



RiverBanc LLC

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This brochure provides information about the qualifications and business practices of RiverBanc LLC (“RiverBanc”). If you have any questions about the contents of this brochure, please contact us at (980) 224-4180. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about RiverBanc also is available on the SEC’s website at www.adviserinfo.sec.gov.

RiverBanc will refer to itself as a “registered investment adviser”. This does not imply a certain level of skill or training.

Item 2. Material Changes

This section discusses only material changes that have occurred since the last annual update of RiverBanc's brochure dated December 2012.

RiverBanc added investments in new residential home developments through direct, preferred, and/or joint venture equity to its advisory business.

RiverBanc also expanded its client base to include a pooled investment vehicle for which RiverBanc is deemed to have custody of client funds and securities.

RiverBanc now has discretionary management over \$297,500,000 of client assets and nondiscretionary management over \$69,400,000 of client assets as of December 31, 2013.

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Item 4. Advisory Business

RiverBanc LLC (“RiverBanc”) is an investment management company focused primarily on multifamily commercial real estate. RiverBanc also sources investments in new residential home developments. RiverBanc was established in 2010 and is an SEC-registered investment adviser. RiverBanc’s founder, principal owner, and Chief Executive Officer is Kevin Donlon.

Our primary investment strategy involves the origination or acquisition of mezzanine loans and preferred equity for multifamily property owners in connection with an acquisition or refinancing. We also acquire subordinate commercial mortgage-backed securities (“CMBS” or “B-pieces”) and direct, preferred, and/or joint equity in new residential home developments and will participate in structured transactions to finance note purchases or acquire net leased property.

We source debt and equity investments that are intended to be held in our client’s portfolio on a long-term basis, allowing us greater flexibility in structuring these investments. We intend that these investments are made in partnership with property owners for the life of the transaction.

Our advisory services include the sourcing, acquisition, and ongoing management of these structured finance investments. Our services are directly tailored to meet the individual needs of each client. RiverBanc consults with the client to determine the specific types of investments the client desires in terms of legal form, level of risk, expected yield, and type of real estate collateral. We target a specific risk/return profile for each client and clients can impose restrictions on investments in the form of investment guidelines.

RiverBanc has discretion over the management of \$297,500,000. RiverBanc also manages client assets totaling \$69,400,000 over which RiverBanc does not exercise discretion. These figures were calculated as of December 31, 2013.

Item 5. Fees and Compensation

RiverBanc negotiates a customized compensation arrangement with each client. Depending upon the nature of the advisory services that are provided, RiverBanc charges clients a flat fee, a fixed percentage of assets under management, or a variable incentive-based fee. RiverBanc bills clients directly on either a monthly or quarterly basis. RiverBanc may also collect ancillary fees related to certain investments as negotiated with each client.

RiverBanc also bills clients directly for any fees or expenses connected to advisory services. Clients may also incur brokerage and other transaction costs. For a discussion of our brokerage policy, see the section of this brochure titled “Brokerage Practices”.

Item 6. Performance-Based Fees and Side-By-Side Management

We receive a performance-based fee from some clients. We receive task-level fees from others. In both cases, RiverBanc believes it is compensated to deliver the best possible service to our client. Because each and every client engagement we accept is different, and the scope of services is specifically negotiated, we do not believe these two options present any type of conflict of interest for RiverBanc.

Item 7. Types of Clients

RiverBanc provides advisory services to sophisticated investors, including a publicly-traded Real Estate Investment Trust, as well as other registered investment advisers and a pooled investment vehicle.

In addition, RiverBanc is generally willing to work with trusts, investment companies, pension plans, and other private funds.

Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss

The primary investment strategy at RiverBanc is to generate returns through a focused practice of investing in high-yield debt and equity related to multifamily properties and residential new home development. Target investments include subordinate (B-piece) CMBS, GSE multifamily securities, bridge loans, mezzanine debt, joint ventures, direct investments, and preferred equity.

As with any investment, there are risks involved and an investor should be prepared to bear the risk of loss. Examples of such risks include, but are not limited to:

- because we are paid an incentive fee in some cases, we may be incentivized to select investments in more risky assets to increase incentive compensation;
- the lack of liquidity in our investments may adversely affect our business or our clients' investment returns;
- the illiquidity of our target investments may make it difficult for us to sell such investments if the need or the desire arises;
- real estate investments are subject to special risks, including fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, changes in laws and regulations, natural disasters, and risks related to renting properties, such as rental defaults; and
- due to our narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose material facts about any legal or disciplinary event that is material to a client or prospective client's evaluation of RiverBanc's advisory business or the integrity of RiverBanc or its management personnel. RiverBanc and its employees have not been involved in any legal or disciplinary actions that are applicable to this item.

Item 10. Other Financial Industry Activities and Affiliations

RiverBanc is not involved in any other financial industry activities and has no other financial industry affiliations. This means that RiverBanc and its employees are fully committed to providing investment management services for our clients and we are not involved in any other activities that may conflict with or distract us from our core business.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- (1) Code of Ethics: RiverBanc maintains and strictly adheres to a Code of Ethics which guides us in our conduct. We have a fiduciary duty to each of our clients with respect to the advice we give and the management services we provide. We also have a fiduciary duty to protect client-related private information. We have an affirmative duty of care, honesty, and good faith to act in our clients' best interests. Each RiverBanc employee has a duty to report a violation of the Code of Ethics and can be punished or terminated for a violation. Emily Stiller, Chief Compliance Officer, supervises and maintains records in this area. A copy of our Code of Ethics is available to any client or prospective client upon their request.
- (2) Personal Trading: Certain inherent conflicts of interest are likely to arise as a result of RiverBanc and its employees carrying on similar investment activities both for themselves and for our clients. RiverBanc employees are prohibited from owning or participating in any securities we source or manage for our clients.

Item 12. Brokerage Practices

In reviewing broker-dealers and deciding upon the reasonableness of their compensation, RiverBanc considers a wide range of criteria including, for example, execution capability, the broker-dealer's commission rates, services to clients, financial stability, and prior performance in serving RiverBanc and its clients. RiverBanc also considers the size of the transaction, the difficulty of execution, the operational facilities of the broker-dealers, the risk to such a broker-

dealer of positioning a block of securities, and the overall quality of brokerage services provided by brokerage firms.

Item 13. Review of Accounts

Our practice is to review the accounts and holdings of each client thoroughly on a routine basis. Because we have a small number of clients, RiverBanc is able to analyze each account at least monthly, including review of each specific investment, with participation from our senior personnel. Client accounts are closely and formally reviewed quarterly with detailed written reports provided to each client. Quarterly reviews are conducted by RiverBanc's Investment Committee consisting of Kevin Donlon, CEO of RiverBanc, Steve Hogue, COO of RiverBanc, and Steven Brannan, Managing Director for Acquisitions of RiverBanc.

Item 14. Client Referrals and Other Compensation

RiverBanc does not directly nor indirectly accept any compensation for providing investment advice or other advisory services from anyone except our clients. RiverBanc does not directly or indirectly compensate anyone for client referrals.

Item 15. Custody

RiverBanc maintains custody over funds and securities for a pooled investment vehicle that the firm manages. The pooled investment vehicle's funds are held at a qualified custodian and RiverBanc will obtain a financial statement audit performed by an independent accountant subject to regular inspection by the PCAOB. As a result, RiverBanc will utilize the audit exemption related to delivery of account statements to clients directly from the qualified custodian.

Item 16. Investment Discretion

RiverBanc exercises investment discretion for some of its clients. Before assuming this authority, RiverBanc enters into an investment agreement with the client that limits the terms and amounts of RiverBanc's discretion by establishing investment guidelines. This allows each client to maintain control over the use of their funds while allowing RiverBanc staff to use funds at their discretion in approved situations that are limited to transactions within the scope of collateralized multifamily real estate and residential new home development.

Item 17. Voting Client Securities

RiverBanc does not at any time vote proxies for any client securities.

Item 18. Financial Information

We at RiverBanc are unaware of any financial condition that might impair our ability to meet our contractual commitments to you or any clients.

RiverBanc does not solicit or require prepayment of fees from clients more than six months in advance and, therefore, does not disclose its financial statements.

No member of our management or other employee has been a subject of a bankruptcy petition at any time.

Client Communication

We encourage any potential client, existing client or client representative to contact our Chief Executive Officer, Chief Operating Officer, or Chief Compliance Officer at any time to discuss specific questions related to this brochure.