Structured Finance and Securitization

2018 Year in Review

HUNTON
ANDREWS KURTH

INTRODUCTION

In 2018, Hunton Andrews Kurth LLP's structured finance and securitization team closed a number of substantial transactions, developed novel structures for our clients and advised on important tax, regulatory and other industry developments.

As a result of the merger of Hunton & Williams and Andrews Kurth Kenyon, we have added structured finance lawyers in Dallas and Washington, and our structured finance practice is working closely with our Chambers Band 1-ranked energy capital markets practice, based in Houston, to expand our offerings to our structured finance and energy clients.

Geographically, and in response to growing demand from private equity and bank clients in the UK and Europe, we expanded our coverage to London with the additions of Angus Duncan and David Klass to our partnership.

We appreciate the many opportunities to serve both our new and our returning clients, and we look forward to continuing those important business relationships in the years ahead. Below is a summary of factors impacting our clients in 2019, as well as an overview of our team's activities in recent months.

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FORECAST FOR 2019

Reverse Mortgage Securitization

2018 proved to be a robust year for securitizations of FHA-insured home equity conversion mortgages (HECMs), including the introduction of a new issuer in the market and several other issuances by more seasoned issuers. We expect that the securitization of these assets will continue to flourish in 2019, as issuers look to leverage buyouts of nonperforming HECMs from Ginnie Mae HMBS pools in addition to acquisitions of various portfolios from third parties. We have been involved in every securitization of nonperforming HECMs in the market and have assisted in innovations of structuring of these deals to allow for additional leverage of the collateral pool while minimizing any tax consequences.

The proprietary reverse mortgage market is also finally roaring back to life following a substantial decline from prerecession highs. As participants in the proprietary reverse market expand on their product offerings and increase new origination volume, we expect to see increased securitization activity for this asset class. 2018 saw a number of performing and nonperforming proprietary jumbo reverse mortgage securitizations. The recent deals in this space have demonstrated investor interest in bonds backed by proprietary reverse mortgages, and we expect new originations to continue to accelerate with an uptick in securitizations to follow shortly thereafter.

Credit Risk Transfer

In 2019, we believe the GSEs will continue to build upon the structural innovations introduced in 2018 with respect to back-end credit risk transfer deals, which included a transition from direct debt deals to trust and REMIC structures. We also expect the GSEs to continue to transfer risk through reinsurance and deep mortgage insurance arrangements with mortgage insurers. In turn, we expect that the new private mortgage insurer eligibility requirements, PMIERs 2.0, will incentivize mortgage insurers to continue their risk transfer structuring through mortgage insurance-linked note offerings. Most major mortgage insurance companies have now leveraged this form of risk transfer, and several transitioned to more programmatic issuances of transferring risk for newly written policies.

Residential Mortgage-Backed Securities

While 2018 was a very good year for RMBS (experiencing a large increase in issuance volume for newly originated and re-performing mortgage loans compared to the previous year), the forecast for 2019 is rather uncertain at this point. Market factors, such as rising interest rates, stock market gyrations and home price affordability issues will likely prevent 2019 issuance from exceeding that seen in 2018. However, a strong job market and rising wages should be enough to stabilize and support the private label RMBS market. Also, credit standards have continued to ease and we expect a continued thriving market for deals backed by nonqualified mortgage loans.

Warehouse Financing

Amid the steady increase of benchmark interest rates, we have seen a continued push for consolidation among mortgage loan originators and servicers—particularly those who operate in the increasingly competitive agency-eligible mortgage loan space. While this consolidation has narrowed the ranks of seller-side participants in warehouse lending, we expect to see some new entrants on the buyer side of the market. As we turn to 2019, we anticipate that the trends witnessed in 2018 will continue, and we are looking forward to assisting our clients to identify and take advantage of new opportunities.

In 2018, our warehouse lending practice experienced sustained growth in transactions involving agency-eligible collateral, nonperforming and re-performing mortgage loans, REO properties, non-QM mortgage loans, traditional and small-balance commercial loans, short-term investor mortgage loans, residential tax liens, CMBS and RMBS

financings and reverse mortgage loans. Of particular note in 2018, the uptick in non-QM mortgage loan deals that we have seen in the past couple of years continued, and financings of “fix-and-flip,” investor rental and other business purpose mortgage loans saw increased volume. Warehouse financing of early buyout loans from securitizations has also become an area of increased industry focus as servicers attempt to actively manage their delinquency ratios. As anticipated, we witnessed an increase in the use of creative structures by which repo buyers now provide financing for REO properties and mortgage servicing rights, affording themselves the protection of the bankruptcy safe harbors so often used for whole mortgage loans. Another area where we have seen steady activity is in programmatic lenders re-hypothecating the assets they are financing on repo. These lenders have always had the contractual right to re-hypothecate, but many have held the assets on balance sheet in recent years. Recently, more and more repo lenders are closing re-hypothecations, often documented as back-to-back repos.

As we continue to build on our industry-leading role in representing programmatic lenders and major repo sellers in warehouse lending transactions across a variety of asset types, we look forward to working with our clients to meet their needs in the evolving warehouse lending landscape.

Regulatory/CFPB Developments

During 2018, the CFPB and its regulatory initiatives faced numerous changes under the leadership of interim director Mick Mulvaney, who sought to scale back CFPB actions and implemented requests for information regarding the regulation of a variety of consumer finance businesses, including the fintech industry. Following Mulvaney’s leadership, the Senate confirmed Kathy Kraninger as the CFPB director on December 6, 2018. Within the first month of her appointment, Kraninger stated that the CFPB must “vigorously enforce the law,” operate “without presumption of guilt” and “carefully weigh the costs and benefits” of its enforcement actions in order to provide for the best interest of consumers and the marketplace. Several commentators speculate that, as director, Kraninger will take a middle-of-the-road approach between the policies of her predecessors Richard Cordray and interim director Mick Mulvaney, but her priorities for the bureau’s agenda and initiatives remain to be seen.

A significant regulatory change in 2018 was the enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act, which became effective in September 2018. The act raised the threshold of assets that subjects institutions to stress tests and subjects community banks to reporting requirements, and further added identity theft protections, consumer credit report “security freezes” and limitations on credit reporting relating to certain student loans and veteran medical debts. In line with these new protections, the CFPB has indicated that consumer reporting regulation—specifically accuracy of reports and identity theft issues—are a priority for long-term action.

FORECAST FOR 2019 CONTINUED

The CFPB also continued its regulatory focus on fair lending and student lending, consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act's option for consumers to have certain student loan debt removed from their consumer report upon compliance with specific loan modification requirements. The bureau also indicated priority for its renewed efforts to understand and encourage development, particularly in the fintech market, through the proposed revitalization of its No-Action Letter (NAL) policy and "Product Sandbox" initiative. The current NAL policy provides letters to approved applicants stating that, upon compliance with specified terms, the bureau will not bring an enforcement action related to the approved product. The Product Sandbox initiative provides applicants' approved new products with "safe harbor" from statutory and regulatory requirements, including those of the Truth in Lending Act, the Equal Credit Opportunity Act and the Electronic Funds Transfer Act. The proposed NAL policy update seeks to reduce the burden on applicants by decreasing the wait time for approval and permitting letters to include "no action" for unfair, deceptive and abusive acts and practices claims, which are a substantial source of enforcement actions. Similarly, the CFPB seeks to reduce the application burden and strengthen the protections provided through its Product Sandbox initiative.

Additionally, the bureau will begin its public disclosure this year of data collected under the Home Mortgage Disclosure Act (HMDA). The bureau will limit the disclosures to the public by providing ranges of data on age and amounts of loans and excluding identifying information, such as addresses and credit scores. Other upcoming areas of CFPB rulemaking include clarification of partial HMDA exemptions created by the Economic Growth, Regulatory Relief, and Consumer Protection Act, and reconsideration of its 2017 payday and vehicle title loan rule, which has a compliance date in August 2019.

Single-Family Rental

The SFR market saw Freddie Mac announce its pilot program for SFR financing at the beginning of 2018 and, before the end of 2018, announce that the Federal Housing Finance Agency (FHFA) had not renewed the pilot program. We acted as a counsel to Freddie Mac in developing the pilot program and as counsel to Freddie Mac and the loan originator in many of the financings completed under the pilot program. Although we are sad to see the end of Freddie Mac's involvement on a regular, program basis in the SFR market, there appear to be significant sources of funds available at all levels of the SFR market.

During 2018, we saw a development of more warehouse lending arrangements to SFR sponsors that did not require mortgages as security. Typically, these transactions involve springing mortgages. Nonmortgage warehouse lending provides cost-effective financing for SFR sponsors as they acquire properties, adjust their portfolios to meet their goals and then sell properties that do not meet their goals.

Apparently, the SFR market is performing well, as we have seen new lenders entering the market, as well as new sponsors entering the market in 2019 and established sponsors continuing to expand and diversify their portfolios. We have been particularly active in advising clients in the sales, acquisitions and financings of SFR property portfolios of various sizes, as well as advising our REIT clients as some of them enter this market. We expect this market and these activities to remain healthy for 2019.

Servicing Rights Financing

In 2018, we saw the continued evolution of the financing of, and structuring investments in, servicing rights and servicing cash flows, especially with regard to Fannie Mae, Freddie Mac and Ginnie Mae mortgage servicing. Servicers and their investment banks have been working for years to develop efficient ways to finance mortgage servicing portfolios. Fannie

Mae, Freddie Mac and Ginnie Mae have been sensitive to the needs of their servicers to access greater liquidity, balanced against the need for the agencies to retain control over the servicing of their mortgage loans and collateral. Investors (largely fund investors and REITs) have become increasingly interested in financing mortgage servicing rights (MSRs) and investing in excess servicing spread strips.

Hunton Andrews Kurth brings together lawyers from our structured finance, corporate secured lending, private equity, tax and bankruptcy teams to focus our combined experience on assisting our clients in developing innovative transactions for financing and investing in MSRs, excess spread related to MSRs, and working with the agencies to find realistic balancing of the market's need for efficient financing and the agencies' need for control.

In 2018, we represented and advised numerous fund investors and REITs on excess spread investments through private equity and lending structures, and several servicers in connection with joint ventures to facilitate investments in servicing cash flows. We represented lenders and borrowers on several loans secured by agency servicing rights and agency and private-label pools of excess servicing spreads associated with MSR portfolios. We also represented lenders, underwriters and issuers in several securitizations secured by Ginnie Mae, Fannie Mae and private-label MSR portfolios.

Highlights:

- We closed multilender and bilateral secured term loans with and without delayed draw capacity, in some instances coupled with financing for private equity and REIT debt investors to produce a desirable return, each with different features tailored to the respective lender groups;
- We advised on synthetic transfers of servicing cash flows through joint venture structures to enable private equity investment in servicing cash flows while leaving the servicing performance and the related compensation with the operating servicing company;
- We represented underwriters in connection with the structuring, amending and financing of structured financing facilities backed by agency and private-label excess spread and MSR collateral under which collateralized bonds were issued, both revolving bank-funded notes and term securities, including representing investment banks in the creation of securitization structures for the financing of Fannie Mae MSR collateral; and
- We advised on the financing of investment interests in excess servicing spread investment vehicles.

We anticipate the further evolution of the MSR and excess spread market in 2019. Our multidisciplinary team is dedicated to remaining at the forefront of these market developments and we expect to facilitate more innovative solutions for our bank, investor and servicer clients in the coming year.

MSR Sales and Servicing

We continue to see a lot of activity in agency MSR transactions, with transaction size ranging from small transactions of under $1 billion UPB to very large transactions involving portfolios of $20 billion of UPB and greater. In a rising interest rate environment and decreasing origination volume, MSR investments provide a nice hedge given slower prepayment speeds, which of course equates to more attractive pricing for the seller. In addition to bulk transactions, we are seeing buyers and sellers enter into a variety of co-issue and flow MSR purchase and sale arrangements. There are a number of nuances that arise on MSR transactions, and contract terms can vary based on the agency involved, the seasoning and performance of the portfolio and other factors. Private-label MSR sale activity is more episodic, although we continue to see a few transactions every year, particularly where sellers are getting out of the private-label servicing business entirely or have decided to sell the MSR economics but stay on as subservicer.

FORECAST FOR 2019 CONTINUED

Residential Whole Loan Transactions

With rising interest rates, lower origination volumes and a decreasing inventory of nonperforming mortgage loans, overall whole loan secondary market activity is on a downward trend. In 2018, one of the larger banks continued its exit from the residential mortgage loan business, resulting in some significant loan sales. In addition, cleanup call activity on older securitizations is resulting in the acquisition and subsequent resecuritization of seasoned loans. Fannie Mae and Freddie Mac continue to be active in selling nonperforming and re-performing mortgage loans. Also, the number of participants involved in non-QM lending continues to increase, which has been a positive factor on new origination volumes.

Fintech

The fintech market continued to expand in 2018, including into commercial lending. For 2019, we expect these trends to continue, resulting in growth in loan volume, a broader range of asset classes and continued interest from offshore, nonfund investors. However, actions by state regulators (such as Colorado's true lender litigation against Avant and Marlette) could challenge these trends or drive more platforms to seek the OCC's limited fintech banking charter (which has also been challenged by a number of state regulators). We also anticipate that in 2019, an increasing number of traditional lenders will begin to partner with or acquire online lenders as a way to serve or acquire customers. Hunton Andrews Kurth's activities during 2018 in the fintech area included, among other things, representing online lenders and loan sellers in securitizations of various products, advising online platforms on federal and state regulatory compliance and related matters (including investigations), developing flow purchase programs for online platforms and their investors, advising lenders to online lending platforms, advising offshore fund and nonfund investors in US federal income tax aspects of investing in US marketplace loans, representing an online lender in its bankruptcy filing, and representing banks providing origination services and warehouse programs to online lending platforms.

Blockchain Technology

Blockchain and smart contracts got a lot of press in 2018. More companies explored and embraced the technology to lower their costs and increase security. Blockchain technology and smart contracts have shown their potential in a number of areas, such as fintech, retail/consumer products, insurance and energy, and we expect those areas to continue to expand. In 2019, we expect to see a significant increase in the offer and sale of security tokens and other tokenized assets.

Notwithstanding blockchain's demonstrated advantages, the technology also presents risks. Hunton Andrews Kurth is at the forefront on the practical uses and implications of how blockchain and smart contracts will transform the landscape of how we conduct business. Hunton Andrews Kurth has a multidisciplinary blockchain team, including attorneys in structured finance, real estate, M&A, intellectual property, financial restructuring, and privacy and cybersecurity who are familiar with and knowledgeable about this technology. In addition, Hunton Andrews Kurth is a member of Enterprise Ethereum Alliance's Legal Industry Working Group. Please check out our blockchain team at: https://www.hunton.com/en/practices/banking-and-finance/blockchain.html.

Recent Tax Law Changes on Structured Finance & Securitization

2019 continues the assimilation into the market of the numerous changes to the laws governing federal income taxes, including, notably, those implemented in the Tax Cuts and Jobs Act that revised the Internal Revenue Code. Changes that may continue to reverberate in the market from the Tax Cuts and Jobs Act include the reduction in the home mortgage interest deduction threshold, the elimination of the deduction for interest on home equity loans and a limitation on the deduction for state and local taxes (for which there is some discussion of revision). Any or all of these could reduce home affordability and impact home prices nationally or in local markets, thus impacting residential mortgage loan securitizations and structured finance transactions. In addition, certain provisions in the

FORECAST FOR 2019 CONTINUED

Tax Cuts and Jobs Act could impact the federal income tax treatment of certain securitization and structured finance securities, both debt and equity, including a provision that may require the acceleration of certain types of income for accrual taxpayers (excluding market discount) and limitations on certain interest deductions. The general impact of these provisions, and, in many cases, their application, continues to be unclear. While we have not seen and do not expect that these changes will have a significant impact on securitizations and structured finance transactions generally, we cannot predict the exact scope or long-term impact of the Tax Cuts and Jobs Act or any other tax law changes on the securitization and structured finance market generally or particular investors or issuers.

Fix-and-Flip Loans

After several years of growth and heightened activity, the fix-and-flip/bridge loan market is poised for a slowdown in the coming year. This contraction mirrors the downturn in the general real estate housing market and reflects the combined headwinds of higher borrowing costs and low property inventories in many regions. Although property value increases have slowed across most major markets, home values still remain historically elevated, which increases acquisition costs. Competition from primary residential homebuyers and institutional SFR investors also makes finding suitable properties more difficult as inventory levels remain low in many markets. In some cases, borrowers and lenders have begun expanding into different and larger property classes such as horizontal land development or multifamily, mixed-use and commercial properties. In other cases, many borrowers have begun altering their property takeout strategies to incorporate an SFR component where refurbished and rehabilitated properties are rented for a period of time before the original loan is refinanced with a more traditional loan for equity takeout purposes. 2018 saw a number of securitization transactions involving fix-and-flip loans, but secondary market whole loan sales will most likely continue to be the preferred takeout option for originators and lenders.

Commodities Lending Securitization

As the result of our merger with Andrews Kurth Kenyon, we picked up a new asset class for structured finance. John Steele, a specialist in esoteric asset classes, has been securitization and financing counsel for Monex for almost 20 years. Monex trades gold, platinum, palladium and silver for customers who often request financing in connection with their purchase. Monex provides the financing to thousands of customers and, at large enough aggregate loan amounts, transfers the loans to a special purpose, rated, securitization vehicle. John has worked with Monex and their investment bankers on more than a dozen transactions. More recently, John closed a similar transaction for public company A-Mark. Their first offering was $100 million.

The securitization structure offers a revolving acquisition period of several years to accommodate the short term nature of these loans that pay off frequently. Loan losses in this asset are negligible and the ABS investors are protected by a significant haircut of the loans to the value of the collateral, and secondly, to a further haircut by the retention of first risk by the originator.

Fund Finance

We have seen increasing activity in the fund finance market as banks have been responding to increasing demands from funds for new capital and leverage. The firm has acted for both banks and funds on facilities backed by recourse to fund assets as funds have increasingly looked beyond the traditional subscription finance market. In addition, the firm has worked on some innovative structures to allow institutional investors to invest in funds in an efficient way for regulatory capital purposes.

HIGHLIGHTS FROM 2018

We are privileged to represent many leading structured finance and securitization market participants and look forward to expanding those relationships in 2019. Some of our representative transactions for the past year are detailed below:

- On October 25, 2018, Wells Fargo Bank, N.A., issued its first private-label residential mortgage securitization since the credit crisis. Wells Fargo Mortgage Backed Securities 2018-1 Trust consisted of 660 primarily 30-year, fixed rate, prime residential mortgage loans with an aggregate unpaid principal balance of $441,253,347. We represented Wells Fargo Bank in its role as sponsor of the transaction. Prior to the credit crisis, Wells Fargo was one of the largest issuers of RMBS, and the return of Wells Fargo will hopefully build on the momentum the private-label RMBS market has experienced over the past several years.
- We have represented the dealers on each of the Freddie Mac Structured Agency Credit Risk (STACR®) Debt Notes transactions since the commencement of the program in 2013. As initially structured, STACR® debt notes were unsecured notes issued by Freddie Mac in which principal payments and losses on the notes are based upon the delinquency and principal payment experience (or, with respect to certain series, actual losses) on a particular reference pool. In May 2018, the STACR® program issued its first series of notes from a trust structure, in which Freddie Mac enters into a credit protection agreement with the trust rather than issuing direct debt notes. This new structure is anticipated to be the basis of the transition to a new REMIC structure for the STACR® program. The principal payment and losses on the notes are calculated similarly to STACR® Debt Notes.
- We also represented the underwriters in each of Freddie Mac's STACR® SPI transactions. In STACR® SPI, mortgage loans funded by Freddie Mac's cash window are deposited into a Participation Interest (PI) Trust, in exchange for a PC Participation Interest (96 percent) and Credit Participation Interest (4 percent) for each mortgage loan. The PC Participation Interests are used to issue Gold PCs and the Credit Participation Interests are deposited into the SPI Trust, which then issues nonguaranteed SPI certificates to credit investors.
- We represented the placement agents and underwriters on each Freddie Mac Seasoned Loan Structured Transaction (SLST) and Freddie Mac Seasoned Credit Risk Transfer (SCRT) offering. The SLST transactions are securitizations of seasoned re-performing loans and moderately delinquent loans in which Freddie Mac guarantees the senior tranche of the securitization, and the first loss subordinate tranche is required to be retained by a designated purchaser who bids on such subordinate certificates. The SCRT transactions are rated securitizations issued by Freddie Mac consisting of modified seasoned loans and are another important tool for Freddie Mac to shed credit and market risks.
- We represented a client in its inaugural non-QM securitization, represented other various clients on non-QM securitizations, new origination securitizations, and seasoned and re-performing mortgage loan securitizations.
- We served as issuer's counsel for a policy stripping transaction that provided commutation for significant policy exposure for underlying insured bonds. As issuer's counsel, we were instrumental in structuring and documenting the transaction.
- We served as issuer's counsel for an inaugural fix-and-flip securitization. The key feature was the presence of an 18-month revolving period for short-term loans (6- to 12-month maturity). This was an innovative, first-of-its-kind financing for MBS backed by fix-and-flip loans. We also served as issuer's counsel for a $402 million non-QM REMIC securitization, which was the largest securitization in the issuer's history.
- We represented Virage Capital Management as issuer's counsel in a first-of-its-kind securitization of litigation finance loans to plaintiff's law firms to pay for case expenses, with repayment of the loans coming from legal

HIGHLIGHTS FROM 2018 CONTINUED

fees collected at the disposition of a case. We drafted operative documents and handled all issuer matters other than the tax opinion.

- We advised one of our SFR sponsor clients on all aspects of their acquisition of a portfolio of over 3,200 SFR properties and a property management firm. The transaction was structured as an acquisition of several REITs. Our engagement included significant tax representation related to REIT issues. Our client viewed this transaction as a transformative acquisition for the company.
- We acted as program counsel to Ginnie Mae in connection with 192 multiclass securities transactions, representing the issuance of more than $74 billion of government-guaranteed REMIC securities backed by government-insured mortgage loans, including participations in government-insured reverse mortgage loans.
- We represented Ocwen Loan Servicing, LLC, as seller's counsel in connection with a very large transfer of mortgage servicing rights relating to over 2,000 securitization transactions. This included massive due diligence review of securitization agreements and negotiating and obtaining required third-party consents. In connection with this transaction, Hunton Andrews Kurth was recognized as a 2018 ACC Value Champion by the Association of Corporate Counsel. The ACC recognized the firm for its role in partnering with Ocwen on the development of a new due-diligence delivery model, which uses a technology-enabled process to define roles for each of its in-house and external legal teams, saving millions of dollars in legal costs over traditional processes and delivering a complex and document-intensive project on time. Read more: Hunton Andrews Kurth and Client Ocwen Financial Recognized as 2018 ACC Value Champion, May 22, 2018.
- We served as seller's counsel in a series of sales of performing and nonperforming mortgage loans and mortgage servicing rights in connection with a major bank's exit from the residential mortgage loan origination and servicing business.
- We served as asset manager's counsel in connection with a single-investor private placement securitization transaction involving fix-and-flip mortgage loans with responsibility for drafting all operative transaction documents.
- We represented lenders and borrowers in connection with the warehouse financing of residential and commercial mortgage loans, RMBS, CMBS and tax liens. We closed more than 85 transactions with an aggregate amount of more than $19 billion in 2018.
- We represented issuers and initial purchasers in more than $9.5 billion of nonperforming/re-performing mortgage securitizations in 2018.

HIGHLIGHTS FROM 2018 CONTINUED

- We were underwriter's counsel for a series of transactions relating to securities backed by Ginnie Mae mortgage servicing rights. This transaction employs a unique repurchase structure that Hunton Andrews Kurth was instrumental in creating. This new structure revolutionized the financing of Ginnie Mae mortgage servicing rights and of servicing fees in general for mortgage servicers by providing evergreen financing for the issuer's servicing portfolio as it grows and changes out of a single master facility. Our representation included three takedowns from an existing program and the establishment of three new programs for new issuers.
- We advised Freddie Mac and Berkadia in connection with the first affordable single-family rental financing in Freddie Mac's Multifamily Affordable Single-Family Rental Pilot Program for TrueLane Homes, a leading owner of single-family rental homes. The transaction, which closed on January 9, 2018, involved the financing of $11,092,000 for a 10-year, fixed-rate loan secured by 196 properties in nine different metropolitan areas across six states.
- We advised Freddie Mac and several loan originators in connection with seven SFR financings through Freddie Mac's Multifamily Affordable Single-Family Rental Pilot Program.
- We represented buyers and sellers in more than 100 whole loan purchase transactions involving performing, nonperforming and re-performing mortgage loans, bridge and fix-and-flip mortgage loans, government-insured mortgage loans, reverse mortgage loans and commercial mortgage loans.
- We acted as tax counsel in all seven of the Fannie Mae Connecticut Avenue Securities credit risk-sharing transactions in 2018, including the first Connecticut Avenue Securities deal structured as a REMIC. Fannie Mae issued more than $7.3 billion worth of securities in Connecticut Avenue Securities transactions during 2018.
- As underwriters' counsel, we closed the first post-crisis securitization of performing jumbo/proprietary reverse mortgages. This transaction was structured as a REMIC using a unique residual class that provided ongoing funding for advances to be made to borrowers.
- We acted as underwriters' counsel for several programmatic securitizations of nonperforming HECM reverse mortgages.
- We acted as issuer's counsel for a new sponsor of a securitization program for nonperforming HECM reverse mortgages.
- We acted as issuer's and sponsor's counsel for several SFR securitizations.

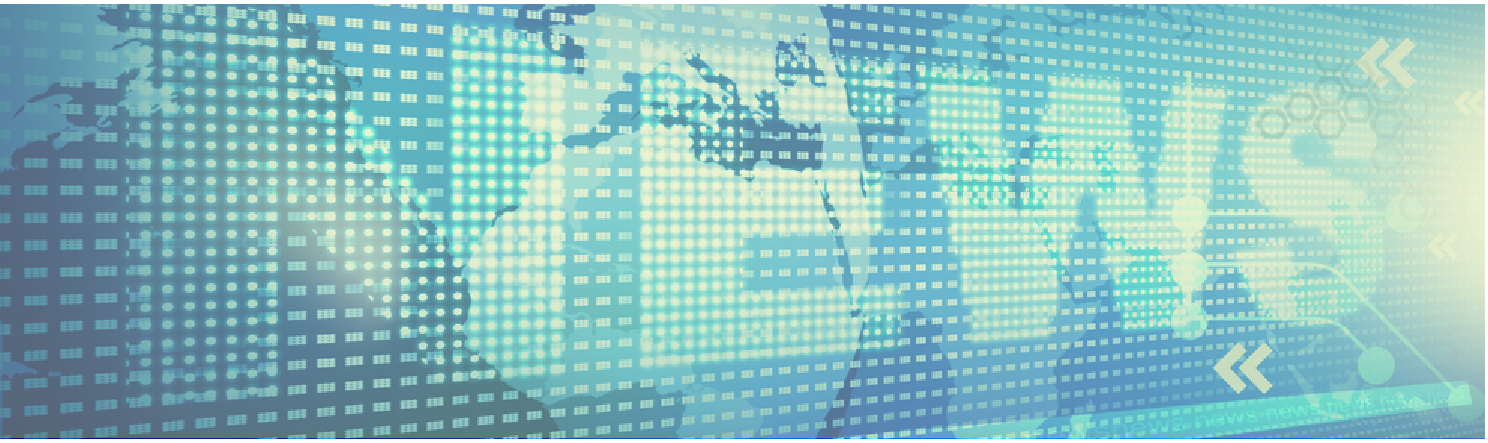
THOUGHT LEADERSHIP

In 2018, our lawyers spoke on panels and were quoted in industry publications regarding a range of topics in the structured finance and securitization industry:

- Tom Hiner spoke at SFIG's Residential Mortgage Finance Symposium on the Short Term and Long Term Financing of MSRs, October 2018
- Ceily Horner spoke at ABS East on Understanding the Impact of Tax Reform on the Various ABS Sectors, September 2018
- Robert Hahn spoke at ABS East on Reverse Mortgage Securitization, September 2018
- Katrina Llanes spoke at the SFIG Legal Forum on ABS and Warehouse Facility Documentation, June 2018
- David Barbour lectured at the Mortgage Securitization Workshop of the annual Wharton International Housing Finance Program on Securitization in Emerging Markets, June 2018
- Kendal Sibley spoke at IMN's 3rd Annual Credit Risk Transfer Symposium on REITs, May 2018
- Andrew Blanchard spoke at IMN's 6th Annual Single Family Rental Investment Forum on Long-Term Financing, May 2018
- Mike Nedzbala spoke at IMN's 5th Annual Residential Mortgage Servicing Rights Forum on MSR Purchase & Sale Agreements, March 2018

PUBLICATIONS

- Congress Provides Long-Awaited Regulatory Relief to Certain Mortgage Lenders, June 2018
- TRID Updates: CFPB Issues "Black Hole" Fix and Updated TRID-related Industry Guides, May 2018
- Recent Developments in State Licensing for Holders of MSRs, May 2018
- HMDA Hints: What Purchasers of Mortgages Need to Know About Their Potential HMDA Reporting Obligations, April 2018
- Merit Management Leaves Structured Finance Safe Harbors Intact, March 2018
- SEC Staff Issues Significant No-Action Letter Regarding Mortgage Exemption, February 2018
- DC Circuit Court of Appeals Finds Structure of CFPB to be Constitutional: What the Most Recent PHH Mortgage Decision Means for You, February 2018



RANKINGS AND AWARDS

- Vicki Tucker became a member of The American Law Institute in December 2018. The American Law Institute is the leading independent organization in the United States producing scholarly work to clarify, modernize and otherwise improve the law. The institute—made up of judges, lawyers and law professors of the highest qualifications—drafts, discusses, revises and publishes Restatements of the Law, model statutes and principles of law that are enormously influential in the courts and legislatures, as well as in legal scholarship and education. Membership in the institute is limited to 3,000 (not including life, honorary and ex-officio members).
- Vicki Tucker became chair of the Business Law Section of the American Bar Association in September 2018. This is the final step of a four-year leadership succession plan. With more than 45,000 members, the Business Law Section is one of the ABA's largest sections and is recognized as the voice of the business lawyer community worldwide. Read more.
- Our Structured Finance and Securitization Practice was featured in *Inside Mortgage Finance*, January 25, 2018. Read more.
- Hunton Andrews Kurth was recognized among top firms in *Chambers USA* 2018 guide, May 16, 2018. Read more.
- Hunton Andrews Kurth and client Ocwen Financial were recognized as 2018 ACC Value Champions, May 22, 2018. Read more.
- Hunton Andrews Kurth was recognized among top US law firms in the 2018 *Legal 500* USA guide, June 13, 2018. Read more.
- Hunton Andrews Kurth was named among Best US Law Firms for 2019 by U.S. News Media Group and *Best Lawyers*. Read more.
- Our structured finance lawyers are consistently ranked among the top legal advisors for mortgage-backed securities (MBS) and asset-backed securities (ABS) in industry rankings and league tables, including most recently:
    - Ranked #3 for top underwriter counsel and #7 for top issuer counsel for US ABS/MBS in *Asset-Backed Alert's* 2018 year-end league tables
    - Ranked nationally by *Chambers USA* for Capital Markets: Securitization, with Tom Hiner, Amy Williams and John Dedyo all receiving individual rankings
    - Ranked nationally by *Legal 500* for Structured Finance, with Tom Hiner, Brent Lewis, Mike Nedzbala, Amy Williams, Rudene Haynes and John Dedyo receiving individual client accolades
    - Recognized as a "Leading Law Firm in US Securitization Industry" by *Asset-Backed Alert*

NEW TEAM MEMBERS

David Barbour

Partner, Dallas

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David Barbour joined Hunton Andrews Kurth as a result of the merger with Andrews Kurth Kenyon in April 2018. David has experience with various commercial transactions on a national and international basis. He represents issuers and underwriters in public and private offerings of equity and debt securities, with an emphasis in structured and restructured issuances of mortgage-backed and asset-backed securities. He also advises clients regarding the negotiation and structuring of various corporate and real estate financings and asset and stock acquisitions. Finally, David is experienced in handling a variety of other general corporate, mortgage banking, real estate and securities transactions.

Angus Duncan

Partner, London

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Angus Duncan joined Hunton Andrews Kurth's London office as partner in January 2018. Angus focuses his practice on finance transactions with a particular emphasis on securitizations of a range of assets, including loans, consumer receivables, real estate and hedge fund interests. He also assists clients with insurance-linked securities, including catastrophe bonds, sidecars, industry loss warranties and privately placed transactions with respect to catastrophe, mortality and longevity risk using the capital markets.

A pioneering structured finance lawyer, he has worked on a number of market firsts, including the first catastrophe bond transaction incorporating a tri-partite repo structure (Eurus II), Europe's first CRE CDO (Anthracite Euro CRE CDO 2006-1 p.l.c), the first European pro rata CLO (Harbourmaster Pro Rata I) and the first European CLO managed by a hedge fund (Grosvenor Place I).

NEW TEAM MEMBERS

David Klass

Partner, London

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David Klass joined Hunton Andrews Kurth's London office as partner in January 2019. David advises on a wide range of corporate tax issues and transactions, in particular those with an international element. He has extensive experience advising on the tax aspects of cross-border M&A transactions, structured finance transactions (advising both asset originators and arrangers), as well as the UK and international tax aspects of corporate group reorganizations. David is the author of a number of articles in various tax publications and is a committee member of the UK Branch of the International Fiscal Association.

John Steele

Counsel, Washington, DC

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John Steele joined Hunton Andrews Kurth as a result of the merger with Andrews Kurth Kenyon in April 2018. John's practice focuses on capital markets with a heavy emphasis on single-family rental acquisitions and debt financing, mortgages and aircraft leases. For over 25 years, John has been involved with sponsors and issuers of real estate-related securities, including single-family rental "SFR" portfolios, ranging from small to multibillion-dollar securitization transactions, to funds formed to acquire and originate performing and nonperforming real estate loans and SFR portfolios, to operating companies that purchase and originate for portfolios. He has also closed several corporate acquisitions, rollups and/or debt and equity financings for specialty finance companies.

John's securitization practice includes hundreds of millions of dollars of securities backed by aircraft leases and aircraft-backed notes. He also represents companies in obtaining and working out warehouse lines of credit utilized in the acquisition and redevelopment of SFRs and in portfolio lending strategies. John served for two years as CFO of a large mortgage company involved in the origination of commercial and residential mortgage loans originated for the securitization markets.

KEY CONTACTS

Tom Hiner

Partner, New York

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Tom is a versatile lawyer with broad corporate finance experience, having represented financial institutions for over 26 years in acquisitions, asset-based finance, structured secured lending, venture capital and asset securitization transactions. Tom frequently works side by side with lawyers from our M&A, business lending, private equity, tax and bankruptcy teams in structuring and executing transactions, providing clients with a comprehensive approach to their structured finance transactions in a complex and constantly changing market. In recent years, Tom has emerged as a notable figure in mortgage servicer finance. In the last decade, he has led over 60 transactions for the financing of servicer advance receivables. The structures range from revolving loans to master securitization trusts that combine revolving variable funding notes with term asset-backed securities placed with institutional investors.

Mike Nedzbala

Partner, Richmond

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Mike handles complex, fast-paced negotiations on a wide range of secondary market transactions involving residential mortgage loans and mortgage servicing rights. He has been involved in the mortgage loan market since its inception. For over 25 years, he’s seen the asset class evolve from early days to bull market to financial crisis and beyond. His long-term perspective on mortgage loans and their regulatory overlay allows him to be creative and persuasive in even the most challenging deals, and makes him an effective advocate in large transactions involving novel structures and numerous counterparties. With a successful track record on hundreds of transactions, Mike has represented banks, hedge funds, private equity investors, REITS, servicers, mortgage companies and others. In recent years, Mike has become especially well known for his work on MSR transactions and his understanding of how the servicing industry works.

ABOUT US

Hunton Andrews Kurth is a longstanding market leader in structured finance and securitization. For more than 30 years, we have represented clients in connection with mortgage-backed and asset-backed securities offerings and other structured financing matters. Our practice is at the forefront of the development of securitization and structured finance techniques, having represented our respective clients in the first REMIC program backed by the full faith and credit of the United States, the first auto loan synthetic securitization transaction, the first RMBS structure involving the issuance of floating-rate securities, the first securitization of re-performing FHA and VA loans, the first master trust servicer advance securitization structure in 2002 and the groundbreaking first GSE/Agency credit risk transfer issuances in 2013.

Hunton Andrews Kurth is a global law firm of more than 1,000 lawyers handling transactional, litigation and regulatory matters for clients in a myriad of industries including energy, financial services, real estate, retail and consumer products and technology. Areas of practice focus include capital markets, mergers and acquisitions, intellectual property, P3, public finance and infrastructure, and privacy and cybersecurity. With offices across the United States and in Europe, the Middle East and Asia, we're aligned with our clients' businesses and committed to delivering exceptional service.

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