LIBOR + 2.90%	3.4%	71.7%
Senior Debt 134	Multifamily	64,281	1 month LIBOR + 2.88%	3.3%	74.8%
Senior Debt 135	Multifamily	62,003	1 month LIBOR + 2.88%	3.3%	75.5%
Senior Debt 136	Multifamily	16,570	1 month SOFR + 3.50%	3.8%	71.7%
Senior Debt 137	Multifamily	56,930	1 month LIBOR + 2.75%	3.2%	73.9%
Senior Debt 138	Multifamily	65,000	1 month SOFR + 5.14%	5.4%	74.7%
Senior Debt 139	Multifamily	22,240	1 month SOFR + 2.96%	3.3%	79.4%
Senior Debt 140	Multifamily	25,573	1 month SOFR + 2.96%	3.3%	72.9%
Senior Debt 141	Multifamily	31,678	1 month SOFR + 3.20%	3.5%	74.2%
Senior Debt 142	Multifamily	78,050	1 month SOFR + 3.45%	3.8%	78.8%
Senior Debt 143	Multifamily	77,870	1 month SOFR + 3.21%	3.5%	76.1%
Senior Debt 144	Multifamily	24,000	1 month SOFR + 3.10%	3.4%	72.7%
Senior Debt 145	Retail	31,000	1 month SOFR + 3.29%	3.6%	42.5%
Senior Debt 146	Multifamily	22,301	1 month SOFR + 2.95%	3.3%	65.6%
Senior Debt 147	Multifamily	10,600	1 month SOFR + 3.30%	3.6%	75.7%
Senior Debt 148	Multifamily	47,444	1 month SOFR + 2.86%	3.2%	68.2%
Senior Debt 149	Multifamily	36,824	1 month SOFR + 2.86%	3.2%	69.7%
Senior Debt 150	Hospitality	10,300	1 month SOFR + 5.30%	5.6%	68.2%
Senior Debt 151	Retail	20,650	1 month SOFR + 4.95%	5.3%	63.3%
Senior Debt 152	Multifamily	82,000	1 month SOFR + 3.20%	3.5%	74.5%
Senior Debt 153	Industrial	55,000	1 month SOFR + 3.50%	3.8%	70.1%
Senior Debt 154	Multifamily	38,320	1 month SOFR + 3.10%	3.4%	74.1%
Senior Debt 155	Multifamily	34,000	1 month SOFR + 2.95%	3.3%	63.1%
Senior Debt 156	Mixed Use	19,000	1 month SOFR + 3.42%	3.7%	65.1%
Senior Debt 157	Multifamily	85,500	1 month SOFR + 3.15%	3.5%	69.6%
Senior Debt 158	Multifamily	31,095	1 month SOFR + 3.30%	3.6%	76.9%
Senior Debt 159	Hospitality	43,051	1 month SOFR + 4.90%	5.2%	61.1%
Senior Debt 160	Hospitality	17,117	5.99%	6.0%	52.9%
Mezzanine Loan 1	Multifamily	6,500	1 month LIBOR + 10.25%	11.0%	90.4%
Mezzanine Loan 2	Multifamily	3,000	1 month LIBOR + 9.20%	10.0%	62.2%
Mezzanine Loan 3	Multifamily	10,000	1 month SOFR + 15.29%	15.6%	86.2%
Mezzanine Loan 4	Retail	3,000	1 month SOFR + 12.00%	12.3%	46.6%
Mezzanine Loan 5	Hospitality	4,113	1 month SOFR + 14.45%	14.8%	62.5%
Mezzanine Loan 6	Mixed Use	1,000	1 month SOFR + 11.00%	11.3%	68.5%

Loan Type	Property Type	Par Value	Interest Rate ⁽¹⁾	Effective Yield	Loan to Value ⁽²⁾
		\$4,562,484		4.5%	68.2%

⁽¹⁾ Our floating rate loan agreements contain the contractual obligation for the borrower to maintain an interest rate cap to protect against rising interest rates. In a simple interest rate cap, the borrower pays a premium for a notional principal amount based on a capped interest rate (the “cap rate”). When the floating rate exceeds the cap rate, the borrower receives a payment from the cap counterparty equal to the difference between the floating rate and the cap rate on the same notional principal amount for a specified period of time. When interest rates rise, the value of an interest rate cap will increase, thereby reducing the borrower's exposure to rising interest rates.

⁽²⁾ Loan to value percentage is from metrics at origination. Predevelopment construction loans at origination will not have an LTV and therefore is nil.

The following table shows selected data from our commercial mortgage loans, measured at fair value as of March 31, 2022 (dollars in thousands):

Loan Type	Property Type	Par Value	Interest Rate	Effective Yield	Loan to Value
TRS Senior Debt 1	Retail	\$10,000	4.0%	4.0%	64.5%
TRS Senior Debt 2	Hospitality	6,400	4.9%	4.9%	52.9%
TRS Senior Debt 3	Retail	4,300	4.5%	4.5%	59.3%
TRS Senior Debt 4	Multifamily	6,500	4.6%	4.6%	52.0%
TRS Senior Debt 5	Hospitality	13,100	5.1%	5.1%	62.4%
TRS Senior Debt 6	Mixed Use	2,750	5.4%	5.4%	51.9%
TRS Senior Debt 7	Retail	40,250	4.8%	4.8%	62.9%
TRS Senior Debt 8	Office	12,193	3.6%	3.6%	63.2%
TRS Senior Debt 9	Hospitality	12,957	3.3%	3.3%	44.7%
		\$108,450		4.4%	59.2%

⁽¹⁾ Loan to value percentage is from metrics at origination. Predevelopment construction loans at origination will not have an LTV at origination and therefore is nil.

The following table shows selected data from our real estate owned asset in our portfolio as of March 31, 2022 (dollars in thousands):

Type	Property Type	Carrying Value
Real Estate Owned 1	Industrial	\$ 89,473
		\$ 89,473

The following is a summary of the Company's RMBS, all of which were ARM Agency Securities, classified by collateral type and interest rate characteristics as of March 31, 2022 (dollars in thousands):

Type	Carrying Amount	Average Yield ⁽¹⁾
Agency Securities:		
Fannie Mae/Freddie Mac ARMs	\$ 1,678	2.34 %
Ginnie Mae ARMs	271	2.68 %
	\$ 1,949	2.37 %

⁽¹⁾ Average yield is presented for the period then ended, and is based on the cash component of interest income expressed as a percentage on average cost basis (the “cash yield”).

Results of Operations

We conduct our business through the following segments:

- The real estate debt business focuses on originating, acquiring and asset managing commercial real estate debt investments, including first mortgage loans, subordinate mortgages, mezzanine loans and participations in such loans.

- The real estate securities business focuses on investing in and asset managing real estate securities. Historically this business has focused primarily on CMBS, unsecured REIT debt, CDO notes and other securities. As a result of the October 2021 acquisition of Capstead, the Company acquired and continues to hold a significant portfolio of ARM Agency Securities. The Company intends to reinvest the cash and proceeds from dividends, interest, repayments and sales of these assets into its other segments and does not intend to continue to invest in ARM Agency Securities or RMBS in general. As of March 31, 2022, all of the real estate securities in this segment were ARM Agency Securities acquired in the Capstead acquisition.
- The Conduit business operated through the Company's TRS, which is focused on generating superior risk-adjusted returns by originating and subsequently selling fixed-rate commercial real estate loans into the CMBS securitization market at a profit.
- The real estate owned business represents real estate acquired by the Company through foreclosure, deed in lieu of foreclosure, or purchase.

Comparison of the Three Months Ended March 31, 2022 to the Three Months Ended March 31, 2021

Net Interest Income

Net interest income is generated on our interest-earning assets less related interest-bearing liabilities and is recorded as part of our real estate debt, real estate securities and TRS segments.

The following table presents the average balance of interest-earning assets less related interest-bearing liabilities, associated interest income and expense and corresponding yield earned and incurred for the three months ended March 31, 2022 and March 31, 2021 (dollars in thousands):

	Three Months Ended March 31,					
	2022			2021		
	Average Carrying Value ⁽¹⁾	Interest Income/Expense ⁽²⁾	WA Yield/Financing Cost ⁽³⁾⁽⁴⁾	Average Carrying Value	Interest Income/Expense ⁽²⁾	WA Yield/Financing Cost ⁽³⁾⁽⁴⁾
Interest-earning assets:						
Real estate debt	\$ 4,361,119	\$ 55,687	5.1%	\$ 2,723,798	\$ 40,757	6.0%
Real estate conduit	92,071	686	3.0%	116,781	1,056	3.6%
Real estate securities	3,199,826	18,885	2.4%	79,668	424	2.1%
Total	<u>\$ 7,653,016</u>	<u>\$ 75,258</u>	<u>3.9%</u>	<u>\$ 2,920,247</u>	<u>\$ 42,237</u>	<u>5.8%</u>
Interest-bearing liabilities:						
Repurchase Agreements - commercial mortgage loans	\$ 813,144	\$ 7,605	3.7%	\$ 340,485	\$ 2,830	3.3%
Other financing and loan participation - commercial mortgage loans	38,344	376	3.9%	44,939	527	4.7%
Repurchase Agreements - real estate securities	3,100,157	1,391	0.2%	123,322	1,246	4.0%
Collateralized loan obligations	2,513,330	11,774	1.9%	1,598,532	6,766	1.7%
Unsecured debt	105,829	1,334	5.0%	—	—	—
Total	<u>\$ 6,570,804</u>	<u>\$ 22,480</u>	<u>1.4%</u>	<u>\$ 2,107,278</u>	<u>\$ 11,369</u>	<u>2.2%</u>
Net interest income/spread		<u>\$ 52,778</u>	<u>2.5%</u>		<u>\$ 30,868</u>	<u>3.6%</u>
Average leverage % ⁽⁵⁾	85.9 %			72.2 %		
Weighted average levered yield ⁽⁶⁾			19.5 %			15.2 %

⁽¹⁾ Based on amortized cost for real estate debt and real estate securities and principal amount for repurchase agreements. Amounts are calculated based on daily averages for the three months ended March 31, 2022 and March 31, 2021, respectively.

⁽²⁾ Includes the effect of amortization of premium or accretion of discount and deferred fees.

⁽³⁾ Calculated as interest income or expense divided by average carrying value.

⁽⁴⁾ Annualized.

⁽⁵⁾ Calculated by dividing total average interest-bearing liabilities by total average interest-earning assets.

⁽⁶⁾ Calculated by dividing net interest income/spread by the net average interest-earning assets and average interest-bearing liabilities.

Interest income

Interest income for the three months ended March 31, 2022 and March 31, 2021 totaled \$75.3 million and \$42.2 million, respectively, an increase of \$33.1 million. This was primarily due to (i) \$14.9 million of higher interest income attributed to an increase of \$1,637.3 million in the average carrying value of our real estate debt assets and (ii) \$18.5 million of higher interest income attributed to an increase of \$3,120.2 million in the average carrying value of our real estate securities portfolio. As of March 31, 2022, our portfolio consisted of 166 commercial mortgage loans, held for investment, nine commercial mortgage loans, held for sale, measured at fair value and RMBS securities.

Interest expense

Interest expense for the three months ended March 31, 2022 and March 31, 2021 totaled \$22.5 million and \$11.4 million, respectively, an increase of \$11.1 million. This was primarily due to (i) \$4.8 million of higher interest expense attributed to an increase of \$472.7 million in the average carrying value of our repurchase agreements on commercial mortgage loans and (ii) \$5.0 million of higher interest expense attributed to an increase of \$914.8 million in the average carrying value of our real estate debt assets.

Realized Gain/Loss on Commercial Mortgage Loans Held for Sale

Realized gain on commercial mortgage loans, held for sale, measured at fair value at the TRS for the three months ended March 31, 2022 was \$1.9 million compared to a realized gain of \$6.6 million for the three months ended March 31, 2021. The \$4.7 million decrease in realized gain was due to the difference in proceeds received between the one sale of fixed-rate commercial real estate loans into the CMBS securitization market during the three months ended March 31, 2022 compared to the one sale during the three months ended March 31, 2021. Proceeds from sale were \$77.8 million for the three months ended March 31, 2022 compared to \$147.9 million for the three months ended March 31, 2021.

Realized Gain/Loss on Real Estate Securities Available for Sale

For the three months ended March 31, 2022 there was no realized gain/loss on our real estate securities, available for sale, measured at fair value. For the three months ended March 31, 2021 our real estate securities, available for sale, measured at fair value had a realized loss of \$1.1 million, included within the consolidated statements of operations. The loss is attributable to 8 sales of CMBS securities during the three months ended March 31, 2021.

Expenses from operations

Expenses from operations for the three months ended March 31, 2022 and March 31, 2021 consisted of the following (dollars in thousands):

	Three Months Ended March 31,	
	2022	2021
Asset management and subordinated performance fee	\$ 6,745	\$ 5,416
Administrative services expenses	3,353	3,474
Acquisition expenses	315	153
Professional fees	6,659	1,997
Depreciation and amortization	1,295	406
Other expenses	1,762	495
Total expenses from operations	\$ 20,129	\$ 11,941

Overall, our operating expenses increased during the three months ended March 31, 2022, compared to March 31, 2021 due to an increase in our total portfolio size as a result of the Capstead acquisition. Professional fees saw a much higher increase due to legal cost incurred on recovery of an asset.

Comparison of the Three Months Ended March 31, 2022 to the Three Months Ended December 31, 2021

Net Interest Income

Net interest income is generated on our interest-earning assets less related interest-bearing liabilities and is recorded as part of our real estate debt, real estate securities and TRS segments.

The following table presents the average balance of interest-earning assets less related interest-bearing liabilities, associated interest income and expense and corresponding yield earned and incurred for the three months ended March 31, 2022 and December 31, 2021 (dollars in thousands):

	Three Months Ended					
	March 31, 2022			December 31, 2021		
	Average Carrying Value	Interest Income/Expense ⁽²⁾	WA Yield/Financing Cost ⁽³⁾⁽⁴⁾	Average Carrying Value	Interest Income/Expense ⁽²⁾	WA Yield/Financing Cost ⁽³⁾⁽⁴⁾
Interest-earning assets:						
Real estate debt	\$ 4,361,119	\$ 55,687	5.1%	\$ 3,631,346	\$ 53,145	5.9%
Real estate conduit	92,071	686	3.0%	36,447	497	5.5%
Real estate securities	3,199,826	18,885	2.4%	3,482,245	24,279	2.8%
Total	<u>\$ 7,653,016</u>	<u>\$ 75,258</u>	<u>3.9%</u>	<u>\$ 7,150,038</u>	<u>\$ 77,921</u>	<u>4.4%</u>
Interest-bearing liabilities:						
Repurchase Agreements - commercial mortgage loans	\$ 813,144	\$ 7,605	3.7%	\$ 959,729	\$ 9,069	3.8%
Other financing and loan participation - commercial mortgage loans	38,344	376	3.9%	37,770	386	4.1%
Repurchase Agreements - real estate securities	3,100,157	1,391	0.2%	3,233,599	1,361	0.2%
Collateralized loan obligations	2,513,330	11,774	1.9%	1,714,736	11,922	2.8%
Unsecured debt	105,829	1,334	5.0	101,064	2,103	8.3%
Total	<u>\$ 6,570,804</u>	<u>\$ 22,480</u>	<u>1.4%</u>	<u>\$ 6,046,898</u>	<u>\$ 24,841</u>	<u>1.6%</u>
Net interest income/spread		<u>\$ 52,778</u>	<u>2.5%</u>		<u>\$ 53,080</u>	<u>2.8%</u>
Average leverage % ⁽⁵⁾	85.9 %			84.6 %		
Weighted average levered yield ⁽⁶⁾			19.5 %			19.2 %

⁽¹⁾ Based on amortized cost for real estate debt and real estate securities and principal amount for repurchase agreements. Amounts are calculated based on daily averages for the three months ended March 31, 2022 and December 31, 2021, respectively.

⁽²⁾ Includes the effect of amortization of premium or accretion of discount and deferred fees.

⁽³⁾ Calculated as interest income or expense divided by average carrying value.

⁽⁴⁾ Annualized.

⁽⁵⁾ Calculated by dividing total average interest-bearing liabilities by total average interest-earning assets.

⁽⁶⁾ Calculated by dividing net interest income/spread by the net average interest-earning assets and average interest-bearing liabilities.

Interest Income

Interest income for the three months ended March 31, 2022 and December 31, 2021 totaled \$75.3 million and \$77.9 million, respectively, a decrease of \$2.6 million. This was primarily due to (i) \$5.4 million of lower interest income attributed to a decrease of \$282.4 million in the average carrying value of our real estate securities portfolio and partially offset by (ii) \$2.5 million of higher interest income attributed to an increase of \$729.8 million in the average carrying value of our real estate debt assets. As of March 31, 2022, our portfolio consisted of 166 commercial mortgage loans, held for investment, 9 commercial mortgage loans, held for sale, measured at fair value and RMBS securities.

Interest expense

Interest expense for the three months ended March 31, 2022 and December 31, 2021 totaled \$22.5 million and \$24.8 million, respectively, a decrease of \$2.3 million. This was primarily due to \$1.5 million of lower interest expense attributed to a decrease of \$146.6 million in the average carrying value of our repurchase agreements on commercial mortgage loans.

Realized Gain/Loss on Commercial Mortgage Loans Held for Sale

Realized gain on commercial mortgage loans, held for sale, measured at fair value at the TRS for the three months ended March 31, 2022 was \$1.9 million compared to a realized gain of \$2.0 million for the three months ended December 31, 2021. The realized gains were consistent quarter over quarter. Total proceeds from the sales of fixed-rate commercial real estate loans into the CMBS securitization market during the three months ended March 31, 2022 and December 31, 2021 were \$77.8 million and \$67.1 million, respectively.

Trading Gain/Loss

For the three months ended March 31, 2022 we had a trading loss of \$88.4 million included within the consolidated statements of operations compared to a trading loss of \$34.8 million for the three months ended December 31, 2021. During the three months ended March 31, 2022, the loss was attributable to \$51.2 million of losses due to sales of the ARM Agency Securities, \$27.5 million of losses due to change in market values of these securities and \$9.7 million of losses due to mortgage prepayments. For the three months ended December 31, 2021, the loss was attributable to \$20.9 million of losses due to change in market values of the ARM Agency Securities and \$14.0 million of losses due to mortgage prepayments, net of \$0.1 million in realized gains on sales of securities.

Expenses from operations

Expenses from operations for the three months ended March 31, 2022 and December 31, 2021 consisted of the following (dollars in thousands):

	Three Months Ended	
	March 31, 2022	December 31, 2021
Asset management and subordinated performance fee	\$ 6,745	\$ 8,428
Administrative services expenses	3,353	(1,874)
Acquisition expenses	315	191
Impairment of acquired assets	—	88,282
Professional fees	6,659	4,388
Depreciation and amortization	1,295	1,295
Other expenses	1,762	1,831
Total expenses from operations	<u>\$ 20,129</u>	<u>\$ 102,541</u>

The decrease in our expenses from operations was primarily related to the merger with Capstead, which resulted in impairment of acquired assets during the three months ended December 31, 2021. This is coupled with the decrease in asset management and subordinated performance fee of \$1.7 million, which was primarily attributable to no incentive fee incurred during the three months ended March 31, 2022 compared to \$1.8 million incurred during the three months ended December 31, 2021.

Liquidity and Capital Resources

Overview

Our expected material cash requirements over the next twelve months and thereafter are comprised of (i) contractually obligated expenditures, including payments of principal and interest and contractually-obligated fundings on our loans; (ii) other essential expenditures, including operating and administrative expenses and dividends paid in accordance with REIT distribution requirements; and (iii) opportunistic expenditures, including new loans.

Our contractually obligated expenditures primarily consist of payment obligations under the debt financing arrangements which are set forth below, including in the table under “Contractual Obligations and Commitments.”

We expect to use additional debt and equity financing as a source of capital. Our board of directors currently intends to operate at a leverage level of between one to three times book value of equity. However, our board of directors may change this target without shareholder approval. We believe that the recent listing of our common stock will improve our access to capital through public offerings of our securities. We anticipate that our debt and equity financing sources and our anticipated cash generated from operations will be adequate to fund our anticipated uses of capital.

In addition to our current mix of financing sources, we may also access additional forms of financings, including credit facilities, securitizations, public and private, secured and unsecured debt issuances by us or our subsidiaries, or through capital recycling initiatives whereby we sell certain assets in our portfolio and reinvest the proceeds in assets with more attractive risk-adjusted returns.

Collateralized Loan Obligations

During the three months ended March 31, 2022, the Company raised \$1.2 billion of capital through the issuance of BSPRT 2022-FL8 Issuer, Ltd. Additionally, as of March 31, 2022, the Company had \$177.4 million reinvestment capital available across all outstanding collateralized loan obligations.

Repurchase Agreements, Commercial Mortgage Loans

As of March 31, 2022 we have repurchase facilities with JPMorgan Chase Bank, National Association (the "JPM Repo Facility"), Barclays Bank PLC (the "Barclays Revolver Facility" and the "Barclays Repo Facility"), Wells Fargo Bank, National Association (the "WF Repo Facility"), and Credit Suisse AG (the "CS Repo Facility" and together with JPM Repo Facility, WF Repo Facility, Barclays Revolver Facility and Barclays Repo Facility, the "Repo Facilities").

The Repo Facilities are financing sources through which we may pledge one or more mortgage loans to the financing entity in exchange for funds typically at an advance rate of between 65% to 80% of the principal amount of the mortgage loan being pledged.

We expect to use the advances from these Repo Facilities to finance the acquisition or origination of eligible loans, including first mortgage loans, subordinated mortgage loans, mezzanine loans and participation interests therein.

The Repo Facilities generally provide that in the event of a decrease in the value of our collateral, the lenders can demand additional collateral. Should the value of our collateral decrease as a result of deteriorating credit quality, resulting margin calls may cause an adverse change in our liquidity position.

The details of our Repo Facilities at March 31, 2022 and December 31, 2021 are as follows (dollars in thousands):

As of March 31, 2022

Repurchase Facility	Committed Financing	Amount Outstanding	Interest Expense ⁽¹⁾	Ending Weighted Average Interest Rate	Maturity
JPM Repo Facility	\$ 400,000	\$ 69,757	\$ 1,474	2.80 %	10/6/2022
CS Repo Facility ⁽²⁾	300,000	123,259	1,138	3.01 %	9/30/2022
WF Repo Facility ⁽³⁾	450,000	201,812	1,248	2.08 %	11/21/2023
Barclays Revolver Facility ⁽⁴⁾	250,000	—	2,027	N/A	9/20/2023
Barclays Repo Facility ⁽⁵⁾	500,000	128,062	1,490	2.08 %	3/14/2025
Total	\$ 1,900,000	\$ 522,890	\$ 7,377		

⁽¹⁾ For the three months ended March 31, 2022. Includes amortization of deferred financing costs.

⁽²⁾ On August 12, 2021, the Company exercised the extension option upon the satisfaction of certain conditions, and extended the term maturity to September 30, 2022. Additionally, on November 3, 2021 the committed financing amount was amended from \$200 million to \$300 million with the option to increase to \$400 million at the Company's discretion.

⁽³⁾ On November 19, 2021, the committed financing amount was increased from \$275 million to \$450 million. There are 3 more one-year extension options available at the Company's discretion.

⁽⁴⁾ On September 8, 2021, the Company amended the maturity date to September 20, 2023. On December 1, 2021 the committed financing amount was increased from \$100 million to \$250 million. The Company may increase the total commitment amount by an amount between \$100 million and \$150 million for three month intervals, on an unlimited basis prior to maturity.

⁽⁵⁾ On December 3, 2021 the Company amended the maturity date to March 14, 2025 and the committed financing amount was increased from \$300 million to \$500 million. There are two one-year extension options available at the Company's discretion.

As of December 31, 2021

Repurchase Facility	Committed Financing	Amount Outstanding	Interest Expense ⁽¹⁾	Ending Weighted Average Interest Rate	Term Maturity
JPM Repo Facility	\$ 400,000	\$ 136,470	\$ 5,178	2.13 %	10/6/2022
CS Repo Facility ⁽²⁾	300,000	137,364	3,446	2.43 %	9/30/2022
WF Repo Facility ⁽³⁾	450,000	186,734	2,090	1.64 %	11/21/2023
Barclays Revolver Facility ⁽⁴⁾	250,000	166,700	1,976	6.12 %	9/20/2023
Barclays Repo Facility ⁽⁵⁾	500,000	392,332	4,057	1.76 %	3/14/2025
Total	\$ 1,900,000	\$ 1,019,600	\$ 16,747		

⁽¹⁾ For the year ended December 31, 2020. Includes amortization of deferred financing costs.

⁽²⁾ On August 12, 2021, the Company exercised the extension option upon the satisfaction of certain conditions, and extended the term maturity to September 30, 2022. Additionally, on November 3, 2021 the committed financing amount was amended from \$200 million to \$300 million with the option to increase to \$400 million at the Company's discretion.

⁽³⁾ On November 19, 2021, the committed financing amount was increased from \$275 million to \$450 million. There are 3 more one-year extension options available at the Company's discretion.

⁽⁴⁾ On September 8, 2021, the Company amended the maturity date to September 20, 2023. On December 1, 2021 the committed financing amount was increased from \$100 million to \$250 million. The Company may increase the total commitment amount by an amount between \$100 million and \$150 million for three month intervals, on an unlimited basis prior to maturity.

⁽⁵⁾ On December 3, 2021 the Company amended the maturity date to March 14, 2025 and the committed financing amount was increased from \$300 million to \$500 million. There are two one-year extension options available at the Company's discretion.

Other financing and loan participation - Commercial Mortgage Loans

On March 23, 2020, the Company transferred \$15.2 million of its interest in a term loan to Sterling National Bank ("SNB") via a participation agreement. Since inception, the Company's outstanding loan increased as a result of future fundings, leading to an increase in amount outstanding via the participation agreement. The Company incurred \$0.2 million of interest expense on the SNB term loan for the three months ended March 31, 2022. As of March 31, 2022 and December 31, 2021 the outstanding participation balance was \$37.9 million and \$37.9 million, respectively. The loan accrued interest at an annual rate of one-month LIBOR + 2.20% and matures on February 9, 2023.

On February 10, 2022, the Company transferred \$37.95 million of its interest in a term loan to Customers Bank via a participation agreement. Since inception, the Company's outstanding loan increased as a result of future fundings, leading to an increase in amount outstanding via the participation agreement. The Company incurred \$5 thousand of interest expense on the Customers Bank term loan for the three months ended March 31, 2022. As of March 31, 2022 the outstanding participation balance was \$2.3 million. The loan accrued interest at an annual rate of one-month SOFR + 4.01% and matures on May 1, 2025.

Mortgage Note Payable

On September 17, 2021, the Company, in connection with the consolidating joint venture (as discussed in Note 5 - Real Estate Owned), originated a \$112.7 million mortgage note payable, of which \$88.7 million is eliminated in consolidation (see Note 5 - Real Estate Owned). The remaining mortgage note payable of \$24.0 million is disclosed on the consolidated balance sheet. As of March 31, 2022, the loan accrued interest at an annual rate of 3.1% and matures on October 9, 2024.

Unsecured Debt

At March 31, 2022, the Company held 30-year junior subordinated notes issued in 2005 and 2006 and maturing in 2035 and 2036, with a total face amount of \$100.0 million. Note balances net of deferred issuance costs, and related weighted average interest rates as of the indicated dates (calculated including issuance cost amortization and adjusted for the effects of related derivatives held as cash flow hedges) were as follows (dollars in thousands):

	As of March 31, 2022		As of December 31, 2021	
	Borrowings Outstanding	Average Rate	Borrowings Outstanding	Average Rate
Junior subordinated notes maturing in:				
October 2035 (\$35,000 face amount)	\$ 34,479	5.34 %	\$ 34,470	7.86 %
December 2035 (\$40,000 face amount)	39,484	5.25 %	39,474	7.63 %
September 2036 (\$25,000 face amount)	24,657	5.29 %	24,650	7.67 %
	<u>\$ 98,620</u>	<u>5.29 %</u>	<u>\$ 98,594</u>	<u>7.72 %</u>

The notes are currently redeemable, in whole or in part, without penalty, at the Company's option. Interest paid on unsecured debt, including related derivative cash flows, totaled \$1.8 million for the twelve months ended March 31, 2022.

Pursuant to a lending and security agreement with Security Benefit Life Insurance Company ("SBL"), which was entered into in February 2020 and amended in March and August 2020, the Company may borrow up to \$100.0 million at a rate of one-month LIBOR + 4.5%. The facility has a maturity of February 10, 2023 and is secured by a pledge of equity interests in certain of the Company's subsidiaries. The Company incurred \$0.3 million of interest expense on the lending agreement with SBL for the three months ended March 31, 2022. As of March 31, 2022 there was no outstanding balance.

Repurchase Agreements - Real Estate Securities

The Company has entered into various Master Repurchase Agreements (the "MRAs") that allow the Company to sell real estate securities while providing a fixed repurchase price for the same real estate securities in the future. The repurchase contracts on each security under an MRA generally mature in 30-90 days and terms are adjusted for current market rates as necessary.

Below is a summary of the Company's MRAs as of March 31, 2022 and December 31, 2021 (dollars in thousands):

				Weighted Average	
Counterparty	Amount Outstanding	Interest Expense	Collateral Pledged ⁽¹⁾	Interest Rate	Days to Maturity
As of March 31, 2022					
JP Morgan Securities LLC	\$ 19,283	\$ 55	\$ 23,995	1.27 %	14
Wells Fargo Securities, LLC	—	—	—	N/A	N/A
Goldman Sachs International	—	—	—	N/A	N/A
Barclays Capital Inc.	35,327	75	44,284	1.40 %	7
Credit Suisse AG	—	—	—	N/A	N/A
Citigroup Global Markets, Inc.	—	—	—	N/A	N/A
Total/Weighted Average	\$ 54,610	\$ 130	\$ 68,279	1.35 %	9
As of December 31, 2021					
JP Morgan Securities LLC	\$ 19,025	\$ 261	\$ 24,087	1.14 %	10
Wells Fargo Securities, LLC	—	—	—	N/A	N/A
Goldman Sachs International	—	37	—	N/A	N/A
Barclays Capital Inc.	15,286	526	19,131	1.21 %	14
Credit Suisse AG	—	—	—	N/A	N/A
Citigroup Global Markets, Inc.	—	81	—	N/A	N/A
Total/Weighted Average	\$ 34,311	\$ 905	\$ 43,218	1.71 %	12

⁽¹⁾ Includes \$68.3 million and \$43.2 million of CLO notes, held by the Company, which are eliminated within the real estate securities, at fair value line in the consolidated balance sheets as of March 31, 2022 and December 31, 2021, respectively.

Repurchase Agreements - Real Estate Securities Classified As Trading

As a result of the Capstead merger which closed on October 19, 2021, the Company acquired a significant portfolio of ARM Agency Securities which the Company accounts for as real estate securities classified as trading. The Company pledges its real estate securities classified as trading as collateral for repurchase agreements with commercial banks and other financial institutions. Repurchase arrangements entered into by the Company involve the sale and a simultaneous agreement to repurchase the transferred assets at a future date and are accounted for as financings. The Company maintains the beneficial interest in the specific securities pledged during the term of each repurchase arrangement and receives the related principal and interest payments.

The terms and conditions of repurchase agreements are negotiated on a transaction-by-transaction basis when each such agreement is initiated or renewed. The amount borrowed is generally equal to the fair value of the securities pledged, as determined by the lending counterparty, less an agreed-upon discount, referred to as a “haircut.” Interest rates are generally fixed based on prevailing rates corresponding to the terms of the borrowings. Interest may be paid monthly or at the termination of an agreement at which time the Company may enter into a new agreement at prevailing haircuts and rates with the same lending counterparty or repay that counterparty and negotiate financing with a different lending counterparty. None of the Company’s lending counterparties are obligated to renew or otherwise enter into new agreements at the conclusion of existing agreements. In response to declines in fair value of pledged securities due to changes in market conditions or the publishing of monthly security pay-down factors, lending counterparties typically require the Company to post additional securities as collateral, pay down borrowings or fund cash margin accounts with the counterparties in order to re-establish the agreed-upon collateral requirements. These actions are referred to as margin calls. Conversely, in response to increases in fair value of pledged securities, the Company routinely margin calls its lending counterparties in order to have previously pledged collateral returned.

Repurchase agreements (and related pledged collateral, including accrued interest receivable), classified by collateral type and remaining maturities, and related weighted average borrowing rates as of the indicated dates were as follows (dollars in thousands):

Collateral Type	Collateral Carrying Amount	Accrued Interest Receivable	Borrowings Outstanding	Average Borrowing Rates
As of March 31, 2022				
Repurchase arrangements secured by Agency securities with maturities of 30 days or less	\$ 1,733,101	\$ 3,726	\$ 1,659,931	0.39 %
	<u>\$ 1,733,101</u>	<u>\$ 3,726</u>	<u>\$ 1,659,931</u>	<u>0.39 %</u>
As of December 31, 2021				
Repurchase arrangements secured by Agency securities with maturities of 30 days or less	\$ 4,327,020	\$ 8,908	\$ 4,144,473	0.13 %
	<u>\$ 4,327,020</u>	<u>\$ 8,908</u>	<u>\$ 4,144,473</u>	<u>0.13 %</u>

As of March 31, 2022, the Company's repurchase agreements collateralized by RMBS totaled \$1.66 billion with 9 counterparties at average rates of 0.39%, before the effects of currently-paying interest rate swap agreements. Average repurchase agreements outstanding were \$3.06 billion in the first quarter of 2022. Average repurchase agreements outstanding differed from respective year-end balances during the indicated periods primarily due to changes in portfolio levels and differences in the timing of portfolio acquisitions relative to portfolio runoff and asset sales. Interest paid on repurchase agreements, including related Derivative cash flows, totaled \$1.26 million during the three months ended March 31, 2022.

The Company finances its residential mortgage investments primarily by borrowing under repurchase arrangements, the terms and conditions of which are negotiated on a transaction-by-transaction basis, when each such agreement is initiated or renewed.

Future agreements are dependent upon the willingness of lenders to participate in the financing of mortgage investments, lender collateral requirements and the lenders' determination of the fair value of the investments pledged as collateral, which fluctuates with changes in interest rates and liquidity conditions within the commercial banking and mortgage finance industries. None of our repurchase agreement counterparties are obligated to renew or otherwise enter into new agreements at the conclusion of existing borrowings. Repurchase agreements averaged \$3.06 billion during the first quarter of 2022 and ended the year at \$1.66 billion, all maturing within 90 days. Average repurchase agreements can differ from period-end balances for a number of reasons including portfolio growth or contraction, as well as differences in the timing of portfolio acquisitions relative to portfolio runoff.

To help mitigate exposure to rising short-term interest rates, we economically hedge the portfolio of repurchase agreements using derivatives supplemented with longer-maturity repurchase agreements when available at attractive rates and terms. At March 31, 2022, the Company held \$1.50 billion notional amount of portfolio financing-related interest rate swap agreements with contract expirations occurring at various dates through the First quarter 2024 and a weighted average expiration of 10.6 months. At March 31, 2022, we expect to have no net cash obligations related to repurchase agreement-related interest rate swap agreements after considering the variable-rate payments owed to us under the agreements' terms based on market interest rate expectations as of quarter-end.

The following tables summarize our Repurchase Agreements, Commercial Mortgage Loans and our MRAs for the three months ended March 31, 2022, 2020 and 2019, respectively:

	As of March 31, 2022			
	Amount Outstanding		Average Outstanding Balance	
	Q1		Q1	
Repurchase Agreements, Commercial Mortgage Loans	\$	522,890	\$	813,144
Repurchase Agreements, Real Estate Securities	\$	54,610	\$	44,744
Repurchase Agreements, Real Estate Securities held as trading	\$	1,659,931	\$	3,055,413
	As of March 31, 2021			
	Amount Outstanding		Average Outstanding Balance	
	Q1		Q1	
Repurchase Agreements, Commercial Mortgage Loans	\$	152,925	\$	340,485
Repurchase Agreements, Real Estate Securities	\$	88,272	\$	123,322
	As of March 31, 2020			
	Amount Outstanding		Average Outstanding Balance	
	Q1		Q1	
Repurchase Agreements, Commercial Mortgage Loans	\$	234,524	\$	282,282
Repurchase Agreements, Real Estate Securities	\$	496,880	\$	412,809

The use of our warehouse lines is dependent upon a number of factors including but not limited to: origination volume, loan repayments and prepayments, our use of other financing sources such as collateralized loan obligations, our liquidity needs and types of loan assets and underlying collateral that we hold.

During the three months ended March 31, 2022, the maximum average outstanding balance was \$5.3 billion, of which \$1.1 billion was related to repurchase agreements on our commercial mortgage loans and \$4.2 billion for repurchase agreements on our real estate securities.

During the three months ended March 31, 2021, the maximum average outstanding balance was \$475.5 million, of which \$363.6 million was related to repurchase agreements on our commercial mortgage loans and \$111.9 million for repurchase agreements on our real estate securities.

During the three months ended March 31, 2020, the maximum average outstanding balance was \$721.0 million, of which \$452.8 million was related to repurchase agreements on our commercial mortgage loans and \$268.2 million for repurchase agreements on our real estate securities.

Distributions

In order to maintain our election to qualify as a REIT, we must currently distribute, at a minimum, an amount equal to 90% of our taxable income, without regard to the deduction for distributions paid and excluding net capital gains. The Company must distribute 100% of its taxable income (including net capital gains) to avoid paying corporate U.S. federal income taxes.

Distributions on our common stock and Series F Preferred Stock are payable when authorized and declared by our board of directors.

Dividends payable on each share of Series C and Series D Preferred Stock are generally equal to the quarterly dividend that would have been paid had such share of preferred stock been converted to a share of common stock, except to the extent common stock dividends have been reduced below certain specified levels. To the extent dividends on shares of preferred stock are not authorized and declared by our board of directors and paid by the Company monthly, the dividend amounts will accrue.

Holders of shares of the Series E Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by the Company, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.50% of the \$25.00 per share liquidation preference per annum (equivalent to \$1.875 per annum per share).

In March 2022, the Company's board of directors declared the following first quarter 2022 dividends: (i) a quarterly cash dividend of \$0.355 per share on the Company's common stock and Series F Preferred Stock (equivalent to \$1.42 per annum), (ii) a first quarter 2022 dividend of \$106.22 per share on the Company's Series C Preferred Stock and Series D Preferred Stock, and (iii) a first quarter 2022 dividend of \$0.46875 per share on the Company's Series E Preferred Stock, all which were paid in April 2022 to holders of record on March 31, 2021.

The below table shows the distributions paid on shares outstanding of common stock during the three months ended March 31, 2022 and March 31, 2021 (dollars in thousands):

Three months ended March 31, 2022		
Payment Date	Amount Paid in Cash	Amount Issued under DRIP
January 7, 2022	\$ 12,435	\$ 91
Total	\$ 12,435	\$ 91

Three Months Ended March 31, 2021		
Payment Date	Amount Paid in Cash	Amount Issued under DRIP
January 4, 2021	\$ 9,652	\$ 2,584
Total	\$ 9,652	\$ 2,584

Cash Flows

Cash Flows for the Three months ended March 31, 2022

Net cash used in operating activities for the three months ended March 31, 2022 was \$32.3 million. Cash outflows were primarily driven by net loss of \$22.5 million, coupled with net outflows of \$74.2 million related to originations of and proceeds from sales of commercial mortgage loans, measured at fair value and realized gains of \$34.4 million on swap terminations. This is partially offset by a non-cash adjustment of \$88.4 million related to trading losses on real estate securities.

Net cash provided by investing activities for the three months ended March 31, 2022 was \$2,262.9 million. Cash inflows were primarily driven by the sale of real estate securities of \$2,190.1 million, principal repayments on commercial mortgage loans, held for investment of \$330.1 million and \$376.9 million in principal collateral received on mortgage investments. Inflows were offset by proceeds for originations and purchases of \$636.5 million of commercial mortgage loans, held for investment.

Net cash used in financing activities for the three months ended March 31, 2022 was \$2,269.2 million. Cash outflows were primarily driven by our net repayments on CMBS MRAs of \$2,464.2 million, net repayments from borrowings on repurchase agreements - commercial mortgage loans and unsecured debt of \$496.7 million and \$50.0 million, respectively, and \$30.3 million was used for cash distributions to stockholders. Outflows were offset by net borrowings on CLOs of \$724.9 million.

Cash Flows for the Three months ended March 31, 2021

Net cash provided by operating activities for the three months ended March 31, 2021 was \$4.4 million. Cash inflows were primarily driven by net income of \$30.1 million, partially offset by the payment of \$25.0 million related to originations of and proceeds from sales of commercial mortgage loans, measured at fair value.

Net cash used in investing activities for the three months ended March 31, 2021 was \$307.8 million. Cash inflows were primarily driven by origination and purchase of \$520.8 million of commercial mortgage loans, held for investment. Outflows were offset by proceeds from the sale/repayment of real estate securities of \$159.3 million and principal repayments on commercial mortgage loans, held for investment of \$52.8 million.

Net cash provided by financing activities for the three months ended March 31, 2021 was \$322.1 million. Cash inflows were primarily driven by proceeds from net borrowing on CLOs of \$453.7 million, borrowings from other financing and loan participation and unsecured debt of \$102.6 million and proceeds from issuances of redeemable convertible preferred stock of \$15.0 million. Inflows were offset by net repayments on our Repo Facilities of \$123.4 million and CMBS MRAs of \$98.6 million.

Election as a REIT

We elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code commencing with the taxable year ended December 31, 2013. As a REIT, if we meet certain organizational and operational requirements and distribute at least 90% of our "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) to our stockholders in a year, we will not be subject to U.S. federal income tax to the extent of the income that we distribute. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and property, and U.S. federal income and excise taxes on our undistributed income.

Contractual Obligations and Commitments

Our contractual obligations, excluding interest obligations (as amounts are not fixed or determinable), as of March 31, 2022 are summarized as follows (dollars in thousands):

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Unfunded loan commitments ⁽¹⁾	\$ 17,538	\$ 348,014	\$ 35,126	\$ —	400,678
Repurchase agreements - commercial mortgage loans	193,016	329,874	—	—	522,890
Repurchase agreements - real estate securities	1,714,541	—	—	—	1,714,541
CLOs ⁽²⁾	—	—	—	2,904,374	2,904,374
Mortgage Note Payable	—	—	—	23,998	23,998
Unsecured debt	—	—	—	98,620	98,620
Other financing and loan participation - commercial mortgage loans	—	37,903	2,296	—	40,199
Total	\$ 1,925,095	\$ 715,791	\$ 37,422	\$ 3,026,992	\$ 5,705,300

⁽¹⁾ The allocation of our unfunded loan commitments is based on the earlier of the commitment expiration date or the loan maturity date.

⁽²⁾ Excludes \$452.6 million of CLO notes, held by the Company, which are eliminated within the collateralized loan obligations line of the consolidated balance sheet as of March 31, 2022.

In addition to its cash requirements, the Company pays a quarterly dividend and has an existing share repurchase authorization. As of March 31, 2022, the Company's quarterly cash dividend was \$0.355 per share of common stock (which was paid on an as-converted basis on the Company's shares of Series C Preferred Stock, Series D Preferred Stock and Series F Preferred Stock), and \$0.46875 per share on the Company's shares of Series E Preferred Stock. The payment of future dividends is subject to declaration by the Board of Directors. The Company's Board of Directors also has authorized a \$65.0 million share repurchase program, that will be operative following the conclusion of the \$35.0 million open market share purchase program the Advisor agreed to implement in connection with the Company's merger with Capstead. The authorization does not obligate the Company to acquire any specific number of shares.

Related Party Arrangements

Amended Advisory Agreement

Refer to "Note 11 - Related Party Transactions and Arrangements" for a summary of the Company's Advisory Agreement with the Advisor and amounts paid to the Advisor pursuant to the Advisory Agreement for the three months ended March 31, 2022 and 2021.

Lending Agreement with Stockholder

Pursuant to a lending and security agreement with Security Benefit Life Insurance Company ("SBL"), which was entered into in February 2020 and amended in March and August 2020, the Company may borrow up to \$100.0 million at a rate of one-month LIBOR + 4.5%. The facility has a maturity of February 10, 2023 and is secured by a pledge of equity interests in certain of the Company's subsidiaries. The Company incurred \$0.3 million interest expense on the lending agreement with SBL for the three months ended March 31, 2022. As of March 31, 2022 there were no amounts outstanding under the lending agreement.

SBL also holds 17,950 shares of the Company's outstanding shares of Series D Preferred Stock, of which 14,950 shares were acquired in exchange for an equivalent number of shares of Series A Preferred Stock in March 2021. SBL also acquired an additional 3,000 shares of Series D Preferred Stock at the liquidation preference of \$15.0 million (net of accrued and unpaid dividends on the exchanged Series A Preferred Stock) in such transaction.

Other Related Party Arrangement

In August 2021 the Company and an affiliate of the Company entered into a joint venture agreement and formed a joint venture entity, Jeffersonville Member, LLC (the "Jeffersonville JV") to acquire a \$139.5 million triple net lease property in Jeffersonville, GA. The Company has a 79% interest in the Jeffersonville JV, while the affiliate has a 21% interest. The Company invested a total of \$109.8 million, made up of \$88.7 million in debt and \$21.1 million in equity, representing 79% of the ownership interest in the Jeffersonville JV. The affiliate made up the remaining \$29.8 million composed of a \$24.0 million mortgage note payable and \$5.7 million in equity. The Company has control of Jeffersonville JV with 79% ownership and, therefore, consolidates Jeffersonville JV on its consolidated balance sheet. The Company's \$88.7 million mortgage note payable to Jeffersonville JV is eliminated in consolidation (see Note 7 - Debt).

During the first quarter of 2022, pursuant to the 2021 Incentive Plan, the Company issued awards of restricted stock units to its officers and certain other personnel of the Advisor who provide services to the Company under the Advisory Agreement (see Note 12 - Share-based Compensation).

Non-GAAP Financial Measures

Distributable Earnings and Run-Rate Distributable Earnings

Beginning in the third quarter of 2021 to more appropriately reflect the principal purpose of the measure, "modified funds from operations ("MFFO")" or "funds from operations ("FFO")" was relabeled "Distributable Earnings", a non-GAAP financial measure. Distributable Earnings is a non-GAAP measure, which we define as GAAP net income (loss), adjusted for (i) non-cash CLO amortization acceleration and amortization over our expected useful life of our CLOs, (ii) unrealized gains and losses on loans, derivatives and ARMs, including CECL reserves and impairments, (iii) non-cash equity compensation expense, (iv) depreciation and amortization, (v) non-cash incentive fee accruals, (vi) certain other non-cash items, and (vii) impairments of acquisition assets related to the Capstead merger. Further, Run-Rate Distributable Earnings, a non-GAAP measure, presents Distributable Earnings before trading and derivative gain/loss on residential adjustable-rate mortgage securities.

We believe that Distributable Earnings and Run-Rate Distributable Earnings provides meaningful information to consider in addition to our GAAP results. We believe Distributable Earnings is a useful financial metric for existing and potential future holders of our common stock as historically, overtime, Distributable Earnings has been an indicator of our dividends per share. As a REIT, we generally must distribute annually at least 90% of our net taxable income, subject to certain adjustments, and therefore we believe our dividends are one of the principal reasons stockholders may invest in our common stock. Further, Distributable Earnings helps us to evaluate our performance excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan portfolio and operations and is one of the performance metrics we consider when declaring our dividends. We believe Run-Rate Distributable Earnings is a useful financial metric because it presents the Distributable Earnings of our core businesses, net of the impacts of the trading and derivative gain/loss on the residential adjustable-rate mortgage securities we acquired from Capstead that we are currently in the process of liquidating from our portfolio.

Distributable Earnings does not represent net income (loss) and should not be considered as an alternative to GAAP net income (loss). Our methodology for calculating Distributable Earnings may differ from the methodologies employed by other companies and thus may not be comparable to the Distributable Earnings reported by other companies.

The following table provides a reconciliation of GAAP net income to Distributable Earnings as of March 31, 2022 and March 31, 2021 (amounts in thousands, except share and per share data):

	Three Months Ended March 31,	
	2022	2021
GAAP Net Income	\$ (22,507)	\$ 30,146
Adjustments:		
CLO amortization acceleration ⁽¹⁾	(977)	(695)
Unrealized (gain)/loss on financial instruments ⁽²⁾	5,898	(2,594)
Unrealized gain/(loss) reversal - ARMs	27,462	—
Incentive fees	—	1,661
Depreciation and amortization	1,295	406
Increase/(decrease) in provision for credit losses	(955)	(2,331)
Loan Workout Charges ⁽³⁾	1,900	—
Realized trading and derivatives gain/loss on ARMs	28,029	—
Run Rate Distributable Earnings ⁽⁴⁾	\$ 40,145	\$ 26,593
Realized trading and derivatives gain/loss on ARMs	(28,029)	—
Distributable Earnings	\$ 12,116	\$ 26,593
Average Equity	\$ 1,519,569	\$ 1,023,213
7.5% Cumulative Redeemable Preferred Stock, Series E Dividend	\$ 4,842	\$ —
GAAP Common ROE	(7.2)%	11.8%
Run-Rate Distributable Earnings ROE	9.3%	10.4%
Distributable Earnings ROE	1.9%	10.4%
GAAP Net Income Per Share, Fully Converted	\$ (0.30)	\$ 0.53
Run-Rate Distributable Earnings Per Share, Fully Converted	\$ 0.39	\$ 0.47
Distributable Earnings Per Share, Fully Converted	\$ 0.08	\$ 0.47

⁽¹⁾ Adjusted for non-cash CLO amortization acceleration to effectively amortize issuance costs of our CLOs over the expected lifetime of the CLOs. We assume our CLOs will be outstanding for four years and amortized the financing costs over four years in our distributable earnings as compared to effective yield methodology in our GAAP earnings.

⁽²⁾ Adjusted for unrealized gains and losses on loans and derivatives.

⁽³⁾ Represents loan workout expenses the Company incurred, which the Company deems likely to be recovered and is non-recurring in nature.

⁽⁴⁾ Distributable Earnings before trading and derivative gain/loss on residential adjustable-rate mortgage securities ("Run-Rate Distributable Earnings") (a non-GAAP financial measure).

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Credit Risk

Our investments are subject to a high degree of credit risk. Credit risk is the exposure to loss from loan defaults. Default rates are subject to a wide variety of factors, including, but not limited to, borrower financial condition, property performance, property management, supply/demand factors, construction trends, consumer behavior, regional economics, interest rates, the strength of the U.S. economy, and other factors beyond our control. All loans are subject to a certain probability of default. We manage credit risk through the underwriting process, acquiring our investments at the appropriate discount to face value, if any, and establishing loss assumptions. We also carefully monitor the performance of the loans, as well as external factors that may affect their value.

Capital Market Risk

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

The COVID-19 pandemic has resulted in extreme volatility in a variety of global markets, including the real estate-related debt markets. We have and may continue to receive margin calls from our lenders as a result of the decline in the market value of the assets pledged by us to our lenders under our repurchase agreements and warehouse credit facilities, and if we fail to resolve such margin calls when due by payment of cash or delivery of additional collateral, the lenders may exercise remedies including demanding payment by us of our aggregate outstanding financing obligations and/or taking ownership of the loans or other assets securing the applicable obligations and liquidating them at inopportune prices.

Market Risk

As a result of the closing of the Capstead merger on October 19, 2021 we hold a significant amount of ARM Agency securities. Changes in the level of interest rates and spreads can significantly impact the value of these assets. We may utilize a variety of financial instruments in order to limit the adverse effects of interest rates on our results.

Interest Rate Risk

Our market risk arises primarily from interest rate risk relating to interest rate fluctuations. Many factors including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control contribute to interest rate risk. To meet our short and long-term liquidity requirements, we may borrow funds at fixed and variable rates. Our interest rate risk management objectives are to limit the impact of interest rate changes in earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, from time to time, we may enter into interest rate hedge contracts such as swaps, collars and treasury lock agreements in order to mitigate our interest rate risk with respect to various debt instruments. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates. We do not have any foreign denominated investments, and thus, we are not exposed to foreign currency fluctuations.

As of March 31, 2022 and December 31, 2021, our portfolio included 163 and 161 variable rate investments, respectively, based on LIBOR and SOFR (or "indexing rates") for various terms. Borrowings under our repurchase agreements are also based on LIBOR. The following table quantifies the potential changes in interest income net of interest expense should interest rates increase by 50 or 100 basis points or decrease by 25 basis points, assuming that our current balance sheet was to remain constant and no actions were taken to alter our existing interest rate sensitivity. The changes in the portfolio for each basis points increase/decrease is a change from the base scenario.

Change in Interest Rates	Estimated Percentage Change in Interest Income Net of Interest Expense	
	March 31, 2022	December 31, 2021
(-) 25 Basis Points	0.12 %	2.08 %
Base Interest Rate	— %	— %
(+) 50 Basis Points	1.01 %	(1.74)%
(+) 100 Basis Points	2.72 %	(1.64)%

Real Estate Risk

The market values of commercial mortgage assets are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, the impacts of the COVID-19 pandemic, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions; changes or continued weakness in specific industry segments; and demographic factors. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loans, which could also cause us to suffer losses.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of the end of such period, that our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in our reports that we file or submit under the Exchange Act.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2022, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

Refer to “Litigation and Regulatory Proceedings” in “Note 10 - Commitments and Contingencies”. The Company believes that these matters, individually or in the aggregate, will not have a material impact on the Company’s financial condition, operating results or cash flows.

Item 1A. Risk Factors.

Our potential risks and uncertainties are presented in the section entitled “Risk Factors” contained in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes from these risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company’s board of directors has authorized a \$65 million share repurchase program that will become operative following the conclusion of the \$35 million open market share purchase program the Advisor agreed to implement in connection with the Capstead acquisition. The Company’s share repurchase program authorizes share repurchases at prices below the most recently reported book value per share as determined in accordance with GAAP. Purchases made under the Company’s program may be made through open market, block, and privately negotiated transactions, including Rule 10b5-1 plans, as permitted by securities laws and other legal requirements. The timing, manner, price and amount of any purchases by the Company and the Advisor will be determined by the respective teams responsible at the Company and the Advisor, as applicable, in their reasonable business judgment and consistent with the exercise of their legal duties and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The Company share repurchase program does not obligate the Company to acquire any particular amount of common stock. The Company’s and the Advisor’s share purchase programs will remain open until at least November 2022 or until the capital committed to the applicable repurchase program has been exhausted, whichever is sooner. Repurchases under the Company’s share repurchase program may be suspended from time to time at the Company’s discretion without prior notice.

The following table sets forth purchases of the Company’s common stock under the Advisor’s purchase program for the three months ended March 31, 2022:

	Total number of shares purchased	Average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plans or programs ⁽¹⁾
January 1, 2022 - January 31, 2022	—	\$ —	—	\$ —
February 1, 2022 - February 28, 2022	—	—	—	—
March 1, 2022 - March 31, 2022	572,940	13.15	572,940	27,466,738
Total	572,940	\$ 13.15	572,940	\$ 27,466,738

⁽¹⁾ All of the purchases listed in the table above were made in the open market by the Advisor under the Advisor’s share purchase program announced on July 26, 2021, including under a Rule 10b5-1 plan adopted by the Advisor. No shares were repurchased under the Company’s share repurchase program during the three months ended March 31, 2022.

⁽²⁾ The average price paid per share represents the average of the gross purchase price per share, inclusive of any broker’s fees or commissions.

Subsequent to March 31, 2022, the Advisor purchased an aggregate of 900,098 shares of the Company’s common stock at an average price of \$13.45 per share. As of May 3, 2022, there was a \$15.4 million remaining balance under the Advisor’s purchase plan and \$65.0 million remaining under the Company’s share repurchase program.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.**EXHIBITS INDEX**

The following exhibits are included in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (and are numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Description
10.1	<u>Indenture, dated as of February 15, 2022, by and among BSPRT 2022-FL8 Issuer, Ltd., BSPRT 2022-FL8 Co-Issuer, LLC, Benefit Street Partners Realty Operating Partnership, L.P., as advancing agent, and U.S. Bank National Association, as trustee, note administrator and custodian (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 18, 2022).</u>
10.2*	<u>Guaranty of Recourse Obligations, dated as of February 10, 2022, made by Franklin BSP Realty Trust, Inc., a Maryland corporation (Guarantor), in favor of CUSTOMERS BANK (together with its successors and assigns, "Lender").</u>
10.3*	<u>Loan and Security Agreement, dated as of February 10, 2022, between BSPRT Oliver Finance, LLC a Delaware limited liability company (the "Borrower"), and CUSTOMERS BANK (together with its successors and assigns, the "Lender").</u>
31.1*	<u>Certification of the Principal Executive Officer of the Company pursuant to Securities Exchange Act Rule 13a - 14(a) or 15(d) - 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of the Principal Financial Officer of the Company pursuant to Securities Exchange Act Rule 13a - 14(a) or 15(d) - 14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32*	<u>Written statements of the Principal Executive Officer and Principal Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101*	XBRL (eXtensible Business Reporting Language). The following materials from Benefit Street Partners Realty Trust, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) the Consolidated Statement of Changes in Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to the Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 4, 2022

Franklin BSP Realty Trust, Inc.

By /s/ Richard J. Byrne

Name: Richard J. Byrne

Title: Chief Executive Officer and President
(Principal Executive Officer)

Dated: May 4, 2022

By /s/ Jerome S. Baglien

Name: Jerome S. Baglien

Title: Chief Financial Officer, Chief Operating Officer and Treasurer
(Principal Financial and Accounting Officer)

GUARANTY OF RECOURSE OBLIGATIONS

This GUARANTY OF RECOURSE OBLIGATIONS (this “Guaranty”), dated as of February 10, 2022, made by Franklin BSP Realty Trust, Inc., a Maryland corporation (Guarantor), in favor of CUSTOMERS BANK (together with its successors and assigns, “Lender”).

RECITALS

WHEREAS, pursuant to that certain Loan and Security Agreement, dated as of the date hereof, between BSPRT OLIVER FINANCE, LLC, a Delaware limited liability company (“Borrower”), and Lender (as the same may be amended, modified, supplemented, restated or replaced from time to time, the “Loan Agreement”; all capitalized terms used herein and not defined herein shall have the respective meanings given such terms in the Loan Agreement), Lender has agreed to make a loan (the “Loan”) to Borrower in the maximum aggregate principal amount of Twenty-Eight Million Five Hundred Thousand and No/100 Dollars (\$28,500,000.00), subject to the terms and conditions of the Loan Agreement.

WHEREAS, the Loan is secured by a pledge of that certain loan (the “Collaterally Assigned Loan”) made by Borrower (as successor to Underlying Initial Lender) to The Oliver LLC, a North Carolina limited liability company (“Fee Owner”), which Collaterally Assigned Loan is secured by, among other things, the Collaterally Assigned Mortgage encumbering the Mortgaged Property and is further evidenced, secured or governed by the Collaterally Assigned Loan Documents;

WHEREAS, as a condition to Lender making the Loan to Borrower, Lender is requiring that Guarantor execute and deliver to Lender this Guaranty; and

WHEREAS, Guarantor hereby acknowledges that it owns direct or indirect ownership interests in Borrower and, accordingly, Guarantor will benefit from Lender making the Loan to Borrower.

NOW, THEREFORE, in consideration of the premises set forth herein and as an inducement for and in consideration of the agreement of Lender to make the Loan to Borrower pursuant to the Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Guarantor, Guarantor hereby agrees, covenants, represents, and warrants to Lender as follows:

1. Guaranty.

(a) Guarantor hereby irrevocably, absolutely and unconditionally guarantees to Lender, as a primary obligor, and its successors and assigns, the payment and performance of the Guaranteed Obligations (as defined below) as and when the same shall be due and payable. As used herein, the term “Guaranteed Obligations” means:

- (i) any and all Damages incurred by Lender resulting from or arising out of any of the following:
- (1) the misappropriation, misapplication or conversion by any Related Party of any funds in violation of the Loan Documents, including, without limitation, (A) any payments made by Fee Owner of any nature whatsoever pursuant to the Collaterally Assigned Loan Documents (or sums specifically allocated for payment and held in any Collaterally Assigned Reserve Accounts), (B) any insurance

proceeds or other settlement payment relative to any insured damage or destruction to the Mortgaged Property or any portion thereof, (C) any awards or other amounts received in connection with the condemnation or eminent domain proceeding of all or a portion of the Mortgaged Property (or any settlement paid in lieu of any such action being taken), or (D) any rents or other gross revenue of any nature whatsoever from the Mortgaged Property or any portion thereof (including, without limitation, any security deposits, other refundable deposits, or sums paid attributable to the termination of any lease or other circumstance), or the sale, leasing or operation thereof, to the extent such amounts were paid by Fee Owner to any Related Party;

- (2) the failure of Borrower to be, and at all times to have been, a Single-Purpose Entity (for the avoidance of doubt, the recourse described in this clause shall not preclude recourse for a substantive consolidation described below);
- (3) there is any failure to service any Collateral in accordance with the Accepted Servicing Practices that subjects the Lender to liability or, otherwise permits Fee Owner and/or Underlying Guarantors actual defenses to enforcement that would not have been available to Fee Owner and/or Underlying Guarantors absent such failure;
- (4) there is any grant of an unauthorized Lien on any Collateral or any part thereof in violation of the Loan Documents;
- (5) the collection or enforcement of the Loan or preservation of Lender's rights under the Loan Documents, including any costs incurred by Lender arising from or relating to the filing of a petition under the Bankruptcy Code or any other federal, state, local or foreign bankruptcy or insolvency law by or against Borrower or Guarantor;
- (6) Borrower's breach of its obligations under Section 4.01(d) of the Loan Agreement;
- (7) the failure of Borrower to (A) promptly provide copies of material notices received relative to the Collaterally Assigned Loan or Collaterally Assigned Loan Documents to Lender or (B) promptly deliver items of collateral as required in Sections 10.03(c) and (d) of the Loan Agreement;
- (8) the failure of Borrower to (A) obtain Lender's prior written consent prior to providing any consent, approval or waiver to Fee Owner under the Collaterally Assigned Loan Documents as required by the Loan Agreement or (B) comply with Section 10.02(a) of the Loan Agreement; or
- (9) [Intentionally omitted].

(ii) the full amount of all liabilities and the timely satisfaction of all obligations of Borrower under the Loan Documents (including interest which would be payable as post-petition interest in connection with any bankruptcy or similar proceeding)

irrespective of whether such obligations are direct or indirect, absolute or contingent, matured or unmatured in the event that any of the following circumstances should occur:

- (1) a Transfer other than a Permitted Transfer;
- (2) any voluntary petition for bankruptcy, insolvency, dissolution or liquidation under the Bankruptcy Code or any other federal, state, local or foreign bankruptcy or insolvency law is filed by, consented to, or acquiesced in by, Borrower or Guarantor;
- (3) any Related Party shall have joined, consented to, or colluded with other creditors in, or shall have otherwise acquiesced in, the filing of an involuntary petition under the Bankruptcy Code or any other federal, state, local or foreign bankruptcy or insolvency law filing with respect to Borrower or Guarantor or solicits or causes to be solicited petitioning creditors for any involuntary petition against Borrower or Guarantor from any Person;
- (4) except to the extent consented to in writing by Lender, any Related Party files, or joins in the filing of, or colludes to cause a filing of, an involuntary petition against Fee Owner or any of the Underlying Guarantors under the Bankruptcy Code or any other federal, state, local or foreign bankruptcy or insolvency law or solicits or causes to be solicited petitioning creditors for any involuntary petition against Fee Owner or any of the Underlying Guarantors from any Person;
- (5) any Related Party consents to, or acquiesces in, or joins in, an application for the appointment of a custodian, receiver, trustee or examiner for Borrower, Fee Owner, or any portion of the Mortgaged Property or the Collateral;
- (6) Borrower or Guarantor makes an assignment for the benefit of creditors, or admits, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due;
- (7) Borrower fails to be, and to at all times have been, a Single-Purpose Entity, which failure results in a substantive consolidation of Borrower, on the one hand, with any Affiliate, on the other hand, in a bankruptcy or similar proceeding;
- (8) the occurrence of any breach of Section 10.02(c) of the Loan Agreement;
- (9) any voluntary incurrence of Indebtedness by Borrower to the extent it constitutes an Event of Default under the Loan Documents including, without limitation, any subordinate financing which encumbers all or a portion of the Collateral;
- (10) any Related Party, in connection with any enforcement action or exercise or assertion of any right or remedy by or on behalf of Lender or in connection with the Loan Documents, (A) seeks a defense, judicial intervention or injunctive or other equitable relief of any kind, (B) asserts in a pleading filed in connection with the

judicial proceeding any defense against Lender or any right in connection with any security for the Loan, or (C) delays, opposes, impedes, obstructs, hinders, enjoins or otherwise interferes with or frustrates the due exercise by Lender of any such enforcement action, right or remedy, in each case which is frivolous, brought in bad faith, without merit (in the case of the defense) or unwarranted (in the case of the request of judicial intervention or injunctive or other equitable relief);

- (11) there is a foreclosure of the Mortgaged Property, the acceptance of a deed-in-lieu of foreclosure of the Mortgaged Property, a foreclosure of the Collaterally Assigned Membership Pledge or the acceptance of an assignment in lieu of foreclosure with respect to the equity interests in Fee Owner, and, in any such case, Borrower fails to satisfy the Conversion Conditions as set forth in the Loan Documents;
- (12) the discharge, termination, cancellation, release or assignment, in whole or in part, of, the Collaterally Assigned Mortgage or any other Collaterally Assigned Loan Document, in each case without obtaining Lender's prior written consent thereto;
- (13) any fraud, intentional misrepresentation, gross negligence, or willful misconduct by Borrower, Guarantor or any of their respective Affiliates with respect to or in connection with the Loan; or
- (14) any criminal acts that result in seizure or forfeiture of the Collateral by or at the instruction of Borrower, Guarantor or any of their respective Affiliates.

(b) All sums payable to Lender under this Guaranty shall be payable on demand and without reduction for any offset, claim, counterclaim or defense.

(c) Guarantor hereby agrees to indemnify, defend and save harmless Lender from and against any and all costs, losses, liabilities, claims, causes of action, expenses and damages, including attorneys' fees and disbursements, which Lender may suffer or which otherwise may arise by reason of Borrower's failure to pay any of the Guaranteed Obligations when due, irrespective of whether such costs, losses, liabilities, claims, causes of action, expenses or damages are incurred by Lender prior or subsequent to Lender's declaring the principal, interest and other sums evidenced or secured by the Loan Documents to be due and payable.

(d) Guarantor agrees that no portion of any sums applied, from time to time, in reduction of the Loan shall be deemed to have been applied in reduction of the Guaranteed Obligations until such time as the Loan has been paid in full, or Guarantor shall have made the full payment required hereunder, it being the intention hereof that the Guaranteed Obligations shall be the last portion of the Loan to be deemed satisfied.

(e) Notwithstanding anything to the contrary in any of the Loan Documents, Lender shall not be deemed to have waived any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Indebtedness or to require that all collateral shall continue to secure all of the Indebtedness owing to Lender in accordance with the Loan Documents.

2. Definitions.

(a) The term “Cash” shall mean money, currency or a credit balance in any demand or deposit account, other than an account evidenced by a negotiable certificate of deposit.

(b) The term “Cash Equivalents” shall mean the fair market value of unrestricted and unencumbered assets in the form of any of the following: (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by an agency thereof and backed by the full faith and credit of the United States; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof which, at the time of acquisition, has one of the two highest ratings obtainable from any two (2) of Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc. (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”) (or, if at any time no two of the foregoing shall be rating such obligations, then from such other rating agency as may be acceptable to Lender) and is not listed for possible downgrade in any publication of any of the foregoing rating agencies; (iii) domestic certificates of deposit or domestic time deposits or repurchase agreements issued by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than One Billion and No/100 Dollars (\$1,000,000,000.00), which commercial bank has a rating of at least either AA or such comparable rating from S&P or Moody’s, respectively; (iv) money market funds having assets under management in excess of Two Billion and No/100 Dollars (\$2,000,000,000.00); and/or (vi) any unrestricted stock, shares, certificates, bonds, debentures, notes or other instrument which constitutes a “security” under the Securities Act of 1933, as amended, which are freely tradable on any nationally recognized securities exchange and are not otherwise encumbered by Guarantor.

(c) The term “Damages” shall mean any and all losses, claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, demands, causes of action, damages, fines, penalties, charges, fees, costs and expenses (including, without limitation, court costs and reasonable attorneys’ fees and expenses), judgments, awards and amounts paid in settlement of whatever kind or nature (including, without limitation, court costs, reasonable attorneys’ fees and expenses and other costs of defense).

(d) The term “GAAP” shall mean generally accepted accounting principles in the United States of America, consistently applied.

(e) The term “Liquid Assets” shall mean assets in the form of Cash and Cash Equivalents and Qualified Unfunded Capital Commitments.

(f) The term “Net Worth” shall mean, as of a given date, (x) the total assets of Guarantor as of such date (but without duplication) all amounts that would be included under capital, preferred equity or preferred stock, or shareholders’ equity (or any like caption) of Guarantor and its consolidated Subsidiaries in accordance with GAAP, but exclusive of Guarantor’s interest in the Collaterally Assigned Loan and/or the Mortgaged Property) less (y) Guarantor’s total liabilities as of such date, determined in accordance with GAAP.

(g) [Intentionally omitted].

(h) The term “Related Parties” or “Related Party” shall mean Borrower, Guarantor, any Affiliate of either, or any of their respective principals, officers, general partners, members or any agent or employee of any such Person including duly authorized property management personnel.

3. Representations and Warranties. Guarantor hereby represents and warrants to Lender as follows (which representations and warranties shall be given as of the date hereof and shall survive the execution and delivery of this Guaranty):

(a) Organization, Etc. Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland. Guarantor (i) has all requisite corporate or other power, and has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; (ii) is qualified to do business and is in good standing in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary; and (iii) has full power and authority to execute, deliver and perform its obligations under this Guaranty. Guarantor has delivered to Lender true and correct certified copies of its organizational documents, together with all amendments thereto.

(b) Authorization, Compliance, Etc. The execution and delivery of, and the performance by Guarantor of its obligations under, this Guaranty (i) are within Guarantor's powers, (ii) have been duly authorized by all requisite action, (iii) do not violate any provision of applicable law, rule or regulation, or any order, writ, injunction or decree of any court or other Governmental Authority, or its organizational documents, (iv) do not violate any indenture, agreement, document or instrument to which Guarantor is a party, or by which it or any of its properties is bound or to which it is subject, and (v) are not in conflict with, do not result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or except as may be provided by any Loan Document, result in the creation or imposition of any Lien upon any of the property or assets of Guarantor pursuant to, any such indenture, agreement, document or instrument. Guarantor is not required to obtain any consent, approval or authorization from, or to file any declaration or statement with, any Governmental Authority in connection with or as a condition to the consummation of the transactions contemplated herein and the execution, delivery or performance of this Guaranty.

(c) Execution. This Guaranty has been duly executed and delivered by Guarantor.

(d) Enforceability. This Guaranty constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.

(e) No Violation. The execution, delivery and performance by Guarantor of its obligations under this Guaranty does not and will not violate any law, regulation, order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to Guarantor, or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of, any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the assets of Guarantor pursuant to the terms of any mortgage, indenture, agreement or instrument to which Guarantor is a party or by which it or any of its properties is bound. Guarantor is not in default under any other guaranty or agreement which it has provided to Lender.

(f) No Litigation. There are no actions, suits or proceedings at law or in equity, pending or, to Guarantor's knowledge, threatened against or affecting Guarantor or which involve or might involve the validity or enforceability of this Guaranty or which might materially adversely affect the financial condition of Guarantor or the ability of Guarantor to perform any of its obligations under this Guaranty. Guarantor is not in default beyond any applicable grace or cure period with respect to any order, writ, injunction, decree or demand of any Governmental

Authority which might materially adversely affect the financial condition of Guarantor or the ability of Guarantor to perform any of its obligations under this Guaranty.

(g) No Judgments; No Acts of Insolvency. There are no judgments against Guarantor unsatisfied of record or docketed in any court located in the United States of America and no Act of Insolvency has ever occurred with respect to Guarantor.

(h) Financial Statements and Other Information. All financial statements of Guarantor heretofore delivered to Lender are true and correct in all material respects and fairly present the financial condition of Guarantor as of the respective dates thereof, and no materially adverse change has occurred in the financial conditions reflected therein since the respective dates thereof. None of the aforesaid financial statements or any certificate or statement furnished to Lender by or on behalf of Guarantor in connection with the transactions contemplated hereby, and none of the representations and warranties in this Guaranty contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading. Guarantor is not insolvent within the meaning of the Bankruptcy Code or any other applicable law, code or regulation and the execution, delivery and performance of this Guaranty will not render Guarantor insolvent.

(i) Tax Returns. Guarantor has filed all required federal, state and local tax returns (taking into account any extensions of time to file) and has paid all taxes as shown on such returns as they have become due. No claims have been assessed and are unpaid with respect to such taxes.

(j) ERISA. Neither Guarantor nor any ERISA Affiliate (i) sponsors or maintains any Plans or (ii) makes any contributions to or has any liabilities or obligations (direct or contingent) with respect to any Plans. Guarantor does not, and would not be deemed to, hold Plan Assets, and the consummation of the transactions contemplated by this Guaranty will not constitute or result in any non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or substantially similar provisions under any other federal, state or local laws, rules or regulations that could reasonably be expected to subject Lender to any tax or penalty on prohibited transactions imposed under Section 4975 of the Code, Section 501(i) of ERISA or substantially similar provisions under any other federal, state or local laws, rules or regulations.

(k) Federal Trade Embargoes. Guarantor is in compliance with all Federal Trade Embargos in all material respects. No Embargoed Person owns any direct or indirect equity interest in Guarantor. The representation set forth in the preceding sentence is limited to (i) Guarantor's best knowledge with respect to such beneficial interest, and (ii) only such interest holders that own five percent (5%) or greater of the beneficial interest (directly or indirectly) in Guarantor or Control Guarantor. Guarantor covenants and agrees that in the event Guarantor receives any notice that Guarantor (or any of the beneficial owners, affiliates or participants at any time owning five percent (5%) or more of the beneficial interests in Guarantor or which Control Guarantor) or any Person that has an interest in the Collateral is designated as an Embargoed Person, Guarantor shall immediately notify Lender in writing.

4. Unconditional Character of Obligations of Guarantor.

(a) The obligations of Guarantor hereunder shall be irrevocable, absolute and unconditional, irrespective of the validity, regularity or enforceability, in whole or in part, of the other Loan Documents or any provision thereof, or the absence of any action to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against Borrower, Guarantor or any other Person or any action to enforce the same, any failure or delay in the enforcement of the obligations of Borrower under the other Loan Documents or

Guarantor under this Guaranty, or any setoff or counterclaim, and irrespective of any other circumstances which might otherwise limit recourse against Guarantor by Lender or constitute a legal or equitable discharge or defense of a guarantor or surety. Lender may enforce the obligations of Guarantor under this Guaranty by a proceeding at law, in equity or otherwise, independent of any loan foreclosure or similar proceeding or any deficiency action against Borrower or any other Person at any time, either before or after an action against the Collateral or any part thereof, Borrower or any other Person. This Guaranty is a guaranty of payment and performance and not merely a guaranty of collection. Guarantor waives diligence, notice of acceptance of this Guaranty, filing of claims with any court, any proceeding to enforce any provision of any other Loan Document against Guarantor, Borrower or any other Person, any right to require a proceeding first against Borrower or any other Person, or to exhaust any security (including, without limitation, the Collateral) for the performance of the Guaranteed Obligations or any other obligations of Borrower or any other Person, or any protest, presentment, notice of default or other notice or demand whatsoever (except to the extent expressly provided to the contrary in this Guaranty).

(b) The obligations of Guarantor under this Guaranty, and the rights of Lender to enforce the same by proceedings, whether by action at law, suit in equity or otherwise, shall not be in any way affected by any of the following:

(i) any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, receivership, conservatorship, winding up or other similar proceeding involving or affecting Borrower, the Collaterally Assigned Loan or any part thereof, Guarantor or any other Person;

(ii) any failure by Lender or any other Person, whether or not without fault on its part, to perform or comply with any of the terms of the Loan Agreement, or any other Loan Documents, or any document or instrument relating thereto;

(iii) the sale, transfer or conveyance of the Collaterally Assigned Loan or any interest therein to any Person, whether now or hereafter having or acquiring an interest in the Collaterally Assigned Loan or any part thereof and whether or not pursuant to any foreclosure, trustee sale or similar proceeding against Borrower or the Collaterally Assigned Loan or any interest therein;

(iv) the conveyance to Lender, any Affiliate of Lender or Lender's nominee of the Collaterally Assigned Loan or any interest therein by foreclosure;

(v) the release of Borrower or any other Person from the performance or observance of any of the agreements, covenants, terms or conditions contained in any of the Loan Documents by operation of law or otherwise;

(vi) the release in whole or in part of any collateral for any or all Guaranteed Obligations or for the Loan or any portion thereof; or

(vii) Lender's failure to record or file (or the imperfect recording or filing) UCC Financing Statements or any other failure of Lender to perfect any security interest in the Loan.

(c) Except as otherwise specifically provided in this Guaranty, Guarantor hereby expressly and irrevocably waives all defenses in an action brought by Lender to enforce this Guaranty based on claims of waiver, release, surrender, alteration or compromise and all setoffs, reductions, or impairments, whether arising hereunder or otherwise.

(d) Lender may deal with Borrower and Affiliates of Borrower in the same manner and as freely as if this Guaranty did not exist and shall be entitled, among other things, to grant Borrower or any other Person such extension or extensions of time to perform any act or acts as may be deemed advisable by Lender, at any time and from time to time, without terminating, affecting or impairing the validity of this Guaranty or the obligations of Guarantor hereunder.

(e) No compromise, alteration, amendment, modification, extension, renewal, release or other change of, or waiver, consent, delay, omission, failure to act or other action with respect to, any liability or obligation under or with respect to, or of any of the terms, covenants or conditions of, the Loan Documents shall in any way alter, impair or affect any of the obligations of Guarantor hereunder, and Guarantor agrees that if any Loan Document is modified with Lender's consent, the Guaranteed Obligations shall automatically be deemed modified to include such modifications.

(f) Lender may proceed to protect and enforce any or all of its rights under this Guaranty by suit in equity or action at law, whether for the specific performance of any covenants or agreements contained in this Guaranty or otherwise, or to take any action authorized or permitted under applicable law, and shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by Guarantor. Each and every remedy of Lender shall, to the extent permitted by law, be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion without impairing or otherwise affecting the other rights and remedies of Lender under this Guaranty or any other Loan Documents or as may be permitted by law or in equity and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity.

(g) No waiver shall be deemed to have been made by Lender of any rights hereunder unless the same shall be in writing and signed by Lender, and any such waiver shall be a waiver only with respect to the specific matter involved and shall in no way impair the rights of Lender or the obligations of Guarantor to Lender in any other respect or at any other time.

(h) At the option of Lender, Guarantor may be joined in any action or proceeding commenced by Lender against Borrower in connection with or based upon any other Loan Documents and recovery may be had against Guarantor in such action or proceeding or in any independent action or proceeding against Guarantor to the extent of Guarantor's liability hereunder, without any requirement that Lender first assert, prosecute or exhaust any remedy or claim against Borrower or any other Person, or any security for the obligations of Borrower or any other Person.

(i) Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment is made by Borrower or Guarantor to Lender and such payment is rescinded or must otherwise be returned by Lender (as determined by Lender in its sole and absolute discretion) upon insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, receivership, conservatorship, winding up or other similar proceeding involving or affecting Borrower or Guarantor, all as though such payment had not been made.

(j) In the event that Guarantor shall advance or become obligated to pay any sums under this Guaranty or in connection with the Guaranteed Obligations or in the event that for any reason whatsoever Borrower or any subsequent owner of the Collaterally Assigned Loan or any part thereof is now, or shall hereafter become, indebted to Guarantor, Guarantor agrees that (i) the amount of such sums and of such indebtedness and all interest thereon shall at all times be subordinate as to lien, the time of payment and in all other respects to all sums,

including principal and interest and other amounts, at any time owed to Lender under the Loan Documents, and (ii) Guarantor shall not be entitled to enforce or receive payment thereof until the Loan has been indefeasibly paid in full. Nothing herein contained is intended or shall be construed to give Guarantor any right of subrogation in or under the Loan Documents or any right to participate in any way therein, or in the right, title or interest of Lender in or to any collateral for the Loan, notwithstanding any payments made by Guarantor under this Guaranty, until the actual and irrevocable receipt by Lender of payment in full of all of the Loan. If any amount shall be paid to Guarantor on account of such subrogation rights at any time when any such sums due and owing to Lender shall not have been fully paid, such amount shall be paid by Guarantor to Lender for credit and application against such sums due and owing to Lender.

(k) Guarantor hereby waives the pleading of any statute of limitations as a defense to its obligations and liabilities under this Guaranty.

(l) Guarantor's obligations hereunder shall survive a foreclosure, assignment-in-lieu of foreclosure or similar proceeding involving the Collateral and the exercise by Lender of any of all of its remedies pursuant to the Loan Documents.

5. Covenants.

(a) Until all of the Guaranteed Obligations have been indefeasibly paid in full and at all times while the Loan is in effect, Guarantor (i) shall maintain a Net Worth of not less than Fifty Million and No/100 Dollars (\$50,000,000.00), and (ii) shall maintain Liquid Assets of not less than Ten Million and No/100 Dollars (\$10,000,000.00).

(b) [Intentionally omitted].

(c) Guarantor shall (i) within one hundred (100) days following the end of each calendar year, deliver to Lender a complete copy of Guarantor's annual financial statements audited by Ernst & Young LLP or another independent certified public accountant reasonably acceptable to Lender prepared in accordance with GAAP, including statements of income and expense and cash flow and a balance sheet for Guarantor, together with an accountant's certificate in respect of Guarantor (it being agreed that the furnishing of Guarantor's annual report on Form 10-K for each such fiscal year as filed with the Securities Exchange Commission within the time periods specified above will satisfy the obligation under this Section 5(c) with respect to such fiscal year except with respect to the requirement that such financial statements be reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit) (A) setting forth in reasonable detail Guarantor's Net Worth and Liquid Assets as of the end of such prior calendar year and based on such annual financial statements, and (B) certifying that such annual financial statements are true, correct, accurate and complete in all material respects and fairly present the financial condition and results of the operations of Guarantor, (ii) no later than forty-five (45) days following March 31, June 30, September 30, and December 31 of each year during the term of the Loan during the continuance of a Collaterally Assigned Loan Default, deliver to Lender an accountant's certificate in respect of Guarantor setting forth in reasonable detail Guarantor's Net Worth and Liquid Assets as of such date, and (iii) within thirty (30) days after request by Lender, deliver such other financial information with respect to Guarantor as Lender may reasonably request. Notwithstanding the foregoing, the parties hereby agree that the delivery of materials pursuant to this Section 5(c) hereof are identical to the obligations of the Guarantor under Section 5(c) of that certain Guaranty of Funding Obligations (the "Funding Guaranty") dated as of the date hereof and that the Guarantor shall not be required to provide duplicate copies of materials provided under this Section 5(c) and Section 5(c) thereunder so long as the Funding Guaranty remains outstanding.

6. Right of Set Off. Upon the occurrence of any Event of Default, Guarantor hereby irrevocably authorizes Lender at any time and from time to time without notice to Guarantor, any such notice being expressly waived by Guarantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender to or for the credit or the account of Guarantor, or any part thereof in such amounts as Lender may elect, against and on account of the obligations and liabilities of Guarantor to Lender hereunder, whether or not Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. Lender shall notify Guarantor promptly of any such set-off and the application made by Lender; provided, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of Lender under this Section 6 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which Lender may have.

7. Entire Agreement/Amendments. This instrument represents the entire agreement between the parties with respect to the subject matter hereof. The terms of this Guaranty shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by Lender and Guarantor.

8. Successors and Assigns. This Guaranty shall be binding upon Guarantor and its successors and assigns (including, without limitation, Guarantor's estate, executors, administrators, legal representatives, nominees, heirs and beneficiaries) and shall inure to the benefit of Lender, its participants and co-lenders in the Loan, if any, and each of their respective successors and assigns. Lender shall have the right to assign or transfer its rights under this Guaranty and share information hereunder in connection with any assignment of the Loan and the Loan Documents. Any assignee, transferee or participant of Lender shall be entitled to all the benefits afforded to Lender under this Guaranty. Guarantor shall not have the right to assign or transfer its rights or obligations under this Guaranty without the prior written consent of Lender (which consent may be granted or denied in Lender's sole and absolute discretion), and any attempted assignment or transfer without such consent shall be null and void.

9. **APPLICABLE LAW AND CONSENT TO JURISDICTION.** **THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK PURSUANT TO §5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW. GUARANTOR IRREVOCABLY (A) AGREES THAT ANY SUIT, ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY MAY BE BROUGHT IN A COURT OF RECORD IN THE CITY AND COUNTY OF NEW YORK OR IN THE COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED HOWEVER, ANY SUIT, ACTION OR PROCEEDING BROUGHT BY GUARANTOR RELATING TO THIS GUARANTY SHALL BE BROUGHT IN SUCH FEDERAL OR STATE COURTS OF NEW YORK, (B) CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF EACH SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING AND (C) WAIVES ANY OBJECTION WHICH IT MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY OF SUCH COURTS AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY SERVICE OF COPIES OF SUCH PROCESS TO GUARANTOR AT ITS ADDRESS PROVIDED IN SECTION 14 HEREOF. NOTHING IN THIS SECTION 9, HOWEVER, SHALL AFFECT THE RIGHT OF LENDER TO SERVE LEGAL PROCESS IN ANY OTHER**

MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF LENDER TO BRING ANY SUIT, ACTION OR PROCEEDING AGAINST GUARANTOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS.

10. Section Headings. The headings of the sections and paragraphs of this Guaranty have been inserted for convenience of reference only and shall in no way define, modify, limit or amplify any of the terms or provisions hereof.

11. Severability and Interpretation. Any provision of this Guaranty which may be determined by any competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Guarantor hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. Guarantor also agrees that this Guaranty shall be interpreted and construed without regard to which party prepared the document and rejects any rule of construction requiring construction against the drafter. Moreover, Guarantor also acknowledges that it has had the opportunity to review and negotiate this Guaranty with the assistance of counsel of its choosing before executing and delivering this Guaranty. The provisions of this Guaranty are intended to benefit Lender and Lender's interests ensuring timely payment and performance of obligations owed to Lender under the Loan Documents, and thus, Guarantor agrees and intends that, in case of doubt, the provisions of this Guaranty shall be interpreted consistent with the best interests of Lender.

12. **WAIVER OF TRIAL BY JURY**. GUARANTOR HEREBY WAIVES THE RIGHT OF TRIAL BY JURY IN ANY LITIGATION, ACTION OR PROCEEDING ARISING HEREUNDER OR IN CONNECTION HERewith. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER OF TRIAL BY JURY BY GUARANTOR.

13. Other Guaranties. The obligations of Guarantor hereunder are separate and distinct from, and in addition to, the obligations of Guarantor now or hereafter arising under any other guaranties or indemnity agreements, pursuant to which Guarantor has guaranteed, or indemnified Lender in respect of, payment and performance of certain other obligations of Borrower described therein.

14. Notices. All notices, demands, requests, consents, approvals or other communications (collectively called "Notices") required or permitted to be given hereunder to Lender or Guarantor or which are given to Lender or Guarantor with respect to this Guaranty shall be in writing and shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, by nationally recognized overnight courier or by email, addressed as set forth below, or personally delivered with receipt acknowledged to such address, or in either case, to such other address(es) as the party in question shall have specified most recently by like Notice.

If to Lender, to:

Customers Bank

101 Park Avenue, Suite 1101
New York, New York 10178
Attention: Rodrigo Da Silva

with a copy to:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: James P. Godman, Esq.

If to Guarantor, to:

Franklin BSP Realty Trust, Inc.
1345 Avenue of the Americas, Suite 32A
New York, NY 10105
Attention: Micah Goodman, Esq.

Email: m.goodman@benefitstreetpartners.com

with a copy to:

Nelson Mullins Riley & Scarborough LLP
One Financial Center, Suite 3500
Boston, MA 02111
Attention: Jim Bartling
Telephone: (617) 217-4692
E-mail: jim.bartling@nelsonmullins.com

Notices which are given in the manner aforesaid shall be deemed to have been given or served for all purposes hereunder (i) on the date on which such notice shall have been personally delivered as aforesaid, (ii) on the date of delivery by mail or nationally recognized overnight courier, (iii) in the case of email, upon delivery such email; provided, however, that such email notice was also delivered by one of the means set forth in (i) or (ii) above (which may arrive after such email) or (iv) on the date of failure to deliver by reason of refusal to accept delivery or changed address of which no Notice was given.

15. Guarantor's Receipt of Loan Documents. Guarantor by its execution hereof acknowledges receipt of true, correct and complete copies of all of the Loan Documents.

16. Interest; Expenses.

(a) If Guarantor fails to pay all or any sums due hereunder upon demand by Lender, the amount of such sums payable by Guarantor to Lender shall bear interest from the date of demand until paid at the Default Rate in effect from time to time; provided that where a particular Guaranteed Obligation is payable as a result of an Event of Default, no interest shall be payable under this Section 16 on the principal amount of the Loan to the extent that interest at the Default Rate is then accruing on the principal amount of the Loan under the terms of the Loan Agreement.

(b) Guarantor hereby agrees to pay all costs, charges and expenses, including attorneys' fees and disbursements, which may be incurred by Lender in enforcing the covenants, agreements, obligations and liabilities of Guarantor under this Guaranty.

17. [Intentionally omitted].

18. Specific Limitation on Guaranty and Indemnity Obligations. Guarantor and Lender hereby confirm that it is the intention of Guarantor and Lender that this Guaranty not constitute a fraudulent transfer or fraudulent conveyance (a “Fraudulent Conveyance”) under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act of any other debtor relief law or insolvency law (whether statutory, common law, case law or otherwise) or any jurisdiction whatsoever (collectively, the “Bankruptcy Laws”). To give effect to the foregoing intention of Guarantor and Lender, each of such parties hereby irrevocably agrees that the Guaranteed Obligations shall be limited to (but shall not be less than) such maximum amount as will, after giving effect to the maximum amount of such obligations and all other liabilities (whether contingent or otherwise) of Guarantor that are relevant under such Bankruptcy Laws, result in the Guaranteed Obligations not constituting a Fraudulent Conveyance under the Bankruptcy Laws, as of the date of execution and delivery of this Guaranty.

19. Further Assurances. Guarantor shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created or now, or hereafter, intended to be created under this Guaranty, to protect and further the validity and enforceability of this Guaranty or otherwise carry out the purposes of this Guaranty.

20. Counterclaims and Other Actions. Guarantor hereby expressly and unconditionally waives, in connection with any suit, action or proceeding brought by Lender in connection with this Guaranty, any and every right it may have to (i) interpose any counterclaim therein (other than a counterclaim which can only be asserted in the suit, action or proceeding brought by Lender on this Guaranty and cannot be maintained in a separate action) and (ii) have any such suit, action or proceeding consolidated with any other or separate suit, action or proceeding; provided, however, that nothing contained herein shall, or shall be deemed or construed to, alter or limit or otherwise affect any right of Guarantor to bring a separate suit, action or proceeding on or with respect to this Guaranty.

21. Counterparts; Electronic Transmission. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Guaranty, and any and all signed certificates and other documents delivered hereunder or in connection herewith, may be transmitted and/or signed by facsimile or e-mail transmission (e.g. “.pdf” or “.tif”). The effectiveness of any such documents and signatures shall, subject to applicable Legal Requirements, have the same force and effect as manually-signed originals and shall be binding on all parties to this Guaranty. Lender may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or e-mail document or signature.

22. CPLR § 3213. Guarantor acknowledges and agrees that this Guaranty is, and is intended to be, an instrument for the payment of money only, as such phrase is used in § 3213 of the New York Civil Practice Law and Rules, and Guarantor has been fully advised by its counsel of Lender’s rights and remedies pursuant to said § 3213.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

FRANKLIN BSP REALTY TRUST, INC., a Maryland corporation

By: /s/: Micah Goodman

Name: Micah Goodman

Title: Authorized Signatory

LOAN AND SECURITY AGREEMENT

**BSVRT OLIVER FINANCE, LLC,
as Borrower,**

and

**CUSTOMERS BANK,
as Lender**

Dated as of February 10, 2022

LOAN AND SECURITY AGREEMENT

LOAN AND SECURITY AGREEMENT (as the same may be amended, modified or supplemented from time to time, this "Loan Agreement"), dated as of February 10, 2022, between BSPRT OLIVER FINANCE, LLC, a Delaware limited liability company (the "Borrower"), and CUSTOMERS BANK (together with its successors and assigns, the "Lender").

RECITALS

WHEREAS, The Oliver LLC, a North Carolina limited liability company ("Fee Owner"), is the fee simple owner of that certain property located at 3020 Gloryland Avenue, Charlotte, North Carolina upon which Fee Owner will construct a 222-unit multi-family building and related improvements (the Land and such building and improvements, collectively, the "Project"), as more particularly described in the Collaterally Assigned Loan Agreement (as defined herein);

WHEREAS, Fee Owner has requested, and Borrower (as successor-in-interest to Underlying Initial Lender) has agreed to make (in its capacity as a lender), a mortgage loan to Fee Owner in the aggregate maximum principal amount of Thirty-Seven Million Nine Hundred Fifty Thousand and No/100 Dollars (\$37,950,000.00) (the "Collaterally Assigned Loan"). The Collaterally Assigned Loan (x) will be advanced by Borrower in accordance with the Collaterally Assigned Loan Agreement and the proceeds of the Collaterally Assigned Loan will be used by Fee Owner to pay for, among other things, costs in connection with the acquisition, development and construction of the Project, all as more specifically set forth in the Collaterally Assigned Loan Documents and (y) is evidenced by the Collaterally Assigned Loan Documents and secured by, among other things, the Mortgaged Property (each as defined herein);

WHEREAS, Borrower has requested and Lender has agreed to make a loan to Borrower (the "Loan") in the maximum principal amount of Twenty-Eight Million Five Hundred Thousand and No/100 Dollars (\$28,500,000.00) (the "Loan Amount"), the proceeds of which will be used to partially reimburse Borrower for its advances of the Collaterally Assigned Loan to Fee Owner and as otherwise expressly set forth herein. The Loan (x) shall be secured by, among other things, a first priority security interest in the Collaterally Assigned Loan Documents and (y) will be advanced by Lender in accordance with the terms hereof; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. DEFINITIONS AND ACCOUNTING MATTERS.

1.01 Certain Defined Terms. As used herein, the following terms shall have the following meanings:

"ABR" means, for any day, a rate per annum equal to the higher of (a) the Prime Rate in effect on such day and (b) the Federal Funds Rate in effect on such day plus 0.50%. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Rate, respectively.

"ABR Loan" means a Loan that bears interest based on the ABR.

"Accepted Servicing Practices" shall mean with respect to Borrower or any third party servicer, those first-class mortgage servicing practices (including financial calculations and standard collection procedures) of customary and prudent institutions that service mortgage loan

assets of the same type as the Collaterally Assigned Loan in the jurisdiction where the Mortgaged Property is located and in all material respects in compliance with applicable regulations imposed upon such Person and in accordance with any applicable Legal Requirement.

“Act” shall have the meaning set forth in Section 7.10(b).

“Act of Insolvency” shall mean, with respect to any Person, (a) the filing of a decree or order for relief by a court having jurisdiction over such Person or any substantial part of its assets or property in an involuntary case under any applicable Insolvency Law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its assets or property, or ordering the winding-up or liquidation of such Person’s affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) days, (b) the commencement by such Person of a voluntary case under any applicable Insolvency Law now or hereafter in effect, (c) the consent by such Person to the entry of an order for relief in an involuntary case under any Insolvency Law, (d) the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for such Person or for any substantial part of its assets or property, (e) the making by such Person of any general assignment for the benefit of creditors, or (f) the express written admission by such Person in a legal proceeding or otherwise expressly in writing of the inability of such Person to pay its debts generally as they become due.

“Action Plan” shall have the meaning set forth in Section 10.06(c).

“Additional Amount” shall have the meaning set forth in Section 2.07(a) hereof.

“Adjusted Loan Balance” shall mean the outstanding principal amount of the Loan plus any unadvanced and available amounts hereunder.

“Adjusted Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“Advance” shall mean a disbursement by Lender of all or a portion of the proceeds of the Loan pursuant to the terms hereof.

“Affiliate” shall mean, when used with respect to any specified Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person and/or any Person owning greater than twenty percent (20%) of such Person. Control shall mean, in each case, the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or ownership of a Person, whether through the direct or indirect ownership of voting securities or other equity interest, by contract or otherwise, and “controlling” and “controlled” shall have meanings correlative thereto. For all purposes of this Loan Agreement and the other Loan Documents, Guarantor shall be deemed to be an Affiliate of Borrower.

“Applicable Spread” shall mean three and ninety one hundredths percent (3.90%); provided that if the Libor Spread (as defined in the Collaterally Assigned Loan Agreement) is reduced from eight percent (8%) to five percent (5%) in accordance with the definition of “LIBOR Spread” set forth in the Collaterally Assigned Loan Agreement, and for so long as such reduction shall be in effect, the Applicable Spread shall mean three percent (3%).

“Appraisal” shall mean an appraisal of the Mortgaged Property prepared by a licensed appraiser approved by Lender in its sole but reasonable discretion and paid for by Borrower (or Fee Owner), in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, in compliance with the requirements of Title 11 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, that (i) utilizes customary valuation methods such as the income, sales/market or cost approaches, as any of the same may be updated by recertification from time to time by the appraiser performing such Appraisal and (ii) is subject to Lender’s secondary appraisal review and approval process.

“Approved Accounting Method” shall mean either (a) GAAP, or (B) another sound accounting method consistently applied and approved by Lender in its sole but reasonable discretion.

“Approved Action Plan” shall have the meaning set forth in Section 10.06(d).

“Assignment” shall have the meaning set forth in Section 9.05(b) hereof.

“Assignment of Assignment of Leases and Rents” shall mean an assignment of assignment of leases and rents by Borrower, executed in blank, sufficient under the laws of the jurisdiction wherein the related property is located to reflect the assignment of the Collaterally Assigned ALR, which may be submitted by Lender for recording in accordance with Section 10.3(b) of this Agreement.

“Assignment of Loan Documents” shall mean the (i) undated Omnibus Assignment of Note, Mortgage, Assignment of Leases and Rents and Other Loan Documents from Borrower in blank, (ii) the undated Allonge to the Collaterally Assigned Note from Borrower in blank, (iii) the undated Assignment of Collaterally Assigned Mortgage, in recordable form, from Borrower in blank, and (iv) the undated Assignment of Collaterally Assigned ALR, in recordable form, from Borrower in blank, in each case, for the benefit of Lender.

“Assignment of Deed of Trust” shall mean an assignment of deed of trust by Borrower executed in blank, sufficient under the laws of the jurisdiction wherein the related property is located to reflect the assignment of the Collaterally Assigned Mortgage, which may be submitted by Lender for recording in accordance with Section 10.3(b) of this Agreement.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 2.08(d).

“Bankruptcy Code” shall mean Title 11 of the United State Code, as amended from time to time.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.08(a).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Lender for the applicable Benchmark Replacement Date:

(a) the sum of (i) Daily Simple SOFR and (ii) 0.11448% (11.448 basis points); or

(b) the sum of: (i) the alternate benchmark rate that has been selected by the Lender and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated bilateral credit facilities and (ii) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Lender and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and

even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.08 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.08.

“Borrower” shall have the meaning set forth in the introductory paragraph hereof.

“Breakage Costs” shall mean any out-of-pocket costs, losses or damages incurred by Lender as a result of any prepayment of any SOFR Loan or early termination of an Interest Period with respect to a SOFR Loan.

“Business Day” shall mean any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in the State of New York are authorized or required by law or other governmental action to close.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” shall have the meaning set forth in Section 5.01(b) hereof.

“Collateral Assignment of Assignment of Leases and Rents” shall mean a collateral assignment of assignment of leases and rents by Borrower for the benefit of Lender, to be submitted for recording on the date hereof, sufficient under the laws of the jurisdiction wherein the related property is located to reflect the assignment and pledge of the Collaterally Assigned ALR.

“Collateral Assignment of Deed of Trust” shall mean a collateral assignment of deed of trust by Borrower under the Collaterally Assigned Mortgage for the benefit of Lender, to be submitted for recording on the date hereof, sufficient under the laws of the jurisdiction wherein the related property is located to reflect the assignment and pledge of the Collaterally Assigned Mortgage.

“Collateral File” shall mean, as to the Collaterally Assigned Loan, all documents and instruments evidencing the Collaterally Assigned Loan (including, without limitation, the Collaterally Assigned Loan Documents, the documents and information set forth on Schedule 2 attached hereto and made a part hereof and the Servicing Records, if any).

“Collaterally Assigned ALR” shall mean that certain Assignment of Leases and Rents executed by Fee Owner and delivered to Borrower (as successor-in-interest to Underlying Initial Lender), as lender, dated of even date with the Collaterally Assigned Note, assigning to Borrower (as successor-in-interest to Underlying Initial Lender) all of Fee Owner’s interest in the leases, rents and profits (subject to the assignor’s customary rights to collect same) derived from the ownership, operation, leasing or disposition of all or a portion of the Mortgaged Property as security for repayment of the Collaterally Assigned Loan, as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Collaterally Assigned Environmental Indemnity Agreement” shall mean the Environmental Indemnity (as defined in the Collaterally Assigned Loan Agreement), by and among Fee Owner, Underlying Guarantor and Borrower (as successor-in-interest to Underlying Initial Lender) as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Collaterally Assigned Guaranties” shall mean, collectively, the Guaranty (Completion) and the Guaranty (Recourse), each as defined in the Collaterally Assigned Loan Agreement, in each case by Underlying Guarantor in favor of Borrower (as successor-in-interest to Underlying Initial Lender), as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Collaterally Assigned Loan” shall have the meaning set forth in the Recitals.

“Collaterally Assigned Loan Agreement” shall mean that certain Loan Agreement, dated as of July 22, 2021, by and among Fee Owner, as borrower, and Borrower (as

successor-in-interest to Underlying Initial Lender), as lender, as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Collaterally Assigned Loan Default” shall mean the occurrence of any default or Event of Default (as defined in the Collaterally Assigned Loan Agreement) under the Collaterally Assigned Loan Documents.

“Collaterally Assigned Loan Documents” shall mean (i) the documents or instruments described on Schedule 1 attached hereto and made a part hereof, (ii) such other agreements, documents and instructions now or hereafter executed by Fee Owner, Underlying Guarantors or any other Person or party for the benefit of Borrower (as successor-in-interest to Underlying Initial Lender), as lender, in connection with the Collaterally Assigned Loan and (iii) any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, extensions and supplements hereof or thereof entered into in accordance with the terms hereof.

“Collaterally Assigned Mortgage” shall mean that certain Deed of Trust and Security Agreement, dated of even date with the Collaterally Assigned Note, executed by Fee Owner to Morehead Title Company for the benefit of Borrower (as successor-in-interest to Underlying Initial Lender), as lender, as the same may from time to time be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

“Collaterally Assigned Note” shall mean that certain Secured Promissory Note, dated as of July 22, 2021 in the original maximum principal amount of Thirty-Seven Million Nine Hundred Fifty Thousand and No/100 Dollars (\$37,950,000.00) made by Fee Owner payable to the order of Borrower (as successor-in-interest to Underlying Initial Lender), as lender, together with any and all renewals, modifications, reinstatements, enlargements or extensions thereof in accordance with the terms hereof.

“Collaterally Assigned Reserve Accounts” shall mean, collectively, all escrow or reserve accounts established pursuant to the Collaterally Assigned Loan Documents, including, without limitation, the Tax Account, Insurance Account, Capital Expenditures Reserve Account, Excess Cash Flow Account, Operating Expense Account, Interest Reserve Account, and Business Plan Reserve Account, each as defined in the Collaterally Assigned Loan Agreement.

“Collections” shall mean, with respect to the Collaterally Assigned Loan at any time, any payment or other cash distribution thereon of principal, interest, fees, reimbursements (including amounts required to be remitted to Borrower from an interest reserve or similar account under the Collaterally Assigned Loan Documents), proceeds of or other cash distributions thereon (including any payment under the Mortgagee Title Policy, casualty or condemnation proceeds remitted or required under the Collaterally Assigned Loan Documents to be remitted to Borrower, but in each case mentioned above, excluding amounts which are required under the Collaterally Assigned Loan Documents to be reserved, escrowed, readvanced or applied for the benefit of the Fee Owner or the Mortgaged Property), and payment and distributions made under or in connection with the Collaterally Assigned Contingent Payment Agreement.

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability

and length of lookback periods, the applicability of Breakage Costs, and other technical, administrative or operational matters) that the Lender decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Lender decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Continuing Collaterally Assigned Loan Default” shall mean a Collaterally Assigned Loan Default (other than Fee Owner’s failure to repay the Collaterally Assigned Loan on or prior to the Maturity Date, which, for the avoidance of doubt, shall be subject to the provisions of Section 2.05(b), hereof) that has occurred and is continuing, subject to the terms and conditions of Section 10.02(h), hereof.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of, in each case, the management, policies or ownership of such entity, whether through the ability to exercise voting power, direct or indirect ownership, by contract or otherwise. “Controlled by”, “Controlling” and “under common Control with” shall have the respective correlative meaning thereto.

“Conversion Conditions” shall mean the conditions precedent to a Conversion of the Mortgaged Property from security for the Collaterally Assigned Loan to a REO Property that Borrower (or any subsidiary or Affiliate of Borrower) has taken title to (or has acquired the Fee Owner Equity Interests), subject to a mortgage for the benefit of Lender, as follows:

(x) no Default or Event of Default shall exist;

(x) Borrower or any subsidiary or Affiliate of Borrower shall have acquired title to the Mortgaged Property or the Fee Owner Equity Interests by foreclosure, acceptance of a deed (or assignment) in lieu of foreclosure or otherwise; and

(z) Borrower and Guarantor have delivered to Lender Replacement Mortgage Documents and Replacement Guaranties which shall convert the Loan to a mortgage loan.

“Convert,” “Conversion” or “Converted” shall mean, with respect to the Collaterally Assigned Loan, the conversion of the Mortgaged Property securing the Collaterally Assigned Loan into REO Property, whether by means of foreclosure, deed (or assignment)-in-lieu of foreclosure or otherwise.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Lender in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for bilateral business loans; provided that if the Lender decides that any such convention is not administratively feasible for the Lender, then the Lender may establish another convention in its reasonable discretion.

“Damages” shall mean, with respect to any Person, any and all liabilities, obligations, losses, demands, damages, penalties, assessments, actions, causes of action, judgments, proceedings, suits, claims, reasonable costs and expenses and disbursements of any kind or nature whatsoever (including reasonable attorneys’ fees and other costs of defense and/or enforcement whether or not suit is brought), fines, charges, fees, settlement costs and disbursements imposed on, incurred by or asserted against such Person, whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial

laws, statutes, and rules or regulations), on common law or equitable cause or on contract or otherwise.

“Default” shall mean any event that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

“Default Rate” shall mean the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum interest permitted by law applicable to Lender.

“Draw Request” shall mean a request by Borrower for an Advance under the Loan in the form attached hereto as Schedule 4.

“Effective Date” shall mean the date of this Loan Agreement.

“Eligible Account” shall mean (i) a segregated account maintained with a federal or state-chartered depository institution or trust company that complies with the definition of Eligible Institution, or (ii) a segregated trust account or accounts maintained with the corporate trust department of a federal depository institution or state-chartered depository institution that has an investment-grade rating and is subject to regulations regarding fiduciary funds on deposit under, or similar to, Title 12 of the Code of Federal Regulations Section 9.10(b) that, in either case, has corporate trust powers, acting in its fiduciary capacity.

“Eligible Institution” shall mean (i) Lender, (ii) a financial institution whose commercial paper, short-term debt obligations or other short-term deposits are rated at least “A-1” by S&P, “P-1” by Moody’s and/or “F-1” by Fitch, and whose long-term senior unsecured debt obligations are rated at least “A-” by S&P, “A” by Fitch, and “A2” by Moody’s and whose deposits are insured by the FDIC or (iii) such other financial institution approved by Lender.

“Embargoed Person” shall mean any Person subject to trade restrictions under any Federal Trade Embargo.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Loan Agreement and, as of the relevant date, any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“ERISA Affiliate” shall mean, with respect to any Person, any corporation or trade or business (whether or not incorporated) that is a member of any group of organizations described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA of such Person is a member at any relevant time.

“Eurodollar Business Day” shall mean a day on which commercial banks are open for general business (including dealings in U.S. Dollar deposits) in London, England.

“Event of Default” shall have the meaning set forth in Section 8.01 hereof.

“Expense Reimbursement Amount” shall mean all Expenses, Damages or other amounts (excluding principal and interest) payable by Borrower or Guarantor to Lender in accordance with this Loan Agreement or the other Loan Documents.

“Expenses” shall mean all obligations, costs, fees, indemnities and expenses (including, without limitation, reasonable legal fees, disbursements and related costs) in respect of the Loan incurred by Lender in connection with this Loan.

“Extension Term” shall mean the First Extension Term and/or the Second Extension Term, as applicable.

“FATCA” shall mean Sections 1471 through 1474 of the Code, as such sections may be amended from time to time, any successor provisions to such sections and any current or future regulations or official interpretations thereof.

“Federal Funds Rate” means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day’s Federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (b) 0%.

“Federal Trade Embargo” shall mean any federal law imposing trade restrictions, including (i) the Trading with the Enemy Act (50 U.S.C.A. App. 1 et seq.), as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended), (ii) the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-06 et seq., as amended), (iii) any enabling legislation or executive order relating to the foregoing, (iv) Executive Order 13224 on Terrorist Financing, effective September 24, 2001 (relating to “Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism”), and (v) the PATRIOT Act.

“Fee Owner” shall have the meaning set forth in the Recitals.

“Fee Owner Draw Request” shall mean a written request, provided by Fee Owner in accordance with the terms of the Collaterally Assigned Loan Agreement, for an advance under the Collaterally Assigned Loan from Borrower, together with all required documentation and supporting information submitted in connection therewith (it being understood and agreed that Borrower shall request from Fee Owner all items and materials which Borrower is entitled to request in connection with any such advance under the Collaterally Assigned Loan).

“Fee Owner Equity Interests” shall mean the equity interests in Fee Owner.

“Filings” shall have the meaning set forth in Section 5.02(b) hereof.

“First Extended Maturity Date” shall mean the first (1st) anniversary of the Initial Maturity Date.

“First Extension Term” shall have the meaning set forth in Section 2.05(a) hereof.

“Fitch” shall mean Fitch, Inc.

“Floor” shall mean one-quarter of one percent (.25%).

“GAAP” shall mean generally accepted accounting principles in the United States of America, applied on a consistent basis.

“Governmental Authority” shall mean the government of the United States of America or of any state, county, municipality or other political subdivision thereof or any governmental body, agency, authority, department or commission (including, without limitation, any taxing authority) or any instrumentality or officer of any of the foregoing (including, without limitation, any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other

entity directly or indirectly owned by or controlled by the foregoing. In instances where rules, guidance, or any similar requirement are mentioned in relationship to a stock exchange, Governmental Authority shall also be construed to include the applicable stock exchange's governing body (e.g., NASDAQ) and authorities acting on behalf of such exchange under its governing body.

“Guarantor” shall mean Franklin BSP Realty Trust, Inc., a Maryland corporation.

“Guaranty” shall mean (i) the Guaranty of Recourse Obligations, dated as of the date hereof, made by Guarantor for the benefit of Lender, as such agreement may from time to time be amended, restated, replaced, supplemented or otherwise modified in accordance herewith (the “Recourse Obligations Guaranty”) and (ii) the Guaranty of Funding Obligations, dated as of the date hereof, made by Guarantor for the benefit of Lender, as such agreement may from time to time be amended, restated, replaced, supplemented or otherwise modified in accordance herewith, collectively or individually, as the context requires.

“Guaranty Claim” shall have the meaning set forth in Section 10.06(g).

“Hazardous Materials” shall mean any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, toxic substances, toxic pollutants, contaminants, pollutants or words of similar meaning or regulatory effect under any present or future Hazardous Materials Laws, the presence of which on, in or under the Mortgaged Property is prohibited or requires investigation or remediation under Hazardous Materials Law, including petroleum and petroleum by-products, asbestos and asbestos-containing materials, toxic mold, polychlorinated biphenyls, lead and radon, and compounds containing them (including gasoline, diesel fuel, oil and lead-based paint), pesticides and radioactive materials, flammables and explosives and compounds containing them, but excluding those substances commonly present on, or used in the operation and maintenance of properties, of kind and nature similar to those of the Mortgaged Property that are present or are used at, the Mortgaged Property in compliance with all Hazardous Materials Laws and in a manner that does not result in contamination of the Mortgaged Property.

“Hazardous Materials Laws” shall mean any and all present and future federal, state and local laws, statutes, ordinances, orders, rules, regulations and the like, as well as common law, any judicial or administrative orders, decrees or judgments thereunder, and any permits, approvals, licenses, registrations, filings and authorizations, in each case as now or hereafter in effect, relating to (i) the pollution, protection or cleanup of the environment, (ii) the impact of Hazardous Materials on property, health or safety, (iii) the use or Release of Hazardous Materials, (iv) occupational safety and health, industrial hygiene or the protection of human, plant or animal health or welfare or (v) the liability for or costs of other actual or threatened danger to health or the environment. The term “Hazardous Materials Laws” includes, but is not limited to, the following statutes, as amended, any successors thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including Subtitle I relating to underground storage tanks); the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. The term “Hazardous Materials Laws” also includes, but is not limited to, any present and future federal state and local laws, statutes ordinances, rules, regulations and the like, as well as common law, conditioning transfer of property upon a negative declaration or

other approval of a Governmental Authority of the environmental condition of a property; or requiring notification or disclosure of Releases of Hazardous Materials or other environmental conditions of a property to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in property.

“Indebtedness” shall mean, for any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services; (c) Indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective Indebtedness so secured has been assumed by such Person; (d) obligations (contingent or otherwise) of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person; (e) obligations of such Person under sale/buy-back or lease agreements or like arrangements; (f) obligations of such Person under any interest rate protection agreement; (g) Indebtedness of others guaranteed by such Person; (h) all monetary obligations of such Person incurred in connection with the acquisition or carrying of fixed assets by such Person; and (i) Indebtedness of general partnerships of which such Person is a general partner.

“Indemnified Party” and “Indemnified Parties” shall have the meaning set forth in Section 9.03(a) hereof.

“Information” shall have the meaning set forth in Section 9.23 hereof.

“Initial Maturity Date” shall mean the earlier of (a) the third (3rd) anniversary of the date on which the initial Advance is made hereunder and (b) May 1, 2025.

“Insolvency Law” shall mean any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar law relating to the protection of creditors under federal, state, local or foreign bankruptcy or insolvency laws.

“Interest Period” shall mean (i) the period from the Effective Date through the first day thereafter that is the last day of a calendar month, and (ii) each period thereafter from the first (1st) day of a calendar month through the last day of a calendar month; except that the Interest Period, if any, that would otherwise commence before and end after the Maturity Date shall end on the Maturity Date.

“Interest Rate” shall mean, for each Interest Period, the Adjusted Term SOFR as determined for such Interest Period plus the Applicable Spread; provided that at any time a Loan shall be an ABR Loan such Loan shall bear interest for each day during an Interest Period at a rate equal to the greater of (i) the ABR as determined for such day and (ii) the Floor, in each case plus the Applicable Spread, and from and after the date on which a Collaterally Assigned Loan Default occurs, plus one-half of one percent (0.50%).

“Legal Requirement” shall mean, as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Property (that is material and relevant to this Loan or such Person’s operations) or to which such Person or any of its Property is subject.

“Lender” shall have the meaning set forth in the introductory paragraph hereof.

“Lien” shall mean any mortgage, lien (statutory or otherwise), deed of trust, pledge, charge (per charging order), encumbrance, security interest, hypothecation, easement, restrictive covenant, option, preference, assignment or adverse claim or any agreement to enter into or create any of the foregoing.

“LLC Agreement” shall have the meaning set forth in Section 7.10(b).

“Loan” shall have the meaning set forth in the Recitals.

“Loan Agreement” shall have the meaning set forth in the introductory paragraph hereof.

“Loan Amount” shall have the meaning set forth in the Recitals.

“Loan Documents” shall mean, collectively, this Loan Agreement, the Note, the Guaranty, the Assignment of Loan Documents, the Collateral Assignment of Assignment of Leases and Rents, the Collateral Assignment of Deed of Trust and all other documents, certificates and instruments executed in connection herewith and therewith.

“Loan Party” shall mean Borrower and Guarantor.

“Loan to Value Ratio” shall mean the ratio, as of any date, of (i) the Adjusted Loan Balance on such date to (ii) the as-is appraised value of the Mortgaged Property as of such date (as determined by Lender pursuant to an Appraisal acceptable to Lender in its reasonable discretion). Lender’s calculation of the Loan to Value Ratio shall be final absent manifest error.

“Maturity Date” shall mean the earlier of (x) the Initial Maturity Date, the First Extended Maturity Date and/or the Second Extended Maturity Date, as applicable, as it may be earlier accelerated pursuant to the terms hereof, or (y) the maturity date of the Collaterally Assigned Loan (as it may be earlier accelerated pursuant to the terms of the Collaterally Assigned Loan Documents), subject to Section 2.05(b) hereof).

“Member” shall have the meaning set forth in Section 7.10(b).

“Minimum Interest Payment” shall mean an amount equal to the lesser of (i)(A) Eight Hundred Eighty-Seven Thousand Sixty-Three and No/100 Dollars (\$887,063.00) less (B) the sum of the aggregate amount of regular, monthly non-default interest that has accrued and been paid under the Note as of the date the Loan is paid in full or (ii) Seventy-Five and One Ten Hundredths percent (75.1%) of the Minimum Interest (as defined in the Collaterally Assigned Note) received by Borrower; provided, however, it is expressly agreed and understood that (1) except as expressly indicated in item (3) of this sentence, the Minimum Interest Payment shall be due under any and all circumstances where the Loan is paid in full, whether such payment is a prepayment or made on or after the Maturity Date, whether such payment is voluntary or involuntary, and even if such payment results from Lender’s acceleration of the Maturity Date of this Note upon an Event of Default (and irrespective of whether foreclosure proceedings have been commenced), and shall be in addition to any other sums due hereunder or under any of the other Loan Documents, (2) any fee, cost or expense paid by Borrower (other than monthly non-default interest that has accrued and been paid as of the date of such payment) shall not be included in the determination of “regular monthly non default interest that has accrued and been paid” for purposes of the foregoing calculation, (3) no Minimum Interest Payment shall be applicable with respect to any payment resulting from application of Net Proceeds as provided in the Collaterally Assigned Loan Agreement at any time during the term of the Loan, (4) no Minimum Interest Payment is payable at the time of a partial prepayment, and (5) in no event shall the Minimum Interest Payment be a negative amount.

“Monthly Statement” shall mean, for each calendar month during which this Loan Agreement shall be in effect, a report in the form of Exhibit A hereto, which shall include as attachments and copies of all financial reporting items due under the Collaterally Assigned Loan Documents from the Fee Owner.

“Moody’s” shall mean Moody’s Investors Service, Inc. and its successors.

“Mortgaged Property” shall mean that certain real and personal property which serves as security for the Collaterally Assigned Loan, as more particularly described in the Collaterally Assigned Mortgage.

“Mortgagee Title Policy” shall mean the policy of title insurance that the Title Company issued to Borrower (as successor-in-interest to Underlying Initial Lender), as lender, at the time of origination of the Collaterally Assigned Loan, as the same may be amended from time to time in accordance with the terms hereof.

“Non-Excluded Taxes” shall have the meaning set forth in Section 2.07(a) hereof.

“Note” shall mean that certain Promissory Note of even date herewith in the principal amount of up to Twenty-Eight Million Five Hundred Thousand and No/100 Dollars (\$28,500,000.00), made by Borrower payable to the order of Lender, and any promissory note delivered in substitution or exchange therefor, in each case as may from time to time be amended, restated, replaced, supplemented or otherwise modified.

“Officer’s Certificate” shall mean, as to any Person, a certificate from the president, the vice president, secretary or other authorized officer or authorized signatory of such Person.

“Other Taxes” shall have the meaning set forth in Section 2.07(b) hereof.

“Participation” shall have the meaning set forth in Section 9.05(b) hereof.

“PATRIOT Act” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001)), as the same was restored and amended by United and Strengthening America by Fulfilling Rights and Ensuring Effective Discipline Over Monitoring Act of 2015 (USA FREEDOM Act, 114 Public Law 23 (June 2, 2015)).

“Payment Date” shall mean the first (1st) day of each month, or, if such date is not a Business Day, the immediately succeeding Business Day.

“Periodic Term SOFR Determination Day” has the meaning specified in the definition of “Term SOFR”.

“Permitted Encumbrances” shall mean those liens or encumbrances (i) for taxes not yet due, or liens for real estate taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established, (ii) encumbrances reflected as items 2 and 4 on Schedule B-1 of the Mortgagee Title Policy, (iii) mechanic or materialmen liens, but only to the extent the same have been bonded or discharged in a manner satisfactory to Lender within sixty (60) days’ after the filing thereof or (iv) otherwise expressly approved in writing by Lender.

“Permitted Transfer” shall mean the Transfer of any direct or indirect interest in Borrower so long as after giving effect to such Transfer, (A) such transfer shall not result in

Borrower no longer maintaining control over and/not owning one hundred percent (100%) of the Collateral, (B) Guarantor continues to own, directly or indirectly, not less than a fifty-one percent (51%) interest in the Collateral, (C) no Person is admitted as a new member in Borrower unless approved in writing by Lender in its sole discretion, and (D) Guarantor continues to own, directly or indirectly, at least fifty-one percent (51%) of the membership interests in, and Control, Borrower; provided, however, in order for any such transfer of an interest to qualify as a Permitted Transfer (1) no Event of Default shall have occurred and remain outstanding or shall occur as a result of such transfer, and (2) such a transfer must further (A) not result (either singularly or in the aggregate with prior assignments) in any party as to which Lender has not undertaken its normal credit and/or regulatory review process with satisfactory results becoming an owner, directly or indirectly, in twenty percent (20%) or more of the interests in Borrower and (B) (I) be the subject of written notice to Lender within fifteen (15) days of such assignment together with copies of all applicable assignment documents and (II) without limiting clause (2)(A) above, be subject to Lender having received all documentation and other information required by Lender, in form and substance satisfactory to Lender, under applicable “know-your-customer,” Customer Information Program, and anti-money laundering Legal Requirements, including, without limitation, the PATRIOT Act, with respect to such transferee(s).

“Person” shall mean any natural person, individual, corporation, company, voluntary association, partnership, joint venture, limited liability company, trust, unincorporated association or government (or any agency, instrumentality or political subdivision thereof), or other legal person.

“Plan” shall mean an employee benefit or other plan established or maintained during the five year period ended prior to the date of this Loan Agreement or to which Borrower or any ERISA Affiliate makes, is obligated to make or has been required to make contributions and that is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

“Plan Assets” shall mean assets of any (a) employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (b) plan (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, or (c) governmental plan (as defined in Section 3(32) of ERISA) subject to any other federal, state or local laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

“Prime Rate” means the rate of interest per annum which is the highest prime lending rate of interest most recently in effect (as published in the Money Rates Section in The Wall Street Journal or if The Wall Street Journal fails to publish such rate, such other publication as Lender shall designate in its sole discretion). A certificate made by an officer of Lender stating the Prime Rate in effect on any given day, for the purposes hereof, shall be conclusive evidence of the Prime Rate in effect on such day. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change. In the event that the concept of the Prime Rate shall no longer exist, then the Prime Rate shall be deemed to be the Prime Rate last reported in The Wall Street Journal.

“Principal Payment” shall mean, with respect to the Collaterally Assigned Loan, any payment or prepayment of principal received in respect thereof (including, without limitation, (w) any payment under the Mortgagee Title Policy, (x) casualty or condemnation proceeds to the extent that such proceeds are not required pursuant to Collaterally Assigned Loan Documents to be reserved, escrowed, readvanced or applied for the benefit of the Fee Owner or Mortgaged Property, (y) the application of collateral held by Borrower upon a Collaterally Assigned Loan Default which is not expressly required to be used for purposes other than

principal repayment under the Collaterally Assigned Loan Documents and/or (z) any other sums and/or fees received by Borrower from or on behalf of Fee Owner or any Underlying Guarantor that are applied by Borrower as a repayment of principal).

“Prohibited Lender Transferee” shall mean any of the following: Fortress Investment Group LLC; Colony Capital, Inc.; Ladder Capital Corp.; C-III Capital Partners LLC; UC Funding (each of the foregoing, a “Specified PLT”) or any affiliate, successor or assign of any Specified PLT but only to the extent readily identifiable as an affiliate, successor or assign of such Specified PLT on the basis of its name.

“Project” shall have the meaning set forth in the Recitals.

“Property” shall mean any ownership right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Protective Advance” shall have the meaning set forth in Section 10.05 hereof.

“Recourse Obligations Guaranty” has the meaning given to such term in the definition of Guaranty.

“Regulations T, U and X” shall mean Regulations T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

“Release” shall mean, with respect to any Hazardous Material, any release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials into the indoor or outdoor environment (including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata).

“Relevant Governmental Body” means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

“REO Property” shall mean the Mortgaged Property that is subject to Conversion to direct ownership by Borrower or any subsidiary or Affiliate of Borrower.

“Replacement Guaranties” shall mean (x) replacement completion and recourse carve-out guaranties executed by Guarantor or another Person acceptable to Lender in its sole discretion in substantially the same forms as the Guaranty (Completion) and Guaranty (Recourse Guaranty) (each as defined in the Collaterally Assigned Loan Agreement), respectively (which Person, in all events, shall be an Affiliate of Borrower) and (y) a replacement environmental indemnity agreement executed by Guarantor and Borrower in substantially the same form as the Collaterally Assigned Environmental Indemnity Agreement.

“Replacement Mortgage Documents” shall mean mortgage loan documents acceptable to Lender in its reasonable discretion with Borrower or Borrower’s designee or assignee that (i) are substantially similar to the Collaterally Assigned Loan Documents as it relates to non-economic terms, including the obligation of the “Lender” thereunder to make loan advances thereunder and Project related requirements, representations, warranties and covenants and (ii) are substantially similar to the Loan Documents as it relates to economic terms and Borrower specific terms, including the loan amount, interest rate, transfer rights and extension rights, and which, in any event, grant, convey and assign to Lender a first mortgage lien on and security interest in and to the Mortgaged Property.

“Reserve Account” shall mean an Eligible Account to be opened at the Reserve Bank in the name of “BSPRT Oliver Finance, LLC, for the benefit of Lender under that certain Loan and Security Agreement dated as of February 10, 2022.”

“Reserve Bank” shall mean Lender, or any successor Reserve Bank designated by Lender in its sole but reasonable discretion that maintains the Reserve Account.

“Second Extended Maturity Date” shall mean the first (1st) anniversary of the First Extended Maturity Date.

“Second Extension Term” shall have the meaning set forth in Section 2.05(a) hereof.

“Secured Obligations” shall have the meaning set forth in Section 5.01(a) hereof.

“Servicer” shall mean Situs Asset Management LLC or any other servicer proposed by Borrower and approved by Lender in its sole but reasonable discretion.

“Servicing Agreement” shall mean that certain Servicing Agreement dated as of January 18, 2018 by and between Benefit Street Partners Realty Operating Partnership, L.P. and the Servicer or any other servicing agreement or any subservicing agreement, in each case, approved by Lender in its sole but reasonable discretion governing the servicing or sub-servicing, respectively, of the Collaterally Assigned Loan by Servicer or a sub-servicer.

“Servicing Costs” shall mean certain expenditures by Borrower and/or Servicer related to the servicing, subservicing and management of the Collaterally Assigned Loan as more particularly described in each Monthly Statement, including: (i) reasonable out-of-pocket expenses that Borrower expends or advances to protect or preserve the value of the Collateral or the priority of the Liens and security interests created by the Collaterally Assigned Loan Documents relating thereto, including taxes, insurance premiums, (including forced place insurance premiums), payment of ground rent, the costs of prevention of waste, repairs and maintenance, foreclosure expenses and legal fees and expenses relating to foreclosure, disposition, workout, modification or litigation with respect to the Collaterally Assigned Loan, (ii) reasonable out-of-pocket expenses incurred in connection with the Conversion of the Mortgaged Property to REO Property (including reasonable attorneys’ fees, filing fees, third party fees and expenses and court costs) and (iii) actual out-of-pocket legal, appraisal and related fees incurred by Borrower and paid to non-Affiliates after the date hereof in accordance with the administration of the Collaterally Assigned Loan as set forth in this Loan Agreement, but in all events excluding the servicing fee.

“Servicing Records” shall have the meaning set forth in Section 10.04(b) hereof.

“Servicing Rights” shall mean all contractual, possessory or other rights of Borrower and/or any Servicer to administer, service or subservice the Collaterally Assigned Loan (or to possess any Servicing Records relating thereto), including, without limitation: (i) the rights to service or subservice the Collaterally Assigned Loan, (ii) the right to receive compensation (whether direct or indirect) for such servicing or subservicing, including the right to receive and retain the related servicing fee or subservicing fee and all other fees with respect to the Collaterally Assigned Loan, and (iii) all rights, powers and privileges incidental to the foregoing, together with all Servicing Records relating thereto.

“Single-Purpose Entity” shall mean a Person, other than an individual, that is formed or organized solely for the purpose of holding, directly or indirectly and subject to this Loan Agreement, the Collaterally Assigned Loan, does not engage in any business unrelated to

the Collaterally Assigned Loan, does not have any assets other than the Collaterally Assigned Loan or any indebtedness other than as permitted by this Loan Agreement, has its own separate books and records and its own accounts, in each case which are separate and apart from the books and records and accounts of any other Person (other than being included in a consolidated group for tax reporting purposes), holds itself out as being a Person, separate and apart from any other Person and complies with the requirements set forth in Section 7.10. If the foregoing entity is a limited partnership or limited liability company, its partnership agreement or limited liability company agreement (as applicable) shall provide that that the dissolution and winding up or bankruptcy or insolvency filing of such partnership or limited liability company shall require the unanimous consent of all partners or members.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Loan” means a Loan that bears interest at a rate based on Adjusted Term SOFR.

“Special Member” shall have the meaning set forth in Section 7.10(b).

“Survey” shall mean that certain ALTA/NSPS Land Title Survey prepared for The Oliver, LLC on February 5, 2020 by R.B. Pharr & Associates, P.A. Surveying & Mapping.

“Taxes” shall have the meaning set forth in Section 2.07(a) hereof.

“Term SOFR” means for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day; and

“Term SOFR Adjustment” means a percentage equal to 0.11448 % per annum.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Lender in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Title Company” shall mean Morehead Title Company, together with its successors.

“Title Continuation” shall mean an endorsement to the Mortgagee Title Policy indicating that, since the closing date of the Collaterally Assigned Loan or the date of the last preceding Advance, as the case may be, the Lien of the Collaterally Assigned Mortgage continues to be a valid lien on the Mortgaged Property, subject only to the permitted title exceptions pursuant to the Collaterally Assigned Loan Agreement, which endorsement shall contain no exception for inchoate construction or mechanic’s liens and shall have the effect of continuing the Mortgagee Title Policy to the date of such Advance, and/or increasing the coverage of the Mortgagee Title Policy by an amount equal to the Loan Advance (as defined in the Collaterally Assigned Loan Agreement) then being made (if any) if the Mortgagee Title Policy does not by its terms provide for such an increase (along with any other previous Loan Advances (as defined in the Collaterally Assigned Loan Agreement) for which a Title Continuation was not received) and which such Title Continuation shall contain the endorsements and affirmative coverage as Lender may reasonable require to the extent the same are available.

“Transfer” shall mean, in each case, whether achieved directly, indirectly or through multiple or serial transactions, a sale, lease, exchange, assignment (including assignment by operation of law), conveyance, transfer, pledge, grant of encumbrance, trade or other disposition of all or any part of the Collateral (or any interest therein) or all or any part of the beneficial ownership interest (including ownership interests or control interests, held directly or indirectly) in Borrower (if Borrower is a corporation, limited liability company, limited liability partnership, general partnership, limited partnership, joint venture, trust, or other type of business association or legal entity).

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Underlying Guarantors” shall mean, individually or collectively (as the context may require) (x) Clayton Fowler and Jonathan Cohen, two individuals, with respect to the Guaranty (Completion) and Guaranty (Recourse) (each as defined in the Collaterally Assigned Loan Agreement), and the Collaterally Assigned Environmental Indemnity Agreement and (y) any other party guaranteeing the repayment or any obligation of all or any part of the Collaterally Assigned Loan.

“Underlying Initial Lender” shall mean BSPRT CRE Finance, LLC, a Delaware limited liability company.

“Uniform Commercial Code” shall mean, unless otherwise specified herein, the Uniform Commercial Code as in effect from time to time in the State of New York; provided however, if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of any security interest is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, with respect to perfection or the effect of perfection or non-perfection, “Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Loan Agreement relating to such perfection or effect of perfection or non-perfection.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

1.02 Accounting Terms and Determinations. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to Lender

hereunder shall be prepared, in accordance with an Approved Accounting Method. All references herein to a “fiscal” year or quarter or other period refer to a calendar year or quarter or other period unless otherwise specifically set forth.

1.03 Rules of Construction. Unless otherwise specified, (i) all references to sections and schedules are to those in this Loan Agreement, (ii) the words “hereof,” “herein” and “hereunder” and words of similar import refer to this Loan Agreement as a whole and not to any particular provision, (iii) the word “including” means “including but not limited to”, (iv) all pronouns, whether in masculine, feminine or neuter form, shall be deemed to refer to the object of such pronoun whether same is masculine, feminine or neuter in gender, as the context may suggest or require, and (v) and all terms used herein, whether or not defined in Section 1.01 hereof, and whether used in singular or plural form, shall be deemed to refer to the object of such term whether such is singular or plural in nature, as the context may suggest or require. Where the written consent or approval of Lender is required, no statement of Lender is binding against Lender unless made in writing and executed by an officer of Lender holding the title of Executive Vice President. Where a decision, calculation, approval, or consent is made or given by Lender, unless the applicable part of this Loan Agreement provides for a different standard applicable to Lender (e.g., Lender’s commercially reasonable judgment, reasonably acceptable to Lender, or deemed final barring a manifest error by Lender) the standard for Lender taking or not taking such action, in each case, shall be Lender’s sole and absolute discretion.

1.04 Rates. The Lender does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to ABR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the ABR, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Lender and its affiliates or other related entities may engage in transactions that affect the calculation of the ABR, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Lender may select information sources or services in its reasonable discretion to ascertain the ABR, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

Section 2. **LOAN TERMS.**

2.01 Advances.

(a) Advances. The obligation of Lender to make each Advance hereunder is subject to the prior or simultaneous occurrence or satisfaction of each of the following conditions:

- (i) No Default or Event of Default exists;

(ii) The amount of such Advance, when added to all prior Advances, does not exceed the total Loan Amount;

(iii) The Loan Documents and the Collaterally Assigned Loan Documents shall be and remain valid and enforceable in accordance with their terms;

(iv) The representations and warranties made by Borrower, as contained in this Loan Agreement and in all other Loan Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made as of the date of each Advance, unless expressly stated to relate to a specific earlier date and except to the extent of changes approved by the Lender in its sole discretion;

(v) [reserved];

(vi) Lender shall have received from Borrower a properly executed and completed Draw Request for such Advance (accompanied by a copy of the Fee Owner Draw Request), completed, executed and certified by Borrower, together with such related materials (including, without limitation, lien waivers) as Lender shall request;

(vii) Lender shall have received a Title Continuation or endorsement, dated the date of the requested Advance, issued to Lender in connection with the Advance, which Title Continuation or endorsement shall state that since the last disbursement of the Loan there have been no changes in the state of title to the Mortgaged Property other than permitted title exceptions under the Collaterally Assigned Loan Agreement and that there are no additional survey exceptions not previously approved by Lender;

(viii) Lender shall have received an administrative fee of \$1,000 in connection with each Draw Request;

(ix) Lender shall have received (or the same will be paid with the proceeds of the applicable Advance) payment for any and all Indebtedness then due and owing under the Loan including, without limitation, Lender's costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred in connection with such Advance;

(x) Lender shall have received and approved evidence that Borrower has fully advanced, or is funding simultaneously with Lender's Advance, to Fee Owner an advance of the Collaterally Assigned Loan under the Collaterally Assigned Loan Agreement in an amount equal to the Advance in question divided by 0.75099;

(xi) Lender shall have received and approved evidence acceptable to Lender in its sole but reasonable discretion that Fee Owner has satisfied each and every one of the conditions to an advance of the Collaterally Assigned Loan, including those conditions set forth in Section 2.12 of the Collaterally Assigned Loan Agreement, together with Lender's receipt and approval of any supporting information submitted by Fee Owner in connection therewith;

(xii) Lender shall have received (A) evidence acceptable to Lender that all requirements for commencement of construction of the Business Plan Work (as defined in the Collaterally Assigned Loan Agreement) including, without limitation, that all permits and approvals needed for such commencement have been issued and are in full force and effect, the General Contractor's Agreement (as defined in the Collaterally Assigned Loan Agreement) with a guaranteed maximum price acceptable to Lender (a "GMP") has been fully executed and is in full force and effect and Trade Contracts (as defined in the Collaterally Assigned Loan Agreement) that are subcontracts under the Contractor's Agreement for at least seventy-five percent (75%) of the Business Plan Budget (as defined in the Collaterally Assigned Loan Agreement) have been fully executed and are in full force and effect, (B) a final plan and cost review supporting the GMP (a "Plan and Cost Review") acceptable to Lender in its sole discretion, and (C) a market study outlining the viability of the Project acceptable to Lender in its sole discretion (such study to include, without limitation, a demographic analysis, competitive landscape analysis (existing and future supply) and property absorption projection, with respect to the Project); and

(xiii) Borrower shall have delivered to Lender evidence acceptable to Lender that Fee Owner has invested cash equity into the Mortgaged Property in an amount equal to or in excess of the greater of (a) \$8,750,000 and (b) Fee Owner's required equity contribution in respect of the then current Business Plan Work pursuant to the Collaterally Assigned Loan Agreement.

2.02 Principal and Interest.

(a) Interest shall accrue on the outstanding principal balance of the Loan for each day during an Interest Period at the Interest Rate applicable to the Loan and shall be due and payable on each Payment Date; provided however, that the outstanding principal balance of the Loan and any unpaid and accrued interest not paid when due shall accrue interest at the Default Rate with respect to any period during the continuance of an Event of Default beginning upon the occurrence of an Event of Default, irrespective of whether such Event of Default has been formally declared through notice to Borrower. The outstanding principal amount of the Loan and any and all accrued but unpaid interest thereon, and any Minimum Interest Payment shall be due and payable in full on the Maturity Date. Notwithstanding anything to the contrary contained herein, any amounts received by Borrower or otherwise available to Borrower for payment on the Collaterally Assigned Loan shall promptly (and in any event by not later than two (2) Business Days after receipt) be paid to the Indebtedness then due and owing under the Loan (in accordance, in the case of principal payments, with Section 2.03) and prior to any payment to Borrower pursuant to the Collaterally Assigned Loan.

(b) Whenever any monthly payment of interest and/or principal with respect to the Loan is due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of the payment of interest and fees due hereunder.

(c) If any principal, interest or any other sum due under the Loan Documents, other than the payment of principal due on the Maturity Date, is not paid by Borrower within fifteen (15) days when due, Borrower shall pay to Lender upon demand an amount equal to five percent (5%) of such unpaid sum in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Collateral. Borrower acknowledges that it would be extremely

difficult or impracticable to determine Lender's actual damages resulting from any late payment and the aforementioned late charge is a reasonable estimate of those damages and does not constitute a penalty.

(d) The Loan is subject to the express condition that at no time shall Borrower be obligated, or required, to pay interest at a rate which could subject any Lender to either civil or criminal liability as a result of such rate being in excess of the maximum rate which such Lender is permitted to charge. If, by the terms of this Loan Agreement, the Note, or any of the other Loan Documents, Borrower is, at any time, required or obligated to pay interest at a rate in excess of such maximum rate, then the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate and interest payable hereunder and under the Note shall be computed at such maximum rate and any portion of all prior interest payments in excess of such maximum rate shall be applied, or shall retroactively be deemed to have been payments made, in reduction of the principal balance, as the case may be.

(e) Lender may, at its sole discretion, net out of any Advance amounts due to Lender for interest or otherwise under the Loan Documents.

(f) In connection with the use or administration of Term SOFR, the Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Lender will promptly notify the Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

2.03 Repayment; Prepayment.

(a) Intentionally omitted.

(b) Borrower shall have the right, at its option, upon thirty (30) days' prior written notice to Lender, to voluntarily prepay the Loan in whole or in part, without penalty. Any prepayment made pursuant to this Section 2.03(b) shall be accompanied by all sums then due under this Loan Agreement (including, without limitation, Breakage Costs and the Minimum Interest Payment, if any). Lender shall not be obligated to accept any prepayment under this Section 2.03(b) unless it is accompanied by all other sums then due under this Loan Agreement.

(c) In the event Borrower receives a Principal Payment on the Collaterally Assigned Loan, then Borrower shall promptly (and in any event by not later than two (2) Business Days after receipt) pay such Principal Payment to Lender as a repayment or prepayment, as applicable, in reduction of the outstanding principal amount of the Loan.

2.04 Computations. Interest on the Loan shall be computed on the basis of a three hundred sixty (360) day year (or in the case of interest computed by reference to the ABR at times when the ABR is based on the Prime Rate, such interest shall be computed on the basis of a year in 365 days (or 366 days in a leap year)) for the actual days elapsed occurring in the relevant Interest Period. Lender shall determine any rate of interest payable on the Loan hereunder, and such determination shall be conclusive and binding, absent manifest error.

2.05 Extension Options.

(a) Borrower shall have two (2) successive options to extend the Initial Maturity Date of the Loan to (x) the First Extended Maturity Date, with respect to the first option (the period of such extension, the “First Extension Term”), and (y) the Second Extended Maturity Date, with respect to the second option (the period of such extension, the “Second Extension Term”). In order to exercise each such extension option, Borrower must cause each of the following conditions to be satisfied as determined by Lender in its sole discretion:

(i) Borrower shall have delivered to Lender written notice of its desire to exercise its extension option at least thirty (30) and not more than ninety (90) days prior to the Maturity Date as theretofore in effect;

(ii) no Default or Event of Default shall have occurred or be continuing, in each case, on either the date of such notice or the Maturity Date as theretofore in effect;

(iii) Borrower shall have delivered to Lender a true and accurate certification from an authorized agent of Borrower (which, for the avoidance of doubt, may be combined with any other certification then being provided by Borrower), stating that (i) each and every requirement contained in the Collaterally Assigned Loan Documents required for an extension of the term of the Collaterally Assigned Loan has been satisfied and Lender shall have confirmed the satisfaction of each such requirement, and (ii) the applicable Extension Term shall not extend beyond the maturity date of the Collaterally Assigned Loan, as the same may be extended;

(iv) all representations and warranties of Borrower in this Loan Agreement are true and correct in all material respects on the date of such notice and on the Maturity Date as theretofore in effect, unless expressly stated to relate to a specific earlier date and except to the extent of changes approved by the Lender in its sole discretion;

(v) Borrower shall have made a deposit with the Reserve Bank in the Reserve Account in the amount as Lender determines is reasonably necessary to pay debt service on the Loan during the First Extension Term or the Second Extension Term, as applicable; and

(vi) Borrower shall have paid to Lender an extension fee equal to the product of (x) one-quarter of one percent (0.25%) and (y) the Adjusted Loan Balance as of the commencement of the First Extension Term or the Second Extension Term, as applicable.

2.06 Limitation on Adjusted Term SOFR; Illegality. Anything herein to the contrary notwithstanding:

(a) In the event that Lender determines in good faith (which determination shall be conclusive, absent manifest error) that: (A) adequate and fair means do not exist for ascertaining Adjusted Term SOFR; (B) Adjusted Term SOFR does not accurately reflect the cost to Lender of the Loan; (C) a Regulatory Change (as hereinafter defined) shall, in the good faith determination of the Lender, make it unlawful or commercially unreasonable for the Lender to use SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR as the index for purposes of determining the Interest Rate; or (D) SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR has been asserted by any governmental agency or authority as unlawful to be utilized, then, subject to Section 2.08 below, the Loan shall bear interest at the ABR and shall be deemed an “ABR Loan” from and after the date of such

determination until such time as Lender notifies the Borrower that the circumstances described in (A) through (D) of this subsection no longer exist.

(b) In the event of any change in any Legal Requirement after the Effective Date or in the interpretation or application thereof or compliance by Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the Effective Date:

(i) will impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirements against assets held by, letters of credit issued by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of Lender that is not otherwise included in the determination of Adjusted Term SOFR hereunder; or

(ii) will impose on Lender any other condition affecting this Loan Agreement or the Loan;

and the result of any of the foregoing is to increase the cost to Lender of converting into, continuing or maintaining the Loan, or to reduce any amount receivable hereunder in respect of any of the foregoing, in any case by an amount that Lender reasonably deems to be material, and provided that Lender has made a similar demand on all similarly situated borrowers of Lender for which Lender has the right to make such demand, then, in any such case, Borrower shall pay to Lender within ten (10) Business Days after receipt of a written demand of Lender (together with the written notice referred to in the following sentence), any additional amounts necessary to compensate Lender for such increased cost or reduced amount receivable. If Lender becomes entitled to claim any additional amounts pursuant to this Section 2.06(b), it shall promptly notify Borrower in writing of the event by reason of which it has become so entitled. A notice as to any additional amounts payable pursuant to this Section 2.06(b) submitted by Lender to Borrower, which will demonstrate in reasonable detail the computation of such amounts, shall be conclusive evidence of the accuracy of the information so recorded, absent manifest error. The obligations of Borrower under this Section 2.06(b) shall survive the termination of this Loan Agreement and the payment of the Loan and all other amounts payable hereunder.

(c) If, after the Effective Date, the introduction of or any change in any applicable law, rule, regulation or guideline (including, for this purpose and in each case, any applicable stock exchange rules or precatory guidance) regarding capital adequacy, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, affects the amount of capital required or expected to be maintained by Lender or any Person controlling Lender, and Lender (taking into consideration Lender's or its controlling Person's policies with respect to capital adequacy) reasonably determines that the amount of capital maintained by Lender or such Person that is attributable to or based upon the Loan or this Loan Agreement must be increased as a consequence of such introduction or change by an amount reasonably deemed by Lender to be material, and provided that Lender has made a similar demand on all similarly situated borrowers of Lender for which Lender has the right to make such demand, then, within ten (10) Business Days after receipt of a written demand of Lender, Borrower shall pay to Lender additional amounts sufficient to compensate Lender for the increased costs to Lender of such increased capital (including as they affect Lender through any Person controlling Lender, if applicable). Any such written demand of Lender will provide in reasonable detail the computation of any such increased costs, which certificate shall be conclusive, absent manifest error. The obligations of Borrower under this Section 2.06(c) shall survive the termination of this Loan Agreement and the payment of the Note and all other amounts payable hereunder.

(d) Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, in each case, shall be deemed to be a change in law, regardless of the date enacted, adopted or issued.

(e) Notwithstanding anything contained in this Section 2.06 to the contrary, upon delivery of notice to Borrower of a demand for payment under this Section 2.06, Borrower shall have the right to prepay the Loan and all obligations under the Loan Agreement in full within forty-five (45) days from Borrower's receipt of such notice, in which event if Borrower prepays the Loan and all such other obligations in full within such forty-five (45) day period, then Borrower shall have no obligation under this Loan Agreement (i) with respect to any capital adequacy demand made in accordance with Section 2.06(c) hereof referenced in such notice or (ii) to pay the Minimum Interest Payment.

2.07 Taxes.

(a) All payments made by Borrower to Lender (or its assignee) under this Loan Agreement shall be made free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, deductions, charges or withholdings on such payments, and all liabilities (including penalties, interest and additions to tax) with respect thereto imposed by any Governmental Authority thereof or therein ("Taxes"), excluding (i) income taxes, branch profits taxes, franchise taxes, withholding taxes or similar taxes imposed on Lender (or its assignee) by any jurisdiction to the extent such taxes are a result of any present or former connection between Lender (or its assignee) and such jurisdiction, other than any such connection arising solely from Lender (or its assignee) having executed, delivered or performed its obligations or received a payment under, or enforced, this Loan Agreement, (ii) taxes described in the immediately preceding subclause (i) in excess of taxes imposed in respect of Lender as of the date of this Loan Agreement resulting from the future action of Lender not associated with the Loan, (iii) any taxes in effect as of the Effective Date imposed in respect of Lender (or its assignee) as a result of Lender's intentional failure to provide Borrower with any necessary forms that would serve to reduce such taxes unless Lender is prohibited by applicable law from providing such forms to Borrower, and (iv) any taxes imposed under FATCA (all such Taxes not excluded by the preceding subclauses (i)-(iv) of this Section 2.07(a), "Non-Excluded Taxes"). If Borrower shall be required to deduct or withhold any Taxes from or in respect of any amount payable hereunder, (i) Borrower shall make such deductions or withholdings, (ii) Borrower shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law, and (iii) with respect to any Non-Excluded Taxes, the amount payable shall be increased by an amount (the "Additional Amount") necessary so that Lender shall receive a net amount equal to the amount it would have received had no such deductions or withholdings in respect of Non-Excluded Taxes been made.

(b) In addition, Borrower agrees to pay to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies (including, without limitation, mortgage recording taxes, transfer taxes and similar fees) imposed by the United States or any taxing authority thereof or therein that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Loan Agreement ("Other Taxes").

(c) Borrower shall indemnify Lender (or its assignee) for the full amount of Non-Excluded Taxes (including Additional Amounts with respect thereto) and Other Taxes paid by Lender (or its assignee).

(d) As soon as practicable after the date of any payment of Taxes or Other Taxes by Borrower to the relevant Governmental Authority, Borrower will deliver to Lender (or its assignee) the original or a certified copy of the receipt issued by such Governmental Authority evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement or obligation of Borrower hereunder, the agreements and obligations of Borrower contained in this Section 2.07 shall survive the termination of this Loan Agreement. Nothing contained in this Section 2.07 requires Lender (or its assignee) to make available any of its tax returns or any other information that Lender deems to be, in each case, confidential, privileged, or proprietary.

2.08 Benchmark Replacement Setting.

(a) Benchmark Replacement.

(i) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a monthly basis.

(ii) No swap agreement shall be deemed to be a "Loan Document" for purposes of this Section 2.08.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) Notices; Standards for Decisions and Determinations. The Lender will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with

the use, administration, adoption or implementation of a Benchmark Replacement. The Lender will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.08(d) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Lender pursuant to this Section 2.08, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.08.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Lender may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Lender may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a SOFR Loan or continuation of SOFR Loans to be made or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or continuation as an ABR Loan bearing interest at the ABR.

Section 3. **CONDITIONS PRECEDENT**. The obligation of Lender to enter into this Loan Agreement and to make the Loan hereunder is subject to satisfaction, on or prior to the Effective Date, of all of the following conditions precedent, each of which shall be satisfactory to Lender in both form and substance:

3.01 Loan Requirements

- (i) [Intentionally Omitted].
- (ii) Loan Documents. Lender shall have received duly executed copies of each of the Loan Documents in form and substance satisfactory to Lender.
- (iii) Organizational Documents. Lender shall have received certified copies of Borrower's and Guarantor's organizational documents and resolutions or other documents evidencing the authority of Borrower and Guarantor with respect to the execution, delivery and performance of the Loan

Documents to which it is a party and each other document to be delivered by Borrower and Guarantor from time to time in connection with the Loan Documents (and Lender may conclusively rely on such certifications until it receives notice in writing from Borrower or Guarantor to the contrary).

(iv) Legal Opinion. Lender shall have received opinions of counsel to Borrower and Guarantor in form and substance satisfactory to Lender as to organization, authority and enforceability of the Loan Documents to which it is a party, creation and perfection of security interests and such other matters as may be requested by Lender; provided, however, that solely with respect to the non-consolidation opinion, Borrower agrees to promptly deliver such opinion to Lender at such time when the maximum liability to Guarantor under the Guaranty of Funding Obligations is first less than ten percent (10%) of the outstanding principal balance of the Loan.

(v) No Default or Event of Default. No Default or Event of Default under this Loan Agreement will have occurred and be continuing on such date either before or after execution and delivery of this Loan Agreement.

(vi) Representations and Warranties. The representations and warranties in this Loan Agreement and in the other Loan Documents shall be true and correct in all material respects on and as of the Effective Date with the same effect as if made on such date.

(vii) Approval. Lender shall have obtained approval to consummate the Loan pursuant to Lender's credit authority approval process.

(viii) Transaction Costs. Borrower shall have paid all transaction costs and Expenses that are due and payable (or provided for the direct payment of such transaction costs by Lender from the proceeds of the Loan).

(ix) Know Your Customer Rules. At least ten (10) days prior to the Effective Date, Lender shall have received all documentation and other information required by bank regulatory authorities under applicable "know-your-customer," Customer Information Program, and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.

(x) Other Documents. Borrower shall have delivered to Lender such other documents or instruments as Lender shall reasonably request, including, without limitation, any documentation from Fee Owner and/or Underlying Guarantors.

3.02 Collaterally Assigned Loan Requirements

(i) Engineering and Environmental. Lender shall have received and approved copies of the "Phase I" (and, if recommended by the Phase I, a "Phase II") environmental report, asbestos survey, if applicable, engineering report of the Mortgaged Property and such other reports related to the Mortgaged Property reasonably requested by Lender.

(ii) Appraisal. Lender shall have received and approved an Appraisal of the Mortgaged Property.

(iii) Insurance. Lender shall have received and approved evidence of insurance with respect to the Mortgaged Property that conforms to the requirements set forth in the Collaterally Assigned Loan Documents.

(iv) Title Policy. Borrower shall have delivered to Lender a copy of the Mortgagee Title Policy in favor of Borrower (as successor-in-interest to Underlying Initial Lender), as lender, and their successors and/or assigns with respect to Borrower's interest in the Mortgaged Property (subject to such exceptions as are satisfactory to Lender).

(v) Collateral File. The Collateral File shall have been delivered to Lender or its designee.

(vi) Satisfaction by Fee Owner. Lender shall have received evidence acceptable to Lender that Fee Owner has satisfied each and every one of the conditions to closing the Collaterally Assigned Loan, together with Lender's receipt and approval of any supporting information submitted by Fee Owner and/or Underlying Guarantors in connection therewith.

(vii) Satisfactory Due Diligence. Lender shall have completed satisfactory due diligence of the Collaterally Assigned Loan and the Mortgaged Property.

Section 4. **RESERVES AND ACCOUNTS.**

4.01 Collaterally Assigned Loan Accounts.

(a) Intentionally Omitted.

(b) Notwithstanding anything to the contrary contained in the Collaterally Assigned Loan Documents, Lender may independently review the amounts deposited and/or required to be deposited in the Collaterally Assigned Reserve Accounts. Lender may require that the amounts required to be deposited in the Collaterally Assigned Reserve Accounts by Fee Owner be, and Borrower covenants and agrees to cause such amounts to be, increased or decreased as determined by Lender in its sole but reasonable discretion.

(c) Notwithstanding anything to the contrary contained in the Collaterally Assigned Loan Documents, Lender may independently review and calculate whether a Business Plan Reserve Funds Borrower Deposit (as defined in the Collaterally Assigned Loan Agreement) is required to be made by Fee Owner under the Collaterally Assigned Loan Agreement. Lender may require that Borrower shall deliver to Fee Owner written notice that a Business Plan Reserve Funds Borrower Deposit is so required to be made. Borrower covenants and agrees that it shall promptly deliver written notice to Fee Owner that it needs to make a Business Plan Reserve Funds Borrower Deposit and thereafter require Fee Owner to deposit same in accordance with the provisions of the Collaterally Assigned Loan Agreement.

(d) Upon the occurrence of an Event of Default, Borrower shall take no further action with respect to the funds on deposit in the Collaterally Assigned Reserve Accounts and cause control of the Collaterally Assigned Reserve Accounts and any other collateral accounts in connection with the Collaterally Assigned Loan to be transferred to Lender. Upon and after such transfer, Lender shall hold and administer the Collaterally Assigned Reserve Accounts and related collateral in accordance with the

terms and conditions of the Collaterally Assigned Loan Documents. Upon the occurrence of an Event of Default together with a Collaterally Assigned Loan Default, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then present in any or all of the accounts to the payment of the Indebtedness hereunder in any order in its sole discretion.

4.02 Reserve Account. Funds in the Reserve Account shall be part of the Collateral for the Loan and may be applied by the Lender on any Payment Date to pay interest on the Loan in the event the Borrower fails to make such payment. The Reserve Account shall be funded by the Borrower as provided in Section 2.05 and Section 10.02(h).

Section 5. **COLLATERAL SECURITY FOR THE LOAN.**

5.01 Collateral; Security Interest.

(a) Borrower hereby assigns, pledges and grants a first priority security interest in all of its right, title and interest in, to and under the Collateral described in Section 5.01(b) hereof to Lender to secure the repayment of principal of and interest on the Loan and all other obligations and amounts owing to Lender by Borrower hereunder, under the Note and/or under the other Loan Documents from time to time outstanding (collectively, the “Secured Obligations”).

(b) All of Borrower’s right, title and interest in, to and under each of the following pledged by Borrower to Lender from time to time and whether now owned or hereafter acquired, now existing or hereafter created and wherever located, are hereinafter individually and collectively referred to as the “Collateral”:

- (i) the Collaterally Assigned Loan;
- (ii) the Collateral File (which, for the purposes of clarification, includes, but is not limited to, the Collaterally Assigned Loan Documents and Servicing Records);
- (iii) all Servicing Rights;
- (iv) any Property relating to the Collaterally Assigned Loan or the Mortgaged Property (which, for the avoidance of doubt, includes any additional assets or collateral pledged to Borrower in relation to the Collaterally Assigned Loan);
- (v) all insurance policies and insurance proceeds relating to the Collaterally Assigned Loan or the Mortgaged Property (including without limitation any proceeds under the Mortgagee Title Policy);
- (vi) any Collections relating to the Collaterally Assigned Loan;
- (vii) all collection, escrow, reserve, collateral or lock-box accounts and all amounts and property from time to time on deposit herein and therein, to the extent of Borrower’s or the holder’s interest therein (including, without limitation, the funds on deposit in the Reserve Account and the Collaterally Assigned Reserve Accounts);
- (viii) all rights of Borrower under any letter of credit, guarantee, warranty, indemnity or other credit support or enhancement;

(ix) any other contract rights, accounts (including any interest of Borrower in escrow accounts), payments, letters of credit, rights to payment (including payments of interest or finance charges) and general intangibles to the extent the foregoing relates to the Collaterally Assigned Loan, and any other assets relating to the Collaterally Assigned Loan;

(x) in any event, all “instruments”, “general intangibles” (including without limitation “payment intangibles”), “accounts”, “chattel paper”, “securities” and “security entitlements”, each as defined in the Uniform Commercial Code;

(xi) any and all replacements, substitutions, distributions on, or proceeds (including, without limitation, the related securitization proceeds and condemnation proceeds) and distributions and any other property, rights, title or interests with respect to the foregoing; and

(xii) all proceeds of any of the foregoing.

(c) The possession by Lender, or any designee or agent of Lender, of the Collateral shall be deemed to be possession by the secured party for purposes of perfecting the security interest pursuant to the Uniform Commercial Code.

5.02 Further Assurances.

(a) Borrower shall undertake, with respect to each item of Collateral pledged hereunder as security for the Loan, any and all actions deemed to be reasonably necessary by Lender for the granting by Borrower to Lender, and the perfecting of, a valid first priority security interest in such Collateral.

(b) At any time and from time to time, upon the written request of Lender, and at the sole expense of Borrower, Borrower shall promptly and duly execute and deliver, or will promptly cause to be executed and delivered, such further instruments and documents and take such further action as Lender may reasonably request for the purpose of obtaining or preserving the full benefits of this Loan Agreement, the other Loan Documents and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any applicable jurisdiction. Borrower hereby authorizes Lender to file any such financing or continuation statement to the extent permitted by applicable law in any jurisdiction (collectively, the “Filings”), describing the Collateral in any manner that Lender deems to be appropriate, including the description “all assets, whether now owned or hereafter acquired and wherever located” or words of similar effect, and Borrower agrees to do all things reasonably necessary to preserve the lien on the Collateral so that it remains subject to the first priority perfected security interest granted hereunder.

5.03 Changes in Jurisdiction of Organization, Name, etc. Borrower shall not (i) change its name from that indicated in the public record of its jurisdiction of organization, (ii) change its location (within the meaning of Section 9-307 of the Uniform Commercial Code) or (iii) change its name, identity or corporate structure so as to make any financing statement seriously misleading, unless in any such case it shall (x) have given prior notice to Lender, which notice shall be marked in bold face type, stating that “**FAILURE TO RE-FILE UCC FINANCING STATEMENT WILL RESULT IN LOSS OF PERFECTION OF SECURITY INTEREST**”, not fewer than the later of fifteen (15) Business Days prior to the taking of any such action or ninety (90) days before any financing statement filing will lapse,

lose perfection or become materially misleading and (y) shall have delivered to Lender all financing statements and amendments thereto as Lender shall request and taken all other actions deemed to be necessary by Lender to continue its perfected status with respect to the Collateral with the same or better priority.

5.04 Lender's Appointment as Attorney-in-Fact.

(a) Borrower hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in Lender's discretion following the occurrence and during the continuation of an Event of Default, for the purpose of carrying out the terms of this Loan Agreement, the other Loan Documents, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Loan Agreement, the other Loan Documents, and, without limiting the generality of the foregoing, Borrower hereby gives to Lender the power and right, on behalf of Borrower, without assent by, but with prior notice to, Borrower, to do the following:

(i) in the name of Borrower or its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any mortgage insurance or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed to be appropriate by Lender for the purpose of collecting any and all such moneys due under any such mortgage insurance or with respect to any other Collateral whenever payable;

(ii) to pay or discharge Taxes and Liens levied or placed on or threatened against the Collateral;
and

(iii) (A) to direct any party liable for any payment under any Collateral to make payment of any and all moneys due or to become due thereunder directly to Lender or as Lender shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against Borrower with respect to any Collateral; (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as Lender may deem to be appropriate; and (G) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Lender were the absolute owner thereof for all purposes, and to do, at Lender's option and Borrower's expense, at any time, and from time to time, all acts and things that Lender deems to be necessary to protect, preserve or realize upon the Collateral and Lender's Liens thereon and to effect the intent of this Loan Agreement, all as fully and effectively as Borrower might do.

Borrower hereby ratifies all that said attorneys-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable until the repayment in full of all Secured Obligations hereunder.

(b) Borrower also authorizes Lender, at any time and from time to time, to execute, in connection with any sale provided for in Section 8.02 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) The powers conferred on Lender are to protect Lender's interests in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither Lender nor any of its officers, directors, or employees shall be responsible to Borrower for any act or failure to act hereunder, except for its own gross negligence or willful misconduct, as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment.

5.05 Performance by Lender of Borrower's Obligations. If Borrower fails to perform or comply with any of its agreements contained in the Loan Documents to which it is a party, then Lender may itself perform or comply, or otherwise cause performance or compliance, with such agreement. If an Event of Default does not then exist, then Lender shall exercise such right only if Lender determines that action is required to protect against an imminent threat of loss of value or lien priority. The Expenses of Lender incurred in connection with such performance or compliance, together with interest thereon at a rate per annum equal to the Default Rate, shall be payable by Borrower to Lender on demand and shall constitute Secured Obligations.

5.06 Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

5.07 Release of Security Interest and/or Collateral. Upon termination of this Loan Agreement and indefeasible repayment to Lender of all Secured Obligations and the performance of all obligations under the Loan Documents, Lender shall release its security interest in any remaining Collateral. In the event Borrower prepays the Loan in full pursuant to the terms of this Loan Agreement, then Lender shall as soon as practicable release (and Lender shall reasonably cooperate with Borrower to facilitate reasonable escrow arrangements to facilitate a release of) the Collateral File and the Collateral and any Liens related thereto to Borrower. Lender shall, with reasonable promptness after a written notice from Borrower, execute any document or instrument necessary to effectuate such release.

Section 6. **REPRESENTATIONS AND WARRANTIES.**

Borrower hereby represents and warrants to Lender that from and after the date hereof and, except as otherwise provided below, throughout the term of this Loan Agreement:

6.01 Organization, Etc. Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Delaware. Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the state of Maryland. Each Loan Party (a) has all requisite limited liability company or other power, and has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; (b) is qualified to do business and is in good standing in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary; and (c) has full power and

authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party. No pledges or similar encumbrance of the direct or indirect ownership interest in Borrower have been made. Each Loan Party has delivered to Lender true and correct certified copies of its organizational documents, together with all amendments thereto.

6.02 Authorization, Compliance, Etc. The execution and delivery of, and the performance by each Loan Party of its obligations under, the Loan Documents to which it is a party are within each Loan Party's powers, (a) have been duly authorized by all requisite action, (b) do not violate any provision of applicable law, rule or regulation, or any order, writ, injunction or decree of any court or other Governmental Authority, or its organizational documents, (c) do not violate any indenture, agreement, document or instrument to which such Loan Party is a party, or by which it or any of its properties or any of the Collateral is bound or to which it is subject, and (d) are not in conflict with, do not result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or except as may be provided by any Loan Document, result in the creation or imposition of any Lien upon any of the property or assets of such Loan Party pursuant to, any such indenture, agreement, document or instrument. Neither Loan Party is required to obtain any consent, approval or authorization from, or to file any declaration or statement with, any Governmental Authority in connection with or as a condition to the consummation of the transactions contemplated herein and the execution, delivery or performance of the Loan Documents to which it is a party.

6.03 Litigation; Judgments; Bankruptcy. There are no actions, suits, arbitrations, investigations or other legal or arbitrable proceedings before any Governmental Authority affecting either Loan Party (including, without limitation, any of the foregoing which are pending or, to its knowledge, threatened) or, to Borrower's knowledge, any of the Collateral. Neither Loan Party is in default in any material respect with respect to any judgment, order, writ, injunction, decree, rule or regulation of any arbitrator or Governmental Authority. There are no judgments against either Loan Party that are unsatisfied of record or docketed in any court located in the United States of America and no Act of Insolvency has ever occurred with respect to either Loan Party.

6.04 Location of Books and Records. The location where Borrower keeps its books and records related to the Collateral is Borrower's chief executive office. On the Effective Date, Borrower's chief executive office is, and has been, located at c/o Franklin BSP Realty Trust, Inc., 1345 Avenue of the Americas, Suite 32A, New York, NY 10105.

6.05 Due Execution; Enforceability. Each Loan Party has duly executed and delivered this Loan Agreement and the Loan Documents to which it is a party. This Loan Agreement and all of the other Loan Documents executed and delivered by Loan Party in connection herewith are legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors rights generally, and (b) general principles of equity.

6.06 No Default. Neither Loan Party is in default under or with respect to any of its contractual obligations in any respect (in the case of Borrower) or in any material respect (in the case of Guarantor). No Default or Event of Default has occurred and is continuing.

6.07 Debt. Borrower does not have any Indebtedness other than the Loan.

6.08 Margin Regulations. The use of all funds acquired by Borrower under this Loan Agreement will not conflict with or contravene any of Regulations T, U or X.

6.09 Investment Company. Borrower is not an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

6.10 Solvency. The fair value of the assets of each Loan Party is greater than the fair value of the liabilities (including, without limitation, contingent liabilities if and to the extent required to be recorded as a liability on the financial statements of such Loan Party in accordance with an Approved Accounting Method) of such Loan Party, and each Loan Party is solvent and, after giving effect to the transactions contemplated by this Loan Agreement and the other Loan Documents, will not be rendered insolvent. Borrower does not intend to incur, nor does it believe that it has incurred, debts beyond its ability to pay such debts as they mature. Neither Loan Party is contemplating the commencement of an insolvency, bankruptcy, liquidation, or consolidation proceeding or the appointment of a receiver, liquidator, conservator, trustee, or similar official in respect of itself or any of its property.

6.11 ERISA. Neither Borrower nor any ERISA Affiliate (a) sponsors or maintains any Plans or (b) makes any contributions to or has any liabilities or obligations (direct or contingent) with respect to any Plans. Borrower does not, and would not be deemed to, hold Plan Assets, and the consummation of the transactions contemplated by this Loan Agreement will not constitute or result in any non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or substantially similar provisions under any other federal, state or local laws, rules or regulations that could reasonably be expected to subject Lender to any tax or penalty on prohibited transactions imposed under Section 4975 of the Code, Section 501(i) of ERISA or substantially similar provisions under any other federal, state or local laws, rules or regulations.

6.12 Taxes. Each Loan Party has filed all federal income tax returns and all other material tax returns that are required to be filed by it and has paid all taxes due, except for any such taxes as are being appropriately contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been provided. The charges, accruals and reserves on the books of Borrower in respect of taxes and other governmental charges are adequate. Neither Borrower nor any of its consolidated subsidiaries is taxable as an association or a corporation.

6.13 No Reliance. Each Loan Party has made its own independent decisions to enter into the Loan Documents, to accept the Loan and whether the Loan is appropriate and proper for it, based upon its own judgment and upon advice from such advisors (including, without limitation, legal counsel and accountants) as it has deemed to be necessary. Neither Loan Party is relying upon any advice from Lender as to any aspect of the Loan, including, without limitation, the legal, accounting or tax treatment of the Loan.

6.14 Organization; Subsidiaries; Single Purpose Entity. The ownership interests of Borrower are as set forth on the organizational chart attached hereto as Schedule 3. Borrower does not have any Subsidiaries. Borrower complies with the requirements set forth in Section 7.10.

6.15 Federal Trade Embargoes. Each Loan Party is in compliance with all Federal Trade Embargos in all material respects. No Embargoed Person owns any direct or indirect equity interest in such Loan Party. The representation set forth in the preceding sentence is limited to Borrower’s best knowledge with respect to such beneficial interest after appropriate inquiry. Borrower covenants and agrees that in the event Borrower receives any

notice that a Loan Party (or any of the beneficial owners, affiliates or participants at any time owning any portion of the beneficial interests in a Loan Party or which Control a Loan Party) or any Person that has an interest in the Collateral is designated as an Embargoed Person, Borrower shall immediately notify Lender in writing.

6.16 Financial Statements. All financial data, including, without limitation, the balance sheets, statements of cash flow, statements of income and expense that have been delivered to Lender in respect of a Loan Party, (a) are true, complete and correct in all material respects as of the date of such reports, (b) accurately reflect the financial condition of such Loan Party, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with an Approved Accounting Method throughout the periods covered, except as disclosed therein.

6.17 True and Complete Disclosure. Borrower has delivered to Lender true, correct, and complete copies of all material due diligence information in its possession related to each of the Collateral and Mortgaged Property, and the information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of Borrower or Guarantor to Lender in connection with the negotiation, preparation or delivery of the Loan Documents or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of Borrower or Guarantor to Lender in connection with the Loan Documents and the transactions contemplated hereby and thereby will be true, complete and accurate in all material respects, except that (i) with respect to information prepared by third parties, Borrower will be deemed to represent only that such information is a true and correct copy, or is in all material respects the information delivered to Lender by such third parties, (ii) with respect to information prepared by Borrower based on information supplied by third parties, Borrower will be deemed to represent that such information is, to Borrower's knowledge, true, complete and accurate after appropriate inquiry and (iii) that with respect to any financial projections, forecasts, budgets or other forward looking information provided by Borrower, Borrower will be deemed to represent only that such information was prepared in good faith based on assumptions believed by Borrower to be reasonable at the time made after appropriate inquiry.

Section 7. **COVENANTS OF BORROWER**. Borrower covenants and agrees with Lender that, so long as the Loan is outstanding and until indefeasible payment in full and performance of, in each case, all Secured Obligations:

7.01 Preservation of Existence; Compliance with Law. Each Loan Party shall:

- (a) Preserve and maintain its legal existence;
- (b) Comply in all material respects with the requirements of all Legal Requirements, whether now in effect or hereafter enacted or promulgated by any applicable Governmental Authority;
- (c) Maintain all licenses, permits or other approvals necessary for Borrower to conduct its business and to perform its obligations under the Loan Documents to which it is a party and conduct its business in accordance with applicable law; and

(d) Keep adequate records and books of account, in which complete entries will be made in accordance with an Approved Accounting Method.

7.02 Taxes.

(a) Borrower shall pay and discharge or cause to be paid and discharged, when due, or adequately reserve for the payment of, all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits or upon the Collaterally Assigned Loan (it being understood that Borrower shall have no obligation to pay any taxes, assessments or other liens encumbering the Mortgaged Property), except for any such taxes or other claims as are contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are provided.

(b) Borrower shall file on a timely basis all federal, state and local tax and information returns, reports and any other information statements or schedules required to be filed by or in respect of it.

7.03 Notice of Proceedings or Adverse Change. Within ten (10) days following the end of each calendar month, Borrower shall deliver to Lender a report setting forth Borrower's knowledge of the occurrence of any of the following (provided that Borrower shall be obligated to deliver such a report only if and to the extent any of the following has occurred):

(a) (i) any litigation, investigation, regulatory action or proceeding that is pending or, to its knowledge, threatened by or against Borrower in any federal or state court or before any Governmental Authority and (ii) any other event and/or condition that would be reasonably likely to have a material adverse effect on a Loan Party;

(b) any litigation or proceeding that is pending or, to its knowledge, threatened in connection with any of the Collateral; and

(c) any Lien or security interest (other than security interests created hereby or under any other Loan Document) on, or claim asserted against, any of the Collateral.

Borrower shall give notice to Lender of the opening of any new chief executive office of Borrower or the closing of any such office, of any change in Borrower's (i) name, (ii) organizational type, or (iii) jurisdiction of incorporation or any change in the places where the books and records pertaining to the Collaterally Assigned Loan are held not less than the later of fifteen (15) Business Days prior to taking any such action or ninety (90) days before any financing statement filing will lapse, lose perfection or become materially misleading.

7.04 Financial Reporting and Information. Borrower shall furnish to Lender the following financial and reporting information:

(a) within five (5) Business Days of the end of each calendar month, the Monthly Statement;

(b) as soon as available and in any event within sixty (60) days after the end of each fiscal year of Borrower, the unaudited, consolidated balance sheets of Borrower, as at the end of such year and the related unaudited statements of income and retained earnings and of cash flows for Borrower, for such year, accompanied by an Officer's Certificate of Borrower, which certificate shall state that said financial statements fairly present the financial condition and results of operations of Borrower in

accordance with an Approved Accounting Method, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(c) within one hundred (100) days after the end of each calendar year, the consolidated audited balance sheets of Guarantor as at the end of such fiscal year of Guarantor and the related consolidated audited statements of income and retained earnings and of cash flows for Guarantor, for such year (which shall include, without limitation, the evidence necessary to determine that Guarantor satisfies the net worth and liquidity requirements of the Guaranty), accompanied by an opinion thereon of Ernst & Young or other independent certified public accountants of recognized national standing, which opinion shall not be qualified as to scope of audit or going concern and shall state that said consolidated financial statements fairly present the consolidated financial condition and results of operations of Guarantor as at the end of, and for, such fiscal year in accordance with an Approved Accounting Method (it being agreed that the furnishing of Guarantor's annual report on Form 10-K for each such fiscal year as filed with the Securities Exchange Commission within the time periods specified above, will satisfy the obligation under this Section 7.04(c) with respect to such fiscal year except with respect to the requirement that such financial statements be reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit);

(d) within forty-five (45) days after the end of each fiscal quarter, or within sixty (60) days following the end of each fiscal year, as the case may be, an Officer's Certificate of Borrower in form and substance reasonably satisfactory to Lender that Borrower during such fiscal quarter or year has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Loan Agreement and the other Loan Documents to be observed, performed or satisfied by it, and that there has been no Event of Default and no event or circumstance has occurred that is reasonably likely to result in a material adverse effect;

(e) within ten (10) Business Days after Lender's request and no more frequently than once in any calendar year, an Officer's Certificate of Guarantor in form and substance reasonably satisfactory to Lender that Guarantor during such fiscal year has observed or performed, in all material respects, all of its covenants and other agreements, and satisfied every condition, contained in the Loan Documents to which it is a party to be observed, performed or satisfied by it, and that there has been no Event of Default and no event or circumstance has occurred that is reasonably likely to result in a material adverse effect; and

(f) within ten (10) Business Days after Lender's request, such further information with respect to the Collaterally Assigned Loan, the financial affairs of Borrower, and any Plan as may be reasonably requested by Lender.

All information furnished to Lender pursuant to this Section 7.04 is and will be, true, correct and complete in all material respects and does not and will not omit any material facts necessary to make the statements therein, in the light of the circumstances in which they are made, not materially misleading. All other information, reports, exhibits, schedules, or certificates of Borrower or any officers of the foregoing prepared by or on behalf of Borrower and furnished to Lender hereunder and during Lender's diligence of Borrower are and will be, true, correct and complete in all material respects and do not and will not omit any material facts necessary to make the statements therein, in the light of the circumstances in which they are made, not materially misleading.

7.05 Books and Records and Inspection Rights. Borrower shall, to the extent reasonably practicable, maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing the Collateral in the event of the destruction of the originals thereof), and keep and maintain or obtain, as and when required, all documents, books, records and other information reasonably necessary or advisable for the collection of all Collateral. Upon reasonable advance written notice from Lender (except that no advance notice shall be required during the continuance of an Event of Default), Borrower shall permit Lender during normal business hours to examine, inspect and make copies and extracts of, Borrower's records with respect to the Collateral File and any and all documents, records, information and reports relating to the Collaterally Assigned Loan in the possession or under the control of Borrower and to take all other actions permitted under Section 10.03 hereof.

7.06 ERISA Matters. Borrower shall not engage in any transaction that would cause any obligation or action taken or to be taken hereunder (or the exercise by Lender of any of its rights under this Loan Agreement and the other Loan Documents, the Collaterally Assigned Loan or any other Loan Document) to be a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any substantially similar provision under any other federal, state or local laws, rules or regulations that could reasonably be expected to subject Lender to any tax or penalty on prohibited transactions imposed under Section 4975 of the Code, Section 502(i) or ERISA or substantially similar provisions under any other federal, state or local laws, rules or regulations..

7.07 No Transfers, Liens. Borrower shall not create, incur, assume or suffer to exist any Lien on any of the Collateral, whether real, personal or mixed, now or hereafter owned, other than the Liens created in connection with the transactions contemplated by this Loan Agreement, nor shall Borrower sell, transfer, pledge or assign any interest in the Collaterally Assigned Loan. Further, the Loan shall become due and payable upon the occurrence of any Transfer other than a Permitted Transfer.

7.08 Transactions with Affiliates. Borrower shall not enter into any transaction, including, without limitation, the purchase, sale, lease or exchange of property or assets or the rendering or accepting of any service with any Affiliate, unless such transaction is (a) not otherwise prohibited in this Loan Agreement, (b) in the ordinary course of Borrower's business and (c) upon fair and reasonable terms no less favorable, in all material respects, to Borrower than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate. Any transaction by Borrower with its Affiliates intended, or having the effect of allowing Borrower, in each case, to avoid payment and performance of the Secured Obligations or hindering Lender's enforcement of its rights under the Loan Documents shall be construed as a transaction prohibited by this Section 7.08.

7.09 Consolidations, Mergers and Sales of Assets. Borrower shall not without the prior written consent of the Lender in its sole and absolute discretion (a) consolidate or merge with or into any other Person, or (b) sell, lease or otherwise transfer all or substantially all of its assets to any other Person or (c) change its organizational structure or identity or incorporate in any other jurisdiction.

7.10 Single-Purpose Entity.

(a) Borrower hereby represents and warrants to Lender and covenants with Lender, that as of the date hereof and so long as the Loan is outstanding, Borrower:

(i) Is and intends to remain solvent and it has paid and intends to pay its debts and liabilities (including overhead expenses) from its own assets to the extent sufficient for such purposes as the same shall become due.

(ii) Has complied and will comply with the provisions of its certificate of formation and its limited liability company agreement.

(iii) Has done or caused to be done and will do all things necessary to observe limited liability company formalities and to preserve its existence and separateness as a legal person from any Affiliates or other Persons.

(iv) Has maintained and will maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates, its members and any other Person, and it will file its own tax returns (except to the extent consolidation is required under an Approved Accounting Method or as a matter of law).

(v) Has been, is and will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any Affiliate), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name, shall not identify itself or any of its Affiliates as a division or part of the other and shall maintain and utilize separate stationery, invoices and checks.

(vi) Has not owned and will not own any property or any other assets other than the Collateral.

(vii) Has not engaged and will not engage in any business other than the origination, acquisition, ownership, maintenance, servicing, administration, enforcement, financing and disposition of the Collaterally Assigned Loan.

(viii) Has not entered into, and will not enter into, any contract or agreement with any of its Affiliates, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with Persons other than such Affiliate.

(ix) Has not knowingly and voluntarily incurred and will not knowingly and voluntarily incur any indebtedness or obligation, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than (A) obligations under the Loan Documents and (B) obligations under the documents evidencing the Collaterally Assigned Loan (with respect to Borrower).

(x) Has not made and will not make any loans or advances to any other Person, and shall not acquire obligations or securities of any member or affiliate of any member or any other Person (other than in connection with the origination, enforcement, modification, administration, preservation or acquisition of the Collaterally Assigned Loan).

(xi) Will not knowingly and voluntarily fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations.

(xii) Will not seek its dissolution, liquidation or winding up, in whole or in part.

(xiii) Will not commingle its funds and other assets with those of any of its Affiliates or any other Person other than as contemplated by the Loan Documents.

(xiv) Has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any of its Affiliates or any other Person.

(xv) Has not held and will not hold itself out to be responsible for the debts or obligations of any other Person other than as contemplated by the Loan Documents.

(xvi) Shall not dissolve or terminate its existence as a Delaware limited liability company.

(xvii) Has no liabilities, contingent or otherwise, other than those normal and incidental to the acquisition, origination, ownership, maintenance, servicing, administration, enforcement, financing and disposition of the Collaterally Assigned Loan.

(xviii) Has conducted and shall conduct its business consistent with the requirements of being a Single-Purpose Entity.

(xix) Shall not maintain any employees.

(xx) Shall not take for itself or cause any other entity to take any of the following actions without the prior unanimous written consent of its partners, members or managers, as applicable and the Independent Director (as defined below) of each such Person: (i) file or consent to the filing of any bankruptcy, insolvency or reorganization case or proceeding; institute any proceedings under any applicable insolvency law; file an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature or otherwise seek any relief under any laws relating to the relief from debts or the protection of debtors generally, (ii) seek, consent to or acquiesce to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for itself or any other entity, (iii) make an assignment of its assets for the benefit of its creditors or an assignment of the assets of another entity for the benefit of such entity's creditors, or (iv) take any action in furtherance of the foregoing;

(xxi) Shall have at least one (1) independent manager or director that is not and has not been for at least five (5) years (each such independent manager or director meeting the requirements of this clause (xxi), an "Independent Director");

(A) a manager or director (other than in its capacity as an independent manager or director of Borrower or any Affiliate),

officer, employee, trustee, trade creditor, customer, supplier, member attorney, counsel or shareholder (or spouse, parent, sibling or child of the foregoing) of (i) Borrower, (ii) a principal of Borrower, (iii) any equitable or beneficial owner, partner, principal or Affiliate of Borrower or of a principal of any such Person, or (iv) any Affiliate of any equitable or beneficial owner, partner, or principal of Borrower or of a principal of any such Person; or

(B) a creditor, customer, supplier or Person who derives any of its purchases or revenues from its activities with (i) Borrower, (ii) a principal of Borrower, (iii) any equitable or beneficial owner, partner, principal or Affiliate of Borrower or of a principal of any such Person, or (iv) any Affiliate of any equitable or beneficial owner, partner, or principal of Borrower or of a principal of any such Person;

a natural person who satisfies the foregoing definition other than subparagraph (xxi)(B) shall not be disqualified from serving as an Independent Director of Borrower if such individual is an Independent Director provided by a nationally-recognized company that provides professional independent managers (a “Professional Independent Director”) and other corporate services in the ordinary course of its business. A natural person who otherwise satisfies the foregoing definition other than subparagraph (xxi)(A) by reason of being the independent manager or director of a “special purpose entity” Affiliated with Borrower shall not be disqualified from serving as an Independent Director of Borrower if such individual is either (i) a Professional Independent Director or (ii) the fees that such individual earns from serving as Independent Director of Affiliates of Borrower in any given year constitute in the aggregate less than five percent (5%) of such individual’s annual income for that year.

(b) The limited liability company agreement of Borrower (the “LLC Agreement”) shall provide that (i) upon the occurrence of any event that causes the last remaining member of Borrower (“Member”) to cease to be the member of Borrower (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower in accordance with the terms of the Loan Documents and the LLC Agreement), a person acting as a special member of Borrower shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower automatically be admitted to Borrower as a member with a zero percent (0%) economic interest (“Special Member”) and shall continue Borrower without dissolution, and (ii) Special Member may not resign from Borrower or transfer its rights as Special Member unless a successor Special Member has been admitted to Borrower as a Special Member in accordance with requirements of Delaware law. The LLC Agreement shall further provide that (1) Special Member shall automatically cease to be a member of Borrower upon the admission to Borrower of the first substitute member of Borrower, (2) Special Member shall be a member of Borrower that has no interest in the profits, losses and capital of Borrower and has no right to receive any distributions of the assets of Borrower, (3) pursuant to the applicable provisions of the limited liability company act of the State of Delaware (the “Act”), Special Member shall not be required to make any capital contributions to Borrower and shall not receive a limited liability company interest in Borrower, (4) Special Member, in its capacity as Special Member, may not bind Borrower, and (5) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower including, without limitation, the merger, consolidation or

conversion of Borrower. In order to implement the admission to Borrower of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower as Special Member, Special Member shall not be a member of Borrower.

(c) The LLC Agreement shall further provide that, (i) upon the occurrence of any event that causes the Member to cease to be a member of Borrower, to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower agree in writing (A) to continue Borrower, and (B) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower, effective as of the occurrence of the event that terminated the continued membership of Member in Borrower, (ii) any action initiated by or brought against Member or Special Member under any Insolvency Laws shall not cause Member or Special Member to cease to be a member of Borrower, and upon the occurrence of such an event, the business of Borrower shall continue without dissolution, and (iii) each of Member and Special Member waives any right it might have to agree in writing to dissolve Borrower upon the occurrence of any action initiated by or brought against Member or Special Member under any Insolvency Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower.

7.11 Plan Assets; Prohibited Transactions. Borrower shall not sponsor or maintain any Plans or make any contributions to, or have any liability or obligation (direct or contingent) with respect to any Plan and shall not permit any ERISA Affiliate to sponsor or maintain any Plans or make any contributions to, or have any liability or obligation (direct or contingent) with respect to any Plan.

7.12 Organizational Documents. Borrower shall not materially modify or terminate any of the organizational documents of Borrower or take any action which would cause Borrower to cease to be a Single-Purpose Entity.

7.13 Distributions. While an Event of Default exists, Borrower shall not make any distribution, payment on account of, or set apart assets for, a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of any equity or ownership interest of Borrower, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Borrower.

7.14 KYC Requirements. Borrower shall at any time that Lender requests provide Lender with: (a) a list of all Persons that own, directly or indirectly, twenty percent (20%) or more of Borrower and/or have the ability to Control Borrower, and (b) information regarding such Persons that is reasonably requested by Lender for the purpose of Lender's "know your customer" procedures and any similar regulations or requirements.

7.15 Embargoed Persons. Neither Borrower nor any of Borrower's direct or indirect equity holders shall (i) knowingly conduct any business, or engage in any transaction or dealing, with any Embargoed Person, including the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Embargoed Person, or (ii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any Federal Trade Embargo. Borrower shall cause the representation set forth in Section 6.15 to remain true and correct at all times.

7.16 Compensating Balance. Borrower shall maintain on deposit at Lender funds (not including funds in the Reserve Account) in an amount equal to or in excess of One Million and No/100 Dollars (\$1,000,000.00).

7.17 Title Insurance. Borrower shall maintain the Mortgagee Title Policy in full force and effect and shall pay all premiums thereon. Borrower shall not, by act or omission, do anything that would materially impair the coverage under any Mortgagee Title Policy.

Section 8. **EVENTS OF DEFAULT.**

8.01 Events of Default. The occurrence of any one or more of the following events shall be, and shall constitute the commencement of, an "Event of Default" hereunder (any Event of Default that has occurred shall continue unless and until waived by Lender in writing in its sole discretion):

(a) **Payment.**

(i) Borrower shall default, and such default shall continue for at least one (1) Business Day, in the payment when due of any principal or interest owing in respect of the Loan (other than such amounts due on the Maturity Date);

(ii) Borrower shall default, and such default shall continue for at least ten (10) days after notice to Borrower that such amounts are owing, in the payment when due of fees, expenses or other amounts owing hereunder or under any of the other Loan Documents (other than principal and interest owing in respect of the Loan); and

(iii) Borrower shall default in the payment of any principal or interest owing in respect of the Loan or any other amount owing hereunder or under any of the other Loan Documents on the Maturity Date.

(b) **Representations and Warranties.** Any representation or warranty made by Borrower or Guarantor in any of the Loan Documents, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material respect (or, with respect to any representation or warranty that itself contains a materiality qualifier, in any respect) as of the date such representation or warranty was made; provided, however, such representation or warranty shall not be considered an Event of Default if incorrect or untrue in any material respect (which determination shall be made with respect to the representation or warranty without regard to any knowledge qualifier therein), if, in the case of inaccuracy that can be cured by the payment of money, Borrower cures the underlying state of facts so as to render such false or misleading misrepresentation no longer false or misleading within ten (10) Business Days after Borrower receives written notice thereof from Lender; and in the case of a default that cannot be cured by the payment of money but is susceptible of being cured within thirty (30) days, such default shall not constitute an Event of Default unless and until it remains uncured for thirty (30) days after Borrower receives written notice thereof from Lender.

(c) **Other Loan Documents.** Any Loan Document shall fail to be in full force and effect or to convey the material Liens, rights, powers and privileges purported to be created thereby; or a default by Borrower, Guarantor, or any of their respective Affiliates shall occur under any of the other Loan Documents beyond the

expiration of the later to occur of (i) any applicable cure period under such Loan Document and (ii) ten (10) Business Days after written notice to Borrower thereof.

(d) Collateral. Borrower shall have violated Section 10 of this Loan Agreement.

(e) Transfers. A violation of Section 7.07 hereof.

(f) First Priority Lien of Lender. Lender shall fail at any time to have an insured and valid, perfected, first priority security interest in the Collateral.

(g) Final Judgment. A final judgment by any competent court in the United States of America shall have been rendered against (a) Borrower for the payment of money in an aggregate amount greater than or equal to \$75,000 and remain undischarged or unpaid for a period of forty-five (45) days, during which period execution of such judgment is not effectively stayed (by appeal or otherwise), discharged, paid, bonded or vacated, or (b) Guarantor that would materially impair Guarantor's ability to perform its obligations under the Loan Documents to which it is a party.

(h) Act of Insolvency. An Act of Insolvency shall have occurred with respect to Borrower or Guarantor.

(i) Guarantor's Net Worth and Liquidity. Guarantor breaches the financial covenants under Section 5(a) of the Recourse Obligations Guaranty or Section 5(a) of the Guaranty of Funding Obligations.

(j) Default of Other Indebtedness. (A) Borrower shall have defaulted or failed to perform under any contract, agreement or transaction to which it is a party, and which default (1) involves the failure to pay a matured obligation in excess of Fifty Thousand and No/100 Dollars (\$50,000), or (2) involves an obligation of at least Fifty Thousand and No/100 Dollars (\$50,000) and is a monetary default or a material non-monetary default and results in acceleration, or permits the acceleration of, the obligation by any other party to or beneficiary of such contract agreement or transaction; (B) Guarantor shall have defaulted or failed to perform under any contract, agreement or transaction for Indebtedness to which it is a party, and which default materially impairs Guarantor's ability to perform its obligations under the Loan Documents to which it is a party; provided, however, that any such default, failure to perform or breach shall not constitute an Event of Default if Borrower or Guarantor cures such default, failure to perform or breach, as the case may be, within the later to occur of (i) the grace period, if any, provided under the applicable agreement, and (ii) within five (5) Business Days after written notice to Borrower or Guarantor.

(k) Additional Indebtedness. Borrower shall have incurred any Indebtedness (secured or unsecured) other than the Loan.

(l) Financial Deliverables. Borrower or Guarantor shall have failed to furnish the financial and reporting information as and when required pursuant to Section 7.04.

(m) Continuing Collaterally Assigned Loan Default. (i) the occurrence of a Continuing Collaterally Assigned Loan Default; or (ii) Borrower's failure to comply with the terms and conditions of Section 10.02(h) hereof.

(n) [Intentionally Omitted].

(o) Other Covenants. A default shall occur in the due performance or observance by Borrower, Guarantor or any of their respective Affiliates, of any term, covenant or agreement (other than those referred to in any other subsection of this Section 8.01) contained in this Loan Agreement or in any of the other Loan Documents, except that in the case of a default that can be cured by the payment of money, such default shall not constitute an Event of Default unless and until it shall remain uncured for ten (10) days after Borrower receives written notice thereof; and in the case of a default that cannot be cured by the payment of money but is susceptible of being cured within thirty (30) days, as determined by Lender in its reasonable discretion, such default shall not constitute an Event of Default unless and until it remains uncured for thirty (30) days after Borrower receives written notice thereof, provided that within five (5) days of Borrower's receipt of such written notice, Borrower delivers written notice to Lender of its intention and ability to effect such cure within such thirty (30) day period; and if such non-monetary default is not cured within such thirty (30) day period despite Borrower's diligent efforts but is susceptible of being cured within ninety (90) days of Borrower's receipt of Lender's original notice, as determined by Lender in its reasonable discretion, then Borrower shall have such additional time as is reasonably necessary to effect such cure, but in no event in excess of ninety (90) days from Borrower's receipt of Lender's original notice, provided that prior to the expiration of the initial thirty (30) day period, Borrower delivers written notice to Lender of its intention and ability to effect such cure prior to the expiration of such ninety (90) day period.

Notwithstanding anything to the contrary contained in this Section 8.01, unless otherwise specified herein, a default by a Fee Owner under the Collaterally Assigned Loan Documents shall not constitute, in and of itself, an "Event of Default" hereunder.

8.02 Remedies Upon Default.

(a) Upon the occurrence of one or more Events of Default other than those referred to in Section 8.01(h), Lender may immediately declare the principal amount of the Loan then outstanding under the Note to be immediately due and payable, together with all interest thereon and fees and Expenses accruing under this Loan Agreement. Upon the occurrence of an Event of Default referred to in Section 8.01(h), such amounts shall immediately and automatically become due and payable without any further action by any Person. Upon such declaration or such automatic acceleration, the balance then outstanding on the Note shall become immediately due and payable, without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by Borrower. Interest at the Default Rate shall accrue as of the date of the occurrence of the Event of Default.

(b) If an Event of Default shall occur and be continuing, the following rights and remedies shall be available to Lender:

(i) Lender shall have the right to instruct Fee Owner, Borrower or Servicer to turn over to Lender all proceeds of Collateral received by or on behalf of Borrower consisting of cash, checks and other like items (duly endorsed by or on behalf of Borrower to Lender, if required, in order to be negotiated by Lender), and to pay all Collections to Lender. Borrower shall hold all such proceeds in trust for Lender, segregated from other funds of Borrower and, within one (1) Business Day of receipt by or on behalf of Borrower, shall be turned over to Lender in the exact form received by such party. All such proceeds and Collections received by Lender shall be retained by Lender and applied by Lender to the aggregate outstanding principal balance of the Loan (whether matured or unmatured) and any other amounts owing by Borrower hereunder in such order as

Lender shall determine in its sole and absolute discretion. In addition, notwithstanding anything to the contrary contained herein, Lender shall have the right (but not obligation) in its sole discretion to advance proceeds of the Loan (without regard to any otherwise intended or agreed upon allocation pursuant to this Loan Agreement or the Loan Documents) to pay any interest then due and owing under the Loan, and Lender may in its sole and absolute discretion deem any related Event of Default cured as a result thereof. Any proceeds so advanced shall be deemed to be principal outstanding under this Loan Agreement and the Note and shall be due and owing by Borrower in accordance with the terms thereof. For purposes hereof, proceeds shall include, but not be limited to, all principal and interest payments, all prepayments and payoffs, insurance claims, condemnation awards, payments under the Mortgagee Title Policy, sale proceeds, real estate owned rents and any other income and all other amounts received with respect to the Collateral, including, any sums and/or fees received by Borrower from or on behalf of Fee Owner or any Underlying Guarantor.

(ii) Lender shall have the right to (x) record any assignments delivered in connection herewith (which assignments may be updated unilaterally by Lender to reflect any change in fact since the Effective Date (e.g., inserting names, dates, amounts, and recording information)) and Borrower shall deliver to Lender such additional assignments as Lender shall request and (y) attach any allonges held by Lender to the promissory notes which are related thereto. Lender shall be entitled to specific performance of all agreements of Borrower contained in this Loan Agreement. Without limiting the generality of the foregoing provisions of this Section 8.02(b)(ii), Borrower shall cooperate with Lender as provided in Section 8.02(b)(iv) and Section 8.02(b)(v) hereof.

(iii) At Lender's option, in its sole discretion, Lender shall have the rights set forth in Section 10.04(e) and 4.01(d) hereof.

(iv) Lender may exercise all rights and remedies of a secured party under the Uniform Commercial Code. Without limiting the generality of the foregoing, Lender, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required herein or by law referred to below, if applicable) to or upon Borrower or any other Person (each and all of which demands, presentments, protests, advertisements and notices are hereby waived), may in such circumstances, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith, subject to any transfer restrictions set forth in the Collaterally Assigned Loan Documents, sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing) at public or private sale or sales, at any exchange, broker's board or office of Lender or elsewhere upon such terms and conditions as it may deem to be advisable and at such prices as it may deem to be best, for cash or on credit or for future delivery without assumption of any credit risk. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Borrower, which right or equity is hereby waived or released. Borrower further agrees, at Lender's request, to assemble the Collateral promptly and make it available to Lender at places which Lender shall reasonably select, whether at Borrower's premises or elsewhere. Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and Expenses of every kind incurred therein or incidental to the care or

safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of Lender hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as Lender may elect, and only after such application and after the payment by Lender of any other amount required or permitted by any provision of law, including, without limitation, Section 9-615 of the Uniform Commercial Code, need Lender account for the surplus, if any, to Borrower. To the extent permitted by applicable law, Borrower waives all Damages it may accrue against Lender arising out of the exercise by Lender of any of its rights hereunder, other than those Damages arising from Lender's gross negligence or willful misconduct, as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed to be reasonable and proper if such notice is given at least ten (10) days prior to such sale or other disposition. Borrower shall remain liable for any deficiency (plus accrued interest thereon as contemplated pursuant to Section 2.02(a) hereof) if the proceeds of any sale or other disposition of the Collateral (net of costs incurred in connection with such sale or other disposition) are insufficient to pay the Secured Obligations and the fees and disbursements of any attorneys employed by Lender to collect such deficiency.

(v) Lender may, after at least ten (10) days' notice to Borrower of Lender's intent to take such action (provided that no such notice shall be required in the circumstances set forth in Section 9-611(d) of the Uniform Commercial Code), (A) immediately sell, at a public or private sale in a commercially reasonable manner and at such price or prices as Lender may reasonably deem to be satisfactory any or all of the Collaterally Assigned Loan or (B) in its sole discretion elect, in lieu of selling all or a portion of the Collaterally Assigned Loan, to give Borrower credit for the Collaterally Assigned Loan in an amount equal to the market value of the Collaterally Assigned Loan (as determined by Lender in its sole discretion) against the aggregate outstanding principal balance of the Loan and any other amounts owing by Borrower under the Loan Documents. The proceeds of any disposition of the Collaterally Assigned Loan effected pursuant to this Section 8.01(b)(v) shall be applied by Lender to the obligations of Borrower under this Loan Agreement and the other Loan Documents in such order as Lender may determine in its sole discretion.

(vi) The parties recognize that it may not be possible to purchase or sell all of the Collaterally Assigned Loan on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market for the Collaterally Assigned Loan may not be liquid. In view of the nature of the Collaterally Assigned Loan, the parties agree that, to the extent permitted by applicable law, liquidation of the Collaterally Assigned Loan shall not require a public purchase or sale and that a good faith private purchase or sale shall be deemed to have been made in a commercially reasonable manner. Accordingly, Lender may elect, in its sole discretion, the time and manner of liquidating the Collaterally Assigned Loan, and nothing contained herein shall (A) obligate Lender to liquidate the Collaterally Assigned Loan upon the occurrence and during the continuance of an Event of Default or to liquidate all of the Collaterally Assigned Loan in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of Lender.

(vii) Borrower shall be liable to Lender for the amount of all expenses, including legal fees and expenses, actually incurred by Lender in

connection with or as a consequence of an Event of Default and any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default.

(viii) Lender may exercise any or all of the remedies available to Lender immediately upon the occurrence of an Event of Default and at any time during the continuance thereof. All rights and remedies arising under the Loan Documents, as amended from time to time, are cumulative and not exclusive of any other rights or remedies that Lender may have.

(ix) Lender may enforce its rights and remedies hereunder without prior judicial process or hearing, and Borrower hereby expressly waives any defenses Borrower might otherwise have to require Lender to enforce its rights by judicial process. Borrower also waives any defense Borrower might otherwise have arising from the use of nonjudicial process, disposition of any or all of the Collaterally Assigned Loan or from any other election of remedies. Borrower recognizes that nonjudicial remedies are consistent with the usages of the trade, are responsive to commercial necessity and are the result of a bargain at arm's length.

(x) Without limiting any other rights or remedies of Lender, Lender shall have the right, without prior notice to Borrower and any such notice being expressly waived by Borrower to the extent permitted by applicable law, to set off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final) in any currency, and any other obligation, credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by or due from Lender or any Affiliate thereof to or for the credit of the account of Borrower, including, without limitation, all amounts on deposit in the Reserve Account, to any obligations of Borrower hereunder to Lender.

(xi) Lender shall have, in addition to its rights and remedies under the Loan Documents, all of the rights and remedies provided by applicable federal, state, foreign, and local laws as well as those provided in equity. Without limiting the generality of the immediately foregoing sentence, Lender shall be entitled to set off the proceeds of the liquidation of the Collaterally Assigned Loan against all of Borrower's obligations to Lender, whether or not such obligations are then due, without prejudice to Lender's right to recover any deficiency.

8.03 No Duty of Lender. The powers conferred on Lender hereunder are solely to protect Lender's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and Lender shall not be responsible to Borrower for any act or failure to act hereunder, except for its own gross negligence or willful misconduct, as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment.

8.04 Limitation on Duties Regarding Preservation of Collateral. Lender's duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as Lender deals with similar property for its own account. Neither Lender nor any of its directors, officers or employees shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, and none of Lender nor any of its directors, officers or employees shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Borrower or otherwise.

Section 9. **MISCELLANEOUS.**

9.01 Waiver. No failure on the part of Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any Loan Document operates as a waiver thereof, nor does any single or partial exercise of any right, power or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Lender's remedies provided herein are cumulative and not exclusive of any remedies provided by law.

9.02 Notices. Except as otherwise expressly permitted by this Loan Agreement, all notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) hand delivery, with proof of attempted delivery, (b) certified or registered United States mail, postage prepaid, (c) expedited prepaid delivery service, either commercial (such as Federal Express or UPS) or United States Postal Service, with proof of attempted delivery or (d) by email.

If to Borrower: BSPRT Oliver Finance, LLC
c/o Franklin BSP Realty Trust, Inc.
1345 Avenue of the Americas, Suite 32A
New York, NY 10105
Attention: Micah Goodman, Esq.
Email: m.goodman@benefitstreetpartners.com

With a copy to: Nelson Mullins Riley & Scarborough LLP
One Financial Center, Ste. 3500
Boston, MA 02111
Attention: Jim Bartling, Esq.
Telephone: (617) 217-4692
Email: jim.bartling@nelsonmullins.com

If to Lender: Customers Bank
101 Park Avenue, Suite 1101
New York, New York 10178
Attention: Rodrigo Da Silva
Email: rdasilva@customersbank.com

With a copy to: Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attention: James P. Godman, Esq.
Email : JGodman@KRAMERLEVIN.com

A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; (ii) in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; (iii) in the case of expedited prepaid delivery upon the first attempted delivery on a Business Day and (iv) in the case of email, upon delivery of such email; provided, however, that such email Notice was also delivered by one of the means set forth in (a), (b) or (c) above (which may arrive after such email). A party receiving a notice that does not comply with the technical requirements for notice under this Section 9.02 may elect to waive any deficiencies and treat such notice as having been properly given. The parties shall have the right from time to time to change their respective addresses, and each shall have the right to specify as

its address any other address within the United States of America upon at least five (5) days prior written notice to the other party.

9.03 Indemnification and Expenses.

(a) Borrower hereby agrees to hold Lender and its Affiliates, any successor owner or holder of the Loan or participations in the Loan, and each of their respective officers, partners, members, shareholders, directors, employees, representatives, agents and subsidiaries of any and all of the foregoing, (each, an “Indemnified Party” and collectively, the “Indemnified Parties”) harmless from and indemnify and defend the Indemnified Parties against any and all Damages (without duplication of any payments made by Borrower to reimburse Lender for Expenses required to be paid hereunder) that may at any time (including, without limitation, such time as this Loan Agreement shall no longer be in effect and the Loan shall have been repaid in full) be imposed on or asserted against any Indemnified Party in any way whatsoever arising out of or in connection with, or relating to, (i) this Loan Agreement, the Loan, the Mortgaged Property, the Collateral or any related property or any action taken or omitted to be taken by any Indemnified Party under or in connection with any of the foregoing (including actions taken by Lender pursuant to Sections 5.04 and 5.05 hereof), (ii) any claims by Fee Owner with respect to the Collaterally Assigned Loan, (iii) any violation or alleged violation of, non-compliance with or liability under any requirements of applicable law by Borrower, Guarantor or any of their respective affiliates, officers, directors, employees or agents, (iv) ownership of, Liens on, security interests in or the exercise of rights or remedies under any of the items referred to in the preceding clause (i), (v) any accident, injury to or death of any person or loss of or damage to property occurring in, on or about the Mortgaged Property or on the adjoining sidewalks, curbs, parking areas, streets or ways, (vi) any use, nonuse or condition in, on or about, or possession, alteration, repair, operation, maintenance or management of, the Mortgaged Property or on the adjoining sidewalks, curbs, parking areas, streets or ways, (vii) any failure by Borrower to perform or comply with any Loan Document or Collaterally Assigned Loan Document, (viii) performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property, (ix) any claim by brokers, finders or similar Persons claiming to be entitled to a commission in connection with any lease or other transaction involving Mortgaged Property, (x) any taxes attributable to the execution, delivery, filing or recording of any Loan Document, Collaterally Assigned Loan Document or any memorandum of any of the foregoing, (xi) any Lien or claim arising on or against the Collaterally Assigned Loan or Mortgaged Property under any applicable law or any liability asserted against Lender or any other Indemnified Party with respect thereto, (xii) any Release, use, generation, manufacture, storage, disposal, threatened disposal, transportation or presence of Hazardous Materials to, from, in, on, under, near or affecting the Mortgaged Property, (xiii) any term sheet or any business communications or dealings between the parties relating thereto, or (xiv) Borrower’s conduct, activities, actions and/or inactions in connection with, relating to or arising out of any of the foregoing clauses of this Section 9.03(a), that, in each case of (i) through (xiv) above, does not result from (A) such Indemnified Party’s gross negligence or willful misconduct, as determined by a court of competent jurisdiction pursuant to a final, non-appealable judgment, or (B) an act or omission (where Lender has a duty to act) of Lender or any other Indemnified Parties during Lender’s period of ownership of the Collaterally Assigned Loan (pursuant to Lender’s exercise of its remedies hereunder or transfer in lieu thereof or similar transaction). In any suit, proceeding or action brought by Lender in connection with the Collaterally Assigned Loan for any sum owing thereunder, or to enforce any provisions of the Collaterally Assigned Loan Documents, Borrower shall save, indemnify and hold Lender harmless from and against all Damages suffered by Lender by reason of any

defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of Fee Owner thereunder, arising out of a breach by Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Fee Owner or its successors from Borrower. Borrower also agrees to reimburse an Indemnified Party as and when billed by such Indemnified Party for all such Indemnified Party's Damages incurred in connection with the enforcement or the preservation of such Indemnified Party's rights under this Loan Agreement and any other Loan Document or any transaction contemplated hereby or thereby.

(b) Borrower covenants and agrees to pay as an Expense Reimbursement Amount all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with, and in accordance with this Loan Agreement, including, without limitation: (i) the preparation, negotiation, execution and delivery of this Loan Agreement, the Note, the other Loan Documents, and any other documents or agreements executed in connection therewith and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower and Guarantor (including without limitation any opinions requested by Lender as to any legal matters arising under this Loan Agreement, the Note, and the other Loan Documents); (ii) Borrower's and Guarantor's ongoing performance of and compliance with their respective agreements and covenants contained in this Loan Agreement, the Note, and the other Loan Documents on the part of each to be performed or complied with on and after the Effective Date; (iii) Lender's ongoing performance and compliance with all agreements and conditions contained in this Loan Agreement, the Note, the other Loan Documents on its part to be performed or complied with on and after the Effective Date; (iv) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Loan Agreement, the Note, the other Loan Documents and any other documents executed in connection therewith or documents or matters requested by Lender; (v) securing Borrower's, and/or Guarantor's compliance with any requests made pursuant to the provisions of this Loan Agreement or any other Loan Document; (vi) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other taxes and similar expenses incurred in creating and perfecting any lien in favor of Lender pursuant to this Loan Agreement, the Note, and the other Loan Documents, including, without limitation, the Replacement Mortgage Documents; (vii) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, Guarantor, this Loan Agreement, the Note, the other Loan Documents, the Collaterally Assigned Loan, the Mortgaged Property or any other security given for the Loan; (viii) all wiring fees; (ix) any acts performed or proposed to be performed by Lender at Borrower's request or wholly or partially for the benefit of Borrower (including, the preparation or review of amendments, assumptions, waivers, releases, requests for approval of Transfer, estoppel certificates or statements of amounts owing under any Secured Obligation); (x) any out-of-pocket costs incurred by Lender, necessary in Lender's reasonable judgment, to protect or preserve the priority of, in each case, Lender's liens securing the Secured Obligations; (xi) appraisals or inspections of the Mortgaged Property; when permissible pursuant to law applicable to Lender, any out-of-pocket costs and expenses incurred by Lender and its agents in responding to third-party legal process, subpoenas, or similar legal demands received by Lender and its agents as a result of or in relation to, in each case, the Loan, the Secured Obligations, the Loan Documents, or Borrower's business with Lender; (xii) any reasonable and customary administrative fees charged by Lender; and/or (xiii) enforcing any obligations of, or collecting any payments due from, Borrower and/or Guarantor under this Loan Agreement, the Note, or the other Loan Documents or with respect to the Collaterally Assigned Loan or Mortgaged Property or in connection

with any refinancing or restructuring of the credit arrangements provided under this Loan Agreement in the nature of a “work-out” or of any insolvency or bankruptcy proceedings. Borrower also acknowledges and agrees that formal written appraisals of Mortgaged Property by a licensed independent appraiser may be required pursuant to this Loan Agreement, and/or may be required by Lender’s internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Lender may, at its option, require inspection of Mortgaged Property by an independent supervising architect and/or cost engineering specialist, and all of the foregoing shall be deemed Expense Reimbursement Amounts under this Loan Agreement. In addition, if Fee Owner or Borrower is undertaking a restoration or is performing any work at the Mortgaged Property that requires the obtaining of a building permit, then Borrower shall pay the costs of architects, engineers and other consultants retained by Lender to review the performance of such restoration or work. Any amounts payable to Lender pursuant to this Section 9.03(b) shall become immediately due and payable upon written demand and, if the same are not paid to Lender within ten (10) Business Days from the date of such written demand, shall bear interest at the Default Rate from the date of such written demand until the date such amounts have been paid. Any administrative fees owed to Lender pursuant to the Loan Documents shall be non-refundable, irrespective of the disposition of the request by Lender. Borrower shall have no expectation that Lender commence review of any matter or request prior to Borrower paying the required administrative fee and/or legal deposit referenced herein. In addition and without limitation to Lender’s right to recover all its out-of-pocket expenses from Borrower on demand as provided in this Section 9.03(b), Lender shall have the right to require Borrower to provide a legal deposit (i.e., payment in advance) before engaging outside counsel to do any legal work and to refresh that deposit, at Lender’s request, over the pendency of the matter. Borrower shall have no expectation that Lender commence any legal work with outside counsel prior to Borrower paying any legal deposit requested by Lender. For the avoidance of doubt, any reference in the Loan Documents to out-of-pocket costs or expenses incurred by Lender shall be construed, without limitation to other kinds of costs and expenses incurred by Lender, to include attorneys’ fees (i.e., outside counsel). Without limiting the generality of the immediately preceding sentence, no provision specifically requiring payment of a fee, cost, or expense to Lender by Borrower, by being so affirmatively and specifically stated in any Loan Document, may be construed to limit Lender’s rights to payment pursuant to this Section 9.03 for any fee, cost, or expense, in each case, provided for by this Section 9.03, but not so specifically stated.

(c) The parties hereto agree that the relationship between Borrower and Lender shall be solely that of a debtor and a creditor. Lender shall not have any fiduciary responsibilities to Borrower or any of its affiliates. Borrower on its own behalf (i) agrees that Lender shall not have any liability to Borrower (whether sounding in tort, contract or otherwise) for Damages suffered by Borrower and (ii) waives, releases and agrees not to sue upon any claim against Lender for Damages suffered by Borrower (whether arising in tort, contract or otherwise), in each case, in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by this Loan Agreement, the other loan documents or any other agreement entered into in connection herewith or any act, omission or event occurring in connection therewith, unless it is determined by a final non-appealable judgment of a court that is binding on Lender, that such Damages suffered by Borrower were the result of acts or omissions on the part of Lender constituting gross negligence or willful misconduct. Whether or not such Damages suffered by Borrower are related to a claim that is subject to such waiver and whether or not such waiver is effective, Lender shall not have any liability with respect to, and Borrower hereby waives, releases and agrees not to sue upon any claim for, any special, indirect, consequential or punitive damages suffered by

Borrower in connection with, arising out of, or in any way related to the transactions contemplated or the relationship established by this Loan Agreement, the other Loan Documents or any other agreement entered into in connection herewith or therewith or any act, omission or event occurring in connection herewith or therewith, unless it is determined by a final non-appealable judgment of a court that is binding on Lender, that such Damages suffered by Borrower were the result of acts or omissions on the part of, or legally attributable to, Lender, as applicable, constituting gross negligence or willful misconduct.

(d) The obligations of Borrower under this Section 9.03 hereof shall survive, in each case, the repayment of the Loan and the termination of this Loan Agreement.

9.04 Amendments. Any provision of this Loan Agreement may be modified or supplemented only by an instrument in writing signed by Borrower and Lender, and any provision of this Loan Agreement may be waived by Lender. Any amendment hereto shall be valid against Lender only if in writing executed by a duly authorized officer of Lender.

9.05 Assignment; Successors and Assigns.

(a) The rights and obligations of Borrower under the Loan Documents shall not be assigned, directly or indirectly and including any assignment by operation of law, by Borrower without the prior written consent of Lender, such consent to be granted or withheld in Lender's sole and absolute discretion. Any assignment or other transfer contrary to this Section 9.05(a) shall be null and void ab initio unless Lender subsequently ratifies its acceptance of such assignment in a written document, executed by a duly authorized officer of Lender, that states its express intent to ratify Lender's acceptance of such assignment pursuant to this Section 9.05(a).

(b) Subject to the provisions of Section 9.05(d) below, Lender and each assignee of all or a portion of the Loan shall have the right from time to time in its discretion to sell, assign, transfer, dispose of, syndicate and/or securitize the Note or any interest therein (an "Assignment") and/or sell a participation interest in the Note (a "Participation"); provided that, for so long as no Event of Default and/or Collaterally Assigned Loan Default shall exist, (i) Lender shall provide Borrower with at least three (3) Business Days' prior notice of any Assignment, (ii) Lender shall not consummate an Assignment to any Prohibited Lender Transferee; and (iii) Borrower, in accordance with the provisions of Section 2.03(b) hereof, may prepay the Loan in full within three (3) Business Days after Lender provides the applicable notice described in clause (i) above, and, if Borrower shall so prepay the Loan in full, then Borrower shall not be required to pay the Minimum Interest Payment. Borrower shall reasonably cooperate with Lender, at Lender's request, in order to effectuate any such Assignment or Participation, and Borrower shall promptly provide such information and documents as Lender may reasonably request in connection with such Assignment or Participation. For the avoidance of doubt, if an Event of Default and/or a Collaterally Assigned Loan Default shall exist, there shall be no restrictions of Lender's rights with respect to Assignments and Participations. In the case of an Assignment, (i) each assignee shall have, to the extent of such Assignment, the rights, benefits and obligations of the assigning Lender as a "Lender" hereunder and under the other Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to an Assignment, relinquish its rights and be released from its obligations under this Loan Agreement. In connection with a Participation or an Assignment with respect to a portion (but not all) of the Loan, Lender shall maintain, or cause to be maintained, as non-fiduciary agent for Borrower, a register on which it shall enter the name or names of

the registered owner or owners from time to time of the Note. Upon effectiveness of any Assignment of the Note in part, Borrower will promptly provide to the assignor and the assignee separate Notes in the amount of their respective interests (but, if applicable, with a notation thereon that it is given in substitution for and replacement of an original Note or any replacement thereof), and otherwise in the form of such Note, upon return of the Note then being replaced. Subject to Section 9.23, each potential or actual assignee or participant, investor or rating agency shall be entitled to receive from Lender all information received by Lender under this Loan Agreement with respect to the Loan, Borrower, Guarantor and its principals. Borrower shall secure from any Guarantor any information reasonably requested by Lender pursuant to this Section 9.05(b). Notwithstanding anything in this Loan Agreement to the contrary, after an Assignment, the assigning Lender and the Indemnified Parties, in each case and as applicable, in addition to the assignee, shall continue to have the benefits of any indemnifications contained in this Loan Agreement that such assigning Lender had prior to such assignment with respect to matters occurring prior to the date of such assignment.

(c) If, pursuant to this Section, any interest in this Loan Agreement or the Note is transferred to any transferee, such transferee shall, promptly upon receipt of written request from Borrower, furnish to Borrower Form W-9, Form W-8BEN or Form W-8ECI, as applicable.

(d) Subject to the foregoing, the Loan Documents and the Loan shall be binding upon and shall inure to the benefit of the parties and their respective permitted successors and permitted assigns. Nothing in the Loan Documents, express or implied, shall give to any Person, other than the parties to the Loan Documents and their respective permitted successors, any benefit or any legal or equitable right, power, remedy or claim under the Loan Documents.

9.06 Survival. Each representation and warranty made or deemed to be made herein or pursuant hereto shall survive the making of such representation and warranty, and, except as otherwise provided herein, Lender shall not be deemed to have waived, by reason of making the Loan, any Default or Event of Default that may arise because any such representation or warranty shall have proved to be false or misleading.

9.07 Captions. The table of contents and captions and Section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Loan Agreement.

9.08 Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Loan Agreement by signing any such counterpart. This Loan Agreement may be effectuated by the exchange of electronic copies of signatures (e.g., .pdf), with electronic copies of this executed Loan Agreement having the same force and effect as original counterpart signatures hereto for all purposes. This Loan Agreement shall not constitute a contract or other binding obligation unless and until it is executed by all parties hereto, and the text of Loan Agreement shall not constitute an offer that can be accepted unless and until all parties hereto have executed this Loan Agreement in writing by signing below.

9.09 Loan Agreement Constitutes Security Agreement; Governing Law. This Loan Agreement shall be governed by New York law without reference to choice of law or conflict of law doctrine, and shall constitute a security agreement within the meaning of the Uniform Commercial Code.

9.10 SUBMISSION TO JURISDICTION; WAIVERS. EACH OF LENDER AND BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(a) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS LOAN AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, NEW YORK, AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF; PROVIDED HOWEVER, IN CONNECTION WITH ANY SUIT, ACTION OR LEGAL PROCEEDING BROUGHT BY BORROWER OR GUARANTOR, SUCH SUIT, ACTION OR LEGAL PROCEEDING SHALL BE BROUGHT IN SUCH STATE OR FEDERAL COURTS OF NEW YORK;

(b) AGREES THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVE ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(c) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

(d) AGREES TO ONLY BRING ACTION IN ITS OWN NAME AND NOT IN CONCERT WITH OR AS PART OF A CONCERTED STRATEGY WITH OTHERS.

(e) AGREES THAT THE PROVISIONS OF SECTIONS 9.10, 9.11, AND 9.16 HEREOF (i) REPRESENT PART OF THE BARGAINED FOR LEGAL DETRIMENT OF THIS LOAN AGREEMENT SPECIFICALLY INTENDED TO INDUCE LENDER TO MAKE THE LOAN AND (ii) PROVIDE MATERIAL BENEFITS TO THE LOAN PARTIES AND LENDER ALIKE HERETO IN PROMOTING EFFICIENT DISPUTE RESOLUTION.

9.11 WAIVER OF JURY TRIAL. EACH OF BORROWER AND LENDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS LOAN AGREEMENT, ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. BORROWER, ON BEHALF OF ITSELF AND ANY OTHER PERSON CLAIMING BY OR THROUGH BORROWER, AGREES TO BRING ANY CLAIMS ARISING UNDER THE LOAN DOCUMENTS AGAINST LENDER ONLY AND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW WAIVES ANY RIGHT TO PROCEED AGAINST ANY PARTY OTHER THAN LENDER, INCLUDING, WITHOUT LIMITATION, LENDER'S AFFILIATES, SUBSIDIARIES, OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS.

9.12 No Reliance; Disclaimers. Each of Lender and Borrower hereby acknowledges, represents and warrants to the other that, in connection with the negotiation of, the entering into, and the performance under, the Loan Documents and the Loan thereunder:

(a) It is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the other party to the Loan Documents, other than the representations expressly set forth in the Loan Documents.

(b) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent that it has deemed to be necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of the Loan) based upon its own judgment and upon any advice from such advisors as it has deemed to be necessary and not upon any view expressed by the other party.

(c) It is a sophisticated and informed Person that has a full understanding of all the terms, conditions and risks (economic and otherwise) of the Loan Documents and the Loan thereunder and is capable of assuming and willing to assume (financially and otherwise) those risks.

(d) It is entering into the Loan Documents and the Loan thereunder for the purposes of managing its borrowings or investments or hedging its underlying assets or liabilities and not for purposes of speculation.

(e) It is not acting as a fiduciary or financial, investment or commodity trading advisor for the other party and has not given the other party (directly or indirectly through any other Person) any assurance, guaranty or representation whatsoever as to the merits (either legal, regulatory, tax, business, investment, financial accounting or otherwise) of the Loan Documents or the Loan thereunder.

9.13 Hypothecation. Nothing in this Loan Agreement or the other Loan Documents shall preclude Lender from pledging, repledging, hypothecating, or rehypothecating the Collateral or pledging its rights to payment hereunder in respect of the Loan, but no such transaction shall relieve Lender of its obligations hereunder, under any other Loan Document or under any other agreement entered into in connection herewith, to release the Collaterally Assigned Loan to Borrower pursuant to Section 5.07 of this Loan Agreement or otherwise affect the rights, obligations and remedies of any party to this Loan Agreement. Borrower shall not be liable for any costs incurred by Lender associated with any transaction undertaken by Lender in accordance with this Section 9.13.

9.14 Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement. If, and only if, a clause cannot be interpreted in a manner to be valid under applicable law, such provision deemed to be prohibited or invalid may be reformed to have the meaning as close as possible to the meaning provided in this Loan Agreement as long as such reformed meaning is consistent with the intent and purpose of this Loan Agreement to protect Lender's interests regarding (i) full and timely repayment of the Loan; (ii) full and timely payment of any other sums owed to Lender pursuant to the Loan Documents; (iii) performance of the Secured Obligations; and (iv) Lender's direct and indirect interests, in each case, in the Collateral. All covenants hereunder shall be given independent effect so that if a particular

action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

9.15 Preferences; Waiver of Marshalling of Assets. Lender shall have no obligation to marshal any assets in favor of Borrower or any other party or against or in payment of any or all of the obligations of Borrower pursuant to the Loan Documents. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder and under the Loan Documents. If any payment to Lender is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then the obligations hereunder or portion thereof intended to be satisfied by such payment shall be revived and continue in full force and effect, as if such payment had not been made. Borrower hereby waives any legal right otherwise available to Borrower that would require the sale of any Collateral either separate or apart from other Collateral, or require Lender to exhaust its remedies against any Collateral before proceeding against any other Collateral. Without limiting the foregoing provisions of this Section 9.15, to the fullest extent permitted by law, Borrower hereby waives and shall not assert any rights in respect of a marshalling of Collateral, a sale in the inverse order of alienation, any homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Collateral or any portion thereof in any sequence and any combination as determined by Lender in its sole discretion.

9.16 Offsets, Counterclaims and Defenses. All payments made by Borrower hereunder or under the other Loan Documents shall be made irrespective of, and without any deduction for, any offsets, counterclaims or defenses, provided that this shall not affect any defense to enforcement and/or any right to require proper accounting for, and application of, amounts collected and/or collateral obtained by Lender. Borrower waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Lender arising out of or in any way connected with the Note, this Loan Agreement, the other Loan Documents or the Secured Obligations. Any assignee of Lender's interest in the Loan shall take the same free and clear of all offsets, counterclaims or defenses against the assigning Lender. Further, nothing herein waives or affects Borrower's right to assert claims or defenses against Lender or the applicable assignee by other means.

9.17 Conflict; Construction of Documents. In the event of any conflict between the provisions of this Loan Agreement and the provisions of the other Loan Documents, the provisions of this Loan Agreement shall prevail. The parties acknowledge that they were each represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that the Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted same.

9.18 Brokers and Financial Advisors. Borrower and Lender each represent to the other that neither of them (and in the case of Borrower, neither Borrower nor the Guarantor) has dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders or other person who may be entitled to any commission or compensation in connection with the transactions contemplated by this Loan Agreement. Borrower and Lender each agree to indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on its behalf in connection with the transactions contemplated in this Loan Agreement. The provisions of this Section shall survive the expiration and termination of this Loan Agreement and the repayment of the Loan.

9.19 Estoppel Certificates. Borrower shall execute, acknowledge and deliver to Lender, within five (5) Business Days after receipt of Lender's written request therefor at any time from time to time, a statement in writing setting forth (A) the outstanding principal balance of the Loan, (B) the date on which installments of interest and/or principal were last paid, (C) any offsets or defenses to the repayment of the Loan, (D) that the Note, this Loan Agreement, and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification, (E) that neither Borrower nor, to Borrower's knowledge, Lender, is in default under the Loan Documents (or specifying any such default) and (F) such other matters as Lender may reasonably request. Any prospective purchaser of any interest in the Loan shall be permitted to rely on such certificate.

9.20 No Third-Party Beneficiaries. This Loan Agreement and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Loan Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender, Borrower, the Guarantor and the Indemnified Parties any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein (it being understood that any rights of Guarantor and the Indemnified Parties are limited to as expressly provided herein and that there are no generally third party beneficiaries, express or limited, under the Loan Documents). All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender, and no other Person has standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof, and no other Person may under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

9.21 Prior Agreements. THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES HERETO AND THERETO IN RESPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, AND ALL PRIOR AND CONTEMPORANEOUS AGREEMENTS AMONG OR BETWEEN SUCH PARTIES, WHETHER ORAL OR WRITTEN, INCLUDING ANY TERM SHEETS, CONFIDENTIALITY AGREEMENTS AND COMMITMENT LETTERS, ARE SUPERSEDED BY THE TERMS OF THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. BORROWER AND LENDER MUTUALLY AGREE THAT THERE ARE NO, NOR SHALL THERE BE ANY, IMPLIED COVENANTS OF GOOD FAITH AND FAIR DEALING OR OTHER SIMILAR COVENANTS OR AGREEMENTS IN THIS LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS. ALL AGREED CONTRACTUAL DUTIES ARE SET FORTH IN THIS LOAN AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS.

9.22 Schedules and Exhibits Incorporated. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Loan Agreement with the same effect as if set forth in the body hereof.

9.23 Confidentiality. Each of Lender and Borrower agrees, and agrees to cause each of its Affiliates (i) not to transmit or disclose (A) in the case of disclosure by Borrower, any provision of any Loan Document or any non-public information of Lender (collectively, the "Lender Information"), or (B) in the case of disclosure by Lender, Guarantor's financial statements (collectively, the "Borrower Information", Lender Information or Borrower Information, as applicable, "Information") to any Person (other than to such disclosing party's Affiliates, advisors, officers, and, in the case of disclosure by Lender, (x) to Lender's or its Affiliates' lenders, funding or financing sources, directors, trustees, partners, members, managers, employees, advisors, representatives, attorneys, equity owners, professional consultants, portfolio management services and rating agencies, (y) prospective or actual

purchasers, assignees, servicers, regulators or participants, and (z) any Person that provides statistical analysis and/or information services to Lender or its Affiliates) without the other party's prior written consent, except that each party shall have the right to disclose any and all Information to any Governmental Authority if requested by such Governmental Authority or if required pursuant to legal or judicial process or otherwise pursuant to applicable law, and (ii) to inform all Persons that receive Information of the confidential nature of the Information and to direct them not to disclose the same to any other Person. Borrower shall not, and shall cause each of its Affiliates not to, use Lender's name (or the name of any Lender's Affiliates) in connection with any press releases or such similar purposes without Lender's prior written consent. For the purpose of this Section, "Information" shall not include such portions of the Information that (a) are or become generally available to the public other than as a result of a wrongful disclosure by the disclosing party, its directors, officers, employees or advisors or (b) become available to the disclosing party on a non-confidential basis from a source other than the other party or its agents, and which source is not known to the disclosing party to be prohibited from disclosing such information by a legal, contractual or fiduciary obligation to the other party hereto. For the avoidance of doubt, Borrower agrees that Lender and any of its Affiliates may (x) disclose a general description of transactions arising under the Loan Documents for advertising, marketing or other similar purposes and (y) use Borrower or its Affiliates' name, logo or other indicia germane to such party in connection with such advertising, marketing or other similar purposes.

9.24 PATRIOT Act Records. Lender hereby notifies Borrower that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the name and address of Borrower and Guarantor and other information that will allow Lender to identify Borrower and Guarantor in accordance with the PATRIOT Act.

Section 10. **COLLATERALLY ASSIGNED LOAN AND COLLATERALLY ASSIGNED LOAN DOCUMENTS**

10.01 Representations Regarding the Collaterally Assigned Loan. Borrower hereby represents and warrants to Lender that from and after the date hereof and, except as otherwise provided below, throughout the term of this Loan Agreement:

(a) **Delivery of Collateral File.** On or prior to the Effective Date, true, correct and complete originals of all the Collaterally Assigned Loan Documents, the remainder of the entire Collateral File and any other documents required to be delivered under this Loan Agreement for the Collaterally Assigned Loan have been delivered to or at the direction of Lender.

(b) **Ownership and Status of Collaterally Assigned Loan.** The Collaterally Assigned Loan Documents are listed on Schedule 1 to this Loan Agreement and the Collaterally Assigned Loan is not secured by any collateral other than the Mortgaged Property pursuant to the Collaterally Assigned Loan Documents. Borrower has good and marketable title to, and is the sole owner of, the Collaterally Assigned Loan free and clear of any Liens on, in or to the Collaterally Assigned Loan. Borrower has full right, power and authority to pledge and assign such Collateral free and clear of any interest or claim of any third party or any Affiliate of Borrower and Borrower has not assigned, pledged, or otherwise conveyed or encumbered any interest in the Collateral to any Person (other than Lender) including, without limitation, any participation interest. Each document in the Collateral File to which Fee Owner or any Underlying Guarantor is a party constitutes a legal, valid and binding obligation of Fee Owner or Underlying Guarantor. Except by written instruments set forth in the Collateral File, (i) the terms of the Collaterally Assigned Loan Documents have not been waived, impaired, modified, amended, supplemented, altered, released, satisfied, canceled, terminated, subordinated or

rescinded in any manner; (ii) neither the Mortgaged Property nor any portion thereof has been released from the lien of the Collaterally Assigned Mortgage; and (iii) neither Fee Owner nor any Underlying Guarantor has been released by Borrower from its obligations under the applicable Collaterally Assigned Loan Documents.

(c) First Lien; Valid Assignment. The Collaterally Assigned Mortgage is a legal, valid and enforceable first lien on the Fee Owner's fee interest in the Mortgaged Property in the outstanding principal amount of the Collaterally Assigned Loan (subject only to Permitted Encumbrances). To Borrower's knowledge, no rights exist which under law could give rise to any mechanics' liens, materialmen's liens and other similar encumbrances that would be prior to or equal with the lien of such Collaterally Assigned Mortgage. Any security agreement, chattel mortgage or equivalent document related to and delivered in connection with the Collaterally Assigned Loan establishes and creates a valid and enforceable lien on property described therein. The Collaterally Assigned ALR creates a valid first-priority collateral assignment of, or a valid first-priority lien or security interest in, rents and certain rights under the lease or leases, subject only to a license granted to Fee Owner to exercise certain rights and to perform certain obligations of the lessor under such lease or leases, including the right to operate the related leased property. The Collaterally Assigned Mortgage provides for, upon the occurrence of a Collaterally Assigned Loan Default, the appointment of a receiver for the collection of rents or for the related mortgagee to enter into possession to collect the rents or for rents to be paid directly to the mortgagee. The Collaterally Assigned Loan Documents establish a valid security interest in, and a UCC-1 financing statement has been filed and/or recorded (or, in the case of fixtures, the applicable Mortgage constitutes a fixture filing) in all places necessary to perfect a valid security interest in, the personal property owned by Fee Owner (creation and perfection of which is governed by the Uniform Commercial Code and for which the filing and/or recording of a UCC-1 financing statement may perfect such security interest) and necessary to operate the Mortgaged Property in its current use. The provisions of this Loan Agreement and the other Loan Documents are effective to create in favor of Lender a valid security interest in all right, title and interest of Borrower in, to and under the Collateral. Upon (i) receipt by Lender of the Collateral File and (ii) the filing of a UCC-1 financing statement naming Lender as "Secured Party" and Borrower as "Debtor" and describing the Collateral, as necessary, Lender shall have a fully perfected first priority security interest in all of Borrower's right, title and interest in, to and under such Collateral.

(d) Compliance with Laws. The Collaterally Assigned Loan and the Collateral File are in compliance with the requirements of all applicable laws, rules, regulations and orders now in effect of any applicable Governmental Authority (including, without limitation, all Hazardous Materials Laws).

(e) Outstanding Balance. As of the Effective Date, the outstanding principal balance under the Collaterally Assigned Loan is \$0.00 and payments of interest on the Collaterally Assigned Note have been paid in full through the Effective Date.

(f) Offsets or Defenses. There is no valid offset, defense, counterclaim or right of rescission available to Fee Owner with respect to the Collaterally Assigned Loan Documents that would deny Borrower the principal benefits intended to be provided by the Collaterally Assigned Loan Documents.

(g) Hazardous Materials. Borrower has delivered to Lender true, correct and complete copies of all Phase I environmental site assessments, Phase II environmental site assessments (if applicable) or other environmental reports reasonably

requested by Lender, and all other environmental assessments and reports received by Borrower with respect to the Mortgaged Property. Except as disclosed in any such Phase I environmental site assessments, Phase II environmental site assessments or other environmental assessments and reports provided by Borrower, Borrower has not received written notification of potential or known liability from any Governmental Authority relating to any Hazardous Materials on or affecting the Mortgaged Property or any violation of any Hazardous Materials Laws arising from the ownership or operation of the Mortgaged Property, including relating to wetlands or the past or present contamination, presence, use, storage, handling, transportation, treatment, disposal, or release of Hazardous Materials.

(h) Cross Collateralization. The Mortgaged Property does not secure the repayment of any loans or any Indebtedness other than the Collaterally Assigned Loan.

(i) No Subordinate Liens. Except for Permitted Encumbrances, neither Borrower nor its Affiliates have consented to any subordinate lien encumbering the Mortgaged Property. There are no preferred equity interests held by Borrower or its Affiliates in Fee Owner. There is no mezzanine debt related to the Mortgaged Property.

(j) Title Insurance. The Collaterally Assigned Loan is insured under the Mortgagee Title Policy. The Mortgagee Title Policy is in full force and effect and all premiums thereon have been paid. Borrower has not done, by act or omission, anything that would materially impair the coverage under the Mortgagee Title Policy. No claims have been made under the Mortgagee Title Policy, and to Borrower's knowledge, no prior holder or Servicer of the Collaterally Assigned Mortgage, including Borrower, has done, by act or omission, anything which would impair the coverage of the Mortgagee Title Policy. Borrower has not failed to disclose any fact to the issuer of the Mortgagee Title Policy that, if not disclosed, would have a material adverse effect on Borrower's rights under the Mortgagee Title Policy. There are no restrictions in the Mortgagee Title Policy that would prevent the Mortgagee Title Policy from inuring to the benefit of Lender, including as successor to Borrower's interest.

(k) Taxes and Assessments. To Borrower's knowledge, all taxes, governmental assessments and other outstanding governmental charges (including, without limitation, water and sewage charges) due with respect to the Mortgaged Property that is or could become a lien on such Mortgaged Property that became due and owing prior to the date hereof with respect to such Mortgaged Property have been paid, or, if the appropriate amount of such taxes or charges is being appealed or is otherwise in dispute, the unpaid taxes or charges are covered by an escrow of funds or other security sufficient to pay such tax or charge and reasonably estimated interest and penalties, if any, thereon. For purposes of this representation and warranty, real property taxes and assessments shall not be considered due and payable until the date on which interest and/or penalties would be payable thereon.

(l) Casualty and Condemnation. The Mortgaged Property is undamaged by waste, fire, earthquake, flood or other casualty so as to affect adversely the value of the Mortgaged Property as security for the Collaterally Assigned Loan or the use for which the premises were intended. There is no proceeding pending or, to Borrower's knowledge, in each case, threatened, regarding the total or partial condemnation of any of the Mortgaged Property.

(m) Escrow Deposits. All escrow deposits and payments required pursuant to the Collaterally Assigned Loan (including capital improvements and

environmental remediation reserves) are in the possession, or under the control, of Borrower, and there are no material deficiencies (subject to any applicable grace or cure periods) in connection therewith.

(n) No Default. To Borrower's knowledge, there is (i) no default, breach, violation or event of acceleration existing under the Collaterally Assigned Loan, or (ii) no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration by any party thereunder.

(o) Bankruptcy. To Borrower's knowledge, neither the Mortgaged Property nor any portion thereof, is the subject of, and neither Fee Owner nor any Underlying Guarantor is a debtor in any state or federal bankruptcy, insolvency or similar proceeding.

(p) Servicing. The servicing and collection of the Collaterally Assigned Loan by Borrower or any Affiliate of Borrower and by any Servicers engaged by Borrower has complied in all material respects with all applicable laws and regulations and was in all material respects legal, proper and prudent, in accordance with Accepted Servicing Practices. Borrower or any Servicer engaged by or on behalf of Borrower has sufficient resources to monitor and obtain information regarding the performance of the Collaterally Assigned Loan such that Borrower will receive actual notice of any circumstance that would render materially false any representation or warranty made pursuant to this Section 10.01.

(q) Advance of Funds by Borrower. No advance of funds has been made by Borrower to Fee Owner other than in accordance with the applicable Collaterally Assigned Loan Documents, and, to Borrower's knowledge, no funds have been received from any Person other than Fee Owner or an affiliate of Fee Owner for, or on account of, payments due on the Collaterally Assigned Loan (other than as contemplated by the applicable Collaterally Assigned Loan Documents, such as, by way of example and not in limitation of the foregoing, amounts paid by the tenant(s) into a lender-controlled lockbox if required or contemplated under the lease or the applicable Collaterally Assigned Loan Documents).

(r) Litigation. To Borrower's knowledge, there is no pending, filed or threatened action, suit or proceeding, arbitration or governmental investigation involving the Fee Owner, any Underlying Guarantor or the Mortgaged Property.

(s) No Reliance on Lender. Borrower is experienced in the making and servicing of loans similar to the Collaterally Assigned Loan and Borrower and Lender have and are relying solely upon Borrower's expertise and business plan in connection with the making and servicing of the Collaterally Assigned Loan. Borrower is not relying on Lender's expertise or business acumen in connection with the Collateral or the Collaterally Assigned Loan.

(t) Knowledge. Borrower's statements made in this Section 10.01 "to Borrower's knowledge" shall include Borrower's actual and inquiry notice, in each case, of such circumstances.

10.02 Covenants Regarding the Collaterally Assigned Loan. Borrower covenants and agrees with Lender that, so long as the Loan is outstanding and until payment in full of all Secured Obligations:

(a) Conversion of Mortgaged Property to REO Property. Borrower shall not Convert the Mortgaged Property to REO Property without satisfaction of the Conversion Conditions. Further, Borrower shall only declare the Collaterally Assigned Note to be immediately due and payable, bring any action to foreclose the lien of the Collaterally Assigned Mortgage, conduct a foreclosure sale pursuant to a power of sale, accept a deed (or assignment) in lieu of foreclosure, appoint a receiver for the collection of rents or other revenue, file or approve any plan in any bankruptcy proceeding involving Fee Owner, Pledgor, Underlying Guarantors, the Mortgaged Property or the Fee Owner Equity Interests, bring any suit on the Collaterally Assigned Note to collect the debt thereunder or consent to a forbearance agreement as permitted by and in accordance with Section 10.06(a) hereof.

(b) Servicing. Borrower shall cause the Collaterally Assigned Loan to be serviced in accordance with Accepted Servicing Practices and shall perform its obligations as “lender” and “agent” under the Collaterally Assigned Loan Documents. Borrower shall diligently enforce the performance and observance of each and every condition and covenant of Fee Owner and Underlying Guarantors under the Collaterally Assigned Loan Documents, including but not limited to, the obligation to make payments in accordance with the Collaterally Assigned Note and the other Collaterally Assigned Loan Documents and the covenants pertaining to the ownership, construction, operation and maintenance of the Mortgaged Property.

(c) Amendments and Modifications to the Collaterally Assigned Loan. Borrower shall not make, or consent or assent to, or permit Servicer or any other party to make, or consent or assent to, an amendment, modification, waiver, full or partial release or termination to the Collaterally Assigned Loan Documents without the prior written consent of Lender, such consent to be granted or withheld in Lender’s sole and absolute discretion. In all events, Borrower shall not permit a subordination of the Lien of the Collaterally Assigned Mortgage to any Lien that is not a Permitted Encumbrance. Further, Borrower shall not waive or release Fee Owner or any Underlying Guarantor from the performance or observance of any obligation, covenant or condition under the Collaterally Assigned Loan Documents.

(d) Consents and/or Approvals under the Collaterally Assigned Loan Documents. Without Lender’s express prior written consent, Borrower shall not provide any consent or approval for which Borrower’s consent or approval is required under the Collaterally Assigned Loan Documents in connection with any of the following matters:

(i) modifying or amending the Business Plan Budget (as defined in the Collaterally Assigned Loan Agreement) or approving, modifying or amending the Annual Budget (as defined in the Collaterally Assigned Loan Agreement) or any other operating or construction budget submitted to Borrower by Fee Owner;

(ii) approving any lease;

(iii) applying any proceeds, rents, collateral, reserves, or any other collateral held by Borrower when, pursuant to the Collaterally Assigned Loan Documents, Borrower is permitted to apply any such proceeds, rents, collateral, reserves, or any other collateral held by Borrower in Borrower’s

discretion. For the purposes of clarity, any sums which may be applied by Borrower to any sums due and owing to Borrower under the Collaterally Assigned Loan Documents during a Collaterally Assigned Loan Default shall be remitted to Lender for application by Lender to the Loan in accordance with Section 2.03(c);

- (iv) amending or modifying any organizational documents of Fee Owner or Pledgor;
- (v) consenting to any zoning reclassification of all or any portion of the Mortgaged Property;
- (vi) determining that any provisions with respect to insurance or the application of proceeds thereof have been satisfied;
- (vii) consenting to or approving a transfer of any direct or indirect interest in Fee Owner or the incurrence of additional secured or unsecured debt;
- (viii) waiving any “due-on-sale” or due-on-encumbrance” clause;
- (ix) approving (x) the amendment, surrender, termination, cancellation, modification, assignment, renewal or extension of any property management agreement with respect to the Mortgaged Property, (y) any material written waiver under the property management agreement with respect to the Mortgaged Property, or (z) the entering into any other agreement relating to the management of the Mortgaged Property;
- (x) consenting to any alteration with respect to the Mortgaged Property;
- (xi) entering into and/or approving a deposit account control agreement;
- (xii) determining calculations with respect to any financial covenants set forth in the Collaterally Assigned Loan Documents, including, without limitation, the Loan-to-Value Ratio (as defined in the Collaterally Assigned Loan Agreement);
- (xiii) approving any change order;
- (xiv) accepting a lower retainage percentage than otherwise expressly permitted in the Collaterally Assigned Loan Agreement, consenting to the early release of retainage, or disbursing the final retainage amount;
- (xv) reallocating or applying “contingency”;
- (xvi) modifying or amending the Plans and/or any construction timeline in connection therewith;
- (xvii) determining and/or approving any costs savings;
- (xviii) approving any payment and performance surety bonds or “Subguard” insurance;

(xix) approving (A) any design or construction agreement (including, without limitation, the agreement between Fee Owner and Borrower's Architect, the General Contractor's Agreement or any Trade Contract) or the surrender, termination, cancellation, modification, amendment of any of the foregoing agreements and (B) the Plan and Cost Review;

(xx) approving the entering into or (x) the amendment, surrender, termination, cancellation, modification, assignment, renewal or extension of any development or management agreement or any other material agreement with respect to the Mortgaged Property, or (y) any waiver with respect to any of the foregoing;

(xxi) approving any advance of the Collaterally Assigned Loan; and

(xxii) determining and/or confirming that substantial completion has occurred or approving any extension of time in connection therewith.

Notwithstanding anything herein to the contrary contained herein, in no event shall Borrower approve a discounted payoff of the Collaterally Assigned Loan unless the Loan and all obligations hereunder have been paid in full in connection therewith.

(e) Assignment and/or Participation. Notwithstanding anything to the contrary in any of the Collaterally Assigned Loan Documents, Borrower shall not sell, assign or pledge any interest whatsoever (including any participation or similar interest) in or to any of the Collaterally Assigned Loan Documents. For the avoidance of doubt, the immediately preceding prohibition on assignment includes any assignment by operation of law.

(f) Deliverables. Borrower shall deliver to Lender:

(i) within five (5) Business Days after receipt or issuance, the following:

(A) copies of any and all notices (x) received from Fee Owner or Underlying Guarantors, any of their Affiliates or any other Person with respect to any of the Collaterally Assigned Loan Documents, the Mortgaged Property, the Collateral, the Fee Owner, the Underlying Guarantors or any or all of them and (y) provided by Borrower or any of its Affiliates to Fee Owner or Underlying Guarantors, any of their Affiliates or any other Person with respect to any of the Collaterally Assigned Loan Documents or the Mortgaged Property;

(B) copies of any and all documents, reports, inspections or notices with respect to the Mortgaged Property, including, without limitation, any draw request, tax statements, assessments, notices of violation, notices of rezoning, rent rolls, operating statements, annual balance sheets, annual budgets and any other financial information provided by Fee Owner or Underlying Guarantors to Borrower in accordance with the provisions of the Collaterally Assigned Loan Agreement or the

provisions of the Collaterally Assigned Guaranties, or any other relevant notices;

(C) copies of all requests for consents or waivers requiring Lender's approval pursuant to the provisions of this Section 10, together with any supporting documentation received;

(ii) simultaneous with the delivery to Fee Owner, copies of notices of a Collaterally Assigned Loan Default or an acceleration, any foreclosure notice or other material correspondence provided to Fee Owner.

(g) Waiver of Defenses of Fee Owner and Underlying Guarantors. Borrower hereby waives any right Borrower may have, if any, to assert any defenses or claims, in each case, of the Fee Owner or any party claiming by or through the Fee Owner, against Lender. Without limiting the generality of the immediately preceding sentence, Borrower specifically acknowledges that no determination, in each case, of commercial impracticability, frustration of purpose, or other doctrine in law or equity regarding the Collaterally Assigned Loan and the documentation thereof may be construed to allow Borrower to avoid any obligation under the Loan Documents; for the avoidance of doubt, any impairment of the Mortgaged Property, including any that may be construed to make the Mortgaged Property commercially impracticable or frustrate the purpose of the Mortgaged Property, shall not be construed to mean that Borrower's payment and performance obligations under the Loan Documents have been made commercially impracticable or that the purpose of the Loan has been frustrated. For the further avoidance of doubt and without limiting the generality of the other provisions of this Section 10.02(g), includes circumstances affecting the Mortgaged Property, the Fee Owner or the Underlying Guarantors, in each case, related to Hazardous Materials Laws. The parties agree that the provisions of this Section 10.02(g) represent a bargained for allocation of risk between the parties hereto. Borrower represents and warrants to Lender that Borrower understands the allocation of risk contained in this Section 10.02(g) and that Borrower and party claiming by or through Borrower, in each case, shall be estopped from asserting against Lender any defenses or claims that the Fee Owner and/or the Underlying Guarantors may have against Borrower, Lender, or any other Person.

(h) Collaterally Assigned Loan Default.

(i) From and after the occurrence of a Collaterally Assigned Loan Default, interest shall accrue at the increased Interest Rate (as more specifically provided in the definition of "Interest Rate") or the Default Rate, as applicable. A Collaterally Assigned Loan Default shall constitute a Continuing Collaterally Assigned Loan Default hereunder unless, within sixty (60) days after the occurrence of such Collaterally Assigned Loan Default and after giving effect to any notice or cure period with respect thereto under the Collaterally Assigned Loan Documents, either (1) Borrower fully repays the Loan in accordance with Section 2.03 above or (2) the following conditions are satisfied: (A) either (x) the Loan to Value Ratio of the Mortgaged Property (based on an Appraisal dated not earlier than thirty (30) days immediately before and not later than fifteen (15) days immediately following the occurrence of the Collaterally Assigned Loan Default) does not exceed fifty percent (50%) or (y) in the event the Loan To Value Ratio fails to satisfy clause (x) above, Borrower, within fifteen (15) days after receipt of such Appraisal, prepays the Loan in an amount that would cause the Loan to Value Ratio to be equal to or less than fifty percent (50%); (B) Borrower funds the Reserve Account in the amount as Lender determines is necessary to pay debt service on the Loan through the date that is one hundred

eighty (180) days following the occurrence of such Collaterally Assigned Loan Default; (C) Borrower reaffirms its obligation to enforce the terms of the Collaterally Assigned Loan Documents in accordance with the terms thereof and this Loan Agreement; (D) Borrower shall commence, and thereafter diligently pursue, an action to foreclose on the Mortgaged Property or accept a deed-in-lieu thereof, in each case, in accordance with the terms of this Loan Agreement and deliver to Lender copies of all documentation reasonably requested by Lender with respect to such foreclosure action, deed-in-lieu or secured party sale; and (E) no Default or Event of Default shall exist and be continuing. Failure to comply with any of the foregoing shall constitute an immediate Event of Default hereunder.

(ii) Additionally, regardless of Borrower's satisfaction of clauses (h)(i)(2)(A) – (E), a Collaterally Assigned Loan Default shall constitute an Continuing Collaterally Assigned Loan Default and an Event of Default hereunder within one hundred eighty (180) days of the occurrence of a Collaterally Assigned Loan Default; provided that such initial one hundred eighty (180) day period may be extended by an additional one hundred eighty (180) days if the following conditions are satisfied prior to the expiration such initial one hundred eighty (180) day period: (A) either (x) the Loan to Value Ratio of the Mortgaged Property (based on an Appraisal dated not earlier than thirty (30) days immediately before and not later than fifteen (15) days immediately following the commencement of such additional one hundred eighty (180) day period) does not exceed fifty percent (50%) or (y) in the event the Loan To Value Ratio fails to satisfy clause (x) above, Borrower, within fifteen (15) days after receipt of such Appraisal, prepays the Loan in an amount that would cause the Loan to Value Ratio to be equal to or less than fifty percent (50%); (B) Borrower funds the Reserve Account in the amount as Lender determines is necessary to pay debt service on the Loan through such additional one hundred eighty (180) day period; (C) Borrower reaffirms its obligation to enforce the terms of the Collaterally Assigned Loan Documents in accordance with the terms thereof and this Loan Agreement; (D) Borrower has commenced, and is diligently pursuing, an action to foreclose on the Mortgaged Property or accept a deed-in-lieu thereof in accordance with the terms of this Loan Agreement and deliver to Lender copies of all documentation reasonably requested by Lender with respect to such foreclosure action, deed-in-lieu or secured party sale; and (E) no Default or Event of Default shall exist and be continuing. Failure to comply with any of the foregoing shall constitute an immediate Event of Default hereunder.

10.03 Additional Collateral and Further Information.

(a) Borrower acknowledges that Lender has the right to perform continuing due diligence reviews with respect to the Collaterally Assigned Loan and Borrower, for purposes of verifying compliance with the representations, warranties and specifications made hereunder, or otherwise, and Borrower agrees that upon reasonable prior written notice, unless an Event of Default shall have occurred and is continuing in which case no notice is required, to Borrower, Lender or its authorized representatives will be permitted during normal business hours to examine, inspect, and make copies and extracts of, the Collateral File and any and all documents, information, records and reports relating to the Collaterally Assigned Loan in the possession or under the control of Borrower. Borrower also shall make available to Lender a knowledgeable officer or representative during normal business hours for the purpose of answering questions with respect to the Collateral File and the Collaterally Assigned Loan. Borrower shall use commercially reasonable efforts to permit agents, representatives and employees of

Lender to inspect the Mortgaged Property or any part thereof at reasonable business hours upon reasonable advance written notice. Borrower further agrees that Borrower shall pay all reasonable Expenses incurred by Lender in connection with Lender's activities pursuant to this Section 10.03, excluding, however, any internal administrative and underwriting costs of Lender.

(b) From time to time, Borrower shall forward to Lender additional original documents or additional documents evidencing any assumption, modification, consolidation or extension of the Collaterally Assigned Loan approved or entered into in accordance with the terms of this Loan Agreement. With respect to any documents which have been delivered or are being delivered to recording offices for recording and have not been returned to Borrower in time to permit their delivery hereunder at the time required, in lieu of delivering such original documents, Borrower shall deliver to Lender a true copy thereof with an Officer's Certificate certifying, to Borrower's knowledge, that such copy is a true, correct and complete copy of the original, which has been transmitted for recordation. Borrower shall deliver such original documents to Lender promptly when they are received. With respect to the Collaterally Assigned Loan, Borrower hereby appoints Lender as its attorney-in-fact effective only during the continuation of an Event of Default with full power to (i) complete and record any Assignment of Deed of Trust and/or Assignment of Assignment of Leases and Rents, (ii) complete the endorsement of any Collaterally Assigned Note, and (iii) take such other steps as may be necessary or desirable to enforce Lender's rights against the Collaterally Assigned Loan and the Collateral File and the Servicing Records. All or any portion of the Collateral File not delivered to Lender or its designee are and shall be held by Borrower or its designee for the benefit of Lender as the holder of a first priority security interest therein. Borrower or its designee shall maintain a copy of the Collateral File and the originals of the Collateral File not delivered to Lender or its designee. The possession of the Collateral File by Borrower or its designee is at the will of Lender for the sole purpose of servicing the Collaterally Assigned Loan, and such retention and possession by Borrower or its designee is in a custodial capacity only.

(c) If any amount payable under or in connection with any of the Collaterally Assigned Loan shall be or become evidenced by any promissory note, other instrument or chattel paper (as each of the foregoing is defined under the Uniform Commercial Code), such promissory note, instrument or chattel paper shall be immediately delivered to Lender or its designee, duly endorsed in a manner satisfactory to Lender or if any collateral or other security shall subsequently be delivered to Borrower in connection with the Collaterally Assigned Loan, Borrower shall immediately deliver or forward such item of collateral or other security to Lender, together with such instruments of assignment as Lender may request.

(d) Borrower shall not accept a letter of credit or additional collateral unless Borrower has (i) caused Lender to have a perfected security interest in such letter of credit or additional collateral in accordance with the terms specified by Lender, (ii) has provided to Lender documentation reasonably acceptable to Lender evidencing Lender's security interest, (iii) has delivered such letter of credit and/or additional collateral, as applicable, to Lender, together with reasonable supporting documentation relating thereto, and (iv) has collaterally assigned to Lender all of Borrower's right, title and interest in and to the letter of credit and/or additional collateral as additional collateral for the Loan;

10.04 Servicing.

(a) Borrower covenants to maintain or cause the servicing of the Collaterally Assigned Loan to be maintained in conformity with Accepted Servicing Practices. Borrower shall, or shall cause Servicer to (i) comply with all applicable federal, state and local laws and regulations, (ii) maintain all state and federal licenses necessary for it to perform its servicing responsibilities hereunder and (iii) not impair the rights of Lender in the Collaterally Assigned Loan or any payment thereunder. Lender may terminate the servicing of the Collaterally Assigned Loan with the then existing servicer in accordance with Section 10.04(e) hereof.

(b) If the Collaterally Assigned Loan, or any portion thereof, is serviced or subserviced by Borrower, (i) Borrower acknowledges that Lender is the collateral assignee of all Servicing Rights and servicing records, including but not limited to any and all servicing agreements, files, documents, records, data bases, computer tapes, copies of computer tapes, proof of insurance coverage, insurance policies, appraisals, other closing documentation, payment history records, and any other records relating to or evidencing the servicing of the Collaterally Assigned Loan (the "Servicing Records") and (ii) Borrower shall (or shall cause Servicer to) safeguard all Servicing Records so long as the Collaterally Assigned Loan are subject to this Loan Agreement and, at Lender's request during the continuance of an Event of Default, shall promptly deliver (or cause Servicer to promptly deliver) all such Servicing Records to Lender or its designee.

(c) If the Collaterally Assigned Loan, or any portion thereof, are serviced or subserviced by a third party Servicer or sub-servicer, Borrower shall (i) include in the Servicing Agreement such matters as Lender may reasonably request, including, without limitation, (w) Lender's rights to indemnification and to recovery against any Servicer or sub-servicers insurance; (x) recognition by the Servicer of Lender's security interest in the Collaterally Assigned Loan; (y) rights of Lender, upon reasonable and customary advance written notice, to inspect the books and records of the Servicer with respect to the Collaterally Assigned Loan; and (z) the Servicer's agreement that upon receipt of notice of an Event of Default from Lender, it will only follow the instructions of Lender with respect to the Collaterally Assigned Loan and any Collections with respect thereto and (ii) cause the Servicer and any sub-servicers engaged by Borrower to execute a letter agreement with Lender acknowledging Lender's security interest in the Collaterally Assigned Loan and the Servicing Agreement and agreeing that such Servicer or sub-servicer shall apply all Collections with respect to the Collaterally Assigned Loan as directed by Lender. Any successor to the Servicer or any sub-servicer shall be approved in writing by Lender prior to such successor's assumption of servicing obligations with respect to the Collaterally Assigned Loan.

(d) Borrower shall not, and shall not permit Servicer to, employ sub-servicers to service the Collaterally Assigned Loan without the prior written approval of Lender which shall not be unreasonably withheld, conditioned or delayed. If the Collaterally Assigned Loan is serviced by a sub-servicer, Borrower shall irrevocably assign all rights, title and interest in the servicing agreement with such sub-servicer to Lender.

(e) Upon the occurrence and during the continuance of an Event of Default hereunder or a default by the Servicer under the Servicing Agreement (to the extent a Servicing Agreement then exists), Lender shall have the right to immediately terminate, and/or to require Borrower to immediately terminate, Borrower's, the Servicer's and/or any sub-servicer's right to service the Collaterally Assigned Loan and

Lender shall not be responsible for payment of any penalty or termination fee, and shall have the right to appoint a successor servicer acceptable to Lender. Borrower shall, and shall cause Servicer and any sub-servicer to, cooperate in transferring the servicing of the Collaterally Assigned Loan to a successor servicer appointed by Lender in its sole discretion.

(f) If Borrower discovers that, for any reason whatsoever, any entity responsible to Borrower by contract for managing or servicing the Collaterally Assigned Loan has failed to materially perform Borrower's obligations under the Loan Documents or any of the material obligations of such entities with respect to the Collaterally Assigned Loan, Borrower shall promptly notify Lender.

(g) Borrower shall cause the Servicer and any sub-servicer to provide a copy of each report and notice sent to Borrower to be sent to Lender concurrently therewith.

(h) Borrower shall be responsible for paying all costs, fees and expenses payable to the Servicer and any sub-servicer for services performed pursuant to the Servicing Agreement or otherwise.

(i) Notwithstanding anything to the contrary contained herein, this Loan Agreement and the other Loan Documents shall control over any and all contrary, conflicting or otherwise incompatible terms contained in the Servicing Agreement.

10.05 Protective Advances. In the event of the failure of Fee Owner to pay taxes, insurance premiums, costs, or any other charges required by the Collaterally Assigned Loan Documents to be paid by Fee Owner that may become liens against the Mortgaged Property or any part thereof, or otherwise if determined by Borrower to be commercially prudent in order to construct the Mortgaged Property or preserve the collateral for the Collaterally Assigned Loan or to otherwise protect or enforce Borrower's liens and security interests under the Collaterally Assigned Mortgage and other Collaterally Assigned Loan Documents or otherwise to pay for expenditures that are emergency in nature and that the Borrower believes are reasonably necessary to prevent personal injury, loss of life, material damage or substantial economic harm to the Mortgaged Property (any such amount, a "Protective Advance"), Borrower shall notify Lender of the amount estimated by Borrower to be required under this Section 10.05, together with supporting documentation related thereto. Additionally, Lender may independently learn and determine that a Protective Advance is required and may notify Borrower of the amount estimated by Lender to be required under this Section 10.05. In either such case, Borrower shall promptly advance to or on behalf of Fee Owner such Protective Advance. In the event that (x) Borrower does not advance such Protective Advance within ten (10) days after notification to Lender and/or request from Lender, or (y) Lender reasonably believes such Protective Advance is commercially prudent in order to preserve the collateral for the Collaterally Assigned Loan or otherwise pay for expenditures that are emergency in nature and that Lender believes are reasonably necessary to prevent personal injury, loss of life, material damage or substantial economic hard to the Mortgaged Property, or prevent a lapse of insurance coverage, Lender may, but is not obligated to, make such Protective Advance. All Protective Advances, charges, costs and expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Lender in exercising any right, power or remedy conferred by this Section 10.05, together with interest on those amounts at the Default Rate, from the time paid by the Lender until repaid by the Borrower, are deemed to be principal outstanding under this Loan Agreement and the Note.

10.06 Enforcement of Collaterally Assigned Loan Documents.

(a) Borrower shall have the right, without the prior consent of Lender, to accelerate the Collaterally Assigned Loan and commence and prosecute a foreclosure proceeding (including the appointment of a receiver or other typical appointments or proceedings) or accept a deed-in-lieu (each of which are subject to the remainder of this Section 10.06(a)). Notwithstanding the foregoing, while there exists a Collaterally Assigned Loan Default, Borrower shall not take any other action under the Collaterally Assigned Loan Documents without the Lender's prior written consent (not to be unreasonably withheld, conditioned or delayed). Notwithstanding anything herein or in any of the Loan Documents to the contrary, Borrower may not complete a foreclosure action on the Mortgaged Property or the Fee Owner Equity Interests or accept a deed (or assignment)-in-lieu thereof, in each case, and thereby Convert the Mortgaged Property to REO Property, unless and until such time as Borrower and Lender have entered into Replacement Mortgage Documents and Replacement Guaranties, which Replacement Mortgage Documents and Replacement Guaranties shall be held in escrow and may be recorded by Lender against the Mortgaged Property in Lender's sole discretion following the Conversion of the Mortgaged Property to REO Property. Borrower hereby agrees to execute, procure and deliver the Replacement Mortgage Documents, Replacement Guaranties, customary corporate authority documents, organizational documents and legal opinions relating to the Conversion, the Replacement Mortgage Documents and the Replacement Guaranties, and any and all such documents and instruments as Lender may reasonably require to evidence such first lien and security interest, including without limitation, a loan policy of title insurance insuring the validity and priority of such lien on the Mortgaged Property (unless, as determined by Lender in its sole discretion, the existing mortgage title policy insuring Borrower, as lender, insures Lender as a successor and assign).

(b) At a foreclosure sale of the Mortgaged Property or the Fee Owner Equity Interests in which there are no third-party bidders, Borrower shall place a credit bid and/or announce an upset price in an amount it shall determine in its commercially reasonable business discretion. Notwithstanding anything to the contrary in the Loan Documents, unless otherwise consented to by Lender (which consent shall be granted or withheld in the sole discretion of Lender), if there are any third-party bidders at such foreclosure sale, Borrower shall place a credit bid in excess of the highest third-party bid, but in no event shall Borrower be required to place a credit bid or announce an upset price in excess of an amount which would repay in full the Collaterally Assigned Loan.

(c) To the extent (x) Borrower elects or proposes a course of action other than accelerating the Collaterally Assigned Loan and prosecuting a foreclosure proceeding or accepting a deed-in-lieu of foreclosure or (y) within thirty (30) Business Days after the occurrence of a Collaterally Assigned Loan Default, Borrower has not commenced or caused the commencement of a foreclosure proceeding, Borrower shall deliver to the Lender a proposed course of action (an "Action Plan") with respect to such Collaterally Assigned Loan Default and shall inform the Lender, from time to time, of any changes thereto. Any Action Plan with respect to a Collaterally Assigned Loan Default shall be subject to the Lender's approval, in its sole discretion. In no event may (i) the Lender's approval of an Action Plan that contemplates any actions, events, circumstances or other matters that go beyond the Maturity Date constitute an extension of the Maturity Date, unless otherwise specifically agreed in writing by the Lender that expressly waives the requirements herein related to an extension of the Maturity Date, or (ii) any Collaterally Assigned Loan Default excuse the Borrower from the full and timely payment and performance of all of its obligations hereunder, including timely payment of the Indebtedness in full on or before the Maturity Date.

(d) Upon Lender's approval of an Action Plan (such Action Plan, an "Approved Action Plan"), Borrower shall keep the Lender fully informed of all material developments with respect to an Approved Action Plan, and, upon the Lender's request, will provide the Lender with updates with respect to all actions and developments with respect to any Approved Action Plan. Further, Borrower shall promptly undertake on a diligent basis the remedial measures set forth in the Approved Action Plan.

(e) If within ninety (90) days immediately following the occurrence of a Collaterally Assigned Loan Default (x) Lender has not approved an Action Plan and/or (y) a foreclosure proceeding has not been commenced or (z) Borrower has not accepted a deed in lieu of foreclosure approved by Lender and otherwise in accordance with this Loan Agreement, Borrower shall send a written notice to Lender asking for the approval of Lender to commence a foreclosure proceeding. The notice shall set forth the specific date by which Lender's approval or disapproval of such action must be given. In the event Borrower does not receive the written approval or disapproval of Lender to commence a foreclosure proceeding within ten (10) Business Days after Borrower has effected such notice, then Borrower shall send a second reminder notice via next day Federal Express, UPS or a similar internationally recognized overnight delivery service. The second reminder notice shall, at the top of such notice, set forth a legend in all caps and bolded text as follows: "THIS IS A REMINDER NOTICE RELATING TO THE APPROVAL TO COMMENCE A FORECLOSURE PROCEEDING CONCERNING THE LOAN TO [____], REQUESTED BY BORROWER IN THAT CERTAIN NOTICE DATED AS OF [____]. IF BORROWER DOES NOT RECEIVE A WRITTEN APPROVAL OR DISAPPROVAL FROM THE ADDRESSEE OF SUCH ACTION WITHIN TEN (10) BUSINESS DAYS AFTER THE DATE HEREOF, WHICH DATE IS [____], SUCH ADDRESSEE SHALL BE DEEMED TO HAVE APPROVED SUCH ACTION OR DECISION." If Borrower does not receive from Lender written approval or disapproval to commence a foreclosure proceeding within ten (10) Business Days after the second reminder notice, Lender shall be deemed to have approved the commencement of a foreclosure proceeding and Borrower shall immediately commence and diligently prosecute a foreclosure proceeding. Lender's deemed approval of pursuant to this Section 10.06(e) shall not be construed, in each case, as (i) an election of remedies by Lender; (ii) Lender's waiver of any right or remedy under this Loan Agreement or any other Loan Document except as expressly provided by the terms of this Section 10.06(e); or (iii) a limitation on Lender's authority to approve any subsequent decisions or similar requests for which Lender's consent may be required under the Loan Documents.

(f) In the event that the Lender requires the commencement of a foreclosure proceeding or other exercise of remedies, to the extent not already done so, Borrower shall declare the outstanding principal amount of the Collaterally Assigned Loan, all interest thereon, and all other amounts payable under the Collaterally Assigned Loan Documents to be immediately due and payable and shall promptly commence and thereafter diligently pursue such foreclosure proceeding. If, after commencing such foreclosure proceeding, Borrower is directed to cease such action or take another course of action by the Lender, Borrower shall follow such direction.

(g) Borrower hereby agrees, at the written request of Lender following a Collaterally Assigned Loan Default continuing for sixty (60) days, to (i) diligently pursue its rights and remedies, in law or in equity or otherwise, under the Collaterally Assigned Guaranties (a "Guaranty Claim"), (ii) consult with Lender regarding the calculation of the amount of the "Guaranteed Obligations" demanded pursuant to such Guaranty Claim and (iii) promptly pay any sum that is awarded to Borrower in any action brought by Borrower with respect to a Guaranty Claim, and any amount paid in

settlement of such claim, to Lender as additional collateral for the Loan, which may be used by Lender to repay the Indebtedness hereunder.

(h) At any time subsequent to the occurrence of a Collaterally Assigned Loan Default, Lender shall have the right, by delivering notice to Borrower, to cause Borrower to (i) convene a meeting of Borrower and Lender no sooner than ten (10) Business Days after the date of such notice, (ii) set an agenda of items to be discussed and voted on at such meeting (which items shall be set forth in such written notice), and (iii) cause such items to be discussed and voted on at such meeting.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed and delivered as a deed as of the day and year first above written.

LENDER:

CUSTOMERS BANK

By: /s/ Rodrigo Da Silva
Name: Rodrigo Da Silva
Title: Authorized Signatory

[Signature Page – Loan and Security Agreement]

BORROWER:

BSPT OLIVER FINANCE, LLC,
a Delaware limited liability company

By: /s/: Micah Goodman
Name: Micah Goodman
Title: Authorized Signatory

[Signature Page – Loan and Security Agreement]

SCHEDULE 1
COLLATERALLY ASSIGNED LOAN DOCUMENTS

1. Promissory Note made by The Oliver, LLC (“Fee Owner”) in favor BSPRT CRE FINANCE, LLC (“Original Lender”)
2. Deed of Trust and Security Agreement made by Fee Owner to Morehead Title Company for the benefit of Original Lender
3. Loan Agreement made by and between Fee Owner and Original Lender
4. Assignment of Leases and Rents made by Fee Owner in favor of Original Lender
5. UCC-1 Financing Statements (Mecklenburg County and Delaware State)
6. Guaranty of Completion made by Clayton H. Fowler and Jonathan Cohen (collectively, “Guarantor”), for the benefit of Original Lender
7. Guaranty of Recourse Obligations made by Guarantor for the benefit of Original Lender
8. Environmental Indemnity Agreement made by Guarantor and Fee Owner in favor of Original Lender
9. Assignment of Contracts, Licenses and Permits by Fee Owner for the benefit of Original Lender
10. Assignment of Development Services Agreement and Subordination of Development Fees by Fee Owner for the benefit of Original Lender, and consented to by CFJC Charlotte I Manager LLC
11. Assignment of Management Agreement and Subordination of Management Fees by Fee Owner in favor of Original Lender, and consented to by BELL Partners Inc.
12. Cash Management Agreement by and among Fee Owner, Original Lender and Signature Bank
13. Deposit Account Control Agreement by and among Fee Owner, Original Lender and Signature Bank
14. All appraisal, environmental, engineering, zoning, and other reports relating to the Property, and all casualty insurance policies, liability insurance policies, flood insurance policies, and title insurance policies delivered in connection with the June 22, 2021 closing of the loan
15. Assignment of Underlying Loan Documents from Original Lender to Assignor Collateral

[Signature Page – Loan and Security Agreement]

[Signature Page – Loan and Security Agreement]

**SCHEDULE 2
ELEMENTS OF COLLATERAL FILE**

1. UCC-1 Financing Statements (Mecklenburg County and Delaware State)
2. Enforceability opinion of Fee Owner's counsel*
3. Authority to file opinion of Fee Owner's counsel*
4. State law opinion of Fee Owner's counsel*
5. Local opinion of Fee Owner's counsel*
6. Borrower's Certification*
7. Escrow Letter*
8. All appraisal, environmental, engineering, zoning, and other reports relating to the Property, and all casualty insurance policies, liability insurance policies, flood insurance policies, and title insurance policies delivered in connection with the July 22, 2021 closing of the loan*

* a .pdf copy has been provided to Lender by Borrower

SCHEDULE 4
DRAW REQUEST

Requisition No. [*** ____ ***]

LENDER: CUSTOMERS BANK	BORROWER: BSPRT OLIVER FINANCE, LLC
DATE: _____	PREMISES: _____
PERIOD COVERED: _____ to _____	

Pursuant to that certain Loan and Security Agreement, dated as of _____, by and between Borrower and Lender (the “Loan Agreement”), Borrower hereby authorizes and requests an Advance in the amount of \$_____ for amounts to be advanced to Fee Owner pursuant to the Collaterally Assigned Loan Agreement in accordance with the Fee Owner Draw Request attached hereto as Exhibit 1, and the amount of \$_____ for payment of interest due and owing under the Note. *Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.*

Borrower requests that the funds be wired on _____ [DATE] in accordance with the following wire instructions:

Amount:
Bank:
ABA #:
Account Name:
Account #:
Attention:

In connection with and in order to induce Lender to make the requested Advance, Borrower hereby represents and warrants to Lender that (i) the Fee Owner Draw Request attached hereto is a true, complete, and correct copy thereof to the extent received by Borrower, which Fee Owner Draw Request has been reviewed and approved by Borrower, (ii) all conditions to advance set forth in the Collaterally Assigned Loan Agreement have been satisfied, (iii) amounts, percentages, calculations, and other information contained in the Fee Owner Draw Request attached hereto is/are true, complete, and correct to the best of Borrower’s knowledge, (iv) to Borrower’s knowledge, no Collaterally Assigned Loan Default exists, (v) Borrower has previously advanced to Fee Owner the amount requested in any prior Fee Owner Draw Request

(but not, for the avoidance of ambiguity, this Fee Owner Draw Request), and (vi) the amount of interest charges now due and owing under the Note is \$_____.

Very truly yours,

BSVRT OLIVER FINANCE, LLC

By:
Name:
Title:

Sched. 4-1

Sched. 4-2

Exhibit 1

Fee Owner Draw Request

[The Fee Owner Draw Request immediately follows this cover page.]

Sched. 4-3

Sched. 5-1

EXHIBIT A
FORM OF MONTHLY STATEMENT

[TO BE INSERTED]

Exh. A-1

I, Richard J. Byrne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of Franklin BSP Realty Trust, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
-

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

				<u>/s/ Richard J. Byrne</u> <u>Richard J. Byrne</u> <u>Chief Executive Officer and President</u> <u>(Principal Executive Officer)</u>
Date:		May 4, 2022		

I, Jerome S. Baglien, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of Franklin BSP Realty Trust, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

				<u>/s/ Jerome S. Baglien</u> Jerome S. Baglien Chief Financial Officer, Chief Operating Officer and Treasurer (Principal Financial and Accounting Officer)
Date:		May 4, 2022		

SECTION 1350 CERTIFICATIONS

This Certificate is being delivered pursuant to the requirements of Section 1350 of Chapter 63 (Mail Fraud) of Title 18 (Crimes and Criminal Procedures) of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

The undersigned, who are the Chief Executive Officer and Chief Financial Officer of Franklin BSP Realty Trust, Inc. (the “Company”), each hereby certify to his knowledge as follows:

The Quarterly Report Form 10-Q of the Company, which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:		May 4, 2022		<u>/s/ Richard J. Byrne</u> Richard J. Byrne Chief Executive Officer and President (Principal Executive Officer) <u>/s/ Jerome S. Baglien</u> Jerome S. Baglien Chief Financial Officer, Chief Operating Officer and Treasurer (Principal Financial and Accounting Officer)
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