



NEWS RELEASE

Redwood Trust Announces Pricing Of The Market's First Non-Agency Residential Mortgage-Backed Securitization Leveraging Blockchain-Based Technology

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MILL VALLEY, Calif., Sept. 22, 2021 /PRNewswire/ -- **Redwood Trust, Inc.** (NYSE: RWT), a leader in expanding access to housing for homebuyers and renters, today announced it has priced a securitization that leverages the power of blockchain technology – a first in the non-Agency residential mortgage-backed securitization ("RMBS") market.

"Today was an important step in building the infrastructure to someday have fully digitized and tokenized mortgages."

The securitization, SEMT 2021-6, had an initial notional balance of \$449 million and is backed by 497 jumbo residential loans. Expanding on its relationship with **Liquid Mortgage**, Inc., a patented digital asset and data platform in which Redwood previously acquired a minority interest through its RWT Horizons initiative, Redwood engaged the company to act as distributed ledger agent ("DLA") for the transaction. In this role, Liquid Mortgage will leverage its blockchain-based technology to provide end users with more timely reporting of loan level payments of principal and interest on the underlying residential mortgages. Whereas the traditional reporting cycle for remittance data on a RMBS transaction is monthly, Liquid Mortgage is expected to report this payment data to users of its proprietary platform on a daily basis.

Fred Matera, Managing Director and Head of Residential at Redwood Trust, said, "This inclusion of enhanced payment and prepayment reporting within the Sequoia (SEMT) securitization platform is the first step on a path to putting an entire RMBS transaction on the blockchain. By leveraging the speed and accuracy of distributed ledger



technology we believe we can drastically increase transparency and reduce the points of friction in the life of a residential mortgage loan, including legal documents and contracts, diligence, reporting and data. For example, we believe the loan level payment reporting introduced for this transaction may provide greater insight into borrower payment and prepayment activity on a more frequent basis than is traditionally available."

Mr. Matera added, "Periods of increased volume and resource constraints exacerbate inefficiencies of the entire mortgage system, where much time and energy is devoted to verifying and re-validating data and work that has already been done. Liquid Mortgage and its distributed ledger technology have the potential to solve many of these issues and allow for one centralized dataset that can be fully authenticated – enabling involved parties throughout the mortgage lifecycle to have clear visibility into the loan. With a permanent digital record of loan data, mortgages should be able to be bought and sold in a much more commoditized manner, with a level of accuracy and transparency that surpasses current industry processes. Earlier this year, our white paper described Redwood's vision for the innovative power of technologies like blockchain to transform the mortgage system; we are excited to bring real applications of this technology to the Sequoia (SEMT) platform. Today was an important step in building the infrastructure to someday have fully digitized and tokenized mortgages."

"We are extremely excited to participate with Redwood Trust on SEMT 2021-6 as Distributed Ledger Agent (DLA), the first DLA within a securitization," said Ian Ferreira, Founder and Chief Executive Officer of Liquid Mortgage. "From day one, we have taken a practical and actionable approach to the implementation of distributed ledger technology by using an incremental, ecosystem-centric model. Now, Sequoia investors and other end users will begin to see the benefits of the first phase of our technology through faster and more transparent loan-level reporting. We have much more on the horizon to create a truly transparent, efficient, and cost-effective ecosystem, but our ultimate goal is to save borrowers money through technology."

In April 2021, Redwood announced an investment in Liquid Mortgage as its third investment under the company's RWT Horizons venture investment strategy. Today's announcement represents the next step in the continued partnership between Redwood and Liquid Mortgage.

Additional Resources

- **Liquid Mortgage Issued Patent for Decentralized Systems and Methods of Managing Loans and Securities** – Press Release, July 22, 2021
- **Building a Mortgage Blockchain Ecosystem** – White Paper, April 19, 2021
- **Redwood Trust Supports Digitization of the Mortgage Ecosystem Through Blockchain Technology Investment** – Press Release, April 19, 2021

About Redwood Trust

Redwood Trust, Inc. (NYSE: RWT) is a specialty finance company focused on several distinct areas of housing credit. Our operating platforms occupy a unique position in the housing finance value chain, providing liquidity to growing segments of the U.S. housing market not served by government programs. We deliver customized housing credit investments to a diverse mix of investors, through our best-in-class securitization platforms; whole-loan distribution activities; and our publicly traded shares. Our consolidated investment portfolio has evolved to incorporate a diverse mix of residential, business purpose and multifamily investments. Our goal is to provide attractive returns to shareholders through a stable and growing stream of earnings and dividends, capital appreciation, and a commitment to technological innovation that facilitates risk-minded scale. Since going public in 1994, we have managed our business through several cycles, built a track record of innovation, and a best-in-class reputation for service and a common-sense approach to credit investing. Redwood Trust is internally managed and structured as a real estate investment trust ("REIT") for tax purposes. For more information about Redwood Trust, visit our website at www.redwoodtrust.com or connect with us on [LinkedIn](#), [Twitter](#), or [Facebook](#).

About RWT Horizons

RWT Horizons is Redwood's venture investment arm focused on early and mid-stage companies driving innovation in financial and real estate technology, digital infrastructure, and other related areas of focus. Investments made through RWT Horizons are designed to support companies whose technologies are accretive to Redwood's broader operations, including its residential and business-purpose lending platforms.

About Liquid Mortgage

Liquid Mortgage, Inc. was founded in 2018 by former Portfolio Manager and Trader, Ian Ferreira, who recognized an opportunity to use blockchain technology in the mortgage market to increase transparency and efficiency in loans and securitizations. Liquid Mortgage is a patented digital asset and data platform designed to validate documentation, payments, and related loan-level information in a timely and immutable manner. Its mission is to alleviate pain points and inefficiencies in the current system by introducing innovation into the post-origination process. For more information, please visit LiquidMortgage.io.

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