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R E D W O O D
T R U S T

Point and Redwood Trust Issue \$139 Million Home Equity Investment Rated Securitization

Point and Redwood's first rated home equity investment securitization validates HEIs as a mainstream asset for institutional investors and supports new opportunities for homeowners to access their equity

Palo Alto, Calif., Nov. 07, 2023 (GLOBE NEWSWIRE) --[Point](#), the leading home equity investment platform making homeownership more valuable and accessible, and [Redwood Trust, Inc.](#) (NYSE: [RWT](#), "Redwood"), a leader in expanding access to housing for homebuyers and renters, announced today they have completed the first rated securitization of Point's Home Equity Investment ("HEI") assets, issuing approximately \$139 million of rated asset-backed securities (the "Transaction"). The Transaction represents the second HEI-backed securitization that Point and Redwood have completed together, having issued the [first-ever securitization backed entirely by HEIs in 2021](#).

The Transaction closed on October 31, 2023. The issuer, Point Securitization Trust 2023-1, issued approximately \$117 million of senior class A-1 securities and approximately \$22 million of class A-2 securities, rated A (sf) and BBB (low) (sf), respectively, by DBRS Morningstar. Co-sponsoring the Transaction with a subsidiary of Redwood, Point was the originator of all of the HEIs in the securitization and will continue to service such assets.

"This is a significant and timely milestone for U.S. homeowners and for the HEI category," said Eddie Lim, co-founder and CEO of Point. "Point has spent the last eight years building the HEI asset class, bringing together homeowners, investors, and regulators to provide a critical new financing solution for homeowners. The financing of HEIs through the development of a liquid and efficient market for rated HEI bond issuance will prove to be a pivotal moment in housing finance, one that will bolster both homeownership and overall financial health in this country."

"Redwood and Point have been working together for years to provide liquidity and support the growth of HEIs as an efficient tool to help homeowners unlock the equity in their homes," said Bo Stern, Portfolio Manager and Head of Financial Risk at Redwood. "We are dedicated to being a financial and operational leader in the continued evolution and acceptance of HEIs and believe this rated securitization is an exciting next step in the further scale and institutionalization of HEIs. Homeowners stand to benefit from increased liquidity in this product at a time when traditional home financing options remain very expensive."

Home equity investments represent an innovative approach to home equity financing for

homeowners. Despite U.S. homeowners having more than \$31 trillion in home equity, [only roughly half of them who try to access it are able to](#). The recent surge in mortgage rates has made cash-out refinances less attractive, and traditional lenders have tightened their credit requirements, making it increasingly difficult to qualify for home equity lines of credit (“HELOCs”). This leaves many homeowners still needing help accessing their home equity. HEIs close the gap, providing a vital financial avenue for homeowners who have built substantial home equity but have been underserved by the traditional financial system. Homeowners value the absence of monthly payments, and the risk-sharing structure allows investors and homeowners to benefit from changes in home prices.

“The economic environment has caused significant demand for us in the past 12 months,” Lim added. “Using a home equity investment, homeowners can tap into their home equity without sacrificing their low mortgage rate or taking on a new monthly payment. This hugely benefits homeowners who want to use their hard-earned equity to fund home repairs, pay off higher-interest debt, start their own company, or hit other financial milestones. At Point, we are excited to be able to meet the demand and help more homeowners achieve their dreams with their home equity.”

DBRS Morningstar rated the Transaction with their new methodology for HEIs, published in July 2023. The rating has helped expand investor access to the HEI asset class to new pools of capital from insurance companies and money managers who are restricted to investing in rated investment-grade securities. By providing liquidity and access to HEIs for investors, this securitization is a major milestone towards programmatic issuance, ultimately making it possible for Point to help more homeowners improve their financial health.

Nomura Securities International Inc. (“Nomura”) was the sole-structuring agent for the issuance. Nomura, Barclays Capital Inc., and Performance Trust Capital Partners, LLC were joint bookrunners on the Transaction. East West Markets, LLC and Cantor Fitzgerald & Co were co-managers on the Transaction.

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About Point

Point is the leading home equity platform making homeownership more valuable and accessible. Point’s flagship product, the Home Equity Investment (“HEI”), empowers homeowners to unlock their equity to eliminate debt, get through periods of financial hardship, and diversify their wealth – without adding to their monthly expenses. Point has worked with more than 11,000 homeowners, unlocking \$1 billion in home equity. Point’s HEI enables investors to access a previously untapped asset class – owner-occupied residential real estate. Founded in 2015 by Eddie Lim, Eoin Matthews, and Alex Rampell, Point is backed by top investors, including Westcap, Andreessen Horowitz, Ribbit Capital, Greylock Partners, Bloomberg Beta, Redwood Trust, Alpaca VC, and Prudential. The company is headquartered in Palo Alto, CA. For more information, please visit www.point.com.

About Redwood

Redwood Trust, Inc. (NYSE: RWT) is a specialty finance company focused on several distinct areas of housing credit. Redwood’s operating platforms occupy a unique position in the housing finance value chain, providing liquidity to growing segments of the U.S. housing market not well served by government programs. Redwood delivers customized housing credit investments to a diverse mix of investors, through its best-in-class securitization

platforms; whole-loan distribution activities; and its publicly traded shares. Redwood's aggregation, origination and investment activities have evolved to incorporate a diverse mix of residential, business purpose and multifamily assets. Redwood's 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. Redwood operates its business in three segments: Residential Mortgage Banking, Business Purpose Mortgage Banking and Investment Portfolio. Additionally, through RWT Horizons®, Redwood's venture investing initiative, Redwood invests in early-stage companies strategically aligned with its business across the lending, real estate, and financial technology sectors to drive innovations across the company's residential and business-purpose lending platforms. Since going public in 1994, Redwood has managed its business through several cycles, built a track record of innovation, and established 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, please visit www.redwoodtrust.com or connect on [LinkedIn](#).

CONTACTS:

Point

Amanda Woolley – Communications Lead

Phone: 360.319.1738

Email: media@point.com

Redwood Investor Relations

Kaitlyn Mauritz – SVP, Head of Investor Relations

Phone: 415-384-3822

Email: investorrelations@redwoodtrust.com

Amanda Woolley

Point

3603191738

awoolley@point.com

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