NS Pool Executive Summary
As of 8/10/2023

Summary

We are pleased to offer prospective investors the opportunity to gain exposure to real estate backed loans originated by New Silver Lending LLC and/or its subsidiaries. New Silver Lending LLC (“New Silver”, “Asset Originator” and “Asset Manager”) has launched NS Pool LLC (the “Issuer”), a Delaware limited liability company, which will offer for sale to investors tokens, as described below, corresponding to certain payment obligations owed to the Issuer by various real estate developers.

The Issuer will issue two tranches of ERC-20 tokens: New Silver 2 DROP Tokens with the token ticker symbol NS2DRP (“DROP” or the “DROP Token(s)”) and New Silver 2 TIN Tokens with the token ticker symbol NS2TIN (“TIN” or the “TIN Token(s)”), which will be offered for sale to investors on the terms described herein and in the New Silver 2 DROP and TIN Subscription Agreements provided to prospective investors.

The DROP Token will be a senior token that generates a fixed rate of return when deployed in financings. The TIN Token will be a subordinated token that will be subject to the first losses up to their full value, thereby acting as a buffer against losses to investors in the DROP Tokens. Issuer will target a 7% APY for DROP (the “DROP APY”)[1] and the Junior Risk Buffer of TIN to DROP will be a minimum of 20%. The Junior Risk Buffer (“First Loss % / TIN Ratio %”) is the current market value of the Junior Tranche in relation to the total pool value (Junior Tranche market value divided by Total Pool Value). The minimum junior risk buffer indicates the lower limit and ensures that senior investors in DROP are protected by a certain amount of TIN invested in the pool at any time.

Warning Regarding the Use of Forward-Looking Statements

This Executive Summary contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this Executive Summary regarding investments, debt instruments, investment companies, investment strategies, future operations, future financial positions, future revenues, projected costs, prospects, plans, objectives of management and expected market growth are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements may include, among other things, statements about expected rates of return and interest rates, the attractiveness of the Tinlake Protocol and the Asset Originator’s products, the Asset Originator or the Issuer’s financial performance

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and operations; and general economic developments which may affect the Issuer, the Asset Originator or the asset pool.

There can be no assurance that actual events will correspond with the above forward-looking statements and should in no event be considered a guarantee that those future events, activities, occurrences or performances will in fact happen. The information in this Executive Summary concerning the prior experience of the Asset Originator and the Issuer is not necessarily indicative of the results to be expected in the future.

Unregistered Offering

The DROP Tokens and TIN Tokens have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under any applicable state or foreign securities law and are being offered to (i) persons and entities who are "accredited investors" as defined in Rule 501(a) of Regulation D of the Securities Act and (ii) and to certain person or entities that are not "U.S. persons" in "offshore transactions," as such terms are defined in Regulation S under the Securities Act and to such extent as permissible under Regulation D of the Securities Act. The DROP Tokens and TIN Tokens have not been approved or disapproved by the Securities and Exchange Commission (the "SEC") or the securities regulatory authority of any state, nor has the SEC or any securities regulatory authority of any state passed upon the accuracy or adequacy of this executive summary (the "Executive Summary"). The Issuer has prepared this Executive Summary solely for the persons interested in acquiring the DROP Tokens and TIN Tokens. Neither New Silver nor the Issuer, nor any of their respective affiliates has authorized any other person to make any representations or furnish any information with respect to the DROP Tokens and TIN Tokens, other than as set forth in this Executive Summary or the other documents or information New Silver or the Issuer may furnish to persons interested in purchasing the DROP Tokens and TIN Tokens. You are encouraged to ask New Silver and the Issuer questions concerning the terms and conditions of the DROP Tokens and TIN Tokens. This Executive Summary contains references and information relating to certain other agreements and documents. Those interested in purchasing the DROP Tokens and TIN Tokens should refer to the actual agreements and documents available in the applicable data repository for more complete information about the rights, obligations and other matters in the agreements and documents. The Issuer reserves the right to: (i) reject any offer to purchase the DROP Tokens and TIN Tokens and (ii) cancel any sale at any time prior to the receipt of funds for purchase, if that sale, in the opinion of the Issuer and its counsel may violate any federal or state securities law or regulation or is otherwise objectionable for whatever reason.

Summary of Terms

Originator Details	
Asset Originator	New Silver Lending LLC and/or its' subsidiaries
Largest Markets	United States
Years in Operation	Since 2018

Asset Details	
Payment Obligation	Commercial purpose real estate loans secured by first liens on the subject property
Average Loan Size	$300,000
Term	Up to 24 months
Loan to Cost (LTC)	Up to 90% of loan to cost with an average of 87.5% loan to cost
After Repair Value (ARV)	Up to 80%
Asset Yield	6.5% to 12% per year
Underlying Asset Coupon	9-13% per year
Type of Advance	Fix and flip loan; if applicable, split into (1) Purchase Loan and (2) Construction Holdback Reserve

Offering Details	
Special Purpose Vehicle	NS Pool LLC
Token Investment	- New Silver 2 DROP Token (token ticker symbol "NS2DRP") or - New Silver 2 TIN Token (token ticker symbol "NS2TIN")
Launch Date	Aug 22, 2023
Termination Date	October 12, 2032
First Loss % / TIN Ratio %	20% minimum
DROP Yield	7% fixed
TIN Yield	Variable
Minimum TIN provided by Asset Originator	At least 5% of the portfolio with a 3mm DAI minimum
Maximum single loan	No more than 10% of the total portfolio
Maximum single borrower exposure	No more than 10% for borrowers with a FICO score <=650, no more than 25% for borrowers with a FICO score > 650

Maximum single state exposure	Less than or equal to 30%
Weighted average Loan to Cost	Less than or equal to 87.5%
Maximum single Loan to Cost	90%
Weighted average Loan to ARV (after rehab value)	Less than or equal to 75%
Maximum high ARV loans (=>75%)	No more than 15% of the portfolio weighted average
Security Structure	506(c) offering under Regulation D of the U.S. Securities Act of 1933
Trustee	Ankura Trust Company
Asset Manager	New Silver Lending LLC
Servicer	FCI Servicing, Inc
Investor Tax Documents	1099-MISC

About the Asset Originator

Founded in 2018, New Silver is a technology enabled non-bank lender primarily focused on providing commercial purpose, real estate-backed financing for the United States "fix and flip" sector with a concentration on single-family residential assets. New Silver's proprietary technology speeds up loan origination and underwriting, while using data science to reduce risk. Fix and flip loans allow real estate investors to finance both the purchase and the construction, or in some cases, refinance an existing investment property with sufficient equity. At the time of issuance, New Silver operates in 41 states, with the top 3 states being Florida, Connecticut and Massachusetts. New Silver is licensed as a CFL Lender with the California Department of Financial Protection and Innovation[2].

New Silver was the first, and is one of the largest real world (RWA) vaults on Maker DAO, having securitized over 50mm DAI in aggregate volume with senior backing from MakerDAO. New Silver has over 1.5 years of history with the MakerDAO with no defaults.

To date, the company originated over $150mm loans. The company currently manages ~$70mm in its active loan portfolio. As of the date of issuance, the management team is confident in the continued growth on the single family residential market in the United States, which is continuing to face a historical shortage of over 2mm units[3]. Real estate investors, of which there are millions[4] major contributors to closing this gap – their core business is buying, renovating, and reselling or renting property, and New Silver enables efficient and scalable operations for these small businesses.

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[2] NMLS 2154545
[3] https://www.cnn.com/2023/03/08/homes/housing-shortage/index.html
[4] https://connectedinvestors.com/blog/how-many-real-estate-investors-are-there/

Key Team Members

Kirill Bensonoff - Co-founder and CEO. Kirill is a technologist and a serial entrepreneur, having built and sold successful companies in the enterprise IT space prior to New Silver. Kirill is responsible for overseeing the business direction and technology development.

Alex Shvayetsky - Co-founder and Chief Risk Officer. Alex's career spans over 25 years in commercial real estate management and operations. Alex is responsible for overseeing risk and lending practices.

Alexey Shevchenko - CTO. Alexey holds a master's degree in computer science and has been building software for over a decade. Alexey oversees the company's software engineering efforts.

Landon Mizuguchi – CFO. Landon advises the team on planning, analysis, and related matters. Landon's career has encompassed experience with firms such as PayPal (Strategic Finance), Goldman Sachs (Investment Banking) & EY (Transaction Advisory).

James Keegan - Loan Advisor Team Lead. James is an experienced banker, having previously been a commercial lender at DR Bank and at People's United Bank. James oversees the loan advisory team.

John Coury - Head of Capital Markets. John has a wealth of experience in real estate capital markets, having spent his career in private equity houses such as Axiom Capital. John is responsible for helping the company raise capital.

Fix and Flip Loans

Proceeds of this offering will be used to finance commercial purpose, fix and flip loans (also referred to as bridge or ground up loans, collectively, the "Underlying Assets"). Fix and flip loans allow real estate investors to finance both the purchase and the construction, or in some cases, refinance an existing investment property with sufficient equity.

When a borrower submits a loan request via New Silver's online platform, New Silver makes use of its proprietary technology and data to underwrite the loan in real time, and offers the borrower conditional approval, terms and rates on its web platform. Upon acceptance by the borrower, New Silver orders a third-party appraisal of the property, or performs an in-house valuation using third-party analytics software. The valuation confirms both as-is and after-rehab values. Furthermore, New Silver collects and reviews due diligence information on the borrower and borrowing entity. Upon final approval, a real estate closing with a partner attorney or settlement agent is initiated. The closing company reviews the title and puts together the closing package as required by state regulations.

The loan is always in a first priority position, senior to all other lenders. In most cases, the total loan amount is split into an upfront purchase and a construction reserve. The purchase amount is used to finance the purchase of the property and is advanced at the closing. The construction reserve is held in escrow by the Asset Manager, and is used to reimburse the construction costs.

Underlying Assets are managed by the Asset Manager, and serviced by Servicer. Asset Manager is responsible for management of the construction loan draw process, collections of past due payments, loan workouts, default proceedings, extensions, and other items as specified in the asset management agreement. Loan servicing includes payment collections, payoff requests and calculations, and other items as described in the servicing agreement. An important part of asset management is the management of construction reserves. When a borrower completes a certain amount of construction work, they submit a draw request to the Asset Manager. Asset Manager verifies that the work has been completed using a third-party inspection service. Upon verification, the Asset Manager reimburses the borrower directly for part of the construction that was completed. This process is repeated until all of the construction funds have been disbursed.

At loan maturity or loan refinance, the loan is paid off in full (principal and any outstanding interest).

Technology and Underwriting

The team has developed a fast, user-friendly online approval process as well as proprietary underwriting technology that uses a data driven risk mitigation approach. The online approval process is used to provide a fast conditional approval, which is further validated by an independent appraisal or in-house analytics driven valuation using third party software, as well as additional manual underwriting.

Below is a list of some of the data points and due diligence information considered when underwriting each loan (these data points are subject to change)

(1) FICO score of the borrower: FICO score provides a historical risk score on each of the loan guarantors

(2) Verification of experience: Borrower experience is determined in the number of rehab projects the borrower has successfully carried out in the past

(3) Borrower Liquidity: New Silver checks borrower's bank statements to ensure they have enough to cover the closing, third party fees and at least 3 months of interest payments

(4) Appraised Property Value: This appraisal is carried out by a third-party appraiser on site. This includes the As-Is and After Rehab values in cases where construction will be required.

(5) Automated Property Valuation: this is an automated, API based property valuation from one of New Silver's partners (primarily Clear Capital)

(6) Average Days on Market in Zip Code: how many days a property stays on the market in a given zip code.

(7) Monthly Sales Count by ZIP Code: how many properties are sold per month in a zip code.

(8) Standard Deviation from Median Sales Price in Zip Code: how different is the sale price of this property from the median in a specific zip code

(9) Median sale price for zip code to ARV %: how different is the After Rehab Value of a property compared to others in the zip code

(10) FHFA HPI Maximum Yearly Decrease 2006-2018 in County and State vs National

(11) ZHVI (Zillow Home Value Index)

(12) Census Data: Various census data such as average household income and town population.

(13) Borrower and entity background: background criminal and civil litigation check on borrower and entity

(14) Entity Good Standing: certificate of Good Standing from the state where the borrowing entity was formed and/or the state where the entity operates

(15) Corporate docs: various corporate documents such as Operating Agreement

(16) OFAC sanctions list

(17) Insurance: liability insurance in excess of $500k plus dwelling insurance equal to the total loan amount

(18) Flood zone: if the property is in the flood zone, flood insurance is required

Risk Mitigation

New Silver utilizes a number of different risk management and mitigation strategies, a short form outline is presented below:

1. Forecasting changes in home price appreciation for the next 12 months and using this data to adjust risk parameters
2. Using a profitability test to ensure that even with a price correction, each borrower has sufficient “cushion” in each project to have a profitable exit, or a viable option to refinance into a permanent financing facility
3. 3rd party servicer with ability to perform foreclosure, workout, deed in lieu and other default proceedings in any location in the United States
4. Using algorithmic and on-site appraisal methods for property valuation
5. Requiring significant borrower equity to be paid upfront at closing
6. Holding back construction reserves until after the construction has been completed and verified by a 3rd party inspector
7. Establishing a publicly visible blockchain wallet with the aim to maintain a balance of up to 1% of the total deployed capital. This reserve capital will be used, at the discretion of the Asset

Manager, to cover late payments, buy out non performing loans and other similar uses for the benefit of investors.

In light of recent events surrounding the collapse of several US based banks, the Issuer and the Asset Manager have developed a banking risk management strategy, which can evolve over time based on current events. The strategy will aim to safeguard USD denominated funds by utilizing a primary banking partner that carries FDIC and additional insurance, such as the Depositors Insurance Fund, which insures deposits up to an unlimited amount above FDIC (which at the time of writing is $250,000) in an event of bank failure. Additional strategies such partnering with a SIB (strategically important bank) to hold deposits, and/or using a network depositor such as IntraFI or American Deposit Management or another similar service to maintain multiple accounts with deposits of under FDIC insured maximum.

Default Process Overview

Real estate is one of the oldest asset classes, and thus, extensive regulation and precedent has been set around the handling of potential defaults. We describe the possible default scenarios here. These steps are handled by the Asset Manager, Servicer and/or legal partners.

1. Notice of default is sent to the borrower
2. Contact with the borrower is made, a loan workout is initiated
3. Workouts may lead to a resumption of payments, refinance, extension, etc
4. If a workout is unsuccessful, steps are taken to take over the property without going through courts - options are deed in lieu or taking control of the borrower's legal entity via a pledge of shares agreement
5. In the event the borrower is unresponsive or unwilling to take the necessary steps, a foreclosure process is initiated. This process is different in each state and could take up to 6 months or longer to complete

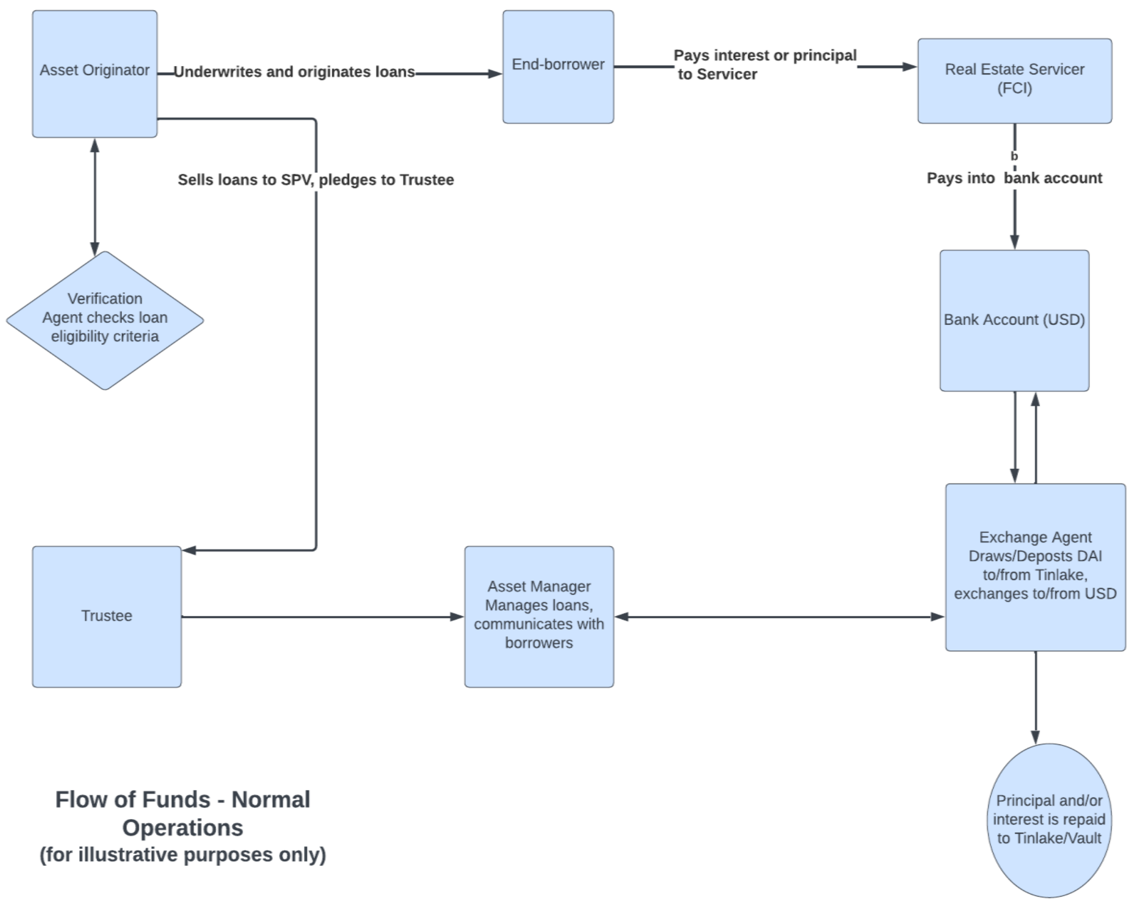
Centrifuge Protocol

In order to facilitate this transaction, the Issuer has partnered with Centrifuge Protocol. Centrifuge is the infrastructure that facilitates the decentralized financing of real-world assets natively on-chain, creating a fully transparent market which allows borrowers and lenders to transact without unnecessary intermediaries. Asset pools are fully collateralized, liquidity providers have legal recourse, and the protocol is asset-class agnostic with pools for assets spanning mortgages, invoices, microlending and consumer finance. Ultimately, the protocol aims to lower the cost of borrowing for businesses around the world, while providing DeFi users with a stable source of collateralized yield that is uncorrelated to the volatile crypto markets. By bringing the entire structured credit market on-chain across securitization, tokenization, privacy, governance, and liquidity integrations, Centrifuge is building a more transparent, affordable, and limitless financial system.

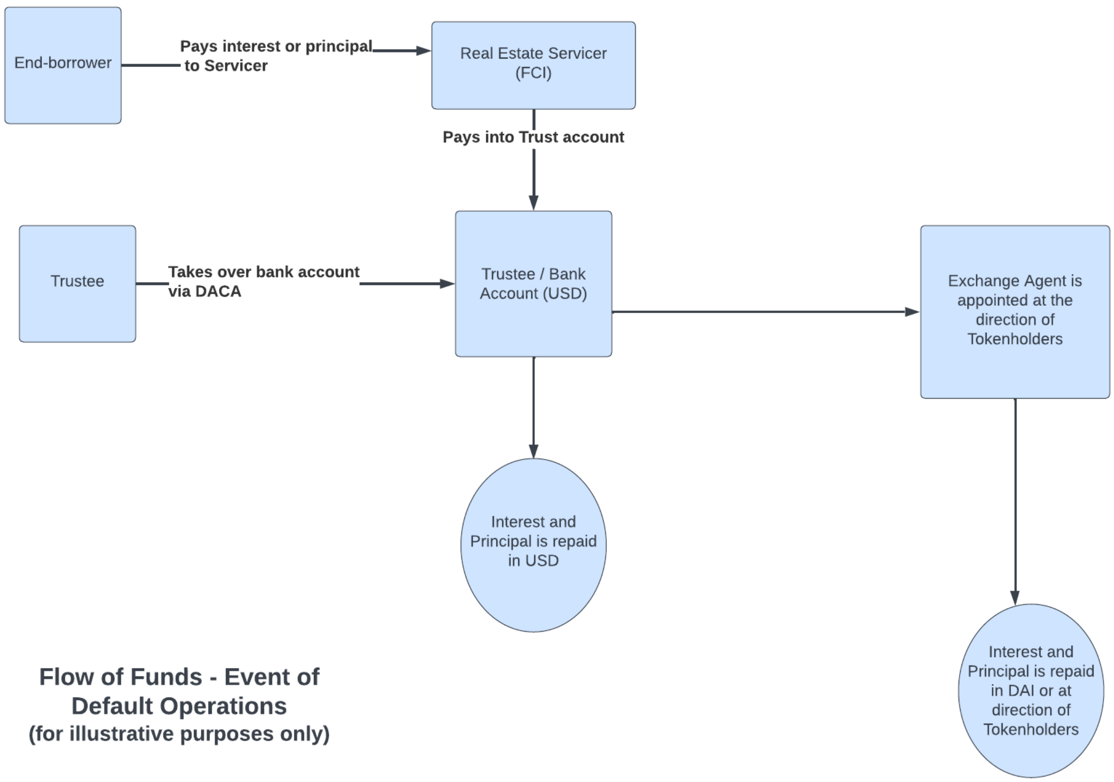
Centrifuge Protocol utilizes smart contracts, Epochs (explained on the Centrifuge website) and various systems and software in order to manage the investment and redemption process. More information and technical details about the Centrifuge Protocol is available on their website.

Trustee and Fund Flow

The Issuer has appointed an Ankura Trust Company, LLC ("Ankura Trust"), to act as indenture trustee (the "Indenture Trustee") pursuant to an indenture (the "Indenture"). Ankura Trust is a New Hampshire chartered non-depository trust company. Ankura Trust will take actions as directed by a representative of the tokenholders on terms set forth in the Indenture. The flow of funds in both a default and a non-default situation are illustrated below.



Flow of Funds - Normal Operations
(for illustrative purposes only)



Distribution and Redemption

The DROP Tokens and TIN Tokens (the “Tokens”) will accrue interest at the respective rates outlined in this Executive Summary. No investor will receive any principal or interest with respect to any Tokens in their possession until such time as they redeem their Tokens pursuant to the applicable Subscription Agreement. Until an investor exercises a redemption, all amounts payable in connection with their Tokens will be held in the applicable accounts called for under the Indenture. Investors are bound by certain redemption limitations and in the event the Issuer has insufficient funds to satisfy all redemption requests in a given period, the Issuer will fulfill redemption requests on a pro rata basis with satisfaction of any remaining redemption requests at a later time. No amount will be paid by the Issuer with respect to any TIN Token in any Epoch unless and until all outstanding DROP Token redemption requests have been fully satisfied. All of the TIN Tokens issued by the Issuer will be subordinated in priority of redemption and right of payment to the DROP Tokens and will be subject to reductions in payments of interest and principal resulting from non-payment of the Underlying Assets to the full extent of their value before the DROP Tokens may be subject to any such reduction in payments of interest and principal. Those interested in purchasing the DROP Tokens and TIN Tokens should refer to the

Subscription Agreements available in the applicable data repository for more complete information about the redemption and payment process.

All principal and interest collected on the Underlying Assets will be deposited into an account or accounts owned by the Issuer and pledged to the Indenture Trustee. Pursuant to the terms of the Indenture, the Issuer will pay all fees and expenses owed to the Servicer, Indenture Trustee, verification agent and Asset Manager. Each payment period, the Issuer will withdraw funds and apply them in the following order:

-first, to pay to amounts due and payable on the DROP Tokens (which will be paid on a quarterly basis); and

-second, to pay to pay amounts due and payable on the TIN Tokens (which will be paid on a quarterly basis).

All interest due on the Tokens will be paid on a quarterly basis to Tokenholders and such payments will occur in January, April, July and October of each calendar year. On the Termination Date, the Issuer will (i) repay in full all remaining aggregate principal amounts and interest due and payable on the Tokens and (ii) satisfy all of the satisfaction and discharge requirements listed in the Indenture. In the event that any Underlying Asset is paid off in full, the Issuer will be obligated to distribute the funds it has received from such payment in full to the Tokenholders pursuant to the order of priority outlined above within 5 business days of receipt of such funds.

If an event of default under the Indenture occurs, then each pay period, the Issuer will withdraw funds and apply them in the following order:

-first, to the Servicer to pay the amount of any servicing fee;

-second, (a) to pay taxes payable by the Issuer; and then (b) to pay the Indenture Trustee the amount of any Indenture Trustee fee that is due; and then (c) to pay the Indenture Trustee the amount of any outstanding trustee expenses or verification expenses; and then (d) to pay the Indenture Trustee the amount of any verification agent fee;

-third, to pay the amount of any due and unpaid expenses (including legal fees) incurred by the tokenholder representative in carrying out the provisions of the Indenture;

-fourth, to pay accrued and unpaid interest on the DROP Tokens;

-fifth, to pay principal of the DROP Tokens until the aggregate principal amount of the DROP Tokens until such tokens are paid in full;

sixth, to pay any due and unpaid Asset Manager fees and expenses of the Asset Manager; and

-seventh, to pay all remaining amounts to the holders of the TIN Tokens in United States Dollars.

All interest due on the Tokens will be paid on a quarterly basis to Tokenholders and such payments will occur in January, April, July and October of each calendar year.
On the Termination Date, the Issuer will (i) repay in full all remaining aggregate principal amounts and interest due and payable on the Tokens and (ii) satisfy all of the satisfaction and discharge requirements listed in the Indenture.

ANNEX A
INVESTMENT RISK FACTORS

In addition to those risk factors provided in the Subscription Agreement, Annex A to this Executive Summary sets forth additional risk factors related to an investment in DROP or TIN Tokens. Please carefully read the risks described in Annex A, and the risks described in the Subscription Agreement before investing in DROP or TIN Tokens.

Terms used in this Annex A but not defined in the Executive Summary will have the meaning set forth for such terms in the Subscription Agreement provided to potential investors in connection with their prospective purchase of DROP or TIN Tokens.

Tax treatment of the New Silver DROP and TIN Tokens

For purposes of this offering, a full analysis of the classification and likely treatment of the DROP and TIN Tokens for tax purposes has not been performed. Investors are advised to consult with their independent tax advisers regarding the tax consequences of investing in the DROP and TIN Tokens. Any anticipated

United States federal or state income tax benefits may not be available and, further, may be adversely affected through adoption of new laws or regulations or amendments to existing laws or regulations. Neither the Issuer, New Silver, nor Centrifuge is providing any warranty or assurance regarding the ultimate availability of any tax benefits to the Investor by reason of the purchase.

Issuer's business operations and financial condition is susceptible to fluctuations in general economic conditions; Effect of COVID-19 or another global event

Economic downturns may negatively affect the real estate industry, which in turn may have a material adverse impact on the Issuer's business operations and financial condition, including the Issuer's ability to generate or acquire Underlying Assets, or to collect payments on the Underlying Assets.

The COVID-19 pandemic has contributed to a significant decline in business operations in many industries. In the real estate industry, the pandemic has led many companies to pause their operations temporarily. Such events may affect New Silver's business operations. Other pandemics, wars or other global events may cause companies to go out of business, stop operations or material change their agreement terms, thus affecting how New Silver is able to conduct business and potentially affecting its ability to service and collect on the Underlying Assets.

In addition, laws, orders, public guidance, and other measures taken by governments worldwide in response to the COVID-19 pandemic are unpredictable, and continued developments in response to changing conditions are likely. Laws, regulations, and orders which may adversely affect the operations of businesses in general may also adversely affect the businesses of the Issuer and the real estate industry generally. At this time, such impacts are difficult to predict in nature, scope and duration, and may continue to change as the COVID-19 pandemic continues or another global event ensues.

No federal or state authority regulates the Issuer

The Issuer is not directly supervised or regulated by any federal or state authority with respect to the activities contemplated in the Subscription Agreement.

General real estate risks

Each of New Silver, the Issuer, and holders of DROP Tokens and TIN Tokens will be subject to the risks that generally relate to an investment in real estate. Real estate historically has experienced significant fluctuations and cycles in performance that may result in reductions in the value of properties corresponding to the Underlying Assets, which may affect the collateralization of the Underlying Assets as well as borrowers' ability to make payments on the Underlying Assets. The performance and value of the Underlying Assets will be subject to many factors beyond the control of the Issuer or New Silver.

The ultimate performance and value of an Underlying Asset will depend upon, in large part, the applicable borrower's ability to manage and resell such property so that it produces a sufficient return to pay the interest and principal due in respect of the corresponding Underlying Asset. The value of the

Underlying Assets may be adversely affected by: changes in national or local economic conditions; changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics, including, but not limited to, changes in the supply of and demand for competing properties within a particular local property market; changes in interest rates and the credit markets which may affect the ability to finance, and the value of, investments; changes in real estate tax rates and other operating expenses; changes in governmental rules and fiscal policies, civil unrest, acts of God, including pandemics, earthquakes, hurricanes, and other natural disasters, acts of war, or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; changes in governmental rules and fiscal policies which may result in adverse tax consequences, unforeseen increases in operating expenses generally; decreases in consumer confidence; government taking of properties by eminent domain; various uninsured or uninsurable risks; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws; and other factors that are beyond the control of New Silver or the Issuer, or the control of the borrowers.

Any of the foregoing factors, as well as a variety of other factors, could adversely impact the return on and the value of the Underlying Assets, which could in turn adversely impact the Issuer's ability to make payments in respect of redeemed DROP Tokens and TIN Tokens.

Borrower default risk

Borrowers may (i) be subject to legal proceedings by their partners, contractors, suppliers or other third parties which may affect their ability to complete planned upgrades to a property or to sell such property, (ii) be unable to finish planned construction on a property for a variety of reasons which may or may not be foreseeable, (iii) be unable to resell a property, or to realize the anticipated resale price for a property, (iv) file for bankruptcy, or be subject to involuntary bankruptcy or insolvency proceedings, or (v) be subject to a variety of other events or circumstances which delay or prevent the successful completion of construction or impair the borrower's ability to repay in full all interest and principal due and owing in respect of a loan. As a result, despite due diligence conducted by New Silver for loans originated through its platform, there can be no assurance that any borrower will pay in full all interest and principal due and owing in respect of any loans to which such borrower is a party.

The Issuer may not recoup the full value of an Underlying Asset in foreclosure

The Underlying Assets are intended to be secured by first priority liens on the corresponding property. In the event that a borrower defaults on an Underlying Asset, the Issuer may, in its sole discretion, elect to exercise its security interest and foreclose on the corresponding property. Investors in the DROP Tokens and TIN Tokens will have no ability to direct or control the Issuer's or New Silver's loan servicing or collections practices, nor will investors have any right or authority to direct or control any foreclosure proceedings initiated by the Issuer or by New Silver.

There can be no assurance that, in the event that the Issuer or New Silver initiates foreclosure proceedings against a defaulting borrower, that such proceedings will be successful, or, in the event that such proceedings are successful, that the Issuer or New Silver will be able to successfully liquidate the applicable property and recoup the full amount outstanding in respect of the Underlying Asset. The foreclosure process varies from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers may resist foreclosure actions by asserting claims, counterclaims, and defenses against the Issuer or New Silver, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a Borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation may create a negative public image of the property corresponding to the defaulted Underlying Asset and may result in difficulty liquidating the property. The value of the collateral property could also be negatively impacted if a defaulting borrower were to damage the property, negligently or intentionally, while still in possession. Even if foreclosure proceedings are successful, and the Issuer takes possession of a property corresponding to a defaulted Underlying Asset, there can be no assurance that the Issuer will be able to resell such property for an amount sufficient to recoup the full amount owing to the Issuer in respect of the corresponding Underlying Asset. Additionally, the ownership, management and liquidation of properties may be costly, and may substantially reduce the amount of funds available to the Issuer to make payments in respect of redeemed TIN Tokens and DROP Tokens.

In certain circumstances, the Issuer may lose priority of its lien to mechanics or materialmen's liens, whether by acts of Borrowers or in accordance with applicable law, which may reduce the total amount that the Issuer is able to recover in respect of an Underlying Asset in the event of a default. In such an event, the Issuer may elect, in its sole discretion, to pursue a deficiency judgment against the applicable borrower.

The value of the collateral securing the Underlying Assets may be affected by general or local economic conditions, property values, interest rates, environmental factors, including without limitation environmental contamination, real estate tax rates, applicable laws and governmental policies, acts of God, casualties for which insurance is not available or obtainable, and a variety of other factors beyond the Issuer's or New Silver's control. Any diminution in the value of a property securing an Underlying Asset may impair the Issuer's ability to recoup any amount owing and unpaid in respect of the corresponding Underlying Asset in the event of a default by the applicable borrower thereon.

Risk of lack of knowledge in certain geographic markets

New Silver facilitates the origination of loans to borrowers in a wide range of geographic regions. Each real estate market has nuances and factors that affect property values, marketability, desirability and demand that may not be easily understood by persons not familiar with such a market. Although New Silver and the Issuer believe that they can mitigate this risk through their underwriting process, there can be no assurance that loans to borrowers across all geographic regions will perform as expected.

Environmental risks

The discovery of environmental contamination on a property corresponding to an underlying Asset could substantially affect the value of such property and the applicable borrower's ability to resell the property and repay the corresponding Underlying Asset, and could trigger a legal obligation by the property owner to remediate such environmental contamination. Under applicable law, failure by the property owner to perform required environmental remediation may give rise to a lien on the property in respect of remediation costs, which, in some cases, may take priority over the Issuer's lien securing the corresponding Underlying Asset.

Lack of geographic diversification

New Silver may facilitate the origination of loans wherever allowed by state law and may adjust its target lending areas at any time, without prior notice. As a result, the Underlying Assets owned by the Issuer may always not be geographically diversified. In the event of the occurrence of a natural disaster, act of God, economic event or condition, or any other event or circumstance affecting Underlying Assets or corresponding properties in a particular geographic region, a large proportion of the pool of Underlying Assets owned by the Issuer may be adversely affected.

Increasing legal scrutiny of stablecoins by the United States Securities and Exchange Commission may pose a risk to your investment

In June 2023, the United States Securities and Exchange Commission (the "SEC") filed charges against Coinbase, Inc. and Binance Holdings Ltd. alleging that each entity was operating as an unlicensed securities exchange in the United States. Within each complaint, the SEC specifically stated that some stablecoins, such as Tether, ZCash and Compound, among others, are securities under federal law and are subject to the regulatory regime established by the Securities Act. This litigation remains pending and it is currently unclear if the SEC will continue to determine if other stablecoins in the market are securities under federal law. The DROP Tokens and TIN Tokens have not been and will not be registered under the Securities Act or registered or qualified under any applicable state or foreign securities law. However, there can be no assurance that the SEC will ultimately determine that other stablecoins, such as DAI, are not subject to the Securities Act.

Additional Risk Factors

Disruptions in the cryptocurrency markets and the United States banking sector may (i) impact the value of the DROP Tokens and TIN Tokens and (ii) impact the management of funds

Over the past twelve months there have been disruptions to both the global cryptocurrency markets and the United States banking sector. Several large cryptocurrency exchanges, including FTX Trading Ltd. and Celsius Network LLC, have voluntarily sought Chapter 11 protection in United States bankruptcy courts and these proceedings remain ongoing. With respect to FTX Trading LTD., several members of the executive leadership team have also been criminally indicted by the United States government. Negative publicity connected to these events has (i) at various times created pricing volatility in the broader cryptocurrency market and (ii) led to increased scrutiny of the cryptocurrency by regulators. As a result, the Issuer and New Silver cannot guarantee that the DROP Tokens and TIN Tokens will always be (i)redeemable and (ii) possess a stable and predictable value. Furthermore, continued negative publicity related to cryptocurrency may result in consumer concern and regulatory focus and increased costs, which could have a material adverse effect on the Issuer, New Silver and the global cryptocurrency market.

Recently, the collapse of Silicon Valley Bank, Signature Bank, Silvergate Bank and First Republic Bank has also impacted the global cryptocurrency markets and the United States banking sector. With respect to each of these institutions, interest rate pressure created by the gradual increase of the federal funds rate by the United States Federal Reserve led to broader market concerns regarding the valuation of each bank which resulted in a "bank run" at each of these institutions. In response to these events and in an attempt to stem any larger market concerns regarding the ability to recover deposits at regional banks that are not subject to the full protections of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the United States government has (i) guaranteed the full value of all deposits at Signature Bank and Silicon Valley Bank and (ii) launched a special purpose lending facility to extend additional liquidity to the United States banking sector. As a result of the disruptions caused by these events and in order to obtain the maximum protection possible for any funds in their control, the Issuer and New Silver, in their sole and absolute discretion, may enter into agreements with other institutions, including the Indenture Trustee, to place funds related to the Underlying Assets or the DROP Tokens and TIN Tokens in designated holdback accounts, collection accounts, short-term U.S. securities, or whatever other options that may exist from time-to-time that provide the Issuer and New Silver with secure and consistent access to funds in which the Indenture Trustee has a perfected security interest. The impact of these bank failures has also led, in some cases, to stablecoins being depegged from the U.S. Dollar. The potentially cascading effects of these bank failures, including those described above, heighten many of the other risks described in this Annex A. There can be no assurance that the measures taken by the United States government will be successful in stabilizing the United States banking sector or the global cryptocurrency markets or that future events will not result in additional policy determinations by the United States government that may adversely impact the value, marketability and exchangeability of the DROP Tokens and TIN Tokens. The Issuer will enter into an Indenture Agreement which may impact the Issuer's ability to meet its economic obligations

In connection with this securitization, the Issuer will enter into the Indenture with the Indenture Trustee. If an event of default occurs under the Indenture, the Tokenholder Representative will have the right to direct the Indenture Trustee to make certain payment streams owed to the Issuer towards the payment of a variety of expenses including taxes, administrative fees and servicing fees. An event of default under the Indenture could materially impact the Issuer's ability to meet its economic obligations.

Under the mortgage loan purchase agreement, New Silver has made certain representations and warranties with respect to each Underlying Asset it sells to the Issuer. If any of these representations or warranties are breached then New Silver will be responsible for any claims, losses, damages, penalties, fines, forfeitures, reasonable legal fees and judgments and related court costs, and any other reasonable costs, fees and expenses incurred by the Issuer in connection with such breach. In the event that New Silver cannot meet its indemnification responsibilities under the mortgage loan purchase agreement, then the Issuer may face additional expenses that could materially impact its ability to meet its economic obligations.