

Item 1 – Cover Page

PART 2A OF FORM ADV: FIRM BROCHURE

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March 25, 2015

This brochure (the “Brochure”) provides information about the qualifications and business practices of Pretium Mortgage Credit Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 257-5757. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Pretium Mortgage Credit Management, LLC is a registered investment adviser. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Copies of this Brochure may be requested by contacting Lauren Waxman at (212) 257-5773 or compliance@pretiumpartnersllc.com. Additional information about Pretium Mortgage Credit Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated March 25, 2015 contains no material changes from the Firm's previous Brochure, which was filed on July 24, 2014.

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Item 4 – Advisory Business

Pretium Mortgage Credit Management, LLC (“PMCM” or the “Firm”), a Delaware limited liability company, is an investment adviser founded in 2014. PMCM provides discretionary investment management services to pooled investment vehicles (each a “Fund”) and, from time to time, provides investment management services to institutions or other investors that have separately managed accounts (each Fund and separately managed account client, a “Client” and, collectively, the “Clients”).

The Firm’s principal owner is Donald R. Mullen Jr., through Pretium Partners, LLC and PMCM Holdings, LLC.

PMCM currently provides discretionary investment advisory services to Pretium Mortgage Credit Partners I, L.P. (the “Fund”), a residential housing credit investment vehicle, and non-discretionary investment advisory services to a separately managed account (the “Managed Account”). The Fund has been established to invest principally in the United States residential housing credit market, through purchases of pools consisting of nonperforming, reperforming and subperforming residential mortgage loans and, from time to time, residential real property (“REO”). The Fund will seek to participate in the current market opportunity in mortgage loans by seeking (i) to earn capital gains by acquiring mortgage loans at discounted prices and executing loss mitigation strategies to enhance their value, (ii) to earn long-term yield and capital gains by selectively retaining desirable reperforming loans until there is a final or negotiated payoff by the borrowers or divestment of such loans, and (iii) to generate rental income and capture home price appreciation by selectively retaining desirable REO-to-rental assets. The Fund will seek to work with borrowers to implement certain loss mitigation strategies, and, where applicable, to convert nonperforming mortgage loans into reperforming mortgage loans through loan modifications. In certain situations, the Fund may permit a short sale or convert acquired mortgage loans into REO and will seek to generate income through an REO-to-rental strategy or immediate sale. The Fund is not registered or required to be registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) or the U.S. Securities Act of 1933, as amended (the “Securities Act”), and is privately placed to qualified investors in the United States and elsewhere in accordance with applicable laws. The advisory services provided to the Managed Account are tailored to the investor’s needs pursuant to a written investment management agreement, which contains restrictions on PMCM’s ability to invest in certain types of securities. The Managed Account invests principally in the United States residential housing credit market, through purchases of pools consisting of reperforming residential mortgage loans, individual reperforming residential mortgage loans and related real estate interests.

PMCM is affiliated with an entity that serves as the general partner to the Fund (the “General Partner”) and the Fund is controlled by the General Partner.

The advisory services of PMCM and the General Partner, as an affiliated investment adviser, are described in this Brochure. The General Partner is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), pursuant to PMCM’s registration in accordance with SEC guidance, and the information set forth herein regarding the investment advisory services provided by PMCM shall also apply in respect of the General Partner.

PMCM advises the Fund in an attempt to achieve the Fund’s investment objectives (consistent with any guidelines and/or restrictions that may be imposed thereon) and does not tailor its advice to the individual needs of any investor in the Fund. Fund investors generally may not impose any restrictions on the way

in which PMCM provides advice to the Fund. PMCM's management of the Fund is subject to, and the terms of any investor's investment in the Fund and all other terms of the Fund are governed by, the terms of the Fund's offering memorandum, limited partnership agreement, investment management agreement and subscription agreement, as each may be amended, supplemented or modified from time to time (collectively, "Governing Documents"). PMCM may enter into side letters or other writings with individual investors, which have the effect of establishing rights under, or altering or supplementing the terms of, the limited partnership agreement. PMCM's management of the Managed Account is subject to and governed by the terms set forth in the written investment management agreement between PMCM and the underlying managed account client.

Investors and other recipients should be aware that, while the Brochure includes information about the Fund and the Managed Account, it is not a complete description of the terms, risks or conflicts associated with an investment in the Fund or the Managed Account. More complete information about the Fund is included in the Fund's Governing Documents, which may be provided to eligible prospective investors by PMCM or another authorized party. The information contained in this Brochure is qualified in its entirety by reference to disclosures made in the Fund's offering memorandum and other Governing Documents, which should be carefully reviewed prior to making an investment decision. In no event should this Brochure be considered an offer to sell or a solicitation of an offer to buy interests in the Fund or relied upon in determining to invest in the Fund. This Brochure is designed solely to provide information about PMCM for purposes of complying with certain obligations under the Advisers Act, and, as such, responds to relevant regulatory requirements under the Advisers Act that may differ from the information required to be provided in the Fund's offering memorandum and other related documents. In the event of any inconsistency between the Governing Documents and this Brochure, the Governing Documents shall control.

As of December 31, 2014, PMCM managed approximately \$639,453,485 of regulatory assets under management on a discretionary basis and approximately \$200,000,000 of regulatory assets under management on a non-discretionary basis.

Item 5 – Fees and Compensation
The Fund

PMCM generally charges an annual management fee (the “Management Fee”) (i) during the commitment period, on committed capital of the Fund, and (ii) upon expiration of the commitment period, on the aggregate amount of invested capital. The Management Fee is payable quarterly in advance and, since based on committed or invested capital, as applicable, will be due to PMCM even if the fair value of the relevant remaining investments is below cost or even zero. The General Partner generally will call capital from investors in the Fund for the amount of Management Fees payable by the General Partner to PMCM and then pay such amounts received from the investors to PMCM, consistent with the Fund’s Governing Documents. In some cases, Management Fees due to PMCM may be deducted from proceeds otherwise distributable to investors in the Fund. In the unlikely event PMCM does not provide services for a full period, the Management Fee is typically required to be returned to Fund investors. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.

An affiliate of PMCM shall be entitled to a performance-based profits allocation (the “Profits Interest Distribution”) with respect to the Fund based on distributions in excess of the investors’ invested capital, allocable fees and expenses (including Management Fees paid), a preferred return and catch-up allocations, as specified in the Fund’s offering documents.

The Fund (and therefore investors in the Fund) will bear and be charged with all costs and expenses relating to the activities and operations of the Fund, including, but not limited to: (i) administrative fees, costs and expenses related to the operation of the Fund; (ii) fees, costs and expenses related to the acquisition, servicing, management, development, financing, hedging, refinancing and sale or other disposition of investments and the evaluation of potential investments, including any travel, financing, legal, accounting, advisory and consulting expenses in connection therewith, and including the fees, costs and expenses of affiliated servicers and managers; (iii) brokerage commissions, custodial expenses and other investment costs actually incurred in connection with investments; (iv) fees, costs and expenses related to making temporary investments and any interest or hedging expenses; (v) principal, interest on and fees and expenses arising out of all borrowings made by the Fund (including any costs related to arranging, establishing or maintaining any subscription facility); (vi) expenses of liquidating the Fund; (vii) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund (other than those imposed on the Fund or any of its subsidiaries by virtue of an investor’s failure to comply with the Foreign Account Tax Compliance Act (FATCA)); (viii) fees, costs and expenses related to litigation, director and officer liability, other insurance and indemnification obligations; (ix) the expenses of the Fund’s investor advisory committee (the “Investor Advisory Committee”); (x) expenses related to organizing persons through or in which investments may be made; (xi) extraordinary administrative or operating fees or expenses, including litigation and indemnification expenses; and (xii) amounts contributed or advanced to any entity or investment for the purpose of such entity or investment paying any cost of the type described in the foregoing clauses (i) through (xi).

PMCM and the General Partner will bear their own overhead associated with the Fund’s activities (including compensation of officers and employees of PMCM and the General Partner and general office overhead).

The Managed Account

For the advisory services provided to the Managed Account, PMCM is entitled to a Management Fee paid monthly in arrears calculated in accordance with the fee schedule in the Managed Account's investment management agreement. Additionally, PMCM is entitled to an incentive fee (the "Incentive Fee") determined quarterly, calculated in accordance with the fee schedule in the Managed Account's investment management agreement. Fees charged to separately managed accounts may vary, and the payment terms are detailed in the investment management agreement entered into by and between PMCM and each underlying separately managed account client.

The Managed Account will bear and be charged with all costs and expenses relating to its activities and operations. All out-of-pocket expenses incurred directly in connection with the transactions effected on behalf of the Managed Account pursuant to the investment management agreement (including, without limitation, trading expenses, custodial fees, brokerage commissions, legal fees and fees and expenses incurred by PMCM related to or in connection with due diligence and negotiation of applicable transaction documentation and potential acquisition of the underlying mortgage loan portfolios, legal fees in connection with any required legal opinions and income, withholding or transfer taxes) shall be reimbursed by the Managed Account. PMCM shall bear its own overhead costs or expenses, including without limitation the salaries and benefits of the Firm's employees performing the services described in the investment management agreement.

Other Fees; Impact on Management Fee

From time to time, PMCM or its affiliates will receive compensation in connection with transactions structured by PMCM or its affiliates, which may reduce all or a portion of the Management Fees payable to PMCM with respect to the Fund. To the extent that PMCM, the General Partner or their respective affiliates receive from third parties any sourcing, acquisition, holding, disposition, structuring or similar fees in connection with the acquisition or sale of investments by the Fund, one hundred percent (100%) of such fees received that are allocable to the Fund's investment in such investments shall be offset, on a dollar-for-dollar basis. Other compensation that may result in a reduction in the Management Fee may include, for example, break-up and directors' fees and other similar fees. The extent of all such offsets, the timing of offsets and the types of compensation resulting in such an offset, is specified in the Fund's Governing Documents.

Neither PMCM nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

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

As noted in Item 5 above, an affiliate of PMCM may be entitled to a Profits Interest based on the performance of Fund investments. PMCM also may be entitled to performance-based compensation in connection with separately managed account clients. Such performance-based compensation may create an incentive for PMCM to recommend investments that may be riskier or more speculative than would be the case if such arrangement were not in effect. In addition, performance-based arrangements may create an incentive to favor higher fee paying clients in the allocation of investment opportunities. PMCM believes that it has reasonable controls in place to mitigate such potential conflicts of interest. These controls include trade allocation procedures that generally require accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as particular investment restrictions or policies applicable only to certain accounts, differences in cash flows, exposure guidelines, account sizes and similar factors. As noted in Item 5 above, PMCM is entitled to an Incentive Fee based on the performance of investments made by the Managed Account. The terms of the Incentive Fee are further described in the fee schedule set forth in the investment management agreement entered into by and between PMCM and the separately managed account client.

Item 7 – Types of Clients

PMCM provides investment management services on a discretionary basis to the Fund, and provides non-discretionary investment management services to the Managed Account. Investors in the Fund, and separately managed account clients, may include pension plans, foundations, funds of funds, charitable organizations, trusts, estates, corporations, sovereign wealth funds, other institutional investors, and high net worth individuals. Investors in the Fund must be “accredited investors” as determined under Regulation D under the Securities Act of 1933, as amended, “qualified clients” as defined for purposes of Rule 205-3 under the Advisers Act, and “qualified purchasers” or “knowledgeable employees” as defined and interpreted for purposes of Section 3(c)(7) of the Investment Company Act. The minimum capital commitment for investing in the Fund is \$2 million, generally subject to reduction by the Fund’s General Partner. The minimum capital commitment for investing in a separately managed account, if applicable, shall be described in the written investment management agreement entered into by and between PMCM and the separately managed account client.

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

PMCM generally seeks to acquire nonperforming, reperforming and subperforming loans at a discount and to enhance their value through the execution of various loss mitigation strategies. PMCM may also seek to retain desirable reperforming loans and REO assets resulting from the execution of loss mitigation strategies in order to capture current income and additional increases in value due to anticipated home price appreciation.

By applying the operational expertise of the management team on a loan-by-loan basis, and directing servicing and loss mitigation decisions on a case-by-case basis, PMCM believes it will be better able to achieve the Clients' objectives. PMCM expects to collaborate with its special servicers to formulate asset-level resolution strategies that take into account the methodical approach used to evaluate each loan pool when it was considered for acquisition. Loss mitigation strategies for acquired mortgage loans include, but are not limited to, loan modification, collateral resolution and collateral disposition. The manner in which a subperforming or nonperforming loan is resolved will impact the amount and timing of revenue received. The Firm, or a servicer on behalf of the Firm, may negotiate with a sub or nonperforming borrower to modify the terms of his or her mortgage loan, and once the modification has occurred, the mortgage loan will become a reperforming loan as the borrower resumes payments. A Client may hold onto select reperforming loans to earn long-term yield and cash flow. In certain circumstances, a borrower may choose to refinance its loan or a Client may also consider selling the modified loans. A portion of the mortgage loans will enter into foreclosure or similar proceedings, ultimately becoming REO. REO property can be converted into single-family rental properties that may generate long-term returns for a Client or they may be sold through REO liquidation and short sale processes.

Risk Factors Relating to Mortgage-Related Strategies

Investors should be aware that PMCM's investment program is speculative and entails substantial risks, including risk of loss of the entire investment. There can be no assurance that a Client's investment objectives will be achieved, and actual investment results may vary substantially. Investors should be prepared to bear these risks.

The following is a brief summary of certain of the more significant risks associated with PMCM's investment strategies. The risks inherent to the strategies employed by PMCM, including those listed below, are described in further detail in the Clients' offering documents.

Unproven Industry

Large-scale institutional investment in distressed residential mortgage loans where the borrower has failed to make timely payments is a relatively recent phenomenon that has emerged out of the mortgage and housing crisis that began in late 2007. Prior to that time, mortgage loans secured by single-family rental homes were generally not viewed as viable assets for investment on a large scale by institutional investors. Consequently, the long-term viability of mortgage loans as an investment strategy on an institutional scale has not yet been proven. Thus, investing in nonperforming and reperforming mortgage loans may not prove to be a viable long-term investment strategy on an institutional scale. If it turns out that this investment strategy is not a viable one, investors in such loans may be materially and adversely affected.

Investors May Be Negatively Affected by Downturns in the U.S. Economy and Residential Real Estate Markets.

There was a significant decline in economic growth, both in the U.S. and globally, that began in 2008 and continued through 2009. Although the real estate development industry and the U.S. economy have seen gradual improvement since 2010, there can be no assurance that market conditions will remain or improve further in the near future. Negative trends in the real estate market may materially and adversely affect revenues from investments in mortgage loans. The effects of the ongoing correction in real estate market prices and reduced levels of real estate sales could result in further price reductions in real estate values, potentially adversely affecting the value of the property securing mortgage loans. Continued declines in real estate values, sales volumes or other factors could have further adverse effects on buyers and sellers of real estate. Conversely, to the extent that mortgage loans are converted to REO and there is an increase in real estate market prices and sales, this could result in lower demand for REO assets as rental properties.

The ability to lease certain properties following conversion of mortgage loans to REO is also dependent upon the overall level of consumer spending, which is affected by, among other things, employment levels, recession, personal debt levels, and conditions in the housing market, stock market volatility and uncertainty about the future. The economic downturn continues to have an adverse impact on tenants' and potential tenants' incomes, which, in turn, may impair such tenants' abilities to make their rental payments and meet other obligations with respect to the property leases. The rental of excess single-family homes in an already competitive market may also reduce the ability to lease rental units and depress rental rates in certain markets.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments

Continuing events in the sub-prime mortgage market and other areas of the fixed income markets have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets, as well as in the wider global financial markets. These forces resulted in the bankruptcy or acquisition of, or government-sponsored assistance to, several major domestic and international financial institutions and sovereign governments. These factors, combined with volatile commodity prices and foreign exchange rates, have contributed to recessionary economic conditions globally and a resultant loss of investor confidence in the financial system, which has resulted in a historically unprecedented lack of liquidity and decline in asset values. The deterioration of the global credit markets has made it more difficult for investors to obtain favorable financing for their investments. While the dislocation in the sub-prime mortgage market presents certain opportunities, the ability to generate attractive investment returns may be adversely affected to the extent an investor is unable to obtain favorable financing terms for its investments. These conditions have had an adverse impact on the availability of credit to businesses generally and have led to an overall weakening of the U.S. and global economies. The global recession could adversely affect the financial resources an investor (including the Fund or any other Client), its investments and its ability to make principal and interest payments on, or refinance, outstanding debt when due. Similarly, the global recession could also adversely affect the financial resources and ability of both obligors with respect to mortgage loans and, when applicable, tenants of the real properties underlying investments to make payments when due. In the event of such circumstances, an investor (including the Fund or any other Client) could lose both invested capital in and anticipated profits from the affected investments.

Accelerated Recovery of the Housing Market May Adversely Affect Investment Opportunities and Returns

The implementation of mortgage investing depends on the availability of mortgage loan acquisition opportunities in target markets at attractive pricing levels. Various factors and market conditions have made mortgage loans available for purchase at prices that are significantly below replacement cost in many markets. However, housing prices will likely stabilize and return to more normalized levels, which likely will make future mortgage loan acquisitions more costly and result in lower yields. There are many factors that may cause a recovery in the housing market that would result in future acquisitions becoming more expensive and possibly less attractive than recent past and present opportunities, including:

- improvements in the overall economy and job market;
- a resumption of consumer lending activity and greater availability of consumer credit;
- improvements in the pricing and terms of mortgage-backed securities; and
- increasing competition for single-family assets from private investors, entities with similar investment objectives and owner-occupants.

Investments May Be Illiquid

Real estate investments, including investments in mortgage loans, are relatively illiquid. Such illiquidity may limit the Firm's ability to vary the portfolio of investments of a Client in response to changes in economic and other conditions. In addition, illiquidity may result from changes in the capital markets or the decline in value of a property securing one or more of a Client's investments. There can be no assurances that either the capital market conditions will change from their current state or that the fair market value of any of the real property serving as security will not decrease in the future, leaving a Client's mortgage loans undercollateralized or not collateralized at all.

An Investment Portfolio May Lack Diversification of Investments

While PMCM's investment strategy for each of its Clients is intended to be diversified by number of assets and geographic location, the investments made by or on behalf of a Client may be concentrated in a small number of local market areas and in a particular asset class (i.e., mortgage loan pools and related assets). As a consequence, the aggregate return on a Client's investments may be adversely affected by the geographic concentration and the asset class concentration or by the unfavorable performance of a particular market and will be at a greater risk to overall changes in the economy than if less concentrated in a particular location or asset class. This lack of diversification may have a negative impact on the ability of a Client to achieve its investment objectives.

A Client May Be Subject to the Risks of Holding Leveraged Investments

Leverage creates an opportunity for increased return on equity, but at the same time creates an additional and significant risk of loss. For example, leveraging magnifies changes in an account's net worth. Increases in credit spreads in the market generally may adversely affect the market value of a Client's investments. Moreover, the use of leverage triggers certain debt service obligations and, to the extent such obligations are not met, there is a risk of loss of some or all investments through foreclosure or a financial loss if liquidation of assets is required, the impact of which could be magnified if such a liquidation is at a commercially inopportune time.

Creditor Risks

Investments in mortgage loans generally are subject to various creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under the relevant creditors’ rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to mortgage loans and any underlying property, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of an investment in distressed residential mortgage loans. In this case, the risk of loss of principal in the investment will be exacerbated.

Interest Rate Changes May Adversely Affect Value

The market value of investments in mortgage loans may be affected by changes in interest rates. In general, the market value of a debt investment will change in inverse relation to an interest rate change where a debt investment has a fixed interest rate or only limited interest rate adjustments. Accordingly, in a period of declining interest rates, debt investments without adequate call protection may benefit less than other fixed income securities due to accelerated prepayments. Interest rate changes may also affect returns on new mortgage loan investments. If there is a period of declining interest rates, the amounts becoming available for investment due to repayment of mortgage loan investments may be re-invested at lower rates than a Client had been able to obtain in prior investments. Increases in the interest rates on debt incurred in acquiring debt investments may not be reflected in increased rates of return on the related investments, adversely affecting a Client’s return on those investments. Accordingly, interest rate changes may adversely affect the total return on a Client’s portfolio of mortgage loans.

Investment in Distressed Assets

PMCM intends to acquire mortgage loans for the Fund that are primarily nonperforming mortgage loans (although pools acquired may also include performing, subperforming and reperforming residential mortgage loans). These investments may experience financial difficulties that may never be overcome. Investments in mortgage loans that are secured by properties operating under the close supervision of a mortgage lender or under certain bankruptcy laws are, in certain circumstances, subject to certain additional potential liabilities, which may exceed the value of a Client’s original investment. In addition, lenders that have inappropriately exercised control over the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client may be required to be returned if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Finally, a Client may become the owner of a property that is the subject of a mortgage if the Client forecloses on its collateral.

Dependence upon Third-Party Mortgage Service Providers May Negatively Impact Results or Reputation if the Third Parties Fail to Perform

Third-party vendors and service providers will provide certain services for mortgage loans purchased by Clients. For example, third-party mortgage servicers will be relied upon to collect payments and exercise legal remedies in connection with such mortgage loans. Notwithstanding efforts to implement and enforce strong policies and practices regarding service providers, PMCM may not successfully detect and

prevent fraud, incompetence or theft by such service providers. In addition, any removal or termination of third-party service providers would require PMCM to seek new vendors or providers, which would create delays and adversely affect operations. In the event of fraud or misconduct by a third party, a Client could also be exposed to material liability and be held responsible for damages, fines and/or penalties.

Clients May Rely on Third Parties to Value the Properties Underlying the Mortgage Loans

Clients may not be provided physical access to any units or properties securing the mortgage loans. As a result, Clients (and PMCM) may be reliant on valuation reports of third-party companies for each property. Such third-party reports made available are generally for informational purposes only. Accordingly, there is a risk that the valuation of properties securing the mortgage loans may be inaccurate. For example, there may be defects or damage to the property inaccurately reported or not reported at all, which reduces the value of the property underlying the mortgage loans, reducing the total return to a Client below the forecast return.

Nonperforming or Reperforming Loans

A Client may acquire distressed residential mortgage loans where the borrower has failed to make timely payments of principal and/or interest. As part of the residential mortgage loan portfolios purchased, a Client may also acquire performing loans that are or subsequently become reperforming or nonperforming. Under current market conditions, it is likely that many of these loans will have current loan-to-value ratios in excess of 100%, meaning the amount owed on the loan exceeds the value of the underlying real estate. Further, the borrowers on such loans may be in economic distress and/or may have become unemployed, bankrupt or otherwise unable or unwilling to make payments when due. Even though it is anticipated that a Client will pay less than the amount owed on these loans to acquire them, if actual results are different from PMCM's assumptions in determining the price for such loans, such Client may incur significant losses. There may not be any limits on the percentage of nonperforming or reperforming loans that a Client may hold. Any loss incurred may be significant.

Mortgage loans that become nonperforming or reperforming after they are purchased may require loss mitigation strategies and related workout tools, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such loan, replacement "takeout" financing will not be available. In certain cases, it may be necessary or desirable to foreclose on collateral securing one or more real estate loans. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Pursuant to customary provisions in purchase agreements governing loan acquisitions, a Client generally may have the right to cause the sellers to repurchase certain loans if they do not provide proper documentation to evidence ownership or first lien status with respect to such loans within a specified time period. Any delay or inability to obtain such documentation could adversely affect a Client's ability

to leverage such loans, and any such repurchases by the sellers would decrease the size of a Client's mortgage loan portfolio.

Investments in Residential Properties Are Subject to Particular Risks

If mortgage loans are converted to REO, a Client may face a large number of risk factors that may affect the value and successful operation of such properties, including: the physical attributes of the property, such as its age, condition, design, appearance, access to transportation and construction quality; the location of the property; ability of property managers to provide adequate maintenance and insurance; the property's reputation; the level of mortgage interest rates and availability of government incentives, which may encourage tenants to ultimately purchase rather than lease the homes, if possible; the presence of competing properties; the tenant mix, such as the tenant population being heavily dependent on workers from a particular business or personnel from a local industrial unit; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; state and local regulations, which may govern a Client's ability to increase rent; government assistance/rent subsidy programs available in competing homes; and the inventory of unsold homes in the local market that are being rented until economic conditions in the single-family residential market improve. If any of such risk factors are heightened or the conditions associated with such risk factors deteriorate in the continuing economic crisis, a Client's investments in its targeted residential properties may incur losses.

In addition, certain jurisdictions regulate the relationship between an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules and retaliatory evictions. Clients may incur additional expenses and spend extended periods of time complying with such regulations, which may negatively impact the performance of such Client's portfolio.

The foregoing list of risk factors does not purport to be a complete analysis or explanation of the risks associated with PMCM's investment strategies and, as applicable, with an investment in the Fund or the Managed Account, as applicable. Prospective investors in the Fund should read the Fund's Governing Documents, and consult with their own advisors before deciding whether to invest in the Fund.

Item 9 – Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving either PMCM or any of its management persons that are material to PMCM's advisory business.

Item 10 – Other Financial Industry Activities and Affiliations

Neither PMCM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither PMCM nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

PMCM does not recommend or select other investment advisers for its Clients.

Material Relationships with Affiliates

Progress Residential East, LLC and Progress Residential West, LLC, affiliates of PMCM and the General Partner, or affiliates thereof (collectively, the “Progress Affiliates”) will provide REO management services to the Fund. Among other things, the Progress Affiliates shall oversee, coordinate, organize, manage, direct and facilitate the leasing, management and advertising of properties, and carry out administration and management functions with respect to properties, including, without limitation, tenant approvals, lease negotiations, collecting rent and other amounts payable by tenants thereof, collecting and segregating deposits under leases, paying all operational expenses relating to properties, and enforcing regulations and obligations.

Affiliates of the General Partner may provide other services to the Fund, including certain valuation and other consulting services in connection with PMCM’s due diligence of underlying mortgage loans. Such services will be performed on terms that are determined by the General Partner to be fair and reasonable to the Fund. In such events, the affiliates of the General Partner will earn fees for performing such services (which may include employee costs and related overhead expenses allocable thereto, as reasonably determined by the General Partner based on the time expended by the employees who render such services).

Other Relationships

Employees and officers of PMCM also serve as officers and/or employees of another registered investment adviser. Although we believe it is unlikely, there may be instances when the interests of PMCM’s Clients may conflict with the interests of the clients of the other registered investment adviser, which may give rise to a potential conflict of interest on the part of such employees and/or officers. In order to address such potential conflict, these employees and officers are subject to the policies and procedures of both PMCM and the other registered investment adviser, which require them to always act in a manner that is consistent with their fiduciary duties to the clients of both firms.

Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

PMCM has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. PMCM’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by PMCM or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of PMCM’s employees deemed to be “access persons”. The Code prohibits personal securities transactions of issuers who have been placed on the Firm’s restricted list, requires pre-clearance for all initial-public offerings and private placements, as well as issuers who have been placed on the Firm’s watch list, requires employees to report all securities transactions on at least a quarterly basis and provide a summary of securities holdings on at least an annual basis. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. PMCM will provide a complete copy of its Code to any Client, investor or prospective investor upon request to compliance@pretiumpartnersllc.com.

In connection with its management of the Fund, PMCM may acquire assets from, and sell or transfer Fund investments to, the General Partner and its affiliates. Such transactions (i) will be made on terms (including the consideration to be paid) that are determined by the General Partner to be fair and reasonable to the Fund and which are no less favorable than terms that could have been obtained from an unaffiliated third party on an arms’ length basis and (ii) will require the consent of the Investor Advisory Committee or a majority in interest of the limited partners of the Fund (other than affiliates of the General Partner). The Fund also may, with the prior consent of such Investor Advisory Committee or a majority-in-interest of the limited partners (other than affiliates of the General Partner), co-invest in investments with affiliates of the General Partner or entities advised or managed by affiliates of the General Partner. Such transactions will be on terms that are determined by the General Partner to be fair and reasonable to the Fund (provided that the economic terms and conditions on which each of the Fund and any such affiliate of the General Partner co-invest in an Investment will be substantially the same).

The Fund may, from time to time, enter into other transactions with PMCM or its affiliates, shareholders, partners, officers, managers, members, employees, agents and representatives or other accounts established by key principals of PMCM prior to their joining PMCM, including regional operating teams or property managers that may be affiliated with or owned (in whole or in part) by PMCM or its affiliates. These transactions will be no less favorable to the Fund than would be received in independent, arm’s-length transactions, will be supported by independent third-party appraisals of any assets to be acquired in such transactions and, except as expressly contemplated by the Fund’s Governing Documents, will be subject to the approval of the Investor Advisory Committee.

Item 12 – Brokerage Practices

Due to the nature of its strategies, PMCM does not generally trade in public securities and, therefore, does not generally utilize broker-dealers for transactions contemplated by this section. In the event PMCM executes a brokerage transaction for its Clients (e.g. trades in public securities or enters into hedging transactions), it will generally consider qualitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

PMCM does not engage in soft dollar arrangements with broker-dealers.

PMCM does not engage in directed brokerage.

PMCM does not aggregate the purchase or sale of securities for various Client accounts.

Item 13 – Review of Accounts

The Fund's accounts and investment positions are monitored by PMCM personnel on a regular and current basis. PMCM's investment committee meets as necessary to review general portfolio composition, investment opportunities, market conditions, potential conflicts, and recent investment activities. PMCM might periodically review on an expedited basis the assets of the Fund following a unique occurrence in the financial industry or market generally.

Within 120 days after the Fund's fiscal year-end, audited financial statements are mailed to each investor in the Fund. Investors also receive unaudited performance information for the Fund after each calendar quarter-end, as well as a quarterly report providing additional detail on the Funds' investments. Such reports include the value of such investor's interest in the Fund as determined based on the unaudited fair market value of the holdings in the Fund.

On a monthly basis, a reporting package regarding the investment advisory service for the prior month is provided to the beneficial owner of the Managed Account. The contents and frequency of reports provided to separately managed account clients may vary and would typically be detailed in the investment management agreement entered into by and between PMCM and the applicable separately managed account client.

Certain investors in the Fund may request additional information relating to the Fund and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, PMCM generally will seek to provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Fund that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

Item 14 – Client Referrals and Other Compensation

PMCM may enter into distribution/placement arrangements with a number of unaffiliated third parties. Typically, third-party solicitors will receive a portion of the Management Fee and/or performance-based compensation paid to PMCM or its affiliates (although other payment arrangements could exist). If third-party solicitors are engaged, prospective investors who are solicited by such third parties will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be ultimately paid/borne by a corresponding reduction in the Management Fees paid to PMCM and none of the investors in the Fund will be subject to any increased or additional fees or charges.

No one other than the Clients provides an economic benefit to PMCM for providing investment advice or other advisory services to the Clients.

Item 15 – Custody

PMCM does not maintain physical custody of the Fund's assets. However, PMCM believes that it would generally be viewed by regulators as having custody of the assets of the Fund under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). PMCM does not maintain physical custody of the Managed Account's assets, and does not believe that it would generally be viewed by regulators as having custody of the assets of the Managed Account under the Custody Rule. Accordingly, PMCM adheres to the applicable requirements of the Custody Rule with respect to each Client for which it or an affiliate serves as general partner or managing member. PMCM's chief financial officer will be responsible for arranging for the annual independent audits of the Fund by an independent auditor in accordance with generally accepted accounting principles, and for delivery of the Fund's audited financial statements to investors within 120 days of the Fund's fiscal year end, as required under the Custody Rule.

Item 16 – Investment Discretion

PMCM maintains the authority to manage the Fund on a discretionary basis, subject to the overall supervision of the General Partner, in accordance with the investment guidelines, objectives, limitations, other provisions and terms set forth in the Fund's Governing Documents.

PMCM does not have discretionary authority to manage the assets of the Managed Account, and as such, the beneficial owner of the Managed Account has ultimate authority to determine the investments made on its behalf.

Item 17 – Voting Client Securities

PMCM's investment strategy does not involve the acquisition of public securities with voting authority, and the Firm does not have the ability to vote proxies with respect to the Managed Account. In the unlikely event that the Fund comes into possession of securities with voting rights, the Firm will generally have the authority to vote proxies and, in such instances, will do so in accordance with the following:

PMCM's policy is to vote proxies solely in the interests of the Funds. Generally, PMCM will vote proxies in line with management. However, under certain circumstances when PMCM believes that management's proposal is not designed to maximize value for a Fund, PMCM will vote against management.

Investors may obtain information about how proxies were voted by contacting legal@pretiumpartnersllc.com.

Item 18 – Financial Information

PMCM does not require or solicit prepayment of client fees more than six months in advance.

PMCM does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its Clients.

PMCM has never been the subject of a bankruptcy petition.