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Redwood Trust Supports Digitization Of The Mortgage Ecosystem Through Blockchain Technology Investment

MILL VALLEY, Calif., April 19, 2021 /PRNewswire/ -- [Redwood Trust, Inc.](#) (NYSE: RWT) a leader in expanding access to housing for homebuyers and renters, today announced an investment in [Liquid Mortgage](#), a patent-pending startup that provides life-of-loan infrastructure to digitize, track documentation, facilitate payments, and record additional information on a blockchain. This is the third investment under Redwood's recently launched RWT Horizons venture investment strategy.

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Redwood and Liquid Mortgage ("the Companies") share a common vision of utilizing blockchain technology within the current market infrastructure, rather than attempting to reinvent it. The investment is the culmination of a several month engagement between the Companies, during which they developed an actionable strategy for achievable and beneficial improvements to targeted elements of the mortgage ecosystem.

The Companies are initially focused on how blockchain can improve certain processes in the non-agency mortgage sector, specifically post-close purchase activities, servicing, securitization, and secondary trading. The Companies believe that process improvements can create significant cost savings across the mortgage value chain that can greatly benefit consumers by effectively lowering borrowing costs. The overall value proposition to loan holders may include lower frictional and transaction costs, increased transparency, and execution certainty, with the option to create unique risk profiles through loan fractionalization.

As an initial use case, the Companies are working with various industry partners to explore leveraging blockchain to facilitate more timely loan remittance data to RMBS investors, an improvement that could significantly enhance market liquidity. As part of their work, the

Companies recently placed a Redwood-sponsored Sequoia securitization on a blockchain in a test environment.

The Companies, with contributions from Wilmington Trust, have developed a [white paper](#) describing their long-term vision for the mortgage ecosystem. The paper highlights current market inefficiencies, introduces new technology solutions, and provides a roadmap for the evolution of the industry.

Additional Resources

White Paper: [Building a Mortgage Blockchain Ecosystem](#) – April 2021

Christopher Abate, Chief Executive Officer of Redwood Trust commented, "Our recent investment in blockchain in partnership with Liquid Mortgage aligns with our broad strategic vision for technology at Redwood. The non-agency mortgage industry continues to heavily rely on outdated manual processes that have been in place for decades due to an accepted, and in some cases desired, status quo. As a leader in housing finance, we are focused on disrupting the market with innovative solutions that help all stakeholders, most importantly borrowers."

Abate continued, "While utilizing blockchain technology in the mortgage industry is still in the early stages of development, it is one of several important avenues through which we intend to deploy technology to further evolve our operating platforms. We look forward to sharing more details of our technology roadmap in the coming quarters."

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 a venture investment strategy focused on early and mid-stage companies driving innovation in financial and real estate technology, and digital infrastructure. Investments made through RWT Horizons are designed to support companies whose technologies are accretive to Redwood's businesses, including its residential and business-purpose lending platforms. The investment team is led by Ryan McBride, Chief Investment Officer of RWT Horizons and Chief Operating Officer at [CoreVest](#) (a Redwood Trust company and the market's leading lender to residential real estate investors) who is

responsible for the development and execution of the RWT Horizons strategy for capital deployment and strategic partnerships.


Forward-Looking Statements: This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2020 under the caption "Risk Factors." Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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