



Carrington introduces Vylla

A Message from Bruce Rose

Today is a momentous day for the Carrington Family of Companies – the launch of our first truly consumer-facing business, Vylla. More importantly, today represents a dramatic improvement in the homebuying experience for consumers, which has historically been overly-complex, confusing, and very often painful.

Vylla truly is “Homeownership made simple.” Find a home. Get a loan. Close and own. We’ve taken what we’ve learned at Carrington over the past 15 years while helping over 1 million homeowners successfully deal with their challenges, and created a consumer homebuying experience unlike anything else available anywhere.

What makes Vylla so unique? First, we’ve created a one-stop platform that seamlessly integrates the mortgage process with home search. A borrower can get pre-qualified for a loan, and immediately begin looking at live MLS listings they can afford without ever having to leave the website. Vylla lets the borrower search for homes based on price or based on their monthly payment – the same way many people shop for cars.

But the consumer experience goes beyond the platform. Every Vylla customer can work with a Vylla Home Specialist who's experienced in all aspects of the real estate transaction. The Home Specialist is the homebuyer's personal assistant; a single point of contact who works with loan officers, real estate agents, title agents and everyone else involved in the transaction to make the consumer's experience as simple and enjoyable as possible. The Home Specialist takes care of all the details, so that the customer doesn't have to.

No other company can offer this combination of services – much less in an easy-to-use, intuitive user interface, because no other company has all of these services in-house. Only Vylla can.

To deliver this outstanding customer experience, we've made some significant changes to our company structure, and combined Carrington Real Estate Services, Carrington Title Services, and parts of our Carrington Mortgage Lending Retail team into a new business unit, with a new approach to doing business. Rather than looking at the various aspects of the homebuying experience as stand-alone events – home search, getting a loan, etc. - the Vylla team treats the process as one continuous exercise, and focuses all of its efforts on simply giving the customer what they need to successfully complete the transaction.

I'm very excited about the opportunity that Vylla represents, not just for the business unit itself, but for the rest of the Carrington Family of Companies, and especially for consumers who will finally have a better, easier way to find, finance and take ownership of a home. And I'm very grateful to everyone who's been involved in bringing this vision – which we started working on four years ago – to life.

Watch for more information in the weeks and months ahead, including plans to take Vylla beyond homebuying and make it part of the customer's ongoing homeownership experience.

I'm proud of all of you for enabling the company to be as successful as we've been over the past 15 years. And today you can be proud of the fact that you're part of a company that can say its delivering a promise that no one else can make to homebuyers: Vylla. Homeownership made simple.

My very best regards,

Bruce

Bruce Rose

Chief Executive Officer & Founder

Homeownership made simple has arrived.



THIS MEMORIAL DAY

We at The Carrington Companies Remember Our Nation's Heroes



Every Memorial Day is marked with solemn remembrance as we pause to reflect on the sacrifices made by Veterans in the wars fought by this great nation. The Carrington Companies are proud to provide ongoing support to our courageous military service members who have devoted their lives to preserving our country's freedom. Taking care of those who have served and sacrificed while protecting our freedom is an important part of Carrington's core philosophy, as we are deeply committed to improving the lives of our military Veterans.

At The Carrington Companies, our Associates take great pride in providing ongoing support to Veterans. Our Carrington Charitable Foundation (CCF) proudly honors the sacrifices made by our military members and their families, directly through our Signature Program, Carrington House, and through donations to organizations like the Veterans Airlift Command, which provides free air transportation to wounded Veterans of Operation Iraqi Freedom and Enduring Freedom (Afghanistan). CCF's signature program, Carrington House, funds and builds custom adaptive homes across the United States that meet the unique needs of wounded Veterans. All of the money raised by Carrington House is allocated directly toward the construction of these homes.

Carrington House currently has two homes in progress: one for U.S. Army Major Scott Smiley and his wife, Tiffany, and their three children, and one for U.S. Army Master Sergeant David Glenn and his wife, Robin, and their two children.

CCF has purchased the land, and construction has started on the future home site of U.S. Army Major Scott Smiley and family. Major Smiley, a Ranger and combat-diver-qualified infantryman, is the Army's first active-duty blind officer, and the first blind company commander. On April 6, 2005, Major Smiley lost the use of both eyes when a suicide bomber blew himself up 30 meters from his vehicle. Major Smiley was decorated with the Bronze Star and Purple Heart, was named "Soldier of the Year" in 2007 by The Army Times and honored with the 2008 ESPY Award as World's Best Outdoor Athlete.

The home for U.S. Army Master Sergeant David Glenn, a retired Special Forces medic, and his family is currently in the planning and design phase in North Carolina. In 2004, Master Sergeant Glenn ran over a large explosive device during his third tour in Afghanistan, leaving him in a coma for a month. He lost his right leg, ring finger, teeth and suffered brain damage. His left leg was amputated a year and half later. The Glenn family is in conversations with architects to discuss their needs, and we expect to break ground on their home site in August. At Carrington, we are proud to support Major Smiley, Master Sergeant Glenn and their families, and look forward to the day we can welcome them into their new homes.

As our nation remembers the service and sacrifice of previous generations, we recognize the men and women serving in uniform today continue an honored tradition of service to our country. Nearly 200,000 of these soldiers, sailors, airmen and Marines currently serve the cause of freedom beyond our shores, protecting us far from home, and will not be able to spend this holiday with their loved ones. This Memorial Day, on behalf of The Carrington Companies, we thank our nation's Veterans. We are forever grateful for their dedication and sacrifice.

BRUCE ROSE

Chief Executive Officer & Founder

***This Memorial Day, on behalf of The Carrington Companies, we thank our nation's Veterans.
We are forever grateful for their dedication and sacrifice.***



Happy Holidays to Carrington Associates, Family, and Friends

A Message from Bruce Rose

This has been an evolutionary year for The Carrington Companies. In many ways, this, our 15th year in business since I founded Carrington Capital Management in 2003, has been one of the most transformative in the company's history.

The most obvious transformation, of course, was the launch of our new consumer-facing business unit, Vylla. Carrington, with our real estate, mortgage, and title experience, is uniquely positioned to deliver on the promise of "Homeownership Made Simple," and we're excited about the future of this business.

Carrington Mortgage Services adapted to a dramatic market shift: after a decade of the lowest interest rates in almost all of US history, the Federal Reserve began to gradually raise rates to a more normalized level, dramatically reducing the opportunity for our borrowers to refinance their loans. As a result, our business shifted from high volumes of rate/term refinancing on streamline documentation to full documentation purchase loans and some cash-out refinancings. While many lenders have struggled to make this shift, we have successfully made the transition to this more difficult but sustainable and profitable business. The launch of our non-Prime product in 2018 has us well-positioned to see continued opportunity, particularly in the underserved market, in 2019.

Carrington Capital Management has been a leader in the acquisition of non-performing and distressed loans (NPLs), which gave us the opportunity to help many borrowers stay in their homes. As the housing market has recovered, the pool of NPLs has dried up, and we've shifted our focus to the purchase of both performing and non-performing portfolios of Mortgage Servicing Rights (MSRs) – we've acquired or serviced over \$95 billion of MSRs since we began the program in 2014. CCM

was also instrumental in promoting the non-Prime strategy and is actively exploring the securitization markets for opportunities to provide funding. 2019 may bring us back to our roots – our first performing loan securitization since the financial crisis.

At the Corporate level, we have been able to enhance our capital structure through judicious refinancing of some of our outstanding notes, while streamlining for efficiency and right-sizing our expenses. New banking relationships put in place in 2018 have created significant opportunities for us to fund our businesses. All of which contributes to the long-term viability of our Company.

But our evolution is nowhere near complete. The one thing that has been constant at Carrington over the last 15 years has been change; the ability to adapt to whatever market environment is put in front of us. With the efforts of our amazing team of Associates and Management, we have been able to navigate these constantly-changing market conditions, and create and operate incredibly successful businesses.

In 2019 we will continue on our journey together. Our consumer business at Vylla will deliver the highest quality customer experience in the real estate and mortgage industry through our technology platform and our Certified Home Specialists – a single-point of contact to guide the customer through the homebuying process. Our mortgage division will continue to offer the widest range of loan products across the entire spectrum of borrower credit so that every customer who comes to Carrington has a legitimate chance to get a loan that they can afford and be comfortable with. Our asset management division will create the highest level of return in the new interest rate environment and markets, managing capital for some of the bluest of the blue-chip investors.

At the Holding Company, Dave Gordon, Andrew Taffet, Peter Salce, Darren Fulco, Scott Siegler and I continue to commit to providing the best environment for you to work productively and take care of your families.

A final note: we created the Carrington Charitable Foundation nearly ten years ago as a means of giving back to the communities in which we work and live. The participation and generosity of the Carrington Associates has been beyond overwhelming. Rosemary, Dave, Lorna and I have been truly humbled that you have joined our efforts in serving the communities around us. CCF has raised nearly \$20 million, and our Veterans support programs have helped literally hundreds of Veterans and families nationwide. Our mission continues with your support.

I want to wish each and every one of you and your families the very best that this Holiday Season can offer and thank you for an incredible 2018. I am excited and looking forward to what we can all do together in 2019 and beyond.

Bruce Rose

Chief Executive Officer & Founder



Happy Thanksgiving

To Carrington Associates, Friends and Family on Thanksgiving Day



As we all sit down to dinner this Thursday evening to celebrate the Thanksgiving Holiday, let's take the opportunity to pause and think about what we have to be thankful for:



For the time we can spend with family and friends.

For the food, friendship and goodwill we share on this Holiday.

For the freedom and opportunity to work and earn.

For the ability to use the skill sets and talents that can provide real benefit to our customers and communities.

For a system that allows us to choose our leaders.

For the freedom to follow our beliefs and exercise our individuality without fear of reprisal, an increasingly rare privilege in the rest of the world today.

For the protection of our freedom and the defense of our Constitution provided by the men and women serving in our Armed Forces.

For their sacrifices in that pursuit and,

For our opportunity to help them and repay those sacrifices through our support.



And I am especially thankful for all of your support in making The Carrington Companies a leader in our industry, a quality place to work and a supporter of the communities in which we live and work through our own Carrington Charitable Foundation. Your dedication and loyalty to the mission of not just the Carrington Charitable Foundation but the ideals of The Carrington Companies is what makes us so successful.

Enjoy the holiday and a restful weekend, and let's all return next week for the sprint to the year end!

My very best and warmest regards to all of you and your families.

BRUCE ROSE

Chief Executive Officer & Founder



On Memorial Day, The Carrington Companies Honor our Nation's Heroes

A Memorial Day Message from Bruce Rose

Memorial Day is marked with solemn remembrance as we honor the long line of patriots who have made the ultimate sacrifice in the pursuit of freedom and liberty, and to whom we owe a debt that can never be repaid. In his Gettysburg address, President Abraham Lincoln reminded us that our fallen shall not have died in vain, and that as citizens, we can only honor them through increased devotion to the cause for which they so willingly gave their lives.

[The Carrington Companies](#), through the [Carrington Charitable Foundation](#) (CCF), are proud to provide ongoing support to our courageous military service members and their families who have given their all to safeguard our country's freedom. CCF proudly honors these sacrifices directly through our Veteran-focused Signature Programs. These programs offer diverse support for Veterans by providing the Mobility, Stability, Purpose and Prosperity these heroes need and deserve. The Carrington Charitable Foundation:

- Provides MOBILITY by financially supporting the [Veteran's Airlift Command](#) (VAC), which provides free air transportation to wounded Veterans of Operation Iraqi Freedom and Enduring Freedom (Afghanistan). In addition to donations from CCF, Carrington Aviation has flown more than 150 missions transporting wounded Veterans, enabling the VAC to fly more than 13,500 service members and their families to date.
- Ensures STABILITY by building homes for injured U.S. Veterans through [Carrington House](#). Under Carrington House, CCF funds the construction of custom, adaptive homes across the United States to meet the unique needs of Veterans wounded in post-9/11 conflicts. All funds raised for Carrington House are allocated directly to home construction. Carrington House has built 18 homes for Veterans and their families to date, and currently has two homes in progress.
- Promotes PURPOSE and PROSPERITY by providing Veterans with new entrepreneurship opportunities and by supporting other nonprofits focused on assisting our Veterans' return to civilian life.

As we honor those who have sacrificed their lives, we are called to action to support those who were gravely injured fighting for the same cause. On April 14, 2017, CCF was proud to welcome U.S. Army Master Sgt. David Glenn and his family into their new home in North Carolina. In 2004, Master Sgt. Glenn, a Special Forces medic, ran over a large explosive device during his third tour in Afghanistan, leaving him in a coma for a month. He lost his right leg, ring finger, teeth and suffered brain damage. His left leg was amputated a year and half later. Master Sgt. Glenn and his family worked with CCF during the design and ground-up construction process to make sure their home, built under Carrington House, would be a perfect fit for their unique needs.

More than four million Veterans, service members, reservists and family members — of every generation and from every conflict in which our freedom was challenged — have been laid to rest in our national cemeteries. These souls are a solemn and undeniable reminder that freedom is won at great cost. From the first Memorial Day observance following the close of the Civil War, to the heartfelt ceremonies taking place across America this year, the people of our nation have always taken the time to reflect and consider that cost. This Memorial Day, on behalf of The Carrington Companies, we thank our nation's Veterans. They will always be honored and remembered.

Bruce Rose

Chief Executive Officer & Founder

This Memorial Day, on behalf of The Carrington Companies, we thank our nation's Veterans. They will always be honored and remembered.



We Mourn the Passing of an American President

A Message from Bruce Rose

As a Nation, we pause to mourn the passing of George Herbert Walker Bush, the forty-first President of the United States, on November 30, 2018.

His storied life was filled with accomplishment. When he volunteered for duty in the Second World War, George Bush was the youngest aviator in the U.S. Navy. He flew 58 combat missions while defending our country's freedom. After returning home and completing his education, raising a family, and starting a business, his life of public service resumed. First, as a member of Congress, then as Ambassador to the United Nations, Chief of the United States Liaison Office in China, Director of Central Intelligence, Vice President, and, finally, as President of the United States.

George Bush brought to the White House a devotion to American values and a steadfast determination to guide the United States toward becoming "a kinder, gentler nation." In his Inaugural Address, he pledged to use American strength as "a force for good." He was true to his word. With his steady leadership, George Bush guided our country through the successful and peaceful end of the Cold War and into the period of prosperity that followed.

In honor of his life of dedication, Wednesday, December 5, 2018, has been declared a National Day of Mourning throughout the United States. On that day, Carrington offices in the U.S. will be closed for a paid holiday, that we might ponder the remarkable legacy and pay our respects to the memory of President George H.W. Bush. I invite Carrington Associates to join the many millions of people around the world who share our grief in this solemn observance.

In gratitude for the service of a great man,

Bruce Rose

Chief Executive Officer & Founder



Happy Holidays to Carrington Associates, Family and Friends

A Message to Carrington Associates from Bruce Rose

Carrington Associates, Family and Friends:

Yet another year draws to a close, our 12th full year since Carrington started. Again a record year by almost so many measures: revenue, assets under management, origination volume, our servicing portfolio and our real estate businesses. It has been a remarkable year, one for which I am incredibly grateful to our more than 5,000 Associates; your performance never fails to impress.

I was talking with a young Loan Officer this week; he was genuinely concerned about what the future held for him and his family. Interest rates up, his perception of a potential shift to a purchase money environment and market stability were all forefront in his thought process. Honestly, while I've been keeping a watchful eye on mortgage rates, I'm not as concerned with where we are headed as we start the New Year. Remember, The Carrington Companies have always distinguished themselves foremost as an adaptor to whatever environment the current market can develop. From our beginnings as a non-

agency mortgage servicing retained whole loan buyer to a master of credit management to one of the top ten GNMA servicers and originators, this incredible Team we have developed into thrives in virtually any market environment thrown at it.

2017 will be no exception. In fact, it will be another one of our super-star years. So many of us forget that the original Carrington portfolio was a pool of loans with a 7.50% average note rate, but in a market with more than five times the refinancing volume. There is so much opportunity embedded in our servicing, real estate and mortgage portfolios that it will be virtually impossible to refinance or process all of it in the next three years, let alone 2017. With the addition of Freddie Mac and Fannie Mae products to our lineup, we are just getting started on our next big leg up.

Let's not forget our most important mission – delivering the highest quality service and benefit to our borrowers. We have been an exemplary participant in a highly regulated environment, always focused on our motto: "Doing the right thing, even when nobody is watching." Executing on our mission and our motto have kept us on the right paths and enabled us to be amazingly successful – let's keep the focus.

My very best and warmest wishes to all of you and your families for this Holiday Season and on into the New Year 2017. Enjoy the short break, spend the time with your families and friends and come back recharged and ready to hit the ground running in 2017.

Finally, my sincere thanks for your support and hard work making Carrington the great organization that it is over the past years and into the future.

Bruce Rose

Chief Executive Officer & Founder



On Veterans Day, The Carrington Companies Honor Those Who Serve

A Message to Carrington Associates from Bruce Rose

From its origin as Armistice Day in 1919, to the declaration of November 11 as Veterans Day in 1954 and on to the present, Veterans Day is an opportunity for our nation to recognize and honor the service and sacrifices of the men and women who fight to protect our freedom and defend our Constitution. Simply put, our American way of life would not be possible without their service, safe from the tyranny and oppression of those that do not understand or appreciate the United States of America. As a nation, we are forever grateful for more than a century of their service and sacrifice.

I am particularly proud of how appreciation for Veterans and their support has become tightly woven into the DNA of The Carrington Companies. With more than \$2.0BN of Veterans Administration backed loans originated since 2013, we have helped nearly 9,000 military families settle into homes on comfortable terms they can afford. Our servicing book receives payments from nearly 32,000 military families, providing assistance and support on total loan balance of over \$4.3BN. The Carrington Companies have always prioritized hiring Veterans

including special initiatives started at our Westfield, Indiana, facility that now proliferate throughout the entire enterprise. A new training and licensing program is being created specifically for the Veteran community in the Real Estate Group.

And I am especially proud of the Carrington Charitable Foundation which, in the seven years since founded, has helped literally thousands of Veterans and their families through our support of the Veterans Airlift Command, providing free air transport for the wounded. Through Veterans Airlift introductions, CCF's efforts have blossomed to include construction of 14 specially adapted homes for catastrophically wounded Veterans, with four more now in the planning stages. CCF is now also creating initiatives to assist the Veterans returning from active duty with their transition back to the civilian world. Our sixth annual Golf Tournament at Pelican Hill in October raised another \$2.3MM to fund our efforts with incredible support from our friends, families and business partners.

We are excited about the prospects, not at all daunted by the enormity of the tasks at hand and collectively grateful for the opportunity to help.

As the Founder and Chief Executive of The Carrington Companies, I appreciate the amazing support from our Associates, Vendors and business partners in our efforts. Together we are making a difference in the lives of our American Heroes. Let's all take time this weekend to stop and truly appreciate the efforts and actions of the Veterans – our true American Heroes – honored on this Holiday.

We finally saw the end of one of the most contentious presidential elections ever experienced. While no candidate is ever perfect, the flaws on both sides were magnified by hyper-active professional and social media, political pundits and pollsters. I, for one, am relieved that the process is over, and hope that we never see a campaign process like this again.

For the first time in Carrington's 13-year history, all three branches of government have a single party in majority. Whether one sides with the party empowered or not is less important than the concept that the country can finally move forward out of the gridlock that has plagued us for the last eight years. I believe that The Carrington Companies will ultimately benefit from a more streamlined and thoughtful regulatory environment, which should encourage the entrepreneurial and service-oriented nature of our businesses. What benefits

The Carrington Companies ultimately benefits consumers: home buyers, borrowers and our investors. To that end, and given the decisive conclusion of this election cycle, let's all set aside individual political beliefs and stay focused on the path forward under our newly elected administration.

Bruce Rose

Chief Executive Officer & Founder



On Memorial Day, The Carrington Companies Remember our Nation's Heroes

A Memorial Day Message from Bruce Rose

Some years ago, the surgeon Dr. William Robert Woodman wrote,

*Their silent wounds have speech
More eloquent than men;
Their tones can deeper reach
Than human voice or pen.*

On Memorial Day words often fall short, and solemn silence can sometimes be the best way to honor the countless patriots who have made the ultimate sacrifice in the pursuit of freedom and liberty. Brave men and women throughout the ages have known that there are causes worth dying for.

One of the time-honored traditions of Memorial Day has been to decorate the gravesites of our fallen Service Members as a way of paying homage to those

whose valiant service has ensured our liberty at the cost of their own lives. On Monday, at any of the 135 national cemeteries, 26 overseas American military cemeteries, or the many state Veteran's cemeteries, people will gather to honor those who have fallen.

At The Carrington Companies, we honor the brave men and women who made the supreme sacrifice in defense of our nation. We are also duty bound to support those who were gravely injured fighting for the same cause. The Carrington Companies, through the Carrington Charitable Foundation (CCF), are proud to provide ongoing support to our courageous military service members and their families who have given so much to safeguard our country's freedom. CCF proudly honors these sacrifices directly through our Veteran-focused Signature Programs. These programs offer diverse support for Veterans by providing the Mobility, Stability, Purpose, and Prosperity these heroes need and deserve. It is the right thing to do, and at Carrington we consider it an honor to serve these Veterans and their families.

As you enjoy a long holiday weekend with friends and loved ones, please pause for a moment to consider the memories, and the sacrifice, of those who forever carry the burden of guarding our freedoms. This Memorial Day, on behalf of The Carrington Companies, we thank and we honor our nation's Veterans. They will always be remembered.

Bruce Rose

Chief Executive Officer & Founder

This Memorial Day, on behalf of The Carrington Companies, we thank our nation's Veterans. They will always be honored and remembered.