

**MMA Capital Holdings, LLC**  
**2018**  
**Amended and Restated**  
**Audit Committee Charter**

1. Purpose

The Audit Committee (the “Committee”) of MMA Capital Holdings, LLC (the “Company”) shall assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- Oversee the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements;
- Monitor the integrity of the financial reporting process and systems of internal controls of the Company;
- Monitor the Company’s compliance with legal and regulatory requirements;
- Monitor the independence, qualifications and performance of the Company’s independent registered public accounting firm (“independent public accountants”) and internal audit function;
- Cause to be prepared and approve the report required to be included in the Company’s annual proxy statement, when filed, as required by rules of the Securities and Exchange Commission (the “SEC”); and
- Provide an avenue of communication among the independent auditors, management, the internal audit function and the Board.

In discharging its oversight role, (i) the Committee has the power to conduct or to authorize investigations into any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company, including those personnel of the Company’s external manager (the “Manager”) who act for or on behalf of the Company and its independent auditors, and (ii) delegate any of its duties or responsibilities to one or more members of the Committee.

2. Composition

The Committee shall be comprised of at least three directors, each of whom shall satisfy the independence and expertise requirements established by the Board and applicable laws, regulations and listing requirements. No member of the Committee can have participated in the preparation of the Company’s or any of its subsidiaries financial statements at any time during the past three years. Each member of the Committee shall be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Committee and shall have the ability to read and understand financial statements. At least one member of the Committee shall have past employment experience in finance or accounting,

requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication.

The members of the Committee shall be elected by the Board at the meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal. The Chair of the Committee shall be appointed by the full Board.

No director may serve as a member of the Committee if such director serves on the audit committees of more than three other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee and discloses such determination in the Company's annual proxy statement. No member of the Committee may, other than in his capacity as a member of the Committee, the Board or any other Board committee, be an affiliated person of the Company, the Manager or any of their respective parent or subsidiary companies.

No member of the Committee shall receive any direct or indirect consulting, advisory or other compensatory fee from the Company, the Manager or any of their respective parent or subsidiary companies, other than director's fees, which may include equity-based awards and/or additional amounts payable to the Chair and to members of the Committee for meeting more frequently or for longer periods of time than the full Board.

### 3. Meetings

The Committee shall meet at such times and from time to time as it deems to be appropriate, but not less than quarterly. The Committee shall meet separately, at least quarterly, with management, members of the Company's internal audit function and the Company's independent public accountants. Such meetings may be either in executive session or through separate meetings with the Committee or a Committee member. The Committee may request members of management or others to attend meetings and provide pertinent information as necessary. The Committee shall report regularly to the Board.

### 4. Responsibilities and Duties

The duties of the Committee shall include the following:

#### Review Procedures

- Review with representatives of management and the independent public accountants the Company's audited financial statements prior to their filing as part of the Annual Report on Form 10-K. These discussions shall include consideration of the quality of the Company's accounting principles as applied in its financial reporting, which would entail review of estimates, reserves and accruals, review of audit adjustments whether or not recorded and such other inquiries as may be appropriate. Based on the review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K or any other SEC filings.

- Consider the integrity of the Company's financial reporting process and controls in consultation with management and the Company's independent public accountants. Discuss significant financial risk exposures and the steps management has taken to assess, monitor, control and report such exposures. Review significant findings prepared by the independent public accountants and the internal audit function together with management's responses, including the status of previous recommendations.
- Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution of the Company's Quarterly Reports on Form 10-Q.

#### Independent Auditors

- The Committee shall have the ultimate authority and responsibility to select, evaluate and, when warranted, replace independent public accountants (or to recommend such replacement for shareholder approval in any proxy statement, if applicable). The Committee shall approve the fees and other compensation to be paid to the independent public accountants. The independent public accountants shall be ultimately accountable to the Committee.
- On an annual basis, receive from the independent public accountants and review a formal written statement describing, to the extent permitted under applicable auditing standards: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the outside auditors and the Company and the Manager. The Committee shall actively engage in a dialogue with the independent public accountants as to any disclosed relationships or services that may impact their independence. The Committee shall take appropriate action to oversee the independence of the independent public accountants.
- On an annual basis, discuss with representatives of the independent public accountants the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 16 (Communication with Audit Committees), as it may be modified or supplemented, relating to conduct of the audit.
- Receive the written disclosures and letter from the independent public accountants regarding the independent accountants' communications with the Committee regarding independence, as required by PCAOB Rule 3526

(Communications with Audit Committees Concerning Independence) and conduct discussions with the independent accountants' regarding their independence.

- Review the independent public accountants' audit plan and engagement letter which discuss the scope, staffing, reliance upon management and general audit approach. Also, review the scope of non-audit services performed for the Company by the independent auditors and approve all non-audit services. This pre-approval requirement for non-audit services is subject to a de minimis oversight exception if: (i) the aggregate amount of all such non-audit services constitutes not more than five percent of the total amount of fees the Company pays its independent auditor during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or any member of the Committee who has authority to give such approval.
- The Committee shall review and discuss with the independent auditor any documentation supplied by the independent auditor as to the nature and scope of any tax services to be approved, as well as the potential effects of the provision of such services on the auditor's independence. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.
- Consider and discuss with management and the independent auditors any audit problems or difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information and any significant disagreements with management.

#### Internal Audit Function and Legal Compliance

- Review the budget, plan, changes in plan, activities, organizational structure and qualifications of the internal audit function, as needed.
- Review significant reports prepared by the internal audit function together with management's response and follow-up to these reports.
- On at least an annual basis, review with the Company's inside and outside counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

- Recommend, review and update periodically the Company's Code of Ethics and ensure that management has established a system to enforce the Code. Ensure that the Code is in compliance with all applicable rules and regulations.
- Periodically review management's monitoring of the Company's compliance with its Code of Ethics, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports, and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
- Discuss the Company's policies with respect to risk assessment and risk management.
- Periodically review the Company's Anti-Fraud Program, make recommendations to improve the program as considered necessary and ensure that management has established a system to enforce this Program.

#### Other Audit Committee Responsibilities

- Prepare a report to shareholders for inclusion in the Company's annual proxy statement. The report of the Committee shall (1) confirm that the Company has a formal, documented Committee charter setting forth the Committee's duties, (2) state whether the Committee satisfied its obligations under the charter during the previous year, and (3) cover all other matters required by rules of the SEC. This requirement may be met by the posting of the Committee Charter on the Company's website.
- Review and approve any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K).
- Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- Maintain minutes of meetings and regularly report to the Board on significant results of the Committee's activities.
- As appropriate, obtain advice and assistance from outside legal counsel, accountants or other advisors.
- Establish hiring policies for the Company and the Manager with respect to employees or former employees of the independent auditors.
- Establish and maintain procedures for the receipt, retention, investigation and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

- Take, or recommend that management take, appropriate measures to rectify any fraud or other accounting or financial reporting irregularities discovered by the Committee and, in connection therewith, engage senior management and inside and/or outside counsel, as appropriate, in connection therewith.
- Establish and maintain procedures for the confidential, anonymous submission by employees of the Company and the Manager of concerns regarding questionable accounting or auditing matters.
- Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for any SEC filings about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees of the Company or the Manager who have a significant role in the Company's internal controls.
- The Committee will review at least annually the allocation by the Manager to the Company of compensation and benefit expense paid to Manager's personnel and reimbursable by the Company to the Manager under the Management Agreement. The Committee will discuss and resolve any issues with the Manager.

#### 5. Evaluation

- On an annual basis, the Committee shall evaluate its performance relative to the Committee's purpose, duties and responsibilities, as described by this Charter. A discussion of these findings shall take place at least annually.
- The Committee shall review and assess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

#### 6. Resources of the Committee

The Committee shall have the authority, following notice to the Chairman of the Board, to retain and compensate legal, accounting or other advisors to advise the Committee and assist it in fulfilling its duties and responsibilities. The Committee may request any officer or employee of the Company or any officer or employee of the Manager who acts for or on behalf of the Company, or the Company's outside counsel or independent auditor, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

The Company shall provide the Committee with appropriate funding, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers employed by the

Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

7. Other

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of Audit Committee to plan or conduct audits, or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. This is the responsibility of the Company's management and the independent auditor.

All references in this Charter to "management" shall include employees of the Manager and its affiliates serving in usual and customary management roles for the Company pursuant to the Company's Management Agreement with Hunt Investment Management, LLC.

**Effective as of: August 7, 2018**

## **Appendix A: Hiring Policy for Employment of Current and Former Employees of the Independent Auditor**

### **PURPOSE**

Under the rules of the Securities and Exchange Commission (the “SEC”), the annual consolidated financial statements of MMA Capital Holdings, LLC and its consolidated subsidiaries (collectively “the Company”), must be audited by an independent auditor (the “Independent Auditor”), and under such rules, an auditor will not qualify as independent if the audit client employs certain current or former employees of its auditor. Therefore, not to impair the independence of the auditor of the Company’s consolidated financial statements, and to avoid any potential conflict of interest either in fact or appearance, the Audit Committee hereby adopts the following policy with respect to, among other things, the hiring of current or former employees of the Company’s Independent Auditor by the Company or by its external manager, Hunt Investment Management, LLC (the “Manager”):

### **RESPONSIBILITY**

The Audit Committee Charter provides that, among its responsibilities, the Audit Committee is required to “establish hiring policy for employees or former employees of the independent auditor;” The Company’s chief financial officer is responsible for the overall administration of this policy, and each business unit officer is responsible for compliance with this policy within their business unit.

### **POLICY**

*Certain of the terms used in this Policy are defined below.*

The Company shall not permit to serve on its board of directors any current partner, principal, shareholder or professional employee of the Independent Auditor.

The Company shall not and shall instruct the Manager not to employ a “close family member” of a “covered person” in an “accounting role” or “financial reporting oversight role” for the Company.

The Company shall not permit to serve on its board of directors or employ and shall instruct the Manager not to employ in an accounting or financial reporting role for or on behalf of the Company a former partner, principal, shareholder or professional employee of the Independent Auditor or any other “covered person”, unless the individual:

- a) does not influence the accounting firm’s operations or financial policies;
- b) has no capital balances in the accounting firm; and
- c) has no financial arrangement with the accounting firm (other than retirement benefits permitted by Rule 2.01(c)(2)(iii)(A)(3) of SEC Regulation S-X).

Consistent with Section 10A(l) of the Exchange Act and Rule 2.01(c)(2)(iii)(B)(1) of SEC Regulation S-X, the Company shall not and shall instruct its Manager not to employ a former partner, principal, shareholder or professional employee of the Independent Auditor in a financial reporting oversight role for or on behalf of the Company, unless the individual was not a member of the audit engagement team during the one-year period preceding the date the audit procedures commenced for the fiscal period that included the date of the initial engagement of the audit engagement team. For example, if the Company or the Manager wanted to hire a former or current employee of the Company's independent audit firm in a financial accounting and reporting role for or on behalf of the Company and the former or current employee participated on our audit during 1Q18, then the former or current employee could not be an employee of the Company or the Manager in a financial accounting and reporting role for or on behalf of the Company until April 1, 2019. This effectively allows for one audit year (2020 in this example) as a cooling off period.

Certain exceptions may apply (for example, conflicts to due mergers, emergencies, or other unusual circumstances) but solely with the approval of the Audit Committee and consistent with the language of Rule 2.01(c)(2)(iii)(B) of SEC Regulation S-X.

## **DEFINED TERMS**

Certain of the terms used in this Policy are defined as follows:

- a. An "accounting role" means a role in which a person is in a position to or does exercise more than minimal influence over the contents of the accounting records or anyone who prepares the accounting records.
- b. An "audit partner" means a partner or persons in an equivalent position (other than a partner who consults with others on the audit engagement team during the audit, review or attestation engagement regarding technical or industry-specific issues, transactions or events) who is a member of the audit engagement team and who has responsibility for decision-making on significant auditing, accounting and reporting matters that affect the financial statements, or who maintains regular contact with management and the Audit Committee and includes the following:
  - i. the lead or coordinating audit partner having primary responsibility for the audit or review;
  - ii. the partner performing a second level of review to provide additional assurance that the financial statements subject to the audit or review are in conformity with generally accepted accounting principles ("GAAP") and the audit or review and any associated report are in accordance with generally accepted auditing standards ("GAAS") and rules promulgated by the SEC or the Public Company Accounting Oversight Board;
  - iii. other audit engagement team partners who provide more than ten hours of audit, review or attest services in connection with the annual or interim consolidated financial statements; and

- c. A “close family member” of a person means such person’s spouse, spousal equivalent, parent, dependent, nondependent child or sibling.
- d. A “covered person” means:
  - i. all partners, principals, shareholders and professional employees participating in an audit, review or attestation engagement with respect to the Company, including audit partners and all persons who consult with others on the audit engagement team during the audit, review or attestation engagement regarding technical or industry-specific issues, transactions or events;
  - ii. all persons who:
    - a) supervise or have direct management responsibility for the audit, including all successively senior levels through the accounting firm’s chief executive,
    - b) evaluate the performance or recommend the compensation of the audit engagement partner, or
    - c) provide quality control or other oversight of the audit;
  - iii. any other partner, principal, shareholder or managerial employee who has provided ten or more hours of non-audit services to the Company for the period beginning on the date the audit services are provided and ending on the date the independent auditor signs the report on the financial statements for the fiscal year during which those services are provided.
- e. A “financial reporting oversight role” means a role in which a person is in a position to or does exercise influence over the contents of the financial statements or anyone who prepares the financial statements.

## Appendix B: Program to Prevent and Detect Financial Fraud



MMA Capital Holdings, LLC

# Program to Prevent and Detect Financial Fraud

**TABLE OF CONTENTS**

	<u>Page</u>
Statement of Purpose.....	1
General.....	1
Types of Fraud.....	1
Company Controls Related to Financial Fraud.....	1
Educating Company Personnel on Company Controls Related to Financial Fraud.....	4
Monitoring, Reporting and Tracking Framework.....	4
Overview.....	4
Hiring Practices.....	4
Code of Ethics.....	4
Internal Audit Function/Chief Financial Officer.....	5
SOX Section 404 Processes.....	6
IT Security.....	7
Insider Trading Policy.....	7
Whistleblower Hotline.....	7
Annual Independent Financial Statement Audit.....	8
Enforcement.....	8

## *Statement of Purpose*

### General

In keeping with the focus by MMA Capital Holdings, LLC (the “Company”) on integrity, we have always endeavored to operate with the highest standards of business ethics and to avoid any appearance of impropriety in our dealings with customers, investors and other stakeholders. The prevention and detection of fraudulent behavior are particularly important components of this effort, especially in light of the Sarbanes-Oxley Act (“SOX”) which was enacted in 2002 and was designed to restore shareholder confidence in publicly traded securities following a series of highly publicized corporate scandals. SOX has prompted public companies to refocus on processes and tools for identifying and eliminating financial fraud. This document (the “Program”) sets out a framework for the Company’s individual controls related to financial fraud and creates an organized system of monitoring and tracking these individual controls.

The Company is externally managed by Hunt Investment Management, LLC (the “Manager”). The Program addresses the Manager’s conduct where appropriate, and applies to the Manager to the extent the Company has the ability to direct or influence the Manager’s controls. Although the Company does not presently have any employees or any plans to hire them, as used herein the terms “employee”, “personnel” or “Company personnel” refer to the Company’s employees, if any, and to those employees of the Manager acting for or on behalf of the Company’s business. The term “Covered Persons” refers to all personnel, to the Company’s officers and directors and to those employees of the Manager and its affiliates acting for or on behalf of the Company’s business. The Program operates, as it relates to employees of the Manager, in conjunction with, and in addition to, the policies of the Manager and those of Hunt Companies, Inc.

### Types of Fraud

Broadly, fraud is a concept referring to any intentional act of deception committed to secure an unlawful gain. Financial fraud can be categorized into four main types:

- **fraudulent financial reporting**, which includes earnings management arising from improper revenue recognition, deliberately misstating assets or liabilities, etc.;
- **misappropriation of assets**, which includes external and internal schemes such as embezzlement, payroll fraud and theft;
- **expenditures and liabilities for improper purposes**, which includes commercial and public bribery as well as other improper payment schemes; and
- **fraudulently obtained revenue and assets, and costs and expenses avoided**, which includes schemes where an entity commits a fraud against its employees or third parties, or when an entity improperly avoids an expense, such as tax fraud.

### *Company Controls Related to Financial Fraud*

In response to SOX and the rules and regulations promulgated under it, the Company has implemented a number of controls, processes and procedures that are designed to prevent and detect financial fraud. These controls, processes and procedures as well as the type of financial fraud that they are designed to mitigate are set forth in the table below. Each of the individual controls, processes and procedures as well as other Company policies and procedures designed to deter fraud, are discussed in further detail below.

<u>Control, Process or Procedure</u>	<u>Description and Reference</u>	<u>Responsible Party/ Department</u>	<u>Financial Fraud Targeted</u>
Hiring practices.....	The Human Resources Department conducts mandatory reference and background checks on all new/potential hires who will act for or on behalf of the Company.	Chief Financial Officer (“CFO”); Human Resources Dept. (“HR”)	All types
Code of Ethics and Principles of Business Integrity and Business Integrity Helpline .....	The Company’s Code of Ethics and Principles of Business Integrity (the “ <u>Code of Ethics</u> ”) sets forth management’s philosophy for the behavior of the Company’s directors, officers and other employees of the Company and those employees of the Manager who act for or on behalf of the Company and covers topics which include, among others, conflicts of interest, corporate opportunities, gifts and entertainment, participation in the political process, expense reports and reimbursement requests, financial reporting and accounting records and inside information. The Company has established a Business Integrity Helpline whereby an employee of the Company or Manager may report known or suspected violations of the code anonymously and confidentially. The procedures surrounding the use of the Business Integrity Helpline can be found in the Company’s Code of Ethics. The Code is distributed by the Company or the Manager on its behalf and is available on the Company’s website.	CFO; Audit Committee	All types
Internal Audit Function.....	<p>Internal auditing is an independent, objective assurance and consulting activity designed to the Company’s operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Company shall periodically engage an independent third-party to review and test financial reporting and disclosure procedures and controls. This independent third-party may be directed by the CFO but reports directly to the Audit Committee of the Company’s Board of Directors (the “<u>Audit Committee</u>”).</p> <p>Please note that we use the term Internal Audit Function as opposed to Internal Audit Department. Because of the Company’s size, we have currently opted to outsource our internal audit needs.</p>	CFO; Audit Committee	All types
SOX Section 404 processes.....	<p>In connection with the Chief Executive Officer (“CEO”) and CFO quarterly certifications, the Company has documented its internal controls over financial reporting, which include numerous controls and procedures designed to prevent and detect fraud at the financial and operational level. Key anti-fraud controls and procedures include:</p> <ul style="list-style-type: none"> <li>• Disclosure committee process;</li> <li>• Investment Committee (IC) process;</li> <li>• Related party transaction monitoring;</li> <li>• Cash management and disbursement procedures;</li> <li>• Valuation Committee process;</li> <li>• General information technology policies; and</li> <li>• Database control policies.</li> </ul> <p>The Company’s SOX Section 404 processes can be accessed on the Company’s shared network drive under the folder for Accounting and Financial reporting. As described in the Internal Audit section, the Company will have an independent party test the effectiveness of the controls environment and while the independent party may be directed by the CFO, they will report directly to the Audit Committee.</p>	Various with input and oversight of the CFO and Audit Committee	All types

IT security.....	Pursuant to the Manager’s IT security procedures, each employee of the Company and the Manager is granted access only to areas of the local area network that are necessary in order to perform his or her job function. Modifications to such an employee’s access rights must be approved by a supervisor and the CFO or the CFO’s designee. Changes to access rights are then implemented by a representative of the outsourced IT function.	Information Technology Dept. (“IT”)	All types
Insider trading policy.....	The Company monitors the purchase and sale of Company stock by its directors, officers and employees and those of the Manager who act for or on behalf of the Company and prohibits trading during specified windows between quarter end and the release of earnings and surrounding other extraordinary corporate events.	Investor Relations, Senior Staff, Office of General Counsel (“OGC”), <sup>1</sup> Compliance	Fraudulent trading activity
Code of Ethics for Senior Financial Officers.....	The Company maintains a Code of Ethics for Senior Financial Officers (the “SFO Code of Ethics”). The Company’s CEO, CFO, chief accounting officer, and controller (if any) are required to certify annually that they have read and acknowledged their responsibilities under the SFO Code of Ethics. The SFO Code of Ethics can be accessed on the Company’s public website.	CEO, CFO	Fraudulent financial reporting
Whistleblower Hotline.....	The Company’s Audit Committee has established procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters and (2) the confidential, anonymous submission by employees of the Company and the Manager of concerns regarding questionable accounting and auditing matters. Any employee of the Company or the Manager who has specific concerns of this type may directly contact the Audit Committee chairman by voicemail through a confidential Whistleblower Hotline. The procedures surrounding the use of the Whistleblower Hotline can be found in the Company’s Code of Ethics. The complete Code of Ethics and the specific Whistleblower Hotline procedures can be accessed on the Company’s website.	CFO or Audit Committee’s designee	Fraudulent financial reporting
Annual independent audit.....	On an annual basis, the Company’s financial statements are audited by our independent auditors, currently KPMG LLP, a registered independent public accounting firm. Although the purpose of this audit is not to detect financial fraud, their independent review of the Company’s financial statements and the processes used to generate the financial statements provides an important tool for detecting financial fraud.	CFO; Accounting	All types
Investment Committee (IC)	The IC is a cross-functional committee that reviews all significant transactions before the Company enters into significant agreements. The IC review process requires input and sign-off of senior members from Asset Management, Treasury, Capital/Finance, Servicing, Accounting, Legal, Compliance and Tax, regardless of whether the proposed transaction specifically affects their discipline. Accounting and Tax use the IC process to establish baseline reporting procedures before a transaction is closed. Further Accounting and Tax have financial reporting procedures that use the IC memorandums to ensure the completeness of transaction reporting.	Manager, Company Treasurer, OGC	Fraudulent transaction prevention and financial reporting awareness

<sup>1</sup> Outside counsel in the case of purchases and sales by Company Directors.

## ***Educating Company Personnel on Company Controls Related to Financial Fraud***

The Company has made it a priority to educate all Covered Persons about the Company's commitment to integrity, ethical behavior and compliance with the law. The Company's CEO (directly or through his designee) periodically reiterates senior management's "zero tolerance" philosophy and reminds all Company personnel about the resources available to them to report potential financial fraud (including through the Company's Whistleblower Hotline).

## ***Monitoring, Reporting and Tracking Framework***

### *Overview*

In order to effectively prevent and deter financial fraud, the Company has implemented a carefully structured monitoring, reporting and tracking framework that includes all Covered Persons under the overall oversight of the Audit Committee (and ultimately the Company's Board of Directors). First, Company management has created a culture of zero tolerance for fraud through the Code of Ethics that applies to all Covered Persons. Each Covered Person must periodically certify that he or she has reviewed the Code and is responsible for his or her own individual compliance with this Code as well as being responsible for reporting violations by others. Second, the Company has implemented internal controls and procedures and Company policies at the operational level designed to prevent and detect financial fraud. Third, the Company periodically will engage an independent firm with a program designed to provide objective assurance of our internal controls. Operational level personnel are familiar with these controls, procedures and policies, and all managers are responsible for monitoring compliance. Fourth, the Company's senior financial officers (including the Company's CEO and CFO) are specifically charged with acknowledging and certifying their responsibility to act within the Company's ethical standards through the Company's SFO Code of Ethics. Fifth, to eliminate real or perceived organizational pressures on reporting fraud, the Company maintains the Whistleblower Hotline as an avenue to report financial fraud directly to the Audit Committee on a confidential basis. Finally, the annual independent audit of the Company's financial statements provides an important tool for detecting financial fraud.

### *Hiring Practices*

As a final step in the hiring process, the Manager makes a thorough check of the references of each new employee who will act for or on behalf of the Company and engages a third party to conduct a background check. The results of these inquiries are considered seriously, and any issues are immediately brought to management's attention. Management considers each potential employee in the context of the Company's commitment to integrity, ethical conduct and compliance with law.

### *Code of Ethics*

The Company's Code of Ethics and Principles of Business Integrity sets forth management's ideals for the behavior of all Covered Persons engaged in Company business and covers topics which include, among others, conflicts of interest, corporate opportunities, gifts and entertainment, participation in the political process, expense reports and reimbursement requests, financial reporting and accounting records and inside information. Management reviews the Code annually.

The Code of Ethics is distributed to each new Covered Person and each new director on his or her hire date, and each new employee is required to sign an acknowledgement that he or she has read the Code of Ethics. In addition, each employee must re-certify that he or she has read the Code of Ethics at

his or her annual performance review. The Code of Ethics operates, as it relates to employees of the Manager, in conjunction with, and in addition to, the policies of the Manager and those of Hunt Companies, Inc.

Company and Manager personnel are charged with the responsibility to disclose any matter in which they are or may become involved, or which in their opinion violates, may violate, or appears to violate the intent of the Code of Ethics. In such circumstances, the Code of Ethics directs each employee to contact his or her immediate supervisor, an appropriate officer or a Human Resources representative, and, if necessary, the CEO, the Chairman of the Board of Directors, or the Chairman of the Audit Committee of the Board of Directors. Any officer or director so notified will immediately inform the Audit Committee, OGC or a Human Resources representative of the specifics of the complaint. A Company or Manager employee may also report a known or suspected Code of Ethics violation anonymously and confidentially through our Business Integrity Helpline, which is a method of confidentially reporting suspected violations of the Code of Ethics to the Company. The CFO, or his or her designee will log and track all such complaints, and the Audit Committee of the Board of Directors will be notified of the status and final determination of all such complaints.

The Company's commitment to business integrity also extends to third parties with which it does business since its reputation and financial statements may be affected by these external sources. As such, all personnel engaged in Company business with third parties bear responsibility to be alert for financial fraud by these parties. In each situation where a third party business partner's conduct could reasonably be expected to impact the Company's reputation or the integrity of the Company's financial reporting, the Manager, on behalf of the Company, conducts thorough due diligence on such third parties (which may include reference, credit and background checks). Additionally, the requirement that personnel report potential violations of the Code of Ethics extends to potential violations of the Code of Ethics that might result from the actions of such third parties.

#### Internal Audit Function/Chief Financial Officer

As a result of its size, the Company does not maintain an Internal Audit Department. In order to provide objective assurance and to improve the Company's operations the CFO, at the direction of the Audit Committee, will periodically engage an independent firm to perform review and assurance procedures with respect to the Company's fraud prevention and financial reporting policies. This periodic review helps to accomplish the Company's objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal control over financial reporting and disclosures, and governance processes. This independent firm is primarily responsible for testing and evaluating the processes and procedures implemented by all of the Company's business units and reporting its findings to management and the Audit Committee.

The Department of the Chief Financial Officer ("D-CFO") maintains a master list of all "significant processes" (i.e. processes which relate to the generation of the Company's GAAP financial statements) and the Company and Manager employees in each of the business units responsible for them. The D-CFO monitors revisions to these controls and procedures, and, as a part of its periodic review process, representatives of the independent firm identify and investigate the exception history of key controls, consulting the OGC and other senior management of the Company, the Audit Committee and the full Board of Directors, as necessary and appropriate.

In addition to its SOX related functions, the Company may consider hiring an independent firm to audit and test high risk areas; however this will depend on future business expansion and evolution. In these efforts, the independent firm would work closely with the CFO, but would report to the Audit

Committee of the Board of Directors. Through these efforts, the independent firm would provide objective assurance relative to the effectiveness of risk management, internal control over financial reporting and disclosures, and governance processes.

#### SOX Section 404 Processes

In connection with the annual certification by management of the Company's assessment of internal controls over financial reporting, the Company has documented its internal controls and procedures to include numerous controls and procedures designed to prevent and detect fraud at the financial and operational level. Exceptions to key controls are evaluated first at an operational level, next by the CFO, further by additional members of senior management, and finally by the Audit Committee. Key anti-fraud controls and procedures include:

- **Disclosure Committee:** The Company has established a Disclosure Committee composed of senior staff (including the CEO, CFO, business executives, OGC and outside counsel). The Disclosure Committee holds quarterly meetings to discuss the Company's Quarterly Reports on Form 10-Q and annual meetings to discuss the Company's Annual Report on Form 10-K. Also, the CEO, CFO, personnel serving as executive business unit heads, OGC and outside counsel consult as needed to evaluate potential Form 8-K events.
- **Investment Committee:** The IC is a cross-functional subcommittee of the Manager's Investment Committee that reviews all significant transactions of the Company before entering into significant agreements. The IC review process requires input and sign-off of senior members from the Asset Management, Treasury, Capital/Finance, Servicing, Accounting, Legal, Compliance and Tax groups, regardless of whether the proposed transaction specifically affects their discipline. Accounting and Tax use the IC process to establish baseline reporting procedures before a transaction is closed. Further, Accounting and Tax have financial reporting procedures that use the IC memorandums to ensure the completeness of transaction reporting.
- **Related party transaction monitoring:** All transactions between the Company and its and the Manager's directors, officers, employees and affiliates, or in which the Company's directors, officers or employees have an economic interest, are tracked and monitored; material related party transactions are approved by the independent members of the Board of Directors. Through the disclosure process, operational level and senior management, as well as the Audit Committee, OGC and outside counsel review the Company's disclosure with respect to related party transactions. This process permits oversight and investigation of any transactions between the Company and Covered Persons.
- **Cash management and disbursement procedures:** The Company and Manager have established strict controls surrounding authority to make expenditures on the Company's behalf to third parties and to Company or Manager employees. Operational level managers who detect suspicious or unusual transactions or requests with respect to their processes and procedures are directed to notify the CFO and OGC, who will consult with each other as appropriate. The CFO or OGC will track such activity and report to the Audit Committee as appropriate.
- **Database Control:** To the extent the Company establishes databases, the Company will develop written policies to provide users with consistent controls and guidelines for database development, validation, maintenance and archiving to mitigate errors and maintain the integrity of data. Files that are part of key Company controls are required to (1) reside in protected

directories, (2) be reviewed by peers/supervisors, (3) be named appropriately in order to ensure that only current information is used and (4) be saved to the network.

Exceptions to key controls are logged and monitored by the CFO as they are reported by operational level management. The CFO reports to the Audit Committee on the status and final determinations with respect to such activity.

### IT Security

Outside of the SOX Section 404 processes, the Manager's general IT security policies are designed to prevent unauthorized use and manipulation of Company data. Pursuant to the Manager's IT security procedures, each Company or Manager employee is granted access only to areas of the local area network that are necessary in order to perform his or her job function. Modifications to such an employee's access rights must be approved by both a supervisor and the CFO or the CFO's designee. Any changes are then implemented by the IT Department or third-party IT vendor. The IT Department or third-party IT vendor maintain a record of all such requests and controls the master list of user access rights.

### Insider Trading Policy

The Company monitors the purchase and sale of Company stock by Covered Persons and prohibits trading during specified windows between quarter end and the release of earnings and surrounding other extraordinary corporate events. Senior officers communicate extraordinary corporate events to the Investor Relations and Compliance departments. Investor Relations and Compliance personnel are responsible for notifying all Covered Persons when trading windows surrounding the release of earnings information and other extraordinary corporate events are open or closed. Employees are encouraged to report suspicious activity by others to Investor Relations and Compliance and Investor Relations and/or Compliance is responsible for alerting the CFO to such activity. The CFO reports any such suspicious activity to the Audit Committee. The Company's insider trading policy operates, as it relates to employees of the Manager, in conjunction with, and in addition to, the policies of the Manager and those of Hunt Companies, Inc.

### Whistleblower Hotline

The Audit Committee has established procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters and (2) the confidential, anonymous submission by Company or Manager employees of concerns regarding questionable accounting and auditing matters. Any employee who has specific concerns of this type may directly contact the Audit Committee chairman by voicemail through a confidential Whistleblower Hotline. The Company has made it a priority to inform and educate Company personnel about the Whistleblower Hotline:

- All Covered Persons receive a copy of the Company's Code of Ethics (upon his or her hire date and periodically thereafter) and the Code of Ethics is also available on the Company's website; the Code of Ethics includes information about the Whistleblower Hotline;
- The Company has posted specific instructions about the availability and purpose of the Whistleblower Hotline on the Company's website; and

- The Company's CEO directly or through a designee periodically reminds all personnel about the Whistleblower Hotline.

The Whistleblower Hotline is designed to alleviate real or perceived organizational barriers to reporting fraud. Therefore, in any situation where a Company or Manager employee feels compromised in reporting suspicious activity through the management chain of command, the Whistleblower Hotline is advertised and available as a confidential outlet for reporting.

Complaints lodged with the Audit Committee are investigated by the Audit Committee with the assistance of outside advisors as necessary. The Audit Committee (with the assistance of the D-CFO without knowledge of the subject matter of the complaint) maintains a record of the responses to each such complaint. The Audit Committee communicates the results of its investigations to the Board of Directors, management and the affected personnel, as appropriate.

#### Annual Independent Financial Statement Audit

On an annual basis, the Company's financial statements are audited by our independent auditors. The fallout from various corporate scandals has demonstrated that an entity's outside auditors bear a measure of responsibility if corporate insiders use a Company's financial statements to perpetuate fraud and that outside auditing firms themselves may become targets for investigation in the event that financial fraud is uncovered. Thus, although the purpose of this audit is not to detect financial fraud, their independent review of the Company's financial statements and the processes used to generate the financial statements provides an important tool for detecting financial fraud.

#### ***Enforcement***

Each of the individual Company controls described in this Anti-Fraud Program document has a system of penalties for violators. Penalties within each control framework include warnings, reprimands, adverse pay actions, suspension and termination. Penalties may extend to a violator's supervisor under appropriate circumstances. In line with the Company's commitment to integrity, ethical conduct and compliance with law, the Company stresses that Company and Manager employees who report violations of Company controls related to financial fraud will not be retaliated against for reporting such behavior.