

# ROOSEVELT MANAGEMENT COMPANY LLC

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Part 2A of Form ADV: Firm Brochure  
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**This brochure provides information about the qualifications and business practices of Roosevelt Management Company LLC. If you have any questions about the contents of this brochure, please contact us at (212) 938-4800. 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 Roosevelt Management Company LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser's registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.**

## **Item 2 Material Changes to Disclosure Brochure**

The only material changes to report from the brochure on file with the United States Securities and Exchange Commission (“SEC”) are (i) updates to the Advisory Business disclosure under Item 4, principally related to Mr. Cooper’s acquisition of the advisor and its subsidiaries (the “Acquisition”) and (ii) certain updates relating to the Acquisition to the (a) Methods of Analysis, Investment Strategies and Risk of Loss and (b) Material Risks of Roosevelt’s Strategy, each under Item 8.

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#### **Item 4 Advisory Business**

Roosevelt Management Company LLC (“**Roosevelt**”), a Delaware limited liability company, is a New York-based firm with an advisory business that is focused on investments, directly or indirectly, in, and the management of, U.S. residential mortgage loans (“**Loans**”), foreclosed real estate (“**REO**”), interests in mortgage servicing rights related to Loans (“**MSR Interests**” and, collectively with Loans and REO, “**Real Estate Related Assets**”). Roosevelt was founded in 2008 by a team of veteran mortgage professionals with experience in pricing, due diligence, asset management, servicing oversight, and restructuring of distressed mortgage assets.

On July 31, 2023, Mr. Cooper Group, Inc. (“**Mr. Cooper**”) acquired 100% of the equity in Roosevelt and certain subsidiaries pursuant to an equity purchase agreement (the “**EPA**”).

Prior to the consummation of the transactions contemplated by the EPA, Rushmore Loan Management Services LLC (“**Rushmore**”) and Dakota Asset Services LLC (“**Dakota**”) were wholly owned subsidiaries of Roosevelt. Since the closing of the transactions contemplated by the EPA, Rushmore and Dakota are wholly owned subsidiaries of Mr. Cooper.

Rushmore and Dakota will continue to provide Roosevelt clients, directly or indirectly through other affiliates, with (i) residential mortgage loan services and (ii) REO management and disposition services, respectively. Furthermore, certain other wholly-owned subsidiaries of Mr. Cooper, including Nationstar Mortgage LLC (“**Nationstar**”), Xome Inc., Xome Realty Services LLC, Xome CT LLC, Xome OH LLC and Xome PR LLC (together with Xome Inc., Xome Realty Services LLC, Xome CT LLC, Xome OH LLC, the “**Xome Entities**” and, together with Rushmore, Dakota and Nationstar, “**Service Affiliates**”), will, directly or indirectly through other affiliates, provide services to Roosevelt clients.

Personnel of certain Service Affiliates will provide services, including investment advisory services, to Roosevelt through a shared services agreement.

Roosevelt provides investment management and advisory services to investment entities, typically pooled investment vehicles (“**Clients**”) investing primarily in Real Estate Related Assets. To date, Roosevelt’s Clients are owned or controlled by large, sophisticated, institutional investment managers and their managed investment funds or other sophisticated financial institutions. To date, except with respect to certain Loan-level loss mitigation strategies, Roosevelt’s investment acquisition/disposition advisory services have been provided on a non-discretionary basis.

Roosevelt focuses on asset categories that utilize Roosevelt’s experience in the U.S. residential mortgage market, leveraging Roosevelt’s relationships with mortgage industry participants, including its Service Affiliates, and its substantial analytical, due diligence, risk management (such as credit risk and counterparty risk), asset valuation and asset management capabilities to identify, acquire and manage Real Estate Related Asset investments. Roosevelt typically identifies Real Estate Related Assets available for sale from select relationships with banks, broker-dealers, governmental and quasi-governmental agencies and other financial institutions, including Clients, as well as in certain circumstances, referral agents, and analyzes and values

such Real Estate Related Assets using various quantitative econometric variables and qualitative data internally generated and obtained from third parties.

Roosevelt performs functions related to risk management and due diligence, both in conjunction with and/or subsequent to identifying and recommending potential investment opportunities to its Clients. Roosevelt performs asset level due diligence of the Real Estate Related Assets, including legal/compliance reviews, title and lien reviews, property valuation reviews, collateral and credit underwriting reviews, as appropriate and as requested by the Client. Roosevelt also negotiates the terms of each such investment transaction on behalf of its Clients as directed and requested by the Client. Each of Roosevelt's Clients determines the Real Estate Related Assets it will acquire and the price at, and the material terms under, which those assets will be acquired. Currently, Roosevelt does not have discretion to make investment decisions on behalf of its Clients.

Its advisory services are limited to (a) sourcing and recommending Real Estate Related Assets for investment, (b) due diligence and asset value analysis, (c) services related to structuring an investment (in consultation, as necessary, with outside advisers such as regulatory and tax counsel), which may include the use of certain entities, vehicles or trusts (collectively, "**Vehicles**") to acquire, hold, finance and/or dispose of certain Real Estate Related Assets, on behalf of the Clients, and drafting and negotiating the related transaction documents, and (d) ongoing services, which may include the monitoring, management and valuation of certain Real Estate Related Assets, each as and to the extent requested and directed by the Client.

From time to time, Roosevelt provides additional services requested by Clients in connection with Real Estate Related Assets on a negotiated basis. Roosevelt acts as administrator of certain Client Vehicles, and as such, performs administrative corporate functions for such Client or Vehicle, including cash management and tax accounting services, and/or select and direct the loan servicer (which may be or include Rushmore or Nationstar), the document custodian, the paying agent, the trustee and other agents for a Client or Client Vehicle and/or the Real Estate Related Assets. Upon request, Roosevelt also assists Clients wanting to leverage their investment to obtain financing of such positions and provides administrative services in connection with any financing arrangements.

In providing asset management services, Roosevelt makes certain asset level decisions related to the Real Estate Related Assets. In performing such services, Roosevelt seeks to maximize return objectives on Real Estate Related Assets by leveraging its expertise in developing loss mitigation and asset resolution strategies and overseeing the servicer in its implementation of individual asset resolution plans to resolve Real Estate Related Assets through, among other things, modifications, payoffs, foreclosures, sales and refinancing.

Roosevelt provides advisory services to its Clients in accordance with the investment objectives specified by each Client in its management agreement with Roosevelt and other written directives from the Client, and not to the investors of each Client. Clients may impose restrictions on the type of Real Estate Related Assets in which it will invest and/or provide guidelines with respect to asset level mitigation or disposition strategies. While Roosevelt's Clients typically request the full range of investment advisory services provided by Roosevelt, if requested and upon mutual agreement, Roosevelt provides Clients with only limited services.

As of March 31, 2023, Roosevelt managed approximately \$921,029,781 (fair market value) (the “Fiscal Year-End AUM”) of Real Estate Related Assets for its Clients on a non-discretionary basis. For purposes of reporting the Fiscal Year-End AUM, Roosevelt has used the audited financials for its Clients as of the end of each Client’s fiscal year, which was December 31, 2022 for certain Clients and March 31, 2023 for certain other Clients. As of August 30, 2023, Roosevelt did not manage any Client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

For its investment advisory services, Roosevelt may receive one or more of the following types of fees: (i) an asset acquisition fee, (ii) a fee based on the value of assets under management, a fee based on the amount of assets under management, or a fee based on invested capital in assets under management, and (iii) incentive compensation or profits interests entitling Roosevelt or its affiliates or related persons to a percentage of distributions made by a Client in excess of a specified preferred return. It may also receive a fixed fee for certain specified investment advisory related services, such as due diligence, in each case as set forth in the applicable Client’s management agreement, statement of work or other governing documents. Asset acquisition fees are generally payable upon the acquisition by the Client of Real Estate Related Assets. Fees based on the value of assets under management are generally payable monthly in arrears and fees based on the amount of assets under management are generally payable monthly in advance. Distributions in connection with profits interests are generally received periodically when the Clients make distributions and only if the specified preferred return has been met. The amount of any investment advisory fees (other than asset acquisition fees) may be prorated for periods of less than the full applicable billing cycle. Fees are negotiable and the type and amount of fees may vary based on the Client and the type and acquisition date of Real Estate Related Assets in which the Client invests and the nature of the services provided. In the event of the termination of its management agreement, the Client may obtain a refund of any prepaid fees as set forth in its management agreement. Further, in the event of a termination of the management agreement, Roosevelt (or its affiliates or related persons) may remain entitled to payment of incentive compensation with respect to managed Real Estate Related Assets acquired by the Client prior to the date of termination as specified in the applicable Client’s management agreement. Clients generally are billed for fees and expenses. Management and incentive or performance fees are agreed to with the Client at the outset of the advisory relationship or at the initiation of any new investment strategy or Vehicle and as set forth in the Client’s management agreement or other governing documents.

Clients also bear, directly or indirectly, other fees and expenses related to the establishment, administration and dissolution of the Vehicles and the acquisition, management, servicing, disposition and valuation of the Real Estate Related Assets, in each case as set forth in the Client’s management agreement or other governing documents. These fees and expenses typically include, but are not limited to, (a) Vehicle operating expenses, including transaction-related expenses (i.e., referral agent fees and due diligence expenses), custodial fees, bank service fees, legal fees and trustee fees, (b) costs and expenses (including due diligence expenses and legal fees) related to potential investments in or sales of Real Estate Related Assets (whether or not consummated); (c) Vehicle legal, accounting, insurance and other administrative expenses, including the costs and expenses of any audit, investigation or governmental inquiry and the costs and expenses of any indemnification or litigation relating to the activities or operations of

the Vehicles and the amount of any judgments or settlements paid in connection therewith; (d) Vehicle entity-level taxes (including any tax liabilities relating to the ownership of Real Estate Related Assets); (e) servicer fees for servicing the Real Estate Related Assets (including direct and indirect (i) servicer fees to Roosevelt's Service Affiliates, Rushmore and Nationstar, and (ii) REO management and disposition fees to Roosevelt's Service Affiliates, Dakota and the Xome Entities) and (f) reimbursement of certain servicer, depositor and Roosevelt costs and advances (including costs and advances to Roosevelt's Service Affiliates). If a Client leverages its investments, it bears all financing related costs and expenses. For information regarding brokerage practices, please see "Item 12 – Brokerage Practices" below.

#### **Item 6 Performance-Based Fees and Side-by-Side Management**

As described in "Item 5 – Fees and Compensation" above, Roosevelt or its affiliates or related persons receive incentive compensation or profits interests entitling them to a percentage of distributions made by certain Clients in excess of a specified preferred return. The fact that a portion of Roosevelt's compensation (or its affiliates' or related persons', including its investment professionals, compensation) is directly tied to profit distributions made by Clients may create an incentive for Roosevelt and Roosevelt's investment professionals to recommend investments that are riskier or more speculative or to take more risks in managing Client Real Estate Related Assets than would be the case in the absence of such compensation. Additionally, the payment by some but not all Clients of profits interest distributions, or the payment of profits interest distributions at varying rates, may create an incentive for Roosevelt or its professionals to disproportionately allocate time, services or functions to Clients making profits interest distributions or Clients making profits interest distributions at a higher rate. Roosevelt has adopted policies and procedures that among other things, seek to ensure in good faith that investment opportunities are offered fairly to its Clients. In determining which Client or Clients will be offered a potential investment opportunity it has identified, Roosevelt considers a variety of factors, including, stated investment objectives, type and amount of desired investments, risk profile, pricing assumptions, desired investment returns and Client fee arrangements. However, Roosevelt may offer potential investment opportunities in Real Estate Related Assets it identifies first to Clients who are related to Roosevelt or its affiliates. If such Clients decline the opportunity or wish to acquire less than all of the Real Estate Related Assets offered, Roosevelt will offer the opportunity to its other Clients based on the factors described above. Such preferential treatment is disclosed to Roosevelt's Clients and Roosevelt Clients understand that certain investment opportunities may be presented to them only to the extent that Roosevelt related Clients determine not to pursue such opportunities or wish to acquire less than all of the Real Estate Related Assets offered. In some cases, the Client itself may decide to offer a co-investment opportunity to other Clients or other investors it identifies with respect to a specific investment opportunity.

#### **Item 7 Types of Clients**

See "Item 4 – Advisory Business" for a description of Roosevelt's Clients. Roosevelt has no minimum account size.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **General**

Roosevelt seeks investments, directly or indirectly, in Real Estate Related Assets, including sub-performing, non-performing, re-performing and performing Loans, REO, and MSR Interests. Roosevelt focuses on asset categories that utilize Roosevelt's experience in the U.S. residential mortgage market, leveraging Roosevelt's relationships with mortgage industry participants, including its affiliated mortgage servicers, Rushmore and Nationstar, and its substantial analytical, asset valuation, risk management and asset management capabilities to identify, acquire and manage Real Estate Related Asset investments on behalf of Clients. Roosevelt typically identifies Real Estate Related Assets available for sale from select relationships with banks, broker dealers, governmental and quasi-governmental agencies and other financial institutions, including Clients, as well as in certain circumstances referral agents, and analyzes and values such Real Estate Related Assets using various quantitative econometric variables and qualitative data internally generated and obtained from third parties.

Roosevelt performs functions related to risk management and due diligence, both in conjunction with and/or subsequent to, recommending investment opportunities to its Clients. Roosevelt performs asset level due diligence of the Real Estate Related Assets, including legal/compliance review, title and lien searches, property valuation reviews and collateral credit underwriting reviews, as appropriate and as requested by the Client. Roosevelt also negotiates the terms of each such investment transaction on behalf of its Clients as directed and requested by the Client. Each of Roosevelt's Clients determines the Real Estate Related Assets it will acquire and the price at, and the material terms under, which those assets will be acquired. Currently, Roosevelt does not have discretion to make investment decisions on behalf of its Clients.

Roosevelt seeks to enhance the value of its Clients' investments in Real Estate Related Assets through optimal acquisition pricing and successful execution of asset level mitigation strategies. By applying the operational expertise of the management team on an asset-by-asset basis, and overseeing loss mitigation decisions on a case-by-case basis, Roosevelt believes it is better able to achieve Clients' objectives.

Roosevelt collaborates with servicers of its Clients' Real Estate Related Assets (including its affiliates, Rushmore and Nationstar) to formulate asset-level resolution strategies consistent with the Clients investment goals and guidelines, and oversees servicers' implementation of asset-level resolution strategies designated by Roosevelt. Loss mitigation strategies for acquired Loans include, but are not limited to, short-term payment plans, permanent loan modifications (which may include interest rate reduction, principal forgiveness, extension of maturity and/or reduction or forgiveness of accrued charges and interest), deeds in lieu, and short sales. The manner in which a subperforming or nonperforming loan is resolved will impact the amount and timing of revenue received. The servicer, on behalf of Roosevelt as the asset manager, may negotiate with a sub or non-performing borrower to modify the terms of his or her Loan, and once the modification has occurred, the 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 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.

Roosevelt uses various third party and/or internally developed models and applications to support its business activities. These include models and applications that analyze and monitor performance of and value of certain Real Estate Related Assets, models and applications that analyze and maintain information related to assets and asset resolution strategies, and applications that communicate information and decisions to servicers.

Upon request, Roosevelt also assists Clients wanting to leverage their investment to obtain financing of such positions and provides administrative services in connection with any financing arrangements.

#### *Conflicts related to Investment Strategies*

At times, Roosevelt may identify and recommend to Clients Real Estate Related Assets available for sale by other Clients and/or clients of its affiliates. In such instance, Roosevelt will disclose the material aspects of its role in such transactions, including any sourcing or transaction fees payable to it, and obtain appropriate Client consents prior to the close of any such transaction. Conflict in these types of cross-Client transactions are mitigated by such disclosures, the fact that Roosevelt's Clients are each sophisticated and experienced investors, and the fact that each Client makes its own sale or investment decision.

Generally, Roosevelt does not sell securities to, or purchase securities from, any Client. MSR Interests, however, owned by Roosevelt's affiliate, Rushmore, may be offered to Clients. In any such affiliate transaction, in addition to disclosing its affiliation with Rushmore, Roosevelt will obtain appropriate Client consents prior to the close of any such transaction. Conflicts of this type are mitigated by such disclosures, and the fact that the Clients investing in MSR Interests are sophisticated and experienced investors, each of which makes its own investment decision and each of which has the opportunity to obtain valuations provided by unaffiliated third parties prior to making an investment decision.

Roosevelt's affiliate, Nationstar, regularly acquires on its own behalf, MSR Interests of the same type recommended for acquisition by Roosevelt to its Clients. Accordingly, Roosevelt may have a conflict of interest in sourcing and allocating to its Clients opportunities to invest in MSR Interests. Conflicts of this type can be mitigated by investment opportunity allocation policies that are approved by Clients and/or investors in Clients in the Client governing documents.

In addition, Nationstar may facilitate the refinancing of Loans owned by and serviced for a Client or with respect to which a Client holds an interest in the related MSR Interests, unless such facilitation is prohibited or otherwise restricted by the Client. Refinancing may be inconsistent with the Client's investment strategy for the Real Estate Related Asset. Roosevelt believes this potential conflict is mitigated by, among other things, the fact that the Client knows that refinance is an accepted risk of investing in Loans and MSR Interests and Rushmore will be prohibited from facilitating such refinancings if restricted by Client.



Roosevelt has adopted policies and procedures designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. Conflicts of interest that involve Roosevelt, and/or Roosevelt affiliates on one hand, and its Clients on the other hand, will be disclosed and resolved in accordance with the applicable Clients' management agreements. Conflicts are mitigated through disclosure coupled with Roosevelt's non-discretionary investment authority.

### **Material Risks of Roosevelt's Strategies:**

The investment strategies described above involve a substantial degree of risk and Clients may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above include, but are not limited to, the following:

**Distressed Assets.** Distressed Real Estate Related Assets are acquired using risk adjusted pricing metrics and as such may result in significant returns to the Client. However, returns are highly dependent on successful execution of resolution strategies, and both resolution strategies and timelines are highly dependent on (x) overall market conditions and other factors that may impact a borrower's ability to repay the debt, (y) significant regulatory requirements and (z) the overall ability of the servicer (and other service providers) to execute its services. As a result, investment in portfolios of distressed Real Estate Related Assets involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

**Market and Regulatory Conditions.** Real Estate Related Assets will be materially affected by conditions in the financial markets and economic conditions in the United States, including interest rates, availability of and terms of credit, housing supply and demand, employment rates, inflation rates, economic uncertainty, natural disasters, changes in laws, regulation and policy, particularly those affecting the U.S. housing and real estate markets.

The residential mortgage market in the United States has experienced and may in the future experience a variety of difficulties and challenging economic conditions. Any renewed deterioration of the U.S. housing market or economic conditions generally, including a decrease in employment reducing the demand for housing in a geographic area, could result in increased delinquencies or defaults on the mortgage loans and could have an adverse effect on the mortgage loans or mortgage servicing rights acquired by a client.

### **Disease Outbreaks and Public Health Concerns**

Certain illnesses spread rapidly and have the potential to significantly adversely affect the global economy. The outbreak of infectious diseases and other serious public health concerns, including, but not limited to, outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09 influenza, and, most recently, SARS-CoV-2 and the related COVID-19, or other similarly infectious diseases, together with any resulting restrictions on travel or impositions of quarantines and other responsive measures that have been implemented and that could be implemented in the future by various government agencies, may have a material and adverse impact on the economy generally, and in turn on the ability of mortgagors to make

timely payments on their mortgage loans, or whether government actions (including mortgage forbearance programs, moratoria on foreclosures and evictions and changes to the eligibility criteria for mortgage loans eligible for inclusion in agency mortgage backed securities) may have an adverse impact on the value and performance of any existing and potential investments in Real Estate Related Assets, and the ability of Roosevelt to effectively conduct and manage the affairs of its Clients. Roosevelt cannot predict the likelihood of disease outbreaks occurring in the future or how such outbreaks may affect the performance of investments in Real Estate Related Assets.

### Federal and State Policy Considerations

As a result of the early 2000s credit crisis and subsequent financial turmoil, the federal government put in place statutory and regulatory frameworks and policies (including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) enacted in 2010) providing for extensive supervision and regulation of financial firms, as well as various state and local laws and regulations. Moreover, because issues relating to residential real estate and housing finance have been areas of political focus, federal and state governments have taken actions and may continue to take actions that affect residential real estate, the markets for financing residential real estate, and the participants in residential real estate-related industries more so than with respect to other industries.

These laws, regulations and rules are likely to result in delays, barriers to asset workout or liquidation, and increased servicing costs and may result in reduction in payments on Real Estate Related Assets, as well as affect the price and/or marketability of such Assets.

Ultimately, Roosevelt cannot assure its Clients of the impact that governmental actions may have on its business, Client investments or the financial markets. Clients bear the risk that future regulatory and legal developments and the attendant increase in servicing costs may result in situations where proceeds received in respect of Real Estate Related Assets are less than anticipated.

### Fitch Ratings

On August 1, 2023, Fitch Ratings downgraded its U.S. long-term sovereign credit rating from AAA to AA+. The impact of this downgrade or any further downgrade, or a similar action by other rating agencies, to the US government’s sovereign credit rating or its perceived creditworthiness could generally have a material adverse impact on the financial markets in which we invest, including, but not limited to, markets for residential mortgage loans backed by agencies of the US government. There can be no assurances that this downgrade or similar downgrades will not have a material adverse impact on the investments in Real Estate Related Assets that we recommend to our Clients.

**Management Risk.** The successful acquisition and management of Real Estate Related Assets depends in part upon the skill and expertise of Roosevelt management. There can be no assurance that any individual professional will continue to be associated with Roosevelt. Should certain key Roosevelt management members leave Roosevelt, it could adversely affect

Roosevelt's ability to perform investment advisory services to Clients, and thus, the performance or value of a Client's investment in Real Estate Related Assets.

**Model Assumptions.** Although updated periodically to reflect changing or additional assumptions or data, reliance on analytic models like those used by Roosevelt entails significant risk, particularly if the assumptions or the data on which such models rely prove to be incorrect, misleading, or incomplete. In such case, reliance on models may lead Roosevelt to recommend the purchase of Real Estate Related Assets at prices that are too high, the sale of such assets at prices that are too low, or cause Clients to miss favorable opportunities altogether.

In addition, Roosevelt stores the majority of the data upon which these models rely in computer databases. The failure of such computer systems could adversely affect Client accounts for whom such models are used.

**Competition for Investments.** Roosevelt expects to encounter competition from entities having similar investment strategies and objectives. Certain of these entities may possess competitive advantages over Roosevelt or its Clients in pursuing investment opportunities, including greater financial or other resources, higher risk tolerances, different risk assessments, better connections, lower return thresholds, lower cost of capital and access to funding sources not available to Clients. In addition, market conditions may also affect the availability of certain types of Real Estate Related Assets for investment. As market conditions improve, fewer distressed Real Estate Related Assets may be offered for sale.

**Liquidity; Yield.** Investments in Real Estate Related Assets are relatively illiquid, and such illiquidity may limit Roosevelt's ability to optimally execute on loss mitigation or asset resolution strategies. Real Estate Related Assets acquired by Clients may be subject to legal and other restrictions on transfer and a liquid market for such Real Estate Related Assets may not exist. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and a Client may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Prices for such Real Estate Related Assets may fluctuate due to a variety of factors, including market and regulatory conditions, type of pool and composition of Real Estate Related Assets and whether the Real Estate Related Assets are performing or not.

The ability to securitize Real Estate Related Assets may be adversely affected by the risk retention rules enacted by the federal bank regulatory agencies, HUD and the SEC pursuant to the Dodd Frank Act. Such rules generally require securitizers to retain not less than 5% of the credit risk of the mortgage loans (other than qualified mortgage loans) securitized. The sale of such Real Estate Related Assets may be more difficult to accomplish and/or require significant time.

The rate and timing of Loan prepayments as well as Loan delinquencies will affect the investment's yield. In addition, the ability of the servicer to modify the terms of Loans that are in default or for which default is likely foreseeable in a timely and efficient manner may affect the yield on investments in Loans.

**Concentration.** Roosevelt targets investment in a limited group of assets – Real Estate Related Assets. Investment in limited asset types generally involves more risk than investment in diversified asset types. In addition, specific portfolios of Real Estate Related Assets may be or become concentrated in certain geographic areas, and as a result, may be adversely affected by economic, political, regulatory or natural events only affecting those limited regions.

**Loss Mitigation Alternatives.** Roosevelt directs the servicers to utilize a variety of different loss mitigation alternatives in resolving distressed Real Estate Related Assets. This may include short-term payment plans, permanent loan modifications (which may include interest rate reduction, principal forgiveness, extension of maturity and/or reduction or forgiveness of accrued charges and interest), deeds in lieu, short sales (involving principal forgiveness), short refinances (involving principal forgiveness) and foreclosures. The specific circumstances surrounding each distressed Real Estate Related Asset (such as financial situation of the borrower, current market value of property in relation to amount of the debt owed and lien position) will determine which loss mitigation alternative is selected by Roosevelt for such Real Estate Related Asset and such decision will impact the profitability or return on such Real Estate Related Asset. Federal and state laws, regulations and practices may also affect the nature, terms and timing of loss mitigation alternatives offered.

**Collection Risk.** The ability of a servicer to enforce ownership rights in Real Estate Related Assets may be limited, delayed or prevented by a number of different circumstances. These include missing or defective documents evidencing the debt and mortgage or ownership thereof, litigation challenging the validity or legality of the initial loan transaction and litigation challenging the foreclosure or eviction process and borrower bankruptcy. In addition, certain cities, counties and states have imposed obligations and liabilities on the owners of vacant REO which could delay, prevent or increase the cost of selling the REO. Real Estate Related Assets have risks above and beyond those discussed above. These include “special hazard” risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower’s mortgage debt by a bankruptcy court). In addition, claims may be assessed against the Vehicle on account of its position as mortgage holder or property owner, including responsibility for tax payments, environmental hazards and other liabilities.

Owners of REO may also be liable for environmental problems. While delays will increase the cost of realizing on the Real Estate Related Asset, if the servicer is unable to enforce the owner’s rights with respect to a Real Estate Related Asset or sell an REO, the owner will be unable to recoup its investment.

**Leverage.** A Client may borrow funds to pay expenses, make or facilitate new investments or for other purposes. The use of borrowed funds created the opportunity for greater total returns, but at the same time involves certain risks. A Client may not be successful without the use of significant leverage in its portfolio investments and leverage may be costly or unavailable. See “Liquidity” above. The inability of a Client to obtain desired amounts of leverage may limit the Client’s overall investment exposure, thereby reducing total returns. Borrowed funds are subject to interest, transaction and other costs, which may not be recovered by portfolio returns and therefore decrease investment returns.

**Servicer Risk.** The insolvency of the servicer or the failure of the servicer to properly service the Loans or REO or to execute asset resolution plans in a timely and efficient manner may adversely affect the collection of principal and interest on the Loans and the enforcement of rights involving the Loans and REO. The owner of MSR Interests generally does not control the servicing of the underlying Loans or the actions of the MSR owner. Actions or inactions by the MSR owner or a subservicer can adversely affect the performance of the underlying Loans and consequently the value of or income from the MSR Interests. In addition, if the underlying Loans are owned by Fannie Mae, Freddie Mac or Ginnie Mae, adverse changes in the MSR owner's or subservicer's approval status or condition as well as actions by the applicable agency can adversely affect the value of or income from the MSR Interests, and may substantially impact or eliminate the value of the MSR Interests.

**Interest Rate Risk.** Changes in market interest rates can affect the value of Real Estate Related Assets. For example, the value of re-performing Loans are generally adversely affected as interest rates rise and the value of MSR Interests are generally adversely affected as interest rates decrease.

**Cybersecurity Risk.** Recent events have illustrated the ongoing cybersecurity risks to which companies, governments, institutions and other organizations are subject. To the extent that an issuer of securities in which a Client invests is subject to a cyber-attack or other unauthorized access is gained to such issuer's systems, the issuer may be subject to substantial losses. In certain cases, an issuer's failure or deemed failure to address and mitigate cybersecurity risks could be the subject of civil litigation or regulatory or other action. The use of internet or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote working environments. Any of such circumstances could subject a Client portfolio to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. In addition, in the event that a cyber-attack or other unauthorized access is directed at Roosevelt or one of its service providers holding its financial or investor data, Roosevelt, its affiliates or the Clients would likely also be at risk of loss, despite efforts to prevent and mitigate such risks under Roosevelt's policies, procedures and practices.

## **Item 9 Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be materials to a Client's or potential Client's evaluation of the advisor or the integrity of the advisor's management in this Item. Roosevelt has no legal or disciplinary events to report.

## **Item 10 Other Financial Industry Activities and Company Affiliations**

In providing services to its Clients, Roosevelt may engage or use certain services of its affiliated service providers, including the entities listed below. Personnel of certain Service Affiliates will

provide services, including investment advisory services, to Roosevelt through a shared services agreement.

Rushmore is authorized to provide loan servicing throughout the United States. Rushmore and Nationstar provide loan servicing services to a significant portion of the Real Estate Related Assets managed by Roosevelt and may on occasion acquire certain Real Estate Related Assets on behalf of and deposit such Real Estate Related Assets into the Vehicles or hold certain Real Estate Related Assets as nominee for a Vehicle. Dakota and the Xome entities provide REO management and disposition services for Real Estate Related Assets. Servicing fees will be paid to Service Affiliates.

Elkhorn Depositor LLC (“**Depositor**”), a Delaware limited liability company, from time to time, acquires Real Estate Related Assets on behalf of certain affiliated Clients and deposit such Real Estate Related Assets into the Vehicles. Roosevelt is the sole member of Depositor. Depositor receives fees from Roosevelt for such services.

### *Conflicts of Interest*

The use of Rushmore, Nationstar, Dakota the Xome Entities and/or other affiliated entities may create a potential conflict of interest when Roosevelt is performing services described herein to its Clients. However, Roosevelt believes such conflict is effectively mitigated by, among other things, the fact that Rushmore and Nationstar are required to service Real Estate Related Assets in accordance with generally accepted servicing practices, is subject to examination and/or regulation by federal and state regulators, HUD, Fannie Mae, Freddie Mac and Ginnie Mae, and its servicing contract terms, including price, are believed to be consistent with market practice, and generally consistent with servicing contract terms offered by Rushmore and Nationstar, as applicable, to third party non-Client servicing customers. In addition, material servicing contract terms, including price, are generally subject to the prior approval of the Client.

Additionally, Roosevelt has adopted policies and procedures designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. Conflicts of interest that involve Roosevelt, and/or Roosevelt affiliates on one hand, and its Clients on the other hand, will be disclosed and resolved in accordance with the applicable Clients’ management agreements.

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

Roosevelt has adopted a comprehensive Regulatory Compliance program which includes among its components a Code of Ethics and Personal Investment Policy (together, the “**Code**”) that is applicable to its officers, directors, and employees. The Code, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended, establishes guidelines for professional conduct and personal trading procedures. The Code, among other things, requires compliance with the federal securities law, reflects Roosevelt’s fiduciary responsibilities and those of its advisory personnel, prohibits certain personal securities transactions, requires certain personnel to periodically report and/or pre-clear personal securities transactions and addresses prevention of the misuse of confidential or material nonpublic information.

Roosevelt requires that all applicable employees observe the applicable standards of care set forth in the Code and Roosevelt's Regulatory Compliance Manual (the "**Manual**") and not seek to evade the provisions of the Code/Manual or the "spirit" of their requirements, including by way of indirect acts of family members. The Code and the Manual are distributed to Roosevelt employees at hire and annually thereafter. On an annual basis, Roosevelt requires all employees to certify that they are in compliance with the Code and Manual. Roosevelt also conducts ongoing monitoring of employee activity under the Code and Manual.

Except as described below, neither Roosevelt nor its employees are permitted to invest in the Real Estate Related Assets recommended to Clients without the prior approval of the Roosevelt Chief Compliance Officer.

Certain current and former Roosevelt senior management and non-management directors have made capital contributions to certain Clients or their related parties. In addition, such senior management or non-management directors indirectly hold or may acquire profits interests in certain Clients, Vehicles or affiliates that entitle them to a share of the profits distributions made by such Clients or Vehicles. Also, on occasion, such management members or non-management directors may co-invest with Clients in Real Estate Related Asset acquisition transactions. These arrangements may create a potential conflict of interest with respect to investments recommended or not recommended. However, neither Roosevelt nor such management members or non-management directors have discretion to make investment decisions on behalf of these Clients.

Roosevelt will provide a copy of the Code to any existing or prospective Client upon request.

### **Item 12 Brokerage Practices**

Roosevelt is not affiliated with any broker-dealer.

Due to the unique nature of the Vehicles structures and the fact that Clients directly or indirectly acquire specific pools of Real Estate Related Assets or interests therein, investment transactions are generally not executed through a broker-dealer or on an exchange.

Certain Real Estate Related Assets which are available for purchase may be identified to Roosevelt by unaffiliated referral agents that may be broker-dealers. If certain Real Estate Related Assets are offered for sale by one or more Clients, Roosevelt may utilize the services of unaffiliated sales agents that may be broker-dealers. If the Clients determine to acquire or sell such Real Estate Related Assets, the Clients will bear the cost of any negotiated fees. All such agents and fees are identified to the Client by Roosevelt prior to the Client's decision to make or dispose of an investment.

### **Item 13 Review of Accounts**

Roosevelt closely monitors the Real Estate Related Asset portfolios on behalf of Clients. Roosevelt management and professional staff continually review and analyze portfolio performance, concentrations, duration, valuations and other relevant portfolio metrics, as well as monitor, review and modify workout plans for Real Estate Related Assets to maximize Client return objectives.

Roosevelt provides periodic written reports to Clients covering various matters to the extent applicable to the type of services requested. Such reports may include portfolio and servicing reviews, cash source and use reports, financial statements, tax reports, asset value, income projections and other matters required by law or regulation. Roosevelt management is also available to meet with Clients to discuss their accounts.

#### **Item 14 Client Referrals and Other Compensation**

On occasion, Roosevelt may utilize the services of third-party individuals and/or unaffiliated firms to find new investors and other business opportunities. In consideration for such referrals, Roosevelt may compensate the third party with a percentage of the firm's management fee. Each such arrangement with third party solicitors will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940 and similar state regulations.

#### **Item 15 Custody**

Roosevelt will generally not take or maintain physical custody of any Client's cash or securities, and will conduct all business operations in such a way that the Clients' cash and securities will be preserved in the safekeeping of independent Qualified Custodians (as such term is defined under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**")). Any certificated securities shall be maintained by a Qualified Custodian. All Client funds are held by a Qualified Custodian in a manner designed to meet the requirements of the exceptions to Rule 206-(4) under the Advisers Act (the "**Custody Rule**"). However, in certain limited circumstances, Roosevelt may have the right to authorize payments from bank accounts of Clients to third parties. Payments authorized by Roosevelt are subject to the prior approval of the Client and compliance with any such Client's cash management policy. Client approval is deemed to have been received if the payment is required in accordance with a contractual agreement entered into by the Client with a third party (such as margin calls pursuant to financing agreements entered into by Client with a third party lender).

In addition, Roosevelt has the right to give release and delivery instructions to Qualified Custodians which have physical custody of Client Loan documents and files to facilitate proper servicing and servicing transfer of the Loans. Servicers, including Rushmore and Nationstar, law firms and certain others may from time to time have short term-temporary physical custody under bailment of certain Client Loan documents and files in order to enforce Client rights and perform servicing related functions. In addition, Roosevelt may occasionally have short term temporary physical custody of certain Client Loan documents, including trailing documents and assignments, in connection with Loan acquisitions and servicing transfers.

#### **Item 16 Investment Discretion**

Roosevelt currently does not have discretion to make investment decisions on behalf of its Clients.

#### **Item 17 Voting Client Securities**

Roosevelt currently does not have authority to vote proxies for its Clients and does not advise its Clients with respect to any investments in voting securities.



### **Item 18 Financial Information**

Roosevelt is not aware of any financial condition affecting it that is reasonably likely to impair its ability to meet its contractual commitments to Clients.