

Form ADV Part 2A – Firm Brochure

Ranieri Residential Investment Advisors LLC
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This brochure provides information about the qualifications and business practices of Ranieri Residential Investment Advisors LLC (“RRIA”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Susan V. Lynskey at 212-558-2035 or susanl@ranieripartners.com.

This information has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Ranieri Residential Investment Advisors LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

None.

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Item 4: Advisory Business

Ranieri Residential Investment Advisors LLC (“*RRIA*” the “*Manager*” or “*we*”) is a registered investment adviser organized as a Delaware limited liability company. RRIA was founded in 2012 and has been registered with the SEC since 2012. Its parent company is Ranieri Partners LLC (“*Ranieri Partners*”).

RRIA provides investment advisory services to private investment funds structured as a partnership organized in the United States (“*US Partnership*”) or offshore (“*Offshore Partnership*”) (both partnerships are collectively referred to as the “*Funds*”). The Offshore Partnership invests in the US Partnership in a master-feeder structure through its wholly owned corporation referred to as a “*Blocker Corporation*.”

Entities under common control with RRIA and each General Partner may provide additional services to the Funds and to other private investment funds and certain institutional clients advised by such affiliates.

Each Fund has a general partner (the “*General Partner*”). RRIA was organized to assume the investment advisory responsibilities for the Funds, which were previously discharged by the General Partners. The General Partners continue to provide day to day managerial and administrative services to its respective Funds.

The Funds are managed in accordance with the investment objectives, strategies and limitations (if any) described in the respective Fund’s Confidential Private Placement Memorandum (“*PPM*”) and Limited Partnership Agreement (“*LPA*”). RRIA focuses its advisory business on distressed opportunities in the residential mortgage marketplace. The Manager’s primary objective is to acquire nonperforming residential mortgage whole loans; modify the loans through hands-on resolution with the borrowers; and sell the re-performing loans at a profit to institutions or refinance through government sponsored programs.

RRIA does not participate in any wrap fee programs.

As of December 31, 2017, RRIA had approximately \$848,997,909 regulatory assets under management. As of that date, all assets were managed on a discretionary basis.

Item 5: Fees and Compensation

The General Partners of the US Partnership receive from the US Partnership annual management fees (“*Management Fee*”) equal to a percentage (“*Management Fee Percentage*”) of (i) aggregate capital commitments of the Fund’s investors (each a “*Limited Partner*”) during the

Investment Period (as such term is defined in the PPM) and (ii) following the Investment Period, the sum of each Limited Partner's Management Fee Percentage of the aggregate value of the US Partnership's investments allocated to that Limited Partner pro rata on the basis of its capital commitments, subject to limitations set forth in the PPM. Limited Partners with capital commitments of \$100 million or more may be entitled to a reduction in the Management Fee. The General Partners have the discretion not to charge a Management Fee to owners and affiliates of the General Partners who are Limited Partners.

The General Partners of the US Partnership share a portion of their Management Fees with RRIA, as compensation for its investment advisory services (the "*Investment Adviser Fee*"). The Investment Adviser Fee is determined and calculated by the General Partner in accordance with the terms of the Formation Documents of the Partnership. The Investment Adviser Fee equals a percentage of the Management Fee as such Management Fee is computed in accordance with the provisions of the LP Agreement. On a periodic basis, the General Partner and RRIA, upon mutual agreement, determine the Advisory Fee Percentage with respect to the Investment Adviser Fee payable in respect of the period following such determination. Such determination is based upon the fair market value of the scope of services anticipated by the General Partner and RRIA to be rendered by RRIA during the following period. The General Partner deducts fees from the Funds' assets on a periodic basis, generally between one month to one quarter. The fees are deducted in advance of such periods. No portion of the Investment Adviser Fee is refundable. To the extent that an Investment Adviser Fee is payable for less than a full payment period, the amount is appropriately prorated. The Funds are responsible for their organizational and operating expenses as such terms are defined in each Fund's PPM.

Item 6: Performance-Based Fees and Side-by-Side Management

The US Partnership allocates a percentage of its profits, Carried Interest, to a Limited Partner that is an affiliate of RRIA (each a "*Special Limited Partner*"). Such Carried Interest, as described in more detail in the PPM, is allocated to the Special Limited Partner after the Limited Partners in the Fund receives 100% of their contributed capital plus a cumulative preferred return of 8% per annum, compounded annually. Thereafter, the Special Limited Partners receive cumulative distributions equal to 20% of the total amounts distributed pursuant to the cumulative preferred return distributed to the Limited Partners, thereafter, the Special Limited Partners receive 20% of all further distributions.

RRIA does not currently engage in "side-by-side management" of accounts which are charged a performance-based fee, and other accounts which are charged other types of fees.

Item 7: Types of Clients

RRIA provides investment advice to the Funds. The Funds are not registered under the Investment Company Act of 1940, as amended and the investments purchased for the Funds are not registered under the Securities Act of 1933, as amended (the “1933 Act”). Access to information about the Funds is limited to investors who meet specified minimum investment criteria relating to their financial holdings, investment experience, etc.

The minimum capital commitment that the Funds accept from a prospective investor is \$25 million; however, the General Partner of a Fund, in its sole discretion, may reduce this requirement for any prospective investor.

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

RRIA actively acquires, manages and disposes of investments in residential mortgage and real estate related investment opportunities arising from conditions affecting the residential real estate industry (collectively, “*Fund Investments*”). We focus on residential mortgage loans (“*Mortgage Loans*”), primarily through the purchase of discounted whole loans and secondary pools of Mortgage Loans, and discounted residential real estate (“*REO*”) and related assets (“*REO Assets*”), primarily through bulk REO Asset purchases. Generally, Mortgage Loan investments are sub-performing, non-performing or re-performing (“*Troubled Mortgage Loans*”). The Manager seeks to hold, modify and service Troubled Mortgage Loans, and then sell them as a portfolio of performing Mortgage Loans.

We may use any transaction structure determined by the Manager's Investment Committee to selectively acquire Troubled Mortgage Loans, Acquisition Development and Construction Loans (“*ADC Loans*”), Mortgage Servicing Rights (“*MSRs*”) or other Fund Investments, including: purchasing mortgage-backed securities in instances where the Manager can obtain control of the related mortgage servicing on the securities; or as a means to acquire the underlying portfolio of Troubled Mortgage Loans; or acquiring MSRs for the purpose of acquiring Mortgage Loans. Additionally, we may agree to a performance-based fee or joint venture or other contractual relationship in connection with acquiring an interest in or servicing, advising, managing or rehabilitating Fund Investment assets of such third party or, in connection with acquiring Fund Investments from a bank, thrift or other regulated mortgage lender, acquire an equity based investment in such financial institution or an entity formed by RRIA and such financial institution.

While we may engage in appropriate hedging transactions, we will not conduct any speculative trading of any asset, including mortgage backed or structured mortgage securities, public or private stocks, derivatives, or long-term real estate investments.

The Manager will seek to achieve an attractive return on investment by acquiring: (i) Troubled Mortgage Loans at discounts and increasing their investment value through special servicing and loan modifications, as well as receiving current interest income from performing Mortgage Loans held in the portfolio; (ii) REO Assets, primarily in bulk at an attractive discount to the aggregate value of the individual properties, then holding and possibly renting these investments until they are sold through an orderly market process to residential home buyers or on a portfolio basis; and (iii) other Fund Investments from time to time selected by the Manager's Investment Committee, including selectively acquiring mortgage-backed securities in instances where the Manager can obtain control of the related mortgage servicing on the securities or as a means to acquire the underlying portfolio of Troubled Mortgage Loans, MSRs or ADC Loans.

Material Risks Related to Investment Strategies

Competitive Market for Investment Opportunities: RRIA may compete in the acquisition of its investments with many other individuals and entities engaged in acquiring Troubled Mortgage Loans, REO Assets and other Fund Investments. Accordingly, there may be intense competition in obtaining investments that the Manager would like to purchase for the Funds. Competition may also result in increased costs of suitable investments.

Illiquid Investments: Many of the Fund Investments will be highly illiquid with no established market, and there can be no assurance that the Funds will be able to realize on such investments in a timely manner. The disposition strategy for Troubled Mortgage Loans, REO Assets and other Fund Investments is subject to the Manager's ability to pool Mortgage Loans, securitize such loans, or otherwise sell the Fund Investments, in whole or in part. Numerous risks affecting the residential home market may also affect the Manager's disposition strategies. While an investment may be sold at any time, this will occur typically a number of years after the investment is made. In addition, in some cases the Manager may be prohibited by contract from selling certain securities for a period of time.

Ability to Manage Investments Effectively: RRIA's ability to implement its investment strategy will depend on its ability to identify, analyze, invest in, and modify Fund Investments. Accomplishing this result on a cost effective basis is largely a function of the Manager's structuring of the investment process and the ability to provide competent, attentive and efficient services to (1) modify Troubled Mortgage Loans on acceptable terms, (2) hold, rent and sell REO Assets in an orderly market process and (3) acquire other Fund Investments that enable the Funds to achieve their investment objectives. Fund Investments in banks, thrifts or other regulated financial institutions will be

minority equity interests and RRIA will not have any right to control the management or business of such companies.

Leverage: RRIA may use leverage on behalf of the Funds in connection with their investments, subject to the limitations set forth in the respective PPMs. The amount of leverage deployed by the Manager will be subject to numerous factors, including, without limitation, market conditions and investment opportunities, as well as types of investments held and total market value of such investments. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss.

Hedging Transactions: The Manager may use financial instruments such as derivatives to seek to hedge against fluctuations in the relative values of the portfolio of Mortgage Loans as a result of changes in interest rates and other investment factors. Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

Investments in the Funds are speculative and involve a high degree of risk. An investor could lose all or a substantial portion of its investment. Opportunities for redemption and transferability of interests and shares are restricted, so an investor may not have access to capital when it is requested. There is no secondary market for the interests or shares of the Funds and none is expected to develop. For more detailed information on the risks associated with the investment strategies, methods and analyses and with the types of securities invested in or recommended, please refer to the specific offering memoranda of the relevant Fund.

Item 9: Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RRIA or the integrity of RRIA's management. In 2008, a Ranieri Partners affiliate had retained a third party in connection with some of its marketing efforts for the Selene Funds. The third party was not a representative of a registered broker-dealer and so the types of marketing activities that he was allowed to engage in were limited. The SEC alleged that the third party's activities went beyond what was allowed for someone who was not a registered representative of a broker-dealer and that Ranieri Partners did not oversee him sufficiently to ensure that he did not exceed his scope. The SEC did not allege that anyone was harmed in any way by the finder's activities on behalf of Ranieri Partners or the funds. Likewise, it did not allege any wrongdoing by Ranieri Partners beyond the failure to adequately oversee the finder. This matter was settled in a consensual order dated March 8, 2013 in which the Respondents neither admitted nor denied the allegations.

Item 10: Other Financial Industry Activities and Affiliations

Mr. Scott Shay, who is a member and senior managing partner of Ranieri Partners and a member of RRIA's Investment Committee, is the Non-Executive Chairman of the Board of Signature Bank, a financial institution that is an operationally independent related entity of RRIA. Signature Bank is the custodian of the Funds' cash balances. RRIA does not believe that Mr. Shay's position with Signature Bank presents a conflict of interest for RRIA or the Funds nor does it give rise to requirements with respect to internal control reporting. RRIA has policies in place, however, to monitor this affiliation for potential conflicts. Neither RRIA nor the Funds currently conduct broker-dealer business with Signature Securities.

Ranieri Partners is the parent company of RRIA. Ranieri Partners has formed various initiatives to provide investors with a horizontally integrated platform offering innovative client solutions across real estate, fixed income, consumer finance, corporate finance and private equity. Ranieri Partners and its affiliated companies currently manage institutional capital focused on financial services, real estate and private equity.

Various potential and actual conflicts of interest may arise from the overall investment and business activity of RRIA and its affiliates. Ranieri Partners and its affiliates may have multiple advisory, transaction, financial and other interests in securities that may be bought or sold by RRIA on behalf of the Funds. For example, Ranieri Partners or its affiliates may invest, for their own account or for accounts for which they have investment discretion, in loans or securities that would be appropriate investments for the Funds. In addition, Ranieri Partners and its affiliates may invest in securities or loans that are senior to, or have interests different from, or conflict with the interests of the Funds. Ranieri Partners or its affiliates also may render investment banking services to the borrower or issuer of any loan or security that may be held by the Funds where the advice provided by Ranieri Partners or its affiliate, whether through a loan restructuring or loan work out, may conflict with the interest of the Funds. The Manager has policies and procedures to ensure that purchases or sales on behalf of the Funds are treated as confidential information and are not communicated to its affiliates.

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

RRIA has adopted a Code of Ethics that sets forth the standards of conduct expected of employees in accordance with Section 206 of the Investment Advisers Act of 1940 (the "*Advisers Act*") and Rule 204A-1 under the Advisers Act. All employees including management are required to comply with the provisions of the Code of Ethics. In addition, the Code of Ethics requires all employees including management to comply with certain rules designed to protect against Insider Trading. Pursuant to the Code of Ethics, upon commencement of employment,

RRIA's employees are required to provide an initial holdings report disclosing all personal brokerage accounts, private placements, and investments of limited opportunity (e.g. "hedge funds"). In addition, applicable employees must provide a personal trading report to the Compliance department within 30 days after the end of each calendar quarter. This report must include every securities transaction (excluding transactions effected in any account over which neither RRIA nor the employee has any direct influence or control, and transactions in securities that are direct obligations of the Government of the United States, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements, or shares issued by registered open-end investment companies) in which the employee, the employee's family or trusts of which the employee is a trustee or in which the employee has a beneficial interest have participated during the quarter. In addition, employees are required to instruct their brokers to send to the attention of the Compliance Department duplicate brokerage confirmations of any and all securities trades and duplicate account statements.

Certain personal trades must be pre-cleared by the Chief Compliance Officer, as referenced above, and such pre-clearance will apply to initial public offerings and private placements, as further described in RRIA's Code of Ethics. Each employee is also required to provide an annual report of brokerage accounts and holdings along with an acknowledgement at least annually that the employee will comply with the provisions of the Code of Ethics.

Existing investors in the Funds may request a copy of the Code by contacting RRIA's CCO at (212) 558-2035.

Item 12: Brokerage Practices

Given that the Funds invest primarily in troubled mortgage loans and REO assets, investments in publicly traded securities, which require the selection or recommendation of a broker-dealer, will generally be infrequent occurrences. To meet its fiduciary duties to the Funds, RRIA has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

The Manager has sole discretion over the purchase and sale of Investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for the Funds involving a broker-dealer, the Manager will seek "best execution" of the transaction. "Best execution" means obtaining for the relevant Fund the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputation and reliability of the executing broker-dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Manager takes into account all factors that it deems relevant to the broker-dealer's execution capability, including, for example, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker-dealer, and the quality of service rendered by the broker-dealer in other transactions.

The Manager does not receive "soft dollars" in connection with its use of broker-dealers.

In the event that RRIA were to place direct securities on behalf of the Funds, RRIA may aggregate the purchase or sale of Fund Investments for more than one Fund. In such cases, RRIA will allocate securities it has purchased to eligible Funds on a pro rata basis based on current demand. The allocation system is overseen by the CCO to ensure fair and equitable security allocation to all Funds.

Item 13: Review of Accounts

The investment portfolio of each Fund is generally private, illiquid and long-term in nature, and accordingly, our review of the Investments in the Funds is not directed toward a short-term decision to dispose of securities. However, we closely monitor each Fund's Investments and generally maintain an ongoing oversight position with respect to each Investment. Each investment is reviewed at least monthly by the Manager's investment committee members and executive officers.

Limited Partners receive quarterly unaudited performance reports within 60 days after each fiscal quarter's end (or as soon as reasonably practicable thereafter), annual financial statements audited by the Fund's independent auditor within 120 days of each fiscal year end, and certain tax information for preparation of a Limited Partner's tax returns.

Item 14: Client Referrals and Other Compensation

RRIA may enter into compensation arrangements with solicitors to introduce new investors ("solicitor agreements"). RRIA, rather than such investors, would bear the costs and expenses associated with any such solicitors. Any such solicitation arrangements will comply with Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, if and to the extent applicable. Clients under these agreements will not be charged fees higher than the standard fees described in Item 5. RRIA currently has no solicitor agreements in place.

Item 15: Custody

This item is not applicable.

Item 16: Investment Discretion

The Manager has the discretionary authority to manage accounts on behalf of the Funds. This discretionary authority is limited by the investment objectives, practices and limitations described in the Funds' PPMs. The Manager receives its discretionary authority under an investment management agreement between the Manager and a Fund.

Item 17: Voting Client Securities

For the most part, Fund Investments do not consist of voting securities. Nonetheless, pursuant to its obligations under Rule 206(4)-6 of the Investment Advisers Act, RRIA has adopted and implemented policies and procedures reasonably designed to ensure that proxies are voted in the best interest of the Funds. The guiding principle by which we vote all proxies is the maximization of the ultimate long term economic value of the Funds' holdings.

We do not permit proxy voting decisions to be influenced in any manner that is contrary to this guiding principle. In exercising voting discretion, we seek to avoid any direct or indirect conflict of interest between the particular Fund and the voting decision. Our Chief Compliance Officer has the responsibility to monitor votes for any conflicts of interest and to use her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with her independent assessment of the best interests of the relevant Fund, which may include engaging an independent third party to determine how the proxies should be voted. The Funds and their respective investors are not provided with an opportunity to direct the voting of voting securities.

Copies of relevant proxy records, identifying how proxies were voted in connection with the Funds and copies of proxy voting policies are available to any investor or prospective investor upon written request.

Item 18: Financial Information

RRIA does not believe there are any existing financial conditions that are reasonably likely to impair its ability to meet its contractual obligations to clients.