As filed with the Securities and Exchange Commission on December 22, 2016.

Registration Statement No. 333-214323

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
FORM S-11
FOR REGISTRATION
UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

Sachem Capital Corp.

(*Exact name of registrant as specified in its governing instruments*)

New York	**6798**	**81-3467779**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

23 Laurel Street
Branford, CT 06405
(203) 433-4736

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

John L. Villano, CPA
Jeffrey C. Villano
Co-Chief Executive Officers
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller Reporting Company ☒

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is deemed effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION DATED DECEMBER 22, 2016

Common Shares

Sachem Capital Corp.

This is a firm commitment initial public offering of common shares of Sachem Capital Corp. No public market currently exists for our common shares. We anticipate that the initial public offering price of our common shares will be between $ and $ per share.

We intend to apply to list our common shares for trading on the NYSE MKT under the symbol "SACH." We cannot assure you that our application will be approved.

We are organized and plan to conduct our operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes and intend to elect to be taxed as a REIT beginning with the tax year in which this offering is consummated. In order to enhance our ability to meet the ownership requirements that apply to REITs, our certificate of incorporation, as amended, generally limits ownership by any single shareholder, taking into account capital shares actually owned and deemed to be owned under the rules of ownership attribution by such shareholder, to no more than 4.99% by value or number of shares, whichever is more restrictive, of our outstanding capital stock. Our certificate of incorporation, as amended, also imposes certain restrictions on transferability. See "Description of Capital Shares" and "Certain Provisions of New York Law and of Our Certificate of Incorporation and Bylaws" for a more detailed discussion of these restrictions.

Investing in our common shares involves a high degree of risk. See "Risk Factors" beginning on page 14 of this prospectus for a discussion of information that should be considered with an investment in our common shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to Sachem Capital (before expenses)	$	$

(1) Does not include a non-accountable expense allowance equal to 1% of the gross proceeds of this offering payable to Joseph Gunnar & Co., the representative of the underwriters. In addition, we will issue to the representative warrants to purchase common shares at an exercise price of $ per share. See "Underwriting" for a description of the compensation payable to the underwriters.

We have granted a 45-day option to the representative of the underwriters to purchase up to an additional common shares to cover overallotments, if any.

The underwriters expect to deliver the shares to purchasers in the offering on or about , 2017.

Joseph Gunnar & Co.

, 2017

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You should rely only on the information contained in this prospectus or in any free writing prospectus that we may specifically authorize to be delivered or made available to you. We have not, and the underwriters have not, authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus may only be used where it is legal to offer and sell our securities. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our securities. Our business, financial condition, results of operations and prospects may have changed since that date. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted.

For investors outside the United States: We have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of securities and the distribution of this prospectus outside the United States.

SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our securities, you should carefully read this entire prospectus, including our financial statements and the related notes and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in each case included elsewhere in this prospectus.

Prior to the date of this offering our business operated as a Connecticut limited liability company under the name Sachem Capital Partners, LLC ("SCP"). In anticipation of this offering, SCP and Sachem Capital Corp. ("Sachem Capital") have entered into an Exchange Agreement pursuant to which SCP will transfer all of its assets and liabilities to Sachem Capital in exchange for 6,283,237 Sachem Capital common shares, which it will then distribute to its members, pro rata in accordance with their capital account balances, in full liquidation of their membership interests (the "Exchange"). We expect to consummate the Exchange on or prior to the date of this prospectus. Except as otherwise specifically noted, all information in this prospectus assumes the consummation of the Exchange.

All references in this prospectus to "us," "we," or "our," are references to Sachem Capital and its predecessor, SCP, unless specified otherwise.

Our Company

We are a Connecticut-based real estate finance company that specializes in originating, underwriting, funding, servicing and managing a portfolio of short-term (*i.e.*, three years or less) loans secured by first mortgage liens on real property located primarily in Connecticut. Each loan is also personally guaranteed by the principal(s) of the borrower, which guaranty is typically collaterally secured by a pledge of the guarantor's interest in the borrower. Our typical borrower is a small real estate investor who will use the proceeds to fund its acquisition, renovation, rehabilitation, development and/or improvement of residential or commercial properties located primarily in Connecticut held for investment or sale. The property may or may not be income producing. We do not lend to owner-occupants. Our loans are referred to in the real estate finance industry as "hard money loans."

We believe that upon completion of this offering we will meet all of the requirements to qualify as a real estate investment trust ("REIT") for federal income tax purposes and we intend to elect to be taxed as a REIT beginning with the year in which this offering is consummated.

Since commencing operations in 2010, SCP has made over 395 loans, not including renewals or extensions of existing loans. At September 30, 2016, (i) SCP's loan portfolio included 202 loans with an aggregate loan amount of approximately $30.6 million with the principal amount of individual loans ranging from 25,000 to $1.1 million, (ii) the average original principal amount of the loans in SCP's portfolio was $151,277 and the median loan amount was $108,000 and (iii) 86% of the loans had a principal amount of $250,000 or less. At December 31, 2015, (i) SCP's loan portfolio included 185 loans with an aggregate loan amount of approximately $27.5 million with the principal amount of individual loans ranging from $20,000 to $1.7 million, (ii) the average original principal amount of the loans in SCP's portfolio was $147,000 and the median loan amount was $113,700 and (iii) 62% of the loans had a principal amount of $250,000 or less. At September 30, 2016 and December 31, 2015 unfunded commitments for future advances under construction loans totaled $1.07 million and $1,26 million, respectively.

Our loans typically have a maximum initial term of three years and bear interest at a fixed rate of 9% to 12% per year and a default rate for non-payment of 18%. However, beginning January 1, 2017, we plan to increase the rates on new loans to offset the recent increase to our borrowing rate under our exisiting credit facility. In addition, we usually receive origination fees, or "points," ranging from 2% to 5% of the original principal amount of the loan as well as other fees relating to underwriting, funding and managing the loan. When we renew or extend a loan we generally receive additional "points" and other fees. Interest is always payable monthly in arrears. As a matter of policy, we do not make any loans if the original principal amount of the loan exceeds 65% of the value of the property securing the loan (referred to as the "loan-to-value ratio"). In the case of construction loans, the loan-to-value ratio is based on the post-construction value of the

property. In the case of loans having a principal amount in excess of $500,000, we require a formal appraisal by a licensed appraiser. In the case of smaller loans, we rely on readily available market data, including tax assessment rolls, recent sales transactions and brokers to evaluate the strength of the collateral. Our lender requires an appraisal for any loan in excess of $325,000. Failure to obtain such an appraisal would render the loan ineligible for financing under our credit facility. Finally, we have adopted a policy, to take effect on the date of this prospectus, that will limit the maximum amount of any loan we fund to a single borrower or a group of affiliated borrowers to 10% of the aggregate amount of our loan portfolio after taking into account the loan under consideration.

Our principal executive officers are experienced in hard money lending under various economic and market conditions. Our founders and co-chief executive officers, Jeffrey C. Villano and John L. Villano, spend a significant portion of their time on business development as well as on underwriting, structuring and servicing each loan in our portfolio. A principal source of new transactions has been repeat business from existing and former customers and their referral of new business. We also receive leads for new business from banks, brokers, attorneys and web-based advertising.

Our Competitive Strengths

We believe our competitive advantages include the following:

- ***Experienced management team.*** Our senior executive officers have successfully originated and serviced our portfolio of short-term, real estate mortgage loans generating attractive annual returns under varying economic and real estate market conditions.
- ***Long-standing relationships.*** At September 30, 2016, 22% of SCP's loan portfolio consisted of loans to borrowers with whom it has a long-term relationship, including JJV, LLC, the manager of SCP, which accounted for 4.5% of our loan portfolio as of that date. Existing borrowers also provide new leads that could result in new lending opportunities.
- ***Knowledge of the market.*** We have intimate knowledge of the Connecticut real estate market, which enhances our ability to identify attractive opportunities and helps distinguish us from many of our competitors.
- ***Disciplined lending.*** We utilize rigorous underwriting and loan closing procedures that include numerous checks and balances to evaluate the risks and merits of each potential transaction.
- ***Vertically-integrated loan origination platform.*** We manage and control the loan process from origination through closing with our own personnel or independent third parties, including legal counsel and appraisers, with whom we have long relationships.
- ***Structuring flexibility.*** As a small, non-bank, neighborhood-focused real estate lender, we can move quickly and have much more flexibility than traditional lenders to structure loans to suit the needs of our clients.
- ***No legacy issues.*** Unlike many of our competitors, we are not burdened by distressed legacy real estate assets.

Market Opportunity

We believe there is a significant market opportunity for a well-capitalized "hard money" lender to originate attractively priced loans to small-scale real estate developers with strong equity positions (*i.e.,* good collateral), particularly in Connecticut where real estate values in many neighborhoods are stable and substandard properties are being improved, rehabilitated and renovated. We also believe these developers would prefer to borrow from us rather than other lending sources because of our flexibility in structuring loans to suit their needs, our lending criteria, which places greater emphasis on the value of the collateral rather than the property cash flow or credit of the borrower, and our ability to close quickly.

Our Objectives and Strategy

Our primary objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term principally through

dividends. We intend to achieve this objective by continuing to focus on selectively originating, managing and servicing a portfolio of first mortgage real estate loans designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that our ability to react quickly to the needs of borrowers, our flexibility in terms of structuring loans to meet the needs of borrowers, our intimate knowledge of the Connecticut real estate market, our expertise in "hard money" lending and our focus on newly originated first mortgage loans, should enable us to achieve this objective. Nevertheless, we will remain flexible in order to take advantage of other real estate opportunities that may arise from time to time, whether they relate to the mortgage market or to direct or indirect investments in real estate.

Our strategy to achieve our objective includes the following:

- capitalize on opportunities created by the long-term structural changes in the real estate lending market and the continuing lack of liquidity in the commercial and investment real estate markets;
- take advantage of the prevailing economic environment as well as economic, political and social trends that may impact real estate lending currently and in the future as well as the outlook for real estate in general and particular asset classes;
- remain flexible in order to capitalize on changing sets of investment opportunities that may be present in the various points of an economic cycle; and
- operate so as to qualify as a REIT and for an exemption from registration under the Investment Company Act.

Leverage Policies/Financing Strategy

We use a combination of equity capital and the proceeds of debt financing to fund our operations. We do not have any formal policy limiting the amount of debt we may incur. At September 30, 2016, debt proceeds represented 24.2% of our total capital. However, in order to grow the business and satisfy the REIT requirement that we dividend at least 90% of net profits, we expect to increase our level of debt over time to approximately 50% of capital.

Under the terms of the Bankwell Credit Line (described below), we may not incur any additional indebtedness in excess of $100,000 in the aggregate without Bankwell's consent. Depending on various factors we may, in the future, decide to take on additional debt to expand our mortgage loan origination activities in order to increase the potential returns to our shareholders. Although we have no pre-set guidelines in terms of leverage ratio, the amount of leverage we will deploy will depend on our assessment of a variety of factors, which may include the liquidity of the real estate market in which most of our collateral is located, employment rates, general economic conditions, the cost of funds relative to the yield curve, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, our opinion of the creditworthiness of our borrowers, the value of the collateral underlying our portfolio, and our outlook for interest rates and property values. We intend to use leverage for the sole purpose of financing our portfolio and not for the purpose of speculating on changes in interest rates.

SCP commenced operations in December 2010 with no capital. By January 2011, it had raised $443,000 of initial capital, of which $70,000 was contributed by an affiliate of Jeffrey Villano. At September 30, 2016, members' equity was $26.7 million. Through September 30, 2016, JJV, LLC ("JJV"), the managing member of SCP, whose principals are Jeffrey Villano and John Villano, Sachem Capital's co-chief executive officers, has contributed an aggregate of $794,000 to SCP's capital. In addition, the Villano brothers, individually and through other affiliates, contributed a total of an additional $1.9 million of capital to SCP. JJV's initial capital contribution of $35,000 was made in August 2011.

We have a $15.0 million line of credit with Bankwell Bank, a Connecticut banking corporation ("Bankwell") under the Second Amended and Restated Revolving Loan and Security Agreement, that we can draw upon, from time to time, to fund loans (the "Bankwell Credit Line"). As of September 30, 2016, the outstanding balance under the Bankwell Credit Line was $8,525,000. Borrowings under the Bankwell Credit Line bear interest at a rate equal to the greater of (i) a variable rate equal to the sum of the prime rate of interest as in effect from time to time plus 3.0% or (ii) 6.25% per annum. On December 16, 2016, SCP was notified by Bankwell that, as a result of the increase in the federal funds rate announced by the Federal

Reserve on December 14, 2016, the bank's prime rate was increased to 3.75%. Thus, the current rate on the Bankwell Credit Line is 6.75%. The Bankwell Credit Line expires and the outstanding indebtedness thereunder will become due and payable in full on March 15, 2018. Assuming we are not then in default under the terms of the Bankwell Credit Line, we have the option to repay the outstanding balance, together with all accrued interest thereon in 36 equal monthly installments beginning April 15, 2019.

Loan Origination and Underwriting Process

The primary focus of our business will be on originating, funding and servicing short-term (*i.e.,* three years or less) loans secured by first mortgage liens on real estate. We will be responsible for each stage of the lending process, including: (1) sourcing deals from brokers, attorneys, bankers and other third party referral sources as well as from real estate owners, operators, developers and investors and through web-based advertising; (2) performing due diligence with respect to underwriting the loans; (3) undertaking risk management with respect to each loan and our aggregate portfolio; (4) executing the closing of the loan; and (5) managing the loan post-closing. After identifying a particular lending opportunity, we will perform financial, operational, credit and legal due diligence of the borrower and its principals and evaluate the strength of the collateral to assess the risks of the investment. We will analyze the opportunity and conduct follow-up due diligence as part of the underwriting process. The key factors in the underwriter process will be the loan-to-value ratio, the location of the property and transactional documentation. We will also evaluate the impact of each loan transaction on our existing loan portfolio. In particular, we will need to evaluate whether the new loan would cause our portfolio to be too heavily concentrated with, or cause too much risk exposure to, any one borrower, class of real estate, neighborhood, or other issues. If we determine that a proposed investment presents excessive concentration risk, we will forego the opportunity. As a REIT, we will also need to determine the impact of each loan transaction on our ability to maintain our REIT qualification. Unlike SCP, which relied on JJV, its manager, to perform all of these tasks, we will rely exclusively on our own employees. However, in either case the people who are actually doing the work are the same — John and Jeffrey Villano.

Summary Risk Factors

An investment in our common shares involves various risks. You should consider carefully the risks discussed under the heading "Risk Factors", many of which are listed below, beginning on page 14 of this prospectus before purchasing our common shares. If any of these risks occur, our business, financial condition, liquidity, results of operations, prospects and ability to make distributions to our shareholders could be materially and adversely affected. In that case, the trading price of our common shares could decline, and you may lose some or all of your investment.

- Our loan origination activities, revenues and profits are limited by available funds.
- We operate in a highly competitive market and competition may limit our ability to originate loans with favorable terms and interest rates.
- We may change our investment, leverage, financing and operating strategies, policies or procedures without shareholder consent.
- Management has broad authority to make lending decisions.
- Our future success depends on the continued efforts of our senior executives and our ability to attract and retain qualified personnel.
- If we overestimate the value the collateral securing the loan, we may experience losses.
- Terrorist attacks and other acts of violence or war may adversely impact the real estate industry and, hence, our business.
- Security breaches and interruptions could expose us to liability.
- Difficult conditions in the markets for mortgages and mortgage-related assets as well as the broader financial markets have resulted in a significant contraction in liquidity for mortgages and mortgage-related assets.

- Short-term loans may involve a greater risk of loss than traditional mortgage loans.
- We may be subject to "lender liability" claims.
- An increase in the rate of prepayment rates may have an adverse impact on the value of our portfolio as well as our revenue and income.
- Our loan portfolio is illiquid.
- At September 30, 2016, approximately 93.5% of the aggregate outstanding principal balance of our loan portfolio is secured by properties located in Connecticut. The geographic concentration of our loan portfolio may make our revenues and the values of the mortgages and real estate securing our portfolio vulnerable to adverse changes in local and regional economic conditions.
- A prolonged economic slowdown, a lengthy or severe recession or declining real estate values could impair our investments and harm our operations.
- Our due diligence may not reveal all of a borrower's liabilities or other risks.
- Loans to investors have greater risks than loans to homeowners.
- In the event of a default we may not be able to enforce our rights.
- We do not require borrowers to fund an interest reserve.
- Interest rate fluctuations could reduce our income.
- Liability relating to environmental matters may adversely impact the value of properties securing our loans.
- Defaults on our loans may cause declines in revenues and net income.
- Our revenues and the value of our portfolio may be negatively affected by casualty events occurring on properties securing our loans.
- Borrower concentration could lead to significant losses.
- Our existing credit facility has numerous covenants, which could restrict our growth or lead to a default.
- Our access to additional funding may be limited.
- We have no formal corporate policy and none of our governance documents limit our ability to borrow money. Our use of leverage may adversely affect the return on our assets and may reduce cash available for distribution to our shareholders, as well as increase losses when economic conditions are unfavorable.
- Our management has no experience managing a REIT and limited experience managing a portfolio of assets in the manner necessary to maintain an exemption under the Investment Company Act.
- Complying with REIT requirements may hinder our ability to maximize profits, which would reduce the amount of cash available to be distributed to our shareholders.
- If we fail to qualify or remain qualified as a REIT we would be subject us to U.S. federal income tax and applicable state and local taxes.
- REIT distribution requirements could adversely affect our ability to execute our business plan and may require us to incur debt or sell assets to make such distributions.
- Even if we qualify as a REIT, we may face tax liabilities that reduce our cash flow.
- Our qualification as a REIT may depend on the accuracy of legal opinions or advice rendered or given and the inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax.

- We may choose to make distributions in our common shares, in which case you may be required to pay income taxes in excess of the cash dividends you receive.
- Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our common shares.
- Liquidation of our assets may jeopardize our REIT qualification.
- The ownership limitation in our certificate of incorporation, as amended, may not prevent five or fewer shareholders from acquiring control and may inhibit market activity in our common shares and restrict our business combination opportunities.
- The tax on prohibited transactions may limit our ability to engage in various transactions that may be beneficial to us or our shareholders.
- We may be subject to adverse legislative or regulatory tax changes that could adversely impact the market price of our common shares.
- We may not generate sufficient cash to satisfy the REIT distribution requirements.
- We could be materially and adversely affected if we cannot qualify for an exemption from the Investment Company Act.
- After this offering we will still be effectively controlled by John L. Villano CPA and Jeffrey C. Villano, our founders, senior executive officers and two largest shareholders.
- We expect to incur additional operating costs after this offering is consummated.
- There has never been and may never be an active trading market for our shares.
- The market for our common share could be extremely volatile.
- We may subject to the “penny stock” rules”.
- We are an emerging growth company and, as such, are exempt from complying with certain disclosure requirements and other standards applicable to public companies.

Our Organizational Structure

We were organized as a New York corporation in January 2016 under the name HML Capital Corp. Prior to the date of this prospectus, we will change our name to Sachem Capital Corp. and also enter into an Exchange Agreement with SCP, pursuant to which Sachem Capital will acquire all of SCP’s assets and assume all of SCP’s liabilities in exchange for 6,283,237 of its common shares and the assumption of SCP’s obligations under the Bankwell Credit Line (the “Exchange”). As soon as practicable thereafter, SCP will distribute those shares to its members in full liquidation of their membership interests in SCP, pro rata in accordance with the members’ positive capital account balances. The consummation of the Exchange and the liquidation of SCP, will occur on or before the date of this prospectus. For accounting purposes, the consummation of the Exchange will be treated as a recapitalization of SCP.

The pre-offering capitalization of Sachem Capital was based on discussions with the representative and took into account (i) SCP’s historical financial performance, including revenues, net profits, cash flow from operations and distributions to members, (ii) our prospects (taking into account, among other things, any anticipated changes as a result of the change in SCP’s status from a limited liability company to a regular C corporation and our operation as a REIT for income tax purposes) and (iii) the market value of comparable public companies. That amount was then divided by the proposed initial public offering price to arrive at the pre-offering capitalization of Sachem Capital. An aggregate of 2,250,000 common shares were issued at the time Sachem Capital was organized, including 1,085,000 common shares to each of Jeffrey Villano and John Villano, and the balance — 6,283,237 common shares — will be issued to SCP upon consummation of the Exchange. Based on SCP members’ equity at September 30, 2016 and assuming an initial public offering price of $____ per share (the midpoint of the range set forth on the cover of this prospectus), each member of SCP will receive Sachem Capital common shares having a value of approximately $____ for each $1.00 in its capital account on that date.

JJV, whose members include various members of the Villano family, in the liquidation of SCP will receive common shares, or approximately % of the common shares to be issued in the Exchange. In addition, the Villano brothers, individually and through their affiliates, will receive an additional common shares, or % of the common shares issued in the Exchange. Accordingly, after giving effect to the Exchange but immediately prior to this offering, in total, Jeffrey and John Villano, collectively, will beneficially own common shares (or %) of Sachem Capital's common shares.

As a consequence of the Exchange and the consummation of this offering, we expect various changes to our operations, some of which could adversely impact our financial performance. First, in terms of management, our business will no longer be managed by a separate, although related, entity. Rather, Jeffrey and John Villano, who are also the managing members of JJV and who effectively managed our entire operations, will become full-time employees of Sachem Capital (*i.e.,* co-chief executive officers) and will continue to manage our business in that capacity. We have entered into employment agreements with each of Jeffrey and John Villano, which set forth the terms of their employment, including their duties and obligations to us, restrictions on engaging in business activities unrelated to our business, specifying their compensation, including salaries and fringe benefits, and their rights upon termination of employment. The Villanos have agreed to terminate all of their other business activities and devote 100% of their time and efforts to our business. Second, from a governance standpoint, the Villanos will no longer have absolute control over our operations as the managers. Rather, we will be governed by a board of directors initially consisting of five members, of which a majority, in accordance with NYSE MKT listing requirements and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), will be "independent" as such term is defined in Section 10A of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). In addition, we will establish committees made up mostly or entirely of independent directors to oversee certain aspects of our administration and operations and adopt various policies and procedures that encourage good governance and that are designed to prevent self-dealing and other forms of corporate misconduct. Finally, in terms of our operations, we expect an overall increase in our operating expenses due to increases in rent, professional fees, insurance compensation (including non-cash compensation expense) and other expenses relating to our status as a publicly-held, reporting company as well as a REIT. However, the management fees that were payable to JJV will be eliminated and, in lieu thereof, we will pay salary and other forms of compensation to the Villanos.

REIT Qualification

We believe that upon consummation of this offering, we will qualify as a REIT and that it is in the best interests of our shareholders that we operate as a REIT. We intend to elect to be taxed as a REIT for the year in which this offering is consummated or as soon as practicable thereafter. As a REIT, we will be required to distribute at least 90% of our taxable income to our shareholders on an annual basis. We cannot assure you that we will qualify as a REIT or that, even if we do qualify initially, we will be able to maintain REIT status for any particular period of time. We also intend to operate our business in a manner that will permit us to maintain an exemption from registration under the Investment Company Act.

Our qualification as a REIT depends on our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended (the "Code"), relating to, among other things, the sources of our gross income, the composition and values of our assets, our compliance with the distributions requirements applicable to REITs and the diversity of ownership of our outstanding common shares. Given that our senior executive officers, John L. Villano and Jeffrey C. Villano, own a significant portion of our outstanding capital shares, we cannot assure you that we will be able to maintain that qualification.

So long as we qualify as a REIT, we, generally, will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our shareholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lose our REIT qualification. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income or property.

Distribution Policy

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to pay regular quarterly dividends in an amount necessary to maintain our qualification as a REIT. However, any distributions we make to our shareholders, the amount of such dividend and whether such dividend is payable in cash, common shares or other property, or a combination thereof, will be at the discretion of our board of directors and will depend on, among other things, our actual results of operations and liquidity. These results and our ability to pay distributions will be affected by various factors, including the net interest and other income from our portfolio, our operating expenses and other expenditures. For more information, see "Distribution Policy."

In addition, in order to comply with certain REIT qualification requirements, we will, before the end of any REIT taxable year in which we have accumulated earnings and profits attributable to a non-REIT year, declare a dividend to our shareholders to distribute such accumulated earnings and profits (a "Purging Distribution"). As of January 1, 2016 we had no accumulated earnings and profits.

Restrictions Relating to our Common Shares

Our certificate of incorporation, as amended, includes several provisions that are designed to ensure that we satisfy various Code-imposed requirements applicable to REITS including the following:

- Shareholders will be prohibited from beneficially or constructively owning, applying certain attribution rules under the Code, more than 4.99% by value or number of shares, whichever is more restrictive, of our outstanding capital shares. This restriction will not apply to John L. Villano and Jeffrey C. Villano, our senior executive officers, who, immediately after the consummation of this offering, will own % and %, respectively, of our outstanding common shares. In addition, our board of directors may, in its sole discretion, waive the ownership limit with respect to a particular shareholder if it is presented with evidence satisfactory to it that such ownership will not then or in the future jeopardize our qualification as a REIT.
- Shareholders will not be allowed to transfer their shares of our capital stock if, as a result of such transfer, we would have fewer than 100 shareholders.
- Any ownership or purported transfer of our capital shares in violation of the foregoing restrictions will result in the shares so owned or transferred being automatically transferred to a charitable trust for the benefit of a charitable beneficiary, and the purported owner or transferee acquiring no rights in those shares. If a transfer to a charitable trust would be ineffective for any reason to prevent a violation of the restriction, the transfer resulting in the violation will be void from the time of the purported transfer.

The foregoing limitations and restrictions could delay or prevent a transaction or a change in control of us that might involve a premium price for our capital shares or otherwise be in the best interests of our shareholders.

Investment Company Act Exemption

We intend to conduct our operations so that we are not required to register as an investment company under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis. We will rely on the exception set forth in Section 3(c)(5)(C) of the Investment Company Act that excludes from the definition of investment company "[a]ny person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses†o (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." The SEC generally requires that, for the exception provided by

Section 3(c)(5)(C) to be available, at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of additional qualifying interests or real estate-type interests (with no more than 20% of the entity's assets comprised of miscellaneous assets). At the present time, we qualify for the exemption under this section and our current intention is to continue to focus on originating short term loans secured by first mortgages on real property. However, if, in the future, we do acquire non-real estate assets without the acquisition of substantial real estate assets, we may qualify as an "investment company" and be required to register as such under the Investment Company Act, which could have a material adverse effect on us.

Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As an emerging growth company we can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to avail ourselves of these exemptions. Once adopted, we are obligated to abide by our decision until we no longer qualify as an emerging growth company, which will occur upon the earliest of: (i) the end of the fiscal year following the fifth anniversary of this offering; (ii) the first fiscal year after our annual gross revenue are $1.0 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million as of the end of the second quarter of that fiscal year.

Corporate Information

Our principal executive offices are currently located at 23 Laurel Street, Branford, Connecticut 06405 and our telephone number is (203) 433-4736. On December 9, 2016, SCP acquired the property located at 698 Main Street, Branford, Connecticut. The property is improved with two buildings, one of which will become our new principal offices.

The URL for our website is *www.sachemcapitalpartners.com*. The information contained on or connected to our website is not incorporated by reference into, and you must not consider the information to be a part of, this prospectus.

The Offering

Securities offered:	common shares
Initial public offering price per share:	$
Over-allotment option:	We have granted the representative a 45-day option to purchase up to common shares to cover over-allotments.
Shares outstanding after this offering:	common shares (or common shares if the representative's over-allotment option is exercised in full). There are no other shares of our capital stock outstanding.
Proposed NYSE MKT trading symbol:	SACH
Use of proceeds:	We estimate that the net proceeds from this offering will be approximately $ (or approximately $ if the representative's over-allotment option is exercised in full), after deducting underwriting discounts and commissions and our estimated offering expenses payable by us. We intend to use the net proceeds from this offering (i) to increase the size of our loan portfolio; (ii) capital expenditures; and (iii) for working capital and other general corporate purposes. Actual allocation of the proceeds of the offering will ultimately be determined by management based on its assessment of the long-term prospects of the business and real estate markets and individual evaluation of investment opportunities. Pending the application of any portion of the net proceeds, we will invest such funds in interest bearing accounts and short-term, interest bearing securities that are consistent with our intention to qualify as a REIT and maintain our exemption from registration under the Investment Company Act. These investments are expected to provide lower returns than those we will seek to achieve from our loan portfolio.
Ownership Limitations and Restrictions:	Except as noted below, our certificate of incorporation, as amended, restricts any shareholder from owning, actually, beneficially or constructively, more than 4.99% of the shares of our outstanding capital stock, by value or number of shares, whichever is more restrictive. John L. Villano CPA and Jeffrey C. Villano, co-chief executive officers, will be exempt from this restriction. Following this offering, we expect that John L. Villano and Jeffrey C. Villano will beneficially own % and %, respectively, of our outstanding common shares. In addition, our board of directors may, in its sole discretion, waive the ownership limit with respect to a particular shareholder if it is presented with evidence satisfactory to it that such ownership will not then or in the future jeopardize our qualification as a REIT. See "Description of Capital Shares — Restrictions on Ownership and Transfer" in this prospectus.
Risk Factors:	An investment in our common shares involves risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" beginning on page 14 of this prospectus.

Unless we indicate otherwise, all information in this prospectus:

- assumes that we will have 8,533,237 common shares issued and outstanding immediately prior to this offering, including 6,283,237 common shares that we will issue pursuant to the Exchange Agreement with SCP;
- excludes common shares issuable upon exercise of options and warrants outstanding as of the date of this prospectus;
- excludes common shares issuable upon exercise of the representative's warrants; and
- assumes no exercise of the over-allotment option by the representative.

Summary Financial Information

The following tables set forth, for the periods and at the dates indicated, summary financial data of SCP. The data is derived primarily from SCP's historical financial statements included elsewhere in this prospectus. The statements of operations data for the years ended December 31, 2015 and 2014 and the balance sheet data at December 31, 2015 and 2014 are derived from SCP's audited financial statements and the statements of operations data for the nine months ended September 30, 2016 and 2015 and the balance sheet data at September 30, 2016 are derived from SCP's unaudited financial statements. The unaudited financial statements include, in the opinion of management, all adjustments that management considers necessary for the fair presentation of the financial information set forth in those statements. Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

In addition, the table sets forth certain pro forma and pro forma, as adjusted information for Sachem Capital. The pro forma information gives effect to the following events as if they occurred on the first day of the period presented: (i) the issuance of 8,533,237 common shares prior to the consummation of this offering, including 6,283,237 common shares that will be issued to SCP pursuant to the Exchange Agreement in exchange for all of the assets and liabilities of SCP; (ii) the elimination of the management fees payable to JJV in its capacity as the manager of SCP; (iii) the direct payment of salaries to John Villano and Jeffrey Villano; (iv) the direct payment of origination fees to us rather than to JJV; and (v) the normalization of various other operating expenses, such as rent. The pro forma, as adjusted data gives effect to the pro forma adjustments as well as the sale of common shares at an initial public offering price per share of $ (the midpoint of the range set forth on the cover of this prospectus) and the receipt of $ of net proceeds therefrom as set forth in this prospectus. For accounting purposes, the consummation of the Exchange transaction will be treated as a recapitalization of SCP.

You should read the following selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the accompanying notes thereto appearing elsewhere in this prospectus.

Statement of Operations Data (actual):

	Nine Months Ended September 30,		Years Ended December 31,	
	2016	2015	2015	2014
	(unaudited)		(audited)	
Interest income from loans	$ 2,687,711	$ 1,705,858	$ 2,477,876	$ 1,418,814
Total revenue	$ 2,989,733	$ 1,911,843	$ 2,786,724	$ 1,559,407
Total operating costs and expenses	$ 762,685	$ 267,403	$ 479,821	$ 89,595
Net income	$ 2,227,048	$ 1,644,440	$ 2,306,903	$ 1,469,812

Pro Forma and Pro Forma, As Adjusted Statement of Operations Data:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Interest income from loans	$2,687,711	$2,477,876
Total revenue	$3,288,544	$2,891,002
Total operating costs and expenses	$ 959,727	$ 841,414
Net income	$2,328,817	$2,049,588
Pro forma net income per common share – basic and diluted	$ 0.27	$ 0.24
Pro forma weighted average number of common shares outstanding – basic and diluted	8,533,237	8,533,237
Pro forma, as adjusted net income per common share – basic and diluted		
Pro forma, as adjusted weighted average number of common shares outstanding – basic and diluted		

Balance Sheet Data (actual):

	As at September 30, 2016	As at December 31, 2015
	(unaudited)	(audited)
Cash	$ 3,276,777	$ 1,834,082
Mortgages receivable	$30,557,967	$27,532,867
Total assets	$36,173,341	$30,795,486
Line of credit	$ 8,525,000	$ 6,000,000
Total liabilities	$ 9,463,599	$ 6,565,969
Members' equity	$26,709,742	$24,229,517

Pro Forma and Pro Forma, As Adjusted Balance Sheet Data:

	September 30, 2016	
	Pro Forma	Pro Forma, As Adjusted
Cash	$ 3,276,777	$
Mortgages receivable, net	$ 30,557,967	$
Total assets	$ 36,173,341	$
Line of credit	$ 8,525,000	$
Total liabilities	$ 9,463,599	$
Shareholders' equity	$ 26,709,742	$

Other Operational Data (actual):

	As at September 30,		As at December 31,	
	2016	2015	2015	2014
	(unaudited)		(audited)	
Residential mortgages	$ 20,229,805	$ 17,468,349	$ 18,820,509	$ 10,482,448
Commercial mortgages	8,160,181	4,575,207	5,712,566	3,369,620
Land mortgages	1,964,297	2,507,122	2,619,792	649,951
Mixed use	203,684	367,000	380,000	347,000
Total mortgages receivable	$ 30,557,967	$ 24,917,678	$ 27,532,867	$ 14,849,019

RISK FACTORS

Investing in our common shares involves a high degree of risk. You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our common shares. If any of the following risks occur, our business, financial condition, liquidity and/or results of operations could be materially and adversely affected. In that case, the trading price of our common shares could decline, and you may lose some or all of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to Our Business

Our loan origination activities, revenues and profits are limited by available funds. If we do not increase our working capital, we will not be able to grow our business.

As a real estate finance company, our revenue and net income is limited to interest received or accrued on our loan portfolio. Our ability to originate real estate loans is limited by the funds at our disposal. At September 30, 2016, we had cash of approximately $3.28 million and $6,475,000 of additional borrowing availability under the Bankwell Credit Line. We intend to use these amounts as well as a majority of the net proceeds from this offering and the proceeds from the repayment of loans outstanding, to originate new real estate loans. However, we cannot assure you that these funds will be sufficient to enable us to fully capitalize on the increase demand for real estate loans that we usually fund.

We operate in a highly competitive market and competition may limit our ability to originate loans with favorable interest rates.

We operate in a highly competitive market and we believe these conditions will persist for the foreseeable future as the financial services industry continues to consolidate, producing larger, better capitalized and more geographically diverse companies with broad product and service offerings. Our existing and potential future competitors includes other "hard money" lenders, mortgage REITs, specialty finance companies, savings and loan associations, banks, mortgage banks, insurance companies, mutual funds, pension funds, private equity funds, hedge funds, institutional investors, investment banking firms, non-bank financial institutions, governmental bodies, family offices and high net worth individuals. We may also compete with companies that partner with and/or receive government financing. Many of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. In addition, larger and more established competitors may enjoy significant competitive advantages, including enhanced operating efficiencies, more extensive referral networks, greater and more favorable access to investment capital and more desirable lending opportunities. Several of these competitors, including mortgage REITs, have recently raised or are expected to raise, significant amounts of capital, which enables them to make larger loans or a greater number of loans. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us, such as funding from various governmental agencies or under various governmental programs for which we are not eligible. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of possible loan transactions or to offer more favorable financing terms than we would. Finally, as a REIT and because we operate in a manner so as to be exempt from the requirements of the Investment Company Act, we may face further restrictions to which some of our competitors may not be subject. For example, we may find that the pool of potential qualified borrowers available to us is limited. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations.

We may change our investment, leverage, financing and operating strategies, policies or procedures without shareholder consent, which may adversely affect the market value of our common shares and our ability to make distributions to shareholders.

Currently, we have no policies in place that limit or restrict our ability to borrow money or raise capital by issuing debt securities. Similarly, we have only a limited number of policies regarding underwriting criteria, loan metrics and operations in general. We may amend or revise our existing policies or adopt new ones, whether the policies relate to growth strategy, operations, indebtedness, capitalization, financing

alternatives and underwriting criteria and guidelines, or approve transactions that deviate from our existing policies at any time, without a vote of, or notice to, our shareholders. For example, we may decide that in order to compete effectively, we should relax our underwriting guidelines and make riskier loans, which could result in a higher default rate on our portfolio. We may also decide to expand our business focus to other targeted asset classes, such as participation interests in mortgage loans, mezzanine loans and subordinate interests in mortgage loans. We could also decide to adopt investment strategies that include securitizing our portfolio, hedging transactions and swaps. We may even decide to broaden our business to include acquisitions of real estate assets, which we may or may not operate. Finally, as the market evolves, we may determine that the residential and commercial real estate markets do not offer the potential for attractive risk-adjusted returns for an investment strategy that is consistent with our intention to elect and qualify to be taxed as a REIT and to operate in a manner to remain exempt from registration under the Investment Company Act. If we believe it would be advisable for us to be a more active seller of loans and securities, we may determine that we should conduct such business through a taxable REIT subsidiary or that we should cease to maintain our REIT qualification. These changes may increase our exposure to interest rate risk, default risk, financing risk and real estate market fluctuations, which could adversely affect our business, operations and financial conditions as well as the market price of our common shares.

Management has broad authority to make lending decisions. If management fails to generate attractive risk-adjusted loans on a consistent basis, our revenue and income could be materially and adversely affected and the market price of a share of our common shares is likely to decrease.

Our senior executives have unrestricted authority to originate, structure and fund loans subject to whatever policies our board of directors have adopted. Thus, management could authorize transactions that may be costly and/or risky, which could result in returns that are substantially below expectations or that result in losses, which would materially and adversely affect our business operations and results. Further, management's decisions may not fully reflect the best interests of our shareholders. Our board of directors may periodically review our underwriting guidelines but will not, and will not be required to, review all of our proposed loans. In conducting periodic reviews, our board of directors will rely primarily on information provided to them by management.

Our future success depends on the continued efforts of our senior executive officers and our ability to attract and retain additional qualified management, marketing, technical, and sales executives and personnel.

Our future success depends to a significant extent on the continued efforts of our co-chief executive officers, Jeffrey C. Villano and John L. Villano. They generate most, if not all, of our loan applications, supervise all aspects of the underwriting and due diligence process in connection with each loan, structure each loan and have absolute authority (subject only to the maximum amount of the loan) as to whether or not to approve the loan. We do not maintain key person life insurance for either of the Villanos. If either one of them is unable or unwilling to continue to serve as an executive officer on a full-time basis, our business and operations may be adversely affected.

As our business grows we will also need to recruit, train and retain additional managerial and administrative personnel as we begin to deploy the net proceeds and grow our business. This includes experienced real estate finance professionals, sales and marketing people, finance and accounting personnel, information technology professionals as well as administrative and clerical staff to support them. In addition, to manage our anticipated development and expansion, we must implement and upgrade our managerial, operational and financial systems and expand our facilities. Due to our limited resources, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The loss of any of our key executives, or the failure to attract, integrate, motivate, and retain additional key personnel could have a material adverse effect on our business. We compete for such personnel against numerous companies, including larger, more established companies with significantly greater financial resources than we possess. This may result in weaknesses in our infrastructure, give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. In addition, our expanded operations could lead to significant incremental operating costs and may divert financial resources from other projects. We cannot assure you that we will be successful in attracting, training, managing or retaining the personnel we need to manage our growth, and the failure to do so could

have a material adverse effect on our business, prospects, financial condition, and results of operations. If we cannot effectively manage our expected development and expansion, our expenses may increase more than expected, our ability to increase our revenue and profits could be jeopardized and we may not be able to implement our overall business strategy.

Terrorist attacks and other acts of violence or war may adversely impact the real estate industry generally and our business, financial condition and results of operations.

Over the last few years there have been a number of high profile and successful terror attacks around the world including in the United States. In addition, over the last several months there have been a number of violent attacks on law enforcement officers in various cities in the United States. Any future terrorist attacks or a prolonged period of civil unrest, the anticipation of any such attacks, and the consequences of any military or other response by the United States and its allies may have an adverse impact on the U.S. financial markets and the economy in general. We cannot predict the severity of the effect that any such future events would have on the U.S. financial markets, including the real estate capital markets, the economy or our business. Terrorist attacks and prolonged periods of civil unrest could also adversely affect the credit quality of some of our loan portfolio, which could have an adverse impact on our financial condition, results of operations and the market price of our common shares.

The enactment of the Terrorism Risk Insurance Act of 2002, or the TRIA, and the subsequent enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007, which extended TRIA through the end of 2020, requires insurers to make terrorism insurance available under their property and casualty insurance policies in order to receive federal compensation under TRIA for insured losses. However, this legislation does not regulate the pricing of such insurance. The absence of affordable insurance coverage may adversely affect the general real estate lending market, lending volume and the market's overall liquidity and may reduce the number of suitable financing opportunities available to us and the pace at which we are able to make loans. If property owners are unable to obtain affordable insurance coverage, the value of their properties could decline and in the event of an uninsured loss, we could lose all or a portion of our investment.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we may acquire and store sensitive data on our network, such as our proprietary business information and personally identifiable information of our prospective and current borrowers. The secure processing and maintenance of this information is critical to our business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, which could materially and adversely affect us.

Risks Related to Our Portfolio

If we overestimate the value the collateral securing the loan, we may experience losses.

Loan decisions are typically made based on the value of the collateral securing the loan rather than the credit of the borrower or the cash flow from the property. We cannot assure you that our assessments will always be accurate or the circumstances relating to the collateral or, for that matter, the borrower, will not change during the loan term, which could lead to losses and write-offs. Losses and write-offs could materially and adversely affect our business, operations and financial condition and the market price of our common shares. Despite its conservative underwriting policy, specifically that the loan-to-value ratio may not exceed 65%, since its inception in December 2010, SCP has foreclosed on one property and acquired eight other properties from five different borrowers who were in default of their obligations to SCP. The foreclosed property was sold for a small loss and one of the other properties was sold at breakeven. Two properties were sold for less than their respective carrying values but the borrowers' obligations are guaranteed by a third

party. The other five properties are being held for sale. We cannot assure you that we will be able to avoid foreclosures in the future and that such foreclosures will not have a significant adverse impact on our financial performance and cash flows.

Difficult conditions in the markets for mortgages and mortgage-related assets as well as the broader financial markets have resulted in a significant contraction in liquidity for mortgages and mortgage-related assets, which may adversely affect the value of the assets that we intend to originate.

Our results of operations will be materially affected by conditions in the markets for mortgages and mortgage-related assets as well as the broader financial markets and the economy generally. In recent years, significant adverse changes in financial market conditions have resulted in a decline in real estate values, jeopardizing the performance and viability of many real estate loans. As a result, many traditional mortgage lenders suffered severe losses and several have even failed. This situation has negatively affected both the terms and availability of financing for small non-bank real estate finance companies. This could have an adverse impact on our financial condition, business operations and the price of our common shares.

Short-term loans may involve a greater risk of loss than traditional mortgage loans.

Borrowers usually use the proceeds of a long-term mortgage loan or sale to repay a short-term loan. We may therefore depend on a borrower's ability to obtain permanent financing or sell the property to repay our loan, which could depend on market conditions and other factors. Short-term loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of a default, we bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the interim loan. To the extent we suffer such losses with respect to our interim loans, our enterprise value and the price of our common shares may be adversely affected.

We may be subject to "lender liability" claims. Our financial condition could be materially and adversely impacted if we were to be found liable and required to pay damages.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lenders on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. We cannot assure you that such claims will not arise or that we will not be subject to significant liability if a claim of this type did arise.

An increase in the rate of prepayment of outstanding loans may have an adverse impact on the value of our portfolio as well as our revenue and income.

The value of our loan portfolio may be affected by prepayment rates and a significant increase in the rate of prepayments could have an adverse impact on our operating results. Recently, SCP has experienced an increase in the rate of prepayments, an indication that banks may be more willing to lend as general economic conditions seem to be improving. Prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks. We do not charge a penalty or premium if a loan is paid off before its maturity date. In periods of declining interest rates, prepayment rates on mortgage and other real estate-related loans generally increase. Repayment proceeds are either invested in new loans or used to pay down bank debt. If we cannot reinvest the proceeds of repayments quickly in new loans with interest rates comparable to the rates on the loans being repaid, our revenue and profits will decline. Although, we also receive origination fees for new loans, we cannot assure that these fees will offset any reduction in the interest rate on the new loan.

The lack of liquidity in our portfolio may adversely affect our business.

The illiquidity of our loan portfolio may make it difficult for us to sell such assets if the need or desire arises. As a result, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the outstanding loan balance.

The geographic concentration of our loan portfolio may make our revenues and the values of the mortgages and real estate securing our portfolio vulnerable to adverse changes in local or regional economic conditions.

Under our current business model, we have one asset class — mortgage loans that we originate, underwrite, fund, service and manage — and we have no current plans to diversify. Moreover, most of SCP's loans — approximately 93.5% of the aggregate outstanding principal balance at September 30, 2016 — were secured by properties located in Connecticut. This lack of geographical diversification makes our mortgage portfolio more sensitive to local and regional economic conditions. A significant decline in the local or regional economy where the properties are located could result in a greater risk of default compared with the default rate for loans secured by properties in other geographic locations. This could result in a reduction of our revenues and provision for loan loss allowances, which might not be as acute if our loan portfolio were more geographically diverse. Therefore, our loan portfolio is subject to greater risk than other real estate finance companies that have a more diversified asset base and broader geographic footprint. To the extent that our portfolio is concentrated in one region and/or one type of asset, downturns relating generally to such region or type of asset may result in defaults on a number of our assets within a short time period, which may reduce our net income and the market price of our common shares.

A prolonged economic slowdown, a lengthy or severe recession or declining real estate values could impair our investments and harm our operations.

A prolonged economic slowdown, a recession or declining real estate values could impair the performance of our assets and harm our financial condition and results of operations, increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. Thus, we believe the risks associated with our business will be more severe during periods of economic slowdown or recession because these periods are likely to be accompanied by declining real estate values. Declining real estate values are likely to have one or more of the following adverse consequences:

- reduce the level of new mortgage and other real estate-related loan originations since borrowers often use appreciation in the value of their existing properties to support the purchase or investment in additional properties;
- make it more difficult for existing borrowers to remain current on their payment obligations; and
- significantly increase the likelihood that we will incur losses on our loans in the event of default because the value of our collateral may be below the amount of our loan.

Any sustained period of increased payment delinquencies, foreclosures or losses could adversely affect both our net interest income from loans in our portfolio as well as our ability to originate new loans, which would materially and adversely affect our results of operations, financial condition, liquidity and the market price of our common shares.

Our due diligence may not reveal all of a borrower's liabilities and other risks.

Before making a loan to a borrower, we assess the strength and skills of such entity's management and other factors that we believe are material to the performance of the loan. In making the assessment and otherwise conducting customary due diligence, we rely on the resources available to us and, in some cases, services provided by third parties. This process is particularly important and subjective with respect to newly organized entities because there may be little or no information publicly available about the entities. There can be no assurance that our due diligence processes will uncover all relevant facts or that the borrower's circumstances will not change after the loan is funded. In either case, this could adversely impact the performance of the loan and our operating results.

Our loans are typically made to entities to enable them to acquire, develop or renovate residential or commercial property, which may involve a greater risk of loss than loans to individual owners of residential real estate.

We make loans to corporations, partnerships, limited liability companies and individuals in connection with their acquisition, renovation, rehabilitation, development and/or improvement of residential or commercial real estate held for resale or investment. In many instances, the property is under-utilized, poorly

managed, or located in a recovering neighborhood. Thus, these loans may have a higher degree of risk than loans to individual property owners with respect to their primary residence or to owners of commercial operating properties because of a variety of factors. For instance, our borrowers usually do not have the need to occupy the property, or an emotional attachment to the property as borrowers of owner-occupied residential properties may have, and therefore they don't always have the same incentive to avoid foreclosure. Similarly, the properties we loan against may have little or no cash flow. If the neighborhood in which the asset is located fails to recover according to the borrower's projections, or if the borrower fails to improve the quality of the property's performance and/or the value of the property, the borrower may not receive a sufficient return on the property to satisfy the loan, and we bear the risk that we may not recover some or all of our principal. Finally, there are difficulties associated with collecting debts from entities that may be judgment proof. While we try to mitigate these risks in various ways, including by getting personal guarantees from the principals of the borrower, we cannot assure you that these lending and credit enhancement strategies will be successful.

Our inability to promptly foreclose on defaulted loans could increase our costs and/or losses.

While we have certain rights with respect to the real estate collateral underlying our loans, and rights against the borrower and guarantor(s), in the event of a default there are a variety of factors that may inhibit our ability to enforce our rights to collect the loan, whether through a non-payment action against the borrower, a foreclosure proceeding against the underlying property or a collection or enforcement proceeding against the guarantor. These factors include, without limitation, state foreclosure timelines and deferrals associated therewith (including with respect to litigation); unauthorized occupants living in the property; federal, state or local legislative action or initiatives designed to provide residential property owners with assistance in avoiding foreclosures and that serve to delay the foreclosure process; government programs that require specific procedures to be followed to explore the refinancing of a residential mortgage loan prior to the commencement of a foreclosure proceeding; and continued declines in real estate values and sustained high levels of unemployment that increase the number of foreclosures and place additional pressure on the already overburdened judicial and administrative systems. In short, foreclosure of a mortgage loan can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan. In addition, in the event of the bankruptcy of the borrower or guarantor, we may not have full recourse to the assets of the borrower, or the assets of the borrower or the guarantor may not be sufficient to satisfy the debt.

None of our loans are funded with interest reserves and our borrowers may be unable to pay the interest accruing on the loans when due, which could have a material adverse impact on our financial condition.

Our loans are not funded with an interest reserve. Thus, we rely on the borrowers to make interest payments as and when due from other sources of cash. Given the fact that many of the properties securing our loans are not income producing or even cash producing and most of the borrowers are entities with no assets other than the single property that is the subject of the loan, some of our borrowers have considerable difficulty servicing our loans and the risk of a non-payment of default is considerable. We depend on the borrower's ability to refinance the loan at maturity or sell the property for repayment. If the borrower is unable to repay the loan, together with all the accrued interest, at maturity, our operating results and cash flows would be materially and adversely affected.

Interest rate fluctuations could reduce our ability to generate income and may cause losses.

Our primary interest rate exposure relates to the yield on our loan portfolio and the financing cost of our debt. Our operating results depend, in part, on differences between the interest income generated by our loan portfolio net of credit losses and our financing costs. This exposure is exacerbated by the fact that the interest rates on our loans are fixed throughout the term of the loan, which is generally three years, while the interest rate on our debt is variable and changes every time there is a change in the prime rate. Changes in interest rates will affect our revenue and net income in one or more of the following ways:

- our operating expenses may increase;
- our ability to originate loans may be adversely impacted;

- to the extent we use our credit line or other forms of debt financing to originate loans, our borrowing costs would rise, reducing the "spread" between our cost of funds and the yield on our outstanding mortgage loans, which tend to be fixed rate obligations;
- a rise in interest rates may discourage potential borrowers from refinancing existing loans or defer plans to renovate or improve their properties;
- increase borrower default rates;
- negatively impact property values making our existing loans riskier and new loans that we originate smaller;
- rising interest rates could also result in reduced turnover of properties which may reduce the demand for new mortgage loans.

In December 2016, the United States Federal Reserve Board raised its targeted federal funds rate 25 basis points, or 0.25%. It also announced that it would continue to increase interest rates throughout 2017. As a result, the interest rate on the Bankwell Credit Line was increased from 6.50% to 6.75% as of December 16, 2016. Further increases in interest rates will increase our borrowing costs. As interest rates continue to rise, we believe our investors will expect a concomitant increase in yield on their investment. If rates increase gradually, we believe we will be able to pass along these increases to our borrowers under new loans and thus satisfy the expectations of our investors. However, if rates increase rapidly or the periodic increases are significant, we may not be able to increase our lending rate quickly enough to satisfy the expectations of the investment community. Further, all our loans are fixed rate obligations and we cannot unilaterally increase the interest rates on our outstanding loans. Therefore, with respect to our existing portfolio, the "spread" between the interest we receive and the cost of funds to finance these loans, will shrink, which will adversely impact our net income. This could lead to a decrease in the market price of our common shares.

Liability relating to environmental matters may adversely impact the value of properties securing our loans.

Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances may adversely affect an owner's ability to sell real estate or borrow using real estate as collateral. To the extent that an owner of a property underlying one of our debt instruments becomes liable for removal costs, the ability of the owner to make payments to us may be reduced, which in turn may adversely affect the value of the relevant mortgage asset held by us and our ability to make distributions to our shareholders. If we acquire any properties by foreclosure or otherwise, the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs, thus harming our financial condition. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition and the market price of our common shares.

Defaults on our loans may cause declines in revenues and net income. The impact of defaults may be exacerbated by the fact that we do not carry loan loss reserves.

Defaults by borrowers could result in one or more of the following adverse consequences:

- a decrease in interest income, profitability and cash flow;
- the establishment of or an increase in loan loss reserves;
- write-offs and losses;
- default under our credit facility; and
- an increase in legal and enforcement costs, as we seek to protect our rights and recover the amounts owed.

As a result, we will have less cash available for paying our other operating expenses and for making distributions to our shareholders. This would have a material adverse effect on the market price of our common shares.

Based on experience and periodic evaluation of its loan portfolio, at each of September 30, 2016 and December 31, 2015, SCP did not have a loan loss reserve. A loss with respect to all or a portion of a loan in our portfolio in excess of our reserve will have an immediate and adverse impact on our net income. The valuation process of our loan portfolio requires us to make certain estimates and judgments, which are particularly difficult to determine during a period in which the availability of real estate credit is limited and real estate transactions have decreased. These estimates and judgments are based on a number of factors, including projected cash flows from the collateral securing our mortgage loans, if any, loan structure, including the availability of reserves and recourse guarantees, likelihood of repayment in full at the maturity of a loan, the relative strength or weakness of the refinancing market and expected market discount rates for varying property types. If our estimates and judgments are not correct, our results of operations and financial condition could be severely impacted.

Our revenues and the value of our portfolio may be negatively affected by casualty events occurring on properties securing our loans.

We require our borrowers to obtain, for our benefit, all risk property insurance covering the property and any improvements to the property collateralizing our loan in an amount intended to be sufficient to provide for the cost of replacement in the event of casualty. However, the amount of insurance coverage maintained for any property may not be sufficient to pay the full replacement cost following a casualty event. Furthermore, there are certain types of losses, such as those arising from earthquakes, floods, hurricanes and terrorist attacks, that may be uninsurable or that may not be economically feasible to insure. Changes in zoning, building codes and ordinances, environmental considerations and other factors may make it impossible for our borrowers to use insurance proceeds to replace damaged or destroyed improvements at a property. If any of these or similar events occur, the amount of coverage may not be sufficient to replace a damaged or destroyed property and/or to repay in full the amount due on loans collateralized by such property. As a result, our returns and the value of our investment may be reduced.

Borrower concentration could lead to significant losses, which could have a material adverse impact on our operating results and financial condition.

As of September 30, 2016, one borrower accounted for more than 5% of SCP's loan portfolio. At December 31, 2015, two borrowers each accounted for more than 5% of SCP's loan portfolio, one of whom was JJV. No other borrower or group of affiliated borrowers accounted for more than 5% of SCP's loan portfolio at either of those dates. Concentration of loans to a limited number of borrowers or a group of affiliated borrowers poses a significant risk, as a default by a borrower on one loan or by one borrower in a group of affiliates is likely to result in a default by the borrower on other loans or by other borrowers in the group. We will attempt to mitigate this risk by adopting a policy that the total amount of loans outstanding to any single borrower or group of affiliated borrowers may not exceed more than 10% of our loan portfolio after taking into account the loan under consideration. In addition, we will also adopt a policy precluding loans to related parties unless such loans are on terms no less favorable to us than similar loans to unrelated third parties taking into account all of our underwriting criteria and that such loan has been approved by a majority of our independent directors.

Risks Related to Financing Transactions

Our existing credit line has numerous covenants with which we must comply. If we are unable to comply with these covenants, the outstanding amount of the loan could become due and payable and we may have to sell off a portion of our loan portfolio to pay off the debt.

The Bankwell Credit Line contains various covenants and restrictions that are typical for these kinds of credit facilities, including limiting the amount that we can borrow relative to the value of the underlying collateral, maintaining various financial ratios and limitations on the terms of loans we make to our customers. Under the terms of the Bankwell Credit Line, the amount outstanding at any one time may not exceed the lesser of (i) $15.0 million and (ii) our Eligible Note Receivables (as defined in the Line of Credit Agreement). In addition, each "Advance" is further limited to the lesser of (i) 50% – 75%, depending on the loan-to-value ratio, of the principal amount of the particular Eligible Note Receivable being funded and (ii) $250,000. In addition, in order to qualify as an "Eligible Note Receivable," any loan with an original principal amount in

excess of $325,000 requires an independent appraisal of the property securing such loan. As of September 30, 2016, we estimate that loans having an aggregate principal amount of approximately $27.4 million, representing approximately 89.5% of SCP's mortgage receivables as of that date, satisfied all of the eligibility criteria under the Bankwell Credit Line. As of September 30, 2016, the total amount outstanding under the Bankwell Credit Line was $8,525,000 leaving us with sufficient borrowing capacity to draw down the full amount of the credit line if we so choose. However, given the nature of our business, we cannot assure you that we will always be able to borrow the maximum allowed under the terms of the Bankwell Credit Line.

These limitations include the following:

- prohibiting any liens on any of the collateral securing the Bankwell Credit Line, which is essentially all of our assets;
- prohibiting us from merging, consolidating or disposing of any asset;
- prohibiting us from incurring additional indebtedness in excess of $100,000 in the aggregate;
- prohibiting us from forming or transacting business with any subsidiary or affiliate other than to make loans to our borrowers;
- prohibiting us from allowing any litigation in excess of $50,000 against any of our assets unless we are fully insured against such loss;
- prohibiting us from declaring or paying any cash dividends in excess of our REIT taxable income;
- prohibiting us from purchasing any securities issued by or otherwise invest in any public or private entity; and
- Jeffrey Villano and John Villano must remain as our senior executive officers with day-to-day operational involvement.

Loan covenants include the following:

- punctually pay amounts due;
- pay on demand any charges customarily incurred or levied by Bankwell;
- pay any and all taxes, assessments or other charges assessed against us or any of our assets;
- pay all insurance premiums;
- maintain our principal deposit and disbursement accounts with Bankwell;
- perfect Bankwell's lien on the assets;
- comply with all applicable laws, ordinances, rules and regulations of any governmental authority; or
- change the form of or nature of our ownership structure from a REIT.

The loan agreement also includes the following covenants:

- we must maintain a fixed charge coverage ratio of at least 1.35:1.00 at the end of each fiscal quarter;
- we must maintain a tangible net worth of not less than the sum of (x) seventy-five percent (75%) of shareholders' equity immediately following the consummation of this offering plus (y) sixty percent (60%) percent of net cash proceeds from the sale of any of our equity securities following this offering; and
- each of Jeffrey Villano and John Villano must own not less than 500,000 shares of our issued and outstanding capital stock.

If we fail to meet or satisfy any of these covenants, we would be in default under our agreement with Bankwell, and Bankwell could elect to declare outstanding amounts due and payable, terminate its commitments to us, require us to post additional collateral and/or enforce their interests against existing collateral. Acceleration of our debt to Bankwell could also make it difficult for us to satisfy the qualification

requirements necessary to maintain our status as a REIT, significantly reduce our liquidity or require us to sell our assets to repay amounts due and outstanding. This would significantly harm our business, financial condition, results of operations and ability to make distributions and could result in the foreclosure of our assets which secure our obligations, which could cause the value of our capital shares to decline. A default could also significantly limit our financing alternatives such that we would be unable to pursue our leverage strategy, which could adversely affect our returns.

If we default and Bankwell accelerates the loan we would have to repay the debt immediately from our working capital (*i.e.,* proceeds from loan repayments), proceeds from the sale of all or a portion of our loan portfolio or debt or equity securities, or refinance with another lender. We cannot assure you that we would be able to replace the Bankwell Credit Line on similar terms or on any terms. If we have to sell a portion of our loan portfolio, the amount we realize may be less than the face amount of the loans sold, resulting in a loss. If we sell a portion of our portfolio or use proceeds from loan repayments to pay the Bankwell debt, our opportunities to grow our business will be negatively impacted.

Our access to financing may be limited and, thus, our ability to maximize our returns may be adversely affected.

Our ability to grow and compete may also depend on our ability to borrow money to leverage our loan portfolio and to build and manage the cost of expanding our infrastructure to manage and service a larger loan portfolio. The Bankwell Credit Line prohibits us from incurring additional indebtedness in excess of $100,000 in the aggregate without Bankwell's consent. Even if Bankwell does consent, we cannot assure you that a subsequent financing source would agree to any conditions that Bankwell may impose and insist upon.

In general, the amount, type and cost of any financing that we obtain from another financial institution will have a direct impact on our revenue and expenses and, therefore, can positively or negatively affect our financial results. The percentage of leverage we employ will vary depending on our assessment of a variety of factors, which may include the anticipated liquidity and price volatility of our existing portfolio, the potential for losses and extension risk in our portfolio, the gap between the size and duration of our assets and liabilities, the availability and cost of financing, our opinion as to the creditworthiness of our financing counterparties, the health of the U.S. economy and commercial mortgage markets, our outlook for the level, slope, and volatility of interest rates, the credit quality of our borrowers and the collateral underlying our assets.

Our access to financing will depend upon a number of factors, over which we have little or no control, including:

- general market conditions;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our eligibility to participate in and access capital from programs established by the governmental agencies;
- our current and potential future earnings and cash distributions; and
- the market price of our common shares.

Continuing weakness in the capital and credit markets could adversely affect our ability to secure financing on favorable terms or at all. In addition, if regulatory capital requirements imposed on lenders change, they may be required to limit, or increase the cost of, financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell loans at an inopportune time or price.

We cannot assure you that we will always have access to structured financing arrangements when needed. If structured financing arrangements are not available to us we may have to rely on equity issuances, which may be dilutive to our shareholders, or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our shareholders and other purposes. We cannot assure you that we will

have access to such equity or debt capital on favorable terms (including, without limitation, cost and term) at the desired times, or at all, which may cause us to curtail our lending activities and/or dispose of loans in our portfolio, which could negatively affect our results of operations.

We have no formal corporate policy and none of our governance documents limit our ability to borrow money. Our use of leverage may adversely affect the return on our assets and may reduce cash available for distribution to our shareholders, as well as increase losses when economic conditions are unfavorable.

Although our agreement with Bankwell restricts our ability to incur additional indebtedness in excess of $100,000 in the aggregate, we do not have a formal corporate policy limiting the amount of debt we may incur and none of our governing documents contain any limitation on the amount of leverage we may use. Thus, we may significantly increase the amount of our indebtness and the leverage we utilize at any time without approval of our shareholders. In addition, we may leverage individual assets at substantially higher levels. Incurring substantial debt could subject us to many risks that, if realized, would materially and adversely affect us, including the risk that:

- our cash flow from operations may be insufficient to make required payments of principal and interest on our outstanding indebtedness or we may fail to comply with all of the other covenants contained in the debt, which is likely to result in (i) acceleration of such debt (and any other debt containing a cross-default or cross-acceleration provision) that we may be unable to repay from internal funds or to refinance on favorable terms, or at all, (ii) our inability to borrow unused amounts under our financing arrangements, even if we are current in payments on borrowings under those arrangements and/or (iii) the loss of some or all of our assets pledged or liened to secure our indebtedness to foreclosure or sale;
- our debt may increase our vulnerability to adverse economic and industry conditions with no assurance that yields will increase with higher financing costs;
- we may be required to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations, future business opportunities, shareholder distributions or other purposes; and
- we may not able to refinance debt that matures prior to the asset it was used to finance on favorable terms, or at all.

Risks Related to REIT Status and Investment Company Act Exemption

We have no experience operating as a REIT or managing a portfolio of assets in the manner necessary to maintain an exemption under the Investment Company Act, which may hinder our ability to achieve our business objectives or result in the loss of our qualification as a REIT.

We have no experience converting to a REIT and none of our executive officers have any experience managing a loan portfolio under a set of complex laws, rules and regulations or operating a business in compliance with a set of technical limitations and restrictions as those applicable to REITS. Similarly, we have no experience operating under or avoiding being subject to the Investment Company Act. As a result, we are subject to all of the customary business risks and uncertainties associated with any new business, including the risk that we will not achieve our objectives and, as a result, the value of our common shares could decline substantially. The rules and regulations applicable to REITs under the Code are highly technical and complex and the failure to comply with these rules and regulations in a timely manner could prevent us from qualifying as a REIT or could force us to pay unexpected taxes and penalties. In addition, we will be required to develop and implement or invest in substantial control systems and procedures in order for us to maintain our qualification as a public REIT. As a result, we cannot assure you that we will be able to successfully operate as a REIT or comply with rules and regulations applicable to REITs, which would substantially reduce our earnings and may reduce the market value of our common shares. In addition, in order to maintain our exemption from registration under the Investment Company Act, the assets in our portfolio will be subject to certain restrictions, which will limit our operations meaningfully.

Complying with REIT requirements may hinder our ability to maximize profits, which would reduce the amount of cash available to be distributed to our shareholders. This could have an adverse impact on the price of our shares.

In order to maintain our qualification as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning among other things, the composition of our assets, our sources of income, the amounts we distribute to our shareholders and the ownership of our capital shares. Specifically, we must ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of such issuer. In addition, no more than 5% of the value of our assets can consist of the securities of any one issuer, other than a qualified REIT security. If we fail to comply with these requirements, we must dispose of the portion of our assets in excess of such amounts within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. In such event, we may be forced to sell non-qualifying assets at less than their fair market value. As a result of these requirements, our operating costs may increase to ensure compliance. For example, as a REIT, we may depend to a much greater extent than we currently do on communications and information systems. We may have to upgrade our existing systems in order to monitor a larger portfolio of loans, to track our revenue to make sure we do not inadvertently fail the revenue requirements for a REIT and to make sure that we distribute the requisite amount of our income to shareholders. In addition, we expect our operating expenses to increase as a result of our conversion to a REIT, becoming a publicly-held reporting company and anticipated growth and we cannot assure you that we will be able to sustain our profitability at our historical levels. In addition, we may also be required to make distributions to shareholders at times when we do not have funds readily available for distribution or are otherwise not optional for us. Accordingly, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Our failure to qualify or to remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to our shareholders.

We intend to operate in a manner that will enable us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year in which this offering is consummated. While we believe that we will qualify as a REIT after this offering is consummated, we have not requested and do not intend to request a ruling from the Internal Revenue Service (the "IRS"), that we do or will qualify as a REIT. The U.S. federal income tax laws and the Treasury Regulations promulgated thereunder governing REITs are complex. In addition, judicial and administrative interpretations of the U.S. federal income tax laws governing REIT qualification are limited. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature of our assets and our income, the ownership of our outstanding shares, and the amount of our distributions. Our ability to satisfy the asset tests depends on our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends on our ability to successfully manage the composition of our income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Thus, while we intend to operate so that we will continue to qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. These considerations also might restrict the types of assets that we can acquire in the future.

If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax on our taxable income, and distributions to our shareholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money or sell assets in order to pay our taxes. Our payment of income tax would decrease the amount of our income available for distribution to our shareholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required to distribute substantially all of our taxable income to

our shareholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify.

REIT distribution requirements could adversely affect our ability to execute our business plan and may require us to incur debt or sell assets to make such distributions.

In order to qualify as a REIT, we must distribute to our shareholders, each calendar year, at least 90% of our REIT taxable income (including certain items of non-cash income), determined without regard to the deduction for dividends paid and excluding net capital gain. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our taxable income, we are subject to U.S. federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our shareholders in a manner that will satisfy the REIT 90% distribution requirement and to avoid the 4% nondeductible excise tax.

Our taxable income may substantially exceed our net income as determined by U.S. GAAP and differences in timing between the recognition of taxable income and the actual receipt of cash may occur. For example, we may be required to accrue interest and discount income on mortgage loans before we receive any payments of interest or principal on such assets. We may be required under the terms of the indebtedness that we incur, to use cash received from interest payments to make principal payment on that indebtedness, with the effect that we will recognize income but will not have a corresponding amount of cash available for distribution to our shareholders.

As a result of the foregoing, we may generate less cash flow than taxable income in a particular year and find it difficult or impossible to meet the REIT distribution requirements in certain circumstances. In such circumstances, we may be required to: (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, (iv) make a taxable distribution of our shares as part of a distribution in which shareholders may elect to receive shares or (subject to a limit measured as a percentage of the total distribution) cash or (v) use cash reserves, in order to comply with the REIT distribution requirements and to avoid corporate income tax and the 4% nondeductible excise tax. Thus, compliance with the REIT distribution requirements may hinder our ability to grow, which could adversely affect the value of our common shares.

Even if we qualify as a REIT, we may face tax liabilities that reduce our cash flow.

As a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. In addition, in order to meet the REIT qualification requirements, or to avoid the imposition of a 100% tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, we may create “taxable REIT subsidiaries” to hold some of our assets. Any taxes paid by such subsidiary corporations would decrease the cash available for distribution to our shareholders.

Our qualification as a REIT may depend on the accuracy of legal opinions or advice rendered or given and the inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax.

In determining whether we qualify as a REIT, we may rely on opinions or advice of counsel as to whether certain types of assets that we hold or acquire are deemed REIT real estate assets for purposes of the REIT asset tests and produce income which qualifies under the 75% REIT gross income test. The inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax.

We may choose to make distributions in our common shares, in which case you may be required to pay income taxes in excess of the cash dividends you receive.

We may distribute taxable dividends that are payable in cash and/or common shares at the election of each shareholder. Shareholders receiving such dividends will be required to include the full amount of the dividend as

ordinary income. As a result, shareholders may be required to pay income taxes with respect to such dividends in excess of the cash portion of the dividend. Accordingly, shareholders receiving a distribution of shares may be required to sell those shares or may be required to sell other assets they own at a time that may be disadvantageous in order to satisfy any tax imposed on the distribution they receive from us. If a shareholder sells the common shares that he or she receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of a share of our common shares at the time of the sale. Furthermore, with respect to certain non-U.S. shareholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in shares, by withholding or disposing of some of the common shares in the distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our shareholders determine to sell their common shares in order to pay taxes owed on dividends, such sale may adversely impact the market price of our common shares.

Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our common shares.

Dividends payable by REITs are not eligible for the reduced rates generally applicable to dividends but are taxed at the same rate as ordinary income. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends. This could have an adverse impact on the market price of our common shares.

Liquidation of our assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our assets to repay obligations to our lenders, we may be unable to comply with these requirements, thereby jeopardizing our qualification as a REIT. In addition, we may be subject to a 100% tax on any gain realized from the sale of assets that are treated as inventory or property held primarily for sale to customers in the ordinary course of business.

The ownership restrictions set forth in our certificate of incorporation, as amended, may not prevent five or fewer shareholders from owning 50% or more of our outstanding shares of capital shares causing us to lose our status as a REIT. This loss of status may inhibit market activity in our common shares and restrict our business combination opportunities.

In order for us to qualify as a REIT, not more than 50% in value of our outstanding capital shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year, and at least 100 persons must beneficially own shares of our capital stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. To help insure that we meet the tests, our certificate of incorporation, as amended, restricts the acquisition and ownership of our capital shares. The ownership limitation is fixed at 4.99% of our outstanding capital shares, by value or number of shares, whichever is more restrictive. Our co-chief executive officers, Jeffrey C. Villano and John L. Villano, are exempt from this restriction. Immediately after this offering is consummated, Jeffrey C. Villano and John L. Villano will own % and %, respectively, of our outstanding common shares. In addition, our board of directors may grant such an exemption to such limitations in its sole discretion, subject to such conditions, representations and undertakings as it may determine. These ownership limits could delay or prevent a transaction or a change in control of our company that might involve a premium price for our common shares or otherwise be in the best interest of our shareholders.

The tax on prohibited transactions may limit our ability to engage in transactions that may be beneficial to us and/or our shareholders.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held as inventory or primarily for sale to customers in the ordinary course of business. We might be subject

to this tax if we were to sell or securitize loans in a manner that was treated as a sale of the loans as inventory for U.S. federal income tax purposes. Although at the present time we have no plans to sell any of our loans, in the future we may need to sell all or a portion of our portfolio in order to raise funds, reduce our exposure to certain risks or for other reasons. In such event, in order to avoid the prohibited transactions tax, we may be required to structure the sales in ways that may be less beneficial than we would if we were not a REIT.

We may be subject to adverse legislative or regulatory tax changes that could adversely impact the market price of our common shares.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

We may be unable to generate sufficient cash flows from our operations to make distributions to our shareholders at any time in the future.

As a REIT, we are required to distribute to our shareholders at least 90% of our taxable income each year. We intend to satisfy this requirement through quarterly distributions of all or substantially all of our REIT taxable income in such year, subject to certain adjustments. Our ability to make distributions may be adversely affected by a number of factors, including the risk factors described in this prospectus. If we make distributions from the proceeds of this offering, which would generally be considered to be a return of capital for tax purposes, our future earnings and cash available for distribution may be reduced from what they otherwise would have been. All distributions will be made at the discretion of our board of directors and will depend on various factors, including our earnings, our financial condition, our liquidity, our debt covenants, maintenance of our REIT qualification, applicable provisions of the New York Business Corporation Law (the "BCL"), and other factors as our board of directors may deem relevant from time to time. We believe that a change in any one of the following factors could adversely affect our results of operations and impair our ability to pay distributions to our shareholders:

- how we deploy the net proceeds of this offering;
- our ability to make loans at favorable interest rates;
- expenses that reduce our cash flow;
- defaults in our asset portfolio or decreases in the value of our portfolio; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

A change in any of these factors could affect our ability to make distributions. As a result, we cannot assure you that we will be able to make distributions to our shareholders at any time in the future or that the level of any distributions we do make to our shareholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us.

In addition, distributions that we make to our shareholders will generally be taxable to our shareholders as ordinary income. However, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us or may constitute a return of capital to the extent that they exceed our earnings and profits as determined for tax purposes. A return of capital is not taxable, but has the effect of reducing the basis of a shareholder's investment in our common shares.

We could be materially and adversely affected if we are deemed to be an investment company under the Investment Company Act.

We intend to conduct our business in a manner that will qualify for the exception from the Investment Company Act set forth in Section 3(c)(5)(C) of the Investment Company Act. The SEC generally requires that, for the exception provided by Section 3(c)(5)(C) to be available, at least 55% of an entity's assets be comprised of

mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of additional qualifying interests or real estate-type interests (with no more than 20% of the entity's assets comprised of miscellaneous assets). Any significant acquisition by us of non-real estate assets without the acquisition of substantial real estate assets could cause us to meet the definitions of an "investment company." If we are deemed to be an investment company, we could be required to dispose of non-real estate assets or a portion thereof, potentially at a loss, in order to qualify for the 3(c)(5)(C) exception. We may also be required to register as an investment company if we are unable to dispose of the disqualifying assets, which could have a material adverse effect on us.

Registration under the Investment Company Act would require us to comply with a variety of substantive requirements that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- restrictions on leverage or senior securities;
- restrictions on unsecured borrowings;
- prohibitions on transactions with affiliates;
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

If we were required to register as an investment company but failed to do so, we could be prohibited from engaging in our business, and criminal and civil actions could be brought against us.

Registration with the SEC as an investment company would be costly, would subject us to a host of complex regulations and would divert attention from the conduct of our business, which could materially and adversely affect us. In addition, if we purchase or sell any real estate assets to avoid becoming an investment company under the Investment Company Act, our net asset value, the amount of funds available for investment and our ability to pay distributions to our shareholders could be materially adversely affected.

Risks Related to Our Common Shares and This Offering

After this offering, management will continue to significantly influence and have effective control over all matters submitted to shareholders for approval and may act in a manner that conflicts with the interests of other shareholders.

Immediately after this offering is consummated, John L. Villano and Jeffrey C. Villano, our co-chief executive officers, will beneficially own % and % of our common shares. Thus, Messrs. Villano will have effective control over all corporate actions, including the election of directors and all other matters requiring shareholder approval, whether pursuant to the BCL or our certificate of incorporation, as amended. This concentration of ownership, particularly in light of the ownership limitations imposed on other shareholders, could have an adverse impact on the market price of our common shares.

Our financial statements may be materially affected if our estimates prove to be inaccurate.

Financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) require the use of estimates, judgments and assumptions that affect the reported amounts. Different estimates, judgments and assumptions reasonably could be used that would have a material effect on the financial statements, and changes in these estimates, judgments and assumptions are likely to occur from period to period in the future. Significant areas of accounting requiring the application of management's judgment include, but are not limited to, assessing the adequacy of the allowance for loan losses. These estimates, judgments and assumptions are inherently uncertain, and, if they prove to be wrong, then we face the risk that charges to income will be required. For example, currently, we do not carry any loan loss reserves. However, a decline in economic condition could negatively impact the credit quality of our loan portfolio and require us to establish loan loss reserves, which could have an adverse impact on our net income. In addition, because we have limited operating history as a REIT and limited experience in making these estimates, judgments and

assumptions, the risk of future charges to income may be greater than if we had more experience in these areas. Any such charges could significantly harm our business, financial condition, results of operations and the price of our securities.

We will incur increased costs associated with, and our management will need to devote substantial time and effort to, compliance with public company reporting and other requirements.

We expect our operating expenses to increase significantly once this offering is completed. As a publicly-held reporting company and a REIT, we expect to incur significant legal, accounting and other expenses, such as exchange listing fees, filing, printing and mailing expenses, transfer agent fees, and others, that we did not incur as a private company. For example, we will be required to, among other things, file annual, quarterly and current reports with respect to our business and operating results. In addition, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE MKT and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Furthermore, as a corporation we will incur various costs and expenses that SCP did not incur as a limited liability company, such as director fees, directors' and officers' insurance and state and local franchise taxes. In addition, in lieu of paying a management fees to our manager, JJV, we will incur significant compensation and other employee-related expenses (cash and non-cash) for services rendered by our senior executive officers. Finally, certain operating expenses that were paid by JJV, such as rent, will be paid by us directly.

After this offering is consummated, our management and other personnel will have to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations are likely to cause our operating costs and expenses to increase and will make certain activities more time-consuming and costly. We may need to hire additional accounting and finance personnel with appropriate public company experience and technical accounting knowledge, and it may be difficult to recruit and maintain such personnel. We cannot yet predict or estimate the costs we may incur in the future with respect to these compliance initiatives or the timing of such costs. In addition, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

There has never been, and there may never be, an active and orderly trading market for our common shares.

On or about the effective date of the registration statement of which this prospectus is a part, our common shares will begin to trade on the NYSE MKT. This will be the first time investors can buy and sell our common shares on either a stock exchange or through an over-the-counter electronic quotation system. Nevertheless, an active trading market for our common shares may never develop or be sustained. As a result, investors in our common shares must be able to bear the economic risk of holding those shares for an indefinite period of time. In addition, we cannot assure that we will, in the future, continue to meet the listing standards of the NYSE MKT or those of any other national securities exchange, in which case our common shares may be "delisted." In that event, our common shares will be quoted on an-over-the-counter quotation system. In those venues, you may find it difficult to obtain accurate quotations as to the market value of your common shares and it may be difficult to find buyers to purchase your common shares and relatively few market makers to support its price. As a result of these and other factors, you may be unable to resell your common shares at or above the price for which you purchased them, or at all. Further, an inactive market may also impair our ability to raise capital by selling additional equity in the future, and may impair our ability to enter into strategic partnerships or acquire companies or products by using our common shares as consideration.

The price for our common shares may be influenced by numerous factors, many of which are beyond our control, resulting in extreme volatility.

The trading price of our common shares is likely to be highly volatile, and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this prospectus, these factors include:

- our operating results and financial condition;
- additions or departures of key personnel;
- changes in laws or regulations applicable to our business;
- our dependence on third parties;
- failure to meet or exceed any financial guidance or expectations that we may provide to the public;
- actual or anticipated variations in quarterly operating results;
- failure to meet or exceed the estimates and projections of the investment community;
- overall performance of the equity markets and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- our ability to maintain an adequate rate of growth and manage such growth;
- issuances of debt or equity securities;
- sales of our common shares by our shareholders in the future, or the perception that such sales could occur;
- trading volume of our common shares;
- ineffectiveness of our internal control over financial reporting or disclosure controls and procedures;
- national, regional and/or local political and economic conditions;
- effects of natural or man-made catastrophic events; and
- other events or factors, many of which are beyond our control.

In addition, the stock market in general, and the stocks of real estate related companies, including REITs in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common shares, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in these "Risk Factors," could have a dramatic and material adverse impact on the market price of our common shares.

FINRA sales practice requirements may limit your ability to buy and sell our common shares.

The Financial Industry Regulatory Authority, or FINRA, has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. Because these FINRA requirements are applicable to our common shares, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our common shares, which may limit the ability of our shareholders to buy and sell our common shares and could have an adverse effect on the market for and price of our common shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and any trading volume could decline.

Any trading market for our common shares that may develop will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on us or our business. If no securities or industry analysts commence coverage of us, the trading price for our common shares could be negatively affected. If securities

or industry analysts initiate coverage, and one or more of those analysts downgrade our common shares or publish inaccurate or unfavorable research about our business, the price of our common shares would likely decline. If one or more of these analysts cease to cover us or fail to publish reports on us regularly, demand for our common shares could decrease, which might cause a decline in the price and trading volume of our common shares.

We have a substantial number of shares of authorized but unissued capital stock, and if we issue additional shares of our capital stock in the future, our existing shareholders will be diluted.

Our certificate of incorporation, as amended, authorizes the issuance of up to 50,000,000 common shares and up to 5,000,000 preferred shares with the rights, preferences and privileges that our board of directors may determine from time to time. Immediately after the consummation of this offering, we will have no preferred shares outstanding and common shares issued and outstanding, which represents % of our total authorized common shares. In addition to capital raising activities, which we expect to continue to pursue in order to raise the funding we will need in order to continue our operations, other possible business and financial uses for our authorized capital stock include, without limitation, future stock splits, acquiring other companies, businesses or products in exchange for shares of our capital stock, issuing shares of our capital stock to partners or other collaborators in connection with strategic alliances, attracting and retaining employees by the issuance of additional securities under our equity compensation plans, or other transactions and corporate purposes that our board of directors deems are in our best interests. Additionally, shares of our capital stock could be used for anti-takeover purposes or to delay or prevent changes in control to our management. Any future issuances of shares of our capital stock may not be made on favorable terms or at all, they may not enhance shareholder value, they may have rights, preferences and privileges that are superior to those of our common shares, and they may have an adverse effect on our business or the trading price of our common shares. The issuance of any additional common shares will reduce the book value per share and may contribute to a reduction in the market price of the outstanding common shares. Additionally, any such issuance will reduce the proportionate ownership and voting power of all of our current shareholders.

Investors in this offering will experience immediate and substantial dilution in net tangible book value.

The public offering price will be substantially higher than the pro forma net tangible book value per share of our outstanding common shares. As a result, based upon the assumptions set forth in "Dilution," investors purchasing common shares in this offering will incur immediate dilution of $ per share, based on the public offering price of $ per common share (the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus). See "Dilution" for a more complete description of how the value of your investment in our common shares will be diluted upon the completion of this offering.

We have not determined a specific use for a portion of the net proceeds from this offering, and we may use these proceeds in ways with which you may not agree.

While we currently intend to use the net proceeds received from this offering primarily to fund new loans, our management will have considerable discretion in the application of the proceeds received in connection with this offering. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our profitability or increase the price of our common shares. The net proceeds from this offering may also be placed in investments that do not produce income or lose value.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus, we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We have elected to avail ourselves of the extended transition period for adopting new or revised accounting standards available to emerging growth companies under the JOBS Act and will, therefore, not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies, which could make our common stock less attractive to investors.

The JOBS Act provides that an emerging growth company can take advantage of exemption from various reporting requirements applicable to other public companies and an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies. We intend to avail ourselves of these exemptions and the extended transition periods for adopting new or revised accounting standards and therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with public company effective dates. We intend to avail ourselves of these options. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company. We cannot predict whether investors will find our stock less attractive as a result of this election. If some investors find our common stock less attractive as a result of this election, there may be a less active trading market for our common stock and our stock price may be more volatile.

As a publicly-held, reporting company, we expect to incur significantly increased costs and that management will have had to devote substantial time to reporting and other compliance matters. We expect these costs and expenses to further increase after we are no longer an "emerging growth company."

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we will be required to furnish a report by our management on our internal control over financial reporting with our second annual report to be filed with the SEC in 2016. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Risks Related to Our Organization and Structure

Certain provisions of New York law could inhibit changes in control.

Various provisions of the BCL may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then-prevailing market price of our common shares. For example, we are subject to the "business combination" provisions of the BCL that, subject to limitations, prohibit certain business combinations (including a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities) between us and an "interested shareholder" (defined generally as any person who beneficially owns 20% or more of our then outstanding voting capital shares or an affiliate thereof for five years after the most recent date on which the shareholder becomes an interested shareholder. After the five-year prohibition, any business combination between us and an interested shareholder generally must be recommended by our board of directors and approved by the affirmative vote of a majority of the votes entitled to be cast by holders of our voting capital shares other than shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested shareholder. These provisions do not apply if holders of our common shares receive a minimum price, as defined under New York law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its common shares. They also do not apply to business combinations that are approved or exempted by a board of directors prior to the time that the interested shareholder becomes an interested shareholder.

Our authorized but unissued common and preferred shares may prevent a change in our control.

Our certificate of incorporation, as amended, authorizes us to issue additional authorized but unissued common or preferred shares. After this offering is completed, we will have authorized but unissued common shares (if the over-allotment option is exercised in full) and 5,000,000 authorized but unissued preferred shares, all of which are available for issuance at the discretion of our board of directors. As a result, our board of directors may establish a series of common or preferred shares that could delay or prevent a transaction or a change in control that might involve a premium price for our common shares or otherwise be in the best interest of our shareholders.

Our rights and the rights of our shareholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interests.

Our certificate of incorporation, as amended, limits the liability of our present and former directors to us and our shareholders for money damages to any breach of duty in such capacity, if a judgment or other final adjudication adverse to a present or former officer or director establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or that his or her acts violated Section 719 of the BCL. Section 719 of the BCL limits director liability to the following four instances:

- declarations of dividends in violation of the BCL;
- a purchase or redemption by a corporation of its own shares in violation of the BCL;
- distributions of assets to shareholders following dissolution of the corporation without paying or providing for all known liabilities; and
- making any loans to directors in violation of the BCL.

Our certificate of incorporation, as amended, and bylaws authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by the BCL. In addition, we may be obligated to pay or reimburse the defense costs incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification.

Our bylaws contain provisions that make removal of our directors difficult, which could make it difficult for our shareholders to effect changes to our management.

Our bylaws provide that a director may be removed by either the board of directors or by shareholders for cause. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum, unless the vacancy occurred as a result of shareholder action, in which case the vacancy must be filled by a vote of shareholders at a special meeting of shareholders duly called for that purpose. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our shareholders.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "estimate," "expect," "project," "plan," "seek," "intend," "believe," "may," "might," "will," "should," "could," "likely," "continue," "design," and the negative of such terms and other words and terms of similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Risk Factors." In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements after the date of this prospectus to confirm these statements in relationship to actual results or revised expectations.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this prospectus. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

USE OF PROCEEDS

We estimate that the net proceeds from the issuance and sale of our common shares in this offering, assuming an initial public offering price of $____ per share (the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus), will be approximately $ (or approximately $ if the representative exercises its over-allotment option in full), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purpose of this offering is to raise additional funds so we can increase our loan portfolio. As a real estate finance company whose primary source of income is interest generated from our loan portfolio, the only way for us to increase our revenue is to increase the size of our loan portfolio.

The table below sets forth our expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions.

	Amount	Percentage
Funding loans		
Capital expenditures		
Working capital and general corporate purposes		

Funding loans. Approximately $ of the net proceeds of this offering will be used to fund new loans and grow our loan portfolio.

Capital expenditures. In order to accommodate the growth in our business as a result of the successful completion of this offering as well as to comply with the various reporting and other requirements applicable to REITs and publicly held reporting requirements, we will need to implement and upgrade various systems including . We estimate the cost of this implementation and upgrade to be $ over the next 12 months.

Working capital. As a result of our conversion to REIT status and the consummation of this offering we expect that our general and administrative expenses, such as compensation and other employee-related expenses, insurance, rent, legal and accounting, will increase on account of our various reporting and compliance obligations and our expanded operations.

We may also use the net proceeds to pay down, on a temporary basis, the outstanding balance on the Bankwell Credit Line.

Pending the application of any portion of the net proceeds, we may invest such funds in interest bearing accounts and short-term, interest bearing securities that are consistent with our intention to qualify as a REIT and maintain our exemption from registration under the Investment Company Act. These investments are expected to provide lower returns than those we will seek to achieve from our loan portfolio.

DIVIDENDS AND DISTRIBUTION POLICY

The holders of our common shares are entitled to receive dividends as may be declared from time to time by our board of directors. Payments of future dividends are within the discretion of our board of directors and depend on, among other factors, our retained earnings, capital requirements, operations and financial condition.

As a newly formed corporation, we have no dividend payment history. However, as a limited liability company, we distributed approximately 90% of our net profits each year to our members. In addition, as a REIT, we will be required, before the end of any REIT taxable year in which we have accumulated earnings and profits attributable to a non-REIT year, to declare a dividend to our shareholders to distribute such accumulated earnings and profits (a "Purging Distribution"). As of September 30, 2016, we did not have any accumulated earnings and profits attributable to a non-REIT year. Accordingly, we are not required to make a Purging Distribution.

From and after the effective date of our REIT election, we intend to pay regular quarterly distributions to holders of our common shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains). U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code.

DILUTION

If you invest in our common shares in this offering, your interest will be immediately and substantially diluted to the extent of the difference between the public offering price per share and the pro forma, as adjusted net tangible book value per share after giving effect to this offering. The pro forma data gives effect to the following as if they occurred on September 30, 2016: (i) the issuance of 8,533,237 common shares, prior to the consummation of this offering, including 6,283,237 common shares that will be issued to SCP in exchange for all of the assets and liabilities of SCP pursuant to the Exchange Agreement; (ii) the elimination of the management fees payable to JJV in its capacity as the manager of SCP; (iii) the direct payment of salaries and other forms of compensation to John Villano and Jeffrey Villano; (iv) the direct payment of origination fees to us rather than to JJV; and (v) normalizing various other operating expenses, such as rent. Pro forma, as adjusted net tangible book value gives effect to the foregoing pro forma adjustments as well as to the sale of common shares at the initial public offering price of $ per share (the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus) and the receipt by us of approximately $ of net proceeds therefrom. Our pro forma net tangible book value at September 30, 2016 was $ million, or $ per pro forma share outstanding. After giving effect to the sale of shares in this offering at an assumed initial offering price of $ per share (the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus), and after deducting underwriting discounts and commissions and other estimated offering expenses payable by us, our pro forma as adjusted net tangible book value at September 30, 2016 would have been approximately $, or $ per share. This represents an immediate increase in net tangible book value of approximately $ per share to our existing shareholders, and an immediate dilution of $ per share to investors purchasing common shares in this offering.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of our common shares in this offering and the net tangible book value per share of our common shares immediately after this offering.

The following table illustrates the per share dilution to investors purchasing shares in the offering:

Public offering price per share		$
Pro forma net tangible book value per share outstanding as at September 30, 2016	$	
Increase in historical and pro forma net tangible book value per share outstanding attributable to new investors		
Pro forma as adjusted net tangible book value per share outstanding after this offering		
Dilution per share to new investors		

The information above assumes the representative does not exercise the over-allotment option. If the representative exercises the over-allotment option in full, our pro forma, as adjusted tangible net book value at June 30, 2016 would have been $, reflecting an immediate dilution of $ per share to investors purchasing common shares in this offering.

The following table summarizes, as of September 30, 2016, differences between our existing shareholders and investors who purchased common shares in this offering with respect to the number of shares purchased, the total consideration paid and the average price per share paid.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Executive officers and directors		%	$	%	$
Other existing shareholders[1]			$		$
New investors[2]		0	$		$
Total		100.0%	$	100.0%	

(1) Does not include any shares underlying unexercised warrants and options.

(2) Based on an assumed initial public offering price of $ per share.

The information above assumes the representative does not exercise its overallotment option. If the representative exercises its over-allotment option in full, the investors in this offering will purchase common shares for an aggregate gross purchase price of $ million ($ after deducting underwriting discounts and commissions and other estimated offering expenses payable by us), representing approximately % of the total consideration for % of the total number of issued outstanding common shares and the dilution to new investors will be $ per share, or %.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2016:

- on an actual basis;
- on a pro forma basis to give effect to the following as if they occurred on September 30, 2016: (i) the issuance of 8,533,237 common shares prior to the consummation of this offering, including 6,283,237 common shares that will be issued to SCP pursuant to the Exchange Agreement in exchange for all of the assets and liabilities of SCP; (ii) the elimination of the management fees payable to JJV in its capacity as the manager of SCP; (iii) the direct payment of salaries and other forms of compensation to John Villano and Jeffrey Villano; (iv) the direct payment of origination fees to us rather than to JJV; and (v) normalizing various other operating expenses, such as rent; and
- on a pro forma, as adjusted, basis giving effect to the foregoing pro forma adjustments as well as issuance and sale of common at an initial public offering price of $ per share (the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus) and the receipt of $ of net proceeds therefrom after deducting the estimated underwriting commissions and discounts and other offering expenses, as set forth in this prospectus.

You should read this table together with the information contained in this prospectus, including “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and related notes included elsewhere in this prospectus.

	As at September 30, 2016		
	(Actual)	(Pro Forma)	(Pro Forma, As Adjusted)
Line of credit	$ 8,525,000	$ 8,525,000	$
Members’ equity	26,709,742	—	
Shareholders’ equity:			
Preferred shares, $0.001 par value, 5,000,000 shares authorized, no shares issued or outstanding	$ —	$ —	$
Common shares, $0.001 par value, 50,000,000 shares authorized; 8,533,237 shares issued and outstanding pro forma and shares issued and outstanding, pro forma, as adjusted	—	8,533	
Additional paid in capital	—	26,701,209	
Retained earnings	—	—	
Total shareholders’ equity	—	26,709,742	
Total capitalization	$35,234,742	$35,234,742	$

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and notes thereto contained elsewhere in this prospectus. This discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements.

Overview

We are a Connecticut-based real estate finance company that specializes in originating, underwriting, funding, servicing and managing a portfolio of short-term (*i.e.*, three years or less) loans secured by first mortgage liens on real property located primarily in Connecticut. Each loan is also personally guaranteed by the principal(s) of the borrower, which guaranty is typically collaterally secured by a pledge of the guarantor's interest in the borrower. Our typical borrower is a small real estate investor who will use the proceeds to fund its acquisition, renovation, rehabilitation, development and/or improvement of residential or commercial properties located primarily in Connecticut held for investment or sale. The property may or may not be income producing. We do not lend to owner-occupants. Our loans are referred to in the real estate finance industry as "hard money loans."

We believe that upon completion of this offering we will meet all of the requirements to qualify as a real estate investment trust ("REIT") for federal income tax purposes and we intend to elect to be taxed as a REIT beginning with the year in which this offering is consummated.

Since commencing operations in 2010, SCP has made over 395 loans, not including renewals or extensions of existing loans. At September 30, 2016, (i) SCP's loan portfolio included 202 loans with an aggregate loan amount of approximately $30.6 million with the principal amount of individual loans ranging from $25,000 to $1.1 million, (ii) the average original principal amount of the loans in the portfolio was $151,277 and the median loan amount was $108,000 and (iii) 86% of the loans had a principal amount of $250,000 or less. At December 31, 2015, SCP's loan portfolio included 185 loans with an aggregate loan amount of approximately $27.5 million and with the principal amount of individual loans ranging from $20,000 to $1.7 million, (ii) the average original principal amount of the loans in the portfolio was $147,000 and the median loan amount was $113,700 and (iii) 62% of the loans had a principal amount of $250,000 or less. At September 30, 2016 and December 31, 2015 unfunded commitments for future advances under construction loans totaled $1.07 million and $1.26 million, respectively. Similarly, SCP's revenues and net income have been growing. For the nine months ended September 30, 2016 revenues and net income were approximately $3.0 million and $2.2 million, respectively. For the years ended December 31, 2015 and 2014 revenues were $2.8 million and $1.6 million, respectively, and net income was $2.3 million and $1.5 million, respectively. While we cannot assure that we will be able to sustain these growth rates indefinitely, we do believe the business will continue to grow over the next few years. We expect most of the growth will be attributable to our further expansion into the Connecticut real estate market and our expansion throughout New England and into various Mid-Atlantic states, particularly portions of New York and New Jersey.

Our loans typically have a maximum initial term of three years and bear interest at a fixed rate of 9% to 12% per year and a default rate for non-payment of 18%. However, beginning January 1, 2017, we plan to increase the rates on new loans to offset the recent increase to our borrowing rate under the Bankwell Credit Line. In addition, we usually receive origination fees, or "points," ranging from 2% to 5% of the original principal amount of the loan as well as other fees relating to underwriting, funding and managing the loan. When we renew or extend a loan we generally receive additional "points" and other fees. Interest is always payable monthly in arrears. As a matter of policy, we do not make any loans if the loan-to value ratio exceeds 65%. In the case of construction loans, the loan-to-value ratio is based on the post-construction value of the property. In the case of loans having a principal amount in excess of $325,000, Bankwell requires a formal appraisal by a licensed appraiser. In the case of smaller loans, we rely on readily available market data, including tax assessment rolls, recent sales transactions and brokers to evaluate the strength of the collateral. Finally, we have adopted a policy, to take effect on the date of this prospectus, that will limit the maximum

amount of any loan we fund to a single borrower or a group of affiliated borrowers to 10% of the aggregate amount of our loan portfolio after taking into account the loan under consideration.

As a "hard money" real estate lender, our revenue consists primarily of interest earned on our loan portfolio and our net income is basically the spread between the interest we earn and our cost of funds. Since our capital structure is more heavily weighted to equity rather than debt (approximately 75.8% vs 24.2% of our total capitalization at September 30, 2016) our cost of funds is relatively low, 6.5% through December 15, 2016. As of September 30, 2016, the annual yield on SCP's loan portfolio was 12% per annum. The yield has been increasing steadily over the past few years as older loans with lower interest rates come due and are either being repaid or refinanced at higher rates. Cost of capital is 0% for equity and 6.5% for debt as of September 30, 2016, providing a spread of 12% to 5.5%. The yield reflected above does not include other amounts collected from borrowers and retained by SCP such as origination fees and late payment fees. As of December 16, 2016 the interest rate on our bank debt was increased to 6.75% per annum. We expect our borrowing costs to increase in 2017 as the Federal Reserve Bank has indicated that it intends to continue to raise rates throughout 2017. We will seek to offset the impact of these rate increases by increasing the rates on new mortgage loans that we originate and fund.

In order to grow our business, we will have to increase our loan portfolio and that will require additional capital, including the proceeds from this offering. We may also incur additional debt. We have not adopted any policy that limits the amount of debt we may incur. Thus, our operating income in the future will depend on how much debt we incur and the spread between our cost of funds and the yield on our loan portfolio. If interest rates increase as expected, we do not believe this will have a material adverse impact on our business as we believe we will be able to increase the rates on our loans to offset the increase in our cost of funds and to satisfy investor demand for yield. However, if interest rates rise quickly, we may not be able to match the increases to our borrowing costs with increases in our loans at the same pace, which could adversely impact our income. In addition, rapidly rising interest rates could have an unsettling effect on real estate values, which could compromise some of our collateral.

Our primary objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term principally through dividends. We intend to achieve this objective by continuing to focus on selectively originating, managing and servicing a portfolio of first mortgage real estate loans and carefully manage our loan portfolio in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that the demand for commercial real estate loans that have a principal amount of less than $500,000, in Connecticut and neighboring states is significant and growing and that traditional lenders, including banks and other financial institutions that usually serve this market are unable to satisfy this demand. This demand/supply imbalance has created an opportunity for "hard money" real estate lenders like us to selectively originate high-quality first mortgage loans on attractive terms and these conditions should persist for a number of years.

We have built our business on a foundation of intimate knowledge of the Connecticut real estate market, our ability to respond quickly to customer needs and demands and a disciplined underwriting and due diligence culture that focuses primarily on the value of the underlying collateral and that is designed to protect and preserve capital. We believe that our flexibility in terms of meeting the needs of borrowers without compromising our standards on credit risk, our expertise, our intimate knowledge of the real estate market in Connecticut and the surrounding states and our focus on newly originated first mortgage loans has defined our success until now and should enable us to continue to achieve our objectives.

Our principal executive officers are experienced in hard money lending under various economic and market conditions. Our co-chief executive officers, Jeffrey C. Villano and John L. Villano, spend a significant portion of their time on business development as well as on underwriting, structuring and servicing each loan in our portfolio. A principal source of new transactions has been repeat business from existing and former customers and their referral of new business. We also receive leads for new business from banks, brokers, attorneys and web-based advertising. We rely on our own employees, independent legal counsel, and other independent professionals to verify title and ownership, to file liens and to consummate the transactions.

Sources of Capital

We use a combination of equity capital and the proceeds of debt financing to fund our operations. We do not have any formal policy limiting the amount of debt we may incur. However, under the terms of the Bankwell Credit Line, we may not incur any additional indebtedness in excess of $100,000 in the aggregate without Bankwell's consent. Depending on various factors we may, in the future, decide to take on additional debt to expand our mortgage loan origination activities in order to increase the potential returns to our shareholders. Although we have no pre-set guidelines in terms of leverage ratio, the amount of leverage we will deploy will depend on our assessment of a variety of factors, which may include the liquidity of the real estate market in which most of our collateral is located, employment rates, general economic conditions, the cost of funds relative to the yield curve, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, our opinion regarding the creditworthiness of our borrowers, the value of the collateral underlying our portfolio, and our outlook for interest rates and property values. At September 30, 2016, debt proceeds represented 24.2% of our total capital. However, in order to grow the business and satisfy the requirement to pay out 90% of net profits, we expect to increase our level of debt over time to approximately 50% of capital. We intend to use leverage for the sole purpose of financing our portfolio and not for the purpose of speculating on changes in interest rates.

SCP commenced operations in December 2010 with no capital. By January 2011, it had raised $443,000 of initial capital, of which $70,000 was contributed by an affiliate of Jeffrey Villano. At September 30, 2016, members' equity was $26.7 million. Through September 30, 2016, JJV, LLC ("JJV"), the managing member of SCP, whose principals are Jeffrey Villano and John Villano, Sachem Capital's co-chief executive officers, total capital contribution to SCP was an aggregate of $794,000. In addition, the Villano brothers, individually and through affiliates, contributed a total of an additional $1.9 million of capital to SCP. JJV's initial capital contribution of $35,000 was made in August 2011. The principal purpose of this offering is to raise additional equity capital to expand our real estate lending business.

Another source of capital for us is our $15.0 million Bankwell Credit Line. Borrowings under the Bankwell Credit Line bear interest at a rate equal to the greater of (i) a variable rate equal to the sum of the prime rate of interest as in effect from time to time plus 3.0% or (ii) 6.25% per annum. On December 16, 2016, SCP was notified by Bankwell that, as a result of the increase in the federal funds rate announced by the Federal Reserve on December 14, 2016, the bank's prime rate was increased to 3.75%. The Bankwell Credit Line expires and the outstanding indebtedness thereunder will become due and payable in full on March 15, 2018. Assuming we are not then in default under the terms of the Bankwell Credit Line, we have the option to repay the outstanding balance, together with all accrued interest thereon in 36 equal monthly installments beginning April 15, 2019. The Bankwell Credit Line is secured by assignment of mortgages and other collateral and is jointly and severally guaranteed by JJV, Jeffrey C. Villano and John L. Villano, our co-chief executive officers. However, each of their respective liability under the guaranty is capped at $1 million.

The basic eligibility requirements for an advance under the Bankwell Credit Line are as follows:

- the initial term of the note may not exceed 36 months and the original maturity date may not be extended for more than 36 months;
- the collateral securing the mortgage may not be the borrower's primary residence;
- mortgage loans to any single borrower or to multiple borrowers that have the same guarantor cannot exceed $450,000 in the aggregate;
- minimum credit scores for the borrower and guarantors of loans in excess of $100,000 of (i) 625 for loans with a loan-to-value ratio of 50% or less or (ii) 660 for loans with a loan-to-value ratio of more than 50% but less than 75%;
- maximum amount of any advance against an eligible note receivable is $250,000;
- payments on the underlying loan may not be more than 60 days past due; and
- receipt of certain information relating to the property including an appraisal (if the amount of the underlying loan exceeds $325,000) or other relevant data regarding value (if the amount of the underlying loan is less than $325,000).

The Bankwell Credit Line contains various covenants and restrictions that are typical for these kinds of credit facilities, including limiting the amount that we can borrow relative to the value of the underlying collateral, maintaining various financial ratios and limitations on the terms of loans we make to our customers. Under the terms of the Bankwell Credit Line, the amount outstanding at any one time may not exceed the lesser of (i) $15.0 million and (ii) our Eligible Notes Receivable (as defined under the Bankwell Credit Line). In addition, each "Advance" is further limited to the lesser of (i) 50%-75%, depending on the loan-to-value ratio, of the principal amount of the particular Eligible Note Receivable being funded and (ii) $250,000. As of September 30, 2016, we estimate that loans having an aggregate principal amount of $27.3 million, representing approximately 89.5% of SCP's mortgage receivables, satisfied all of the eligibility requirements set forth in the Bankwell Credit Line. As of September 30, 2016, the total amount outstanding under the Bankwell Credit Line was $8,525,000 million leaving us with sufficient borrowing capacity to draw the entire $15.0 million facility if we so choose. Given the nature of our business, we cannot assure you that we will always be able to borrow the maximum allowed under the terms of the Bankwell Credit Line.

In addition, the Bankwell Credit Line includes the following restrictions, limitations and prohibitions:

- prohibiting any liens on any of the collateral securing the Bankwell Credit Line, which is essentially all of our assets;
- prohibiting us from merging, consolidating or disposing of any asset;
- prohibiting us from incurring additional indebtedness in excess of $100,000 in the aggregate;
- prohibiting us from forming or transacting business with any subsidiary or affiliate other than to make loans to our borrowers;
- prohibiting us from allowing any litigation in excess of $50,000 against any of our assets unless we are fully insured against such loss;
- prohibiting us from declaring or paying any cash dividends in excess of our REIT taxable income;
- prohibiting us from purchasing any securities issued by or otherwise invest in any public or private entity; and
- Jeffrey Villano and John Villano must remain as our senior executive officers with day-to-day operational involvement.

Loan covenants include the following:

- punctually pay amounts due;
- pay on demand any charges customarily incurred or levied by Bankwell;
- pay any and all taxes, assessments or other charges assessed against us or any of our assets;
- pay all insurance premiums;
- maintain our principal deposit and disbursement accounts with Bankwell;
- perfect Bankwell's lien on the assets;
- comply with all applicable laws, ordinances, rules and regulations of any governmental authority; or
- change the form or nature of our structure from a REIT.

The loan agreement also includes the following covenants:

- we must maintain a fixed charge coverage ratio of at least 1.35:1.00 at the end of each fiscal quarter;
- we must maintain a tangible net worth of not less than the sum of (x) seventy five percent (75%) of shareholders' equity immediately following the consummation of this offering plus (y) sixty percent (60%) percent of net cash proceeds from the sale of any of our equity securities following this offering at the end of each fiscal quarter; and

- each of Jeffrey Villano and John Villano must own not less than 500,000 shares of our issued and outstanding capital stock.

The term fixed charge coverage ratio means, with respect to each fiscal year, the ratio of (A) EBITDA (*i.e.,* net income before provision for payment of interest expense, federal income taxes plus depreciation and amortization, as determined under GAAP) *minus* the sum of (i) income taxes paid in cash and (ii) unfinanced capital expenditures to (B) the sum of (i) interest expense accrued for such period and paid in cash at any time by the borrower, (ii) the current portion of long term indebtedness (including capital leases) paid, (iii) dividends paid on preferred equity, (iv) capitalized interest on mortgage loans and (v) amortization of any discount on mortgage loans. The term tangible net worth means an amount equal to the excess of (x) total assets over (y) the sum of (I) the total of all assets which would be classified as intangible assets under GAAP and (II) total liabilities as set forth on our balance sheet.

Corporate Reorganization and REIT Qualification

Prior to consummating this offering we will change our entity status from a limited liability company to a C corporation. To effect this change, we have entered into an Exchange Agreement with SCP pursuant to which SCP will transfer all of its assets and liabilities to us in exchange for 6,283,237 of its common shares and the assumption of SCP's obligations under the Bankwell Credit Line (the "Exchange"). As soon as practicable thereafter, SCP will distribute the common shares to its members, pro rata in accordance with their capital account balances in full liquidation of their membership interests. We expect to consummate the Exchange on or before the date of this prospectus. For accounting purposes, the consummation of the Exchange will be treated as a recapitalization of SCP.

The pre-offering capitalization of Sachem Capital was based on discussions with the representative and took into account (i) SCP's historical financial performance, including revenues, net profits, cash flow from operations and distributions to members, (ii) our prospects (taking into account, among other things, any anticipated changes as a result of the change in SCP's status from an LLC to a regular C corporation and our operation as a REIT for income tax purposes) and (iii) the market value of comparable public companies. That amount was then divided by the proposed initial public offering price to arrive at the pre-offering capitalization of Sachem Capital. An aggregate of 2,250,000 common shares were issued at the time Sachem Capital was organized, including 1,085,000 shares to each of Jeffrey Villano and John Villano, and the balance — 6,283,237 common shares — will be issued to SCP upon consummation of the Exchange. Based on members' equity at September 30, 2016 and assuming an initial public offering price of $ per share (the midpoint of the estimated initial public offering price range set forth on the cover of this prospectus), each member of SCP will receive Sachem Capital common shares having a value of approximately $ for each $1.00 in its capital account.

JJV, whose members include various members of the Villano family, in the liquidation of SCP will receive common shares, or approximately % of the common shares to be issued in the Exchange. In addition, the Villano brothers, individually and through their affiliates, will receive an additional common shares, or % of the common shares issued in the Exchange. Accordingly, after giving effect to the Exchange but immediately prior to this offering, in total, Jeffrey and John Villano, collectively, will beneficially own common shares (or %) of Sachem Capital's common shares.

We believe that upon completion of this offering we will meet all of the requirements to qualify as a REIT for federal income tax purposes and intend to elect to be taxed as a REIT beginning with our tax year in which this offering is consummated or as soon as practicable thereafter. As a REIT, we are entitled to claim deductions for distributions of taxable income to our shareholders thereby eliminating any corporate tax on such taxable income. Any taxable income not distributed to shareholders is subject to tax at the regular corporate tax rates and may also be subject to a 4% exercise tax to the extent it exceeds 10% of our total taxable income. In order to maintain our qualification as a REIT, we are required to distribute each year at least 90% of our taxable income. As a REIT, we may also be subject to federal excise taxes and state taxes.

We expect our operating expenses to increase significantly once this offering is completed. The additional operating expenses are attributable to a number of factors including our conversion from a limited liability company to a regular C corporation, operating as a REIT, our status as a publicly-held reporting company and growth in our operations. As a corporation we will incur various costs and expenses that we did not have as a

limited liability company, such as director fees, directors' and officers' insurance and state and local franchise taxes. In addition, in lieu of paying a management fees to our manager, JJV, we will incur significant compensation and other employee-related costs for services rendered by our senior executive officers. Moreover, because of various laws, rules and regulations that prohibit or severely limit our ability to enter into agreements with related parties, certain operating expenses, such as rent, will increase as well. Finally, we anticipate increases in professional fees, filing fees, printing and mailing costs, exchange listing fees, transfer agent fees and other miscellaneous costs related to our compliance with various laws, rules and regulations applicable to REITs and a publicly-held reporting company. For example, we will be required to, among other things, file annual, quarterly and current reports with respect to our business and operating results. Also, as a public reporting company, we must establish and maintain effective disclosure and financial controls. As a result, we may need to hire additional accounting and finance personnel with appropriate public company experience and technical accounting knowledge, which will also increase our operating expenses.

Emerging Growth Company Status

We are an "emerging growth company", as defined in the JOBS Act, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As an emerging growth company we can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to avail ourselves of these options. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company.

We will cease to be an emerging growth company upon the earliest of: (i) the end of the fiscal year following the fifth anniversary of this offering; (ii) the first fiscal year after our annual gross revenue are $1.0 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded $700 million as of the end of the second quarter of that fiscal year. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If, as a result of our decision to reduce future disclosure, investors find our common shares less attractive, there may be a less active trading market for our common shares and the price of our common shares may be more volatile.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections and (c) general financial market conditions. Actual amounts could differ from those estimates.

We recognize revenues in accordance with ASC 605, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. ASC 605 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. In general, we recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the sales price charged is fixed or determinable and (iv) collectability is reasonably assured. Accordingly, interest income from commercial loans is recognized, as earned, over the loan period and origination fee revenue on commercial loans is amortized over the term of the respective note.

As an "emerging growth company," we intend to avail ourselves of the of the reduced disclosure requirements and extended transition periods for adopting new or revised accounting standards that would otherwise apply to us as a public reporting company. Once adopted, we must continue to report on that basis

until we no longer qualify as an emerging growth company. As a result, our financial statements may not be comparable to those of other public reporting companies that either are not emerging growth companies or that are emerging growth companies but have opted not to avail themselves of these provisions of the JOBS Act and investors may deem our securities a less attractive investment relative to those other companies, which could adversely affect our stock price.

Results of operations

Sachem Capital was formed in January 2016 and, prior to the consummation of the transaction contemplated by the Exchange Agreement and this offering, will not have engaged in any business activity. Therefore, it has no historical financial data. The results of operations discussed below are those of SCP, which, pursuant to the Exchange Agreement, will transfer all of its assets and liabilities to Sachem Capital in exchange for 6,283,237 common shares of Sachem Capital and, as soon as practicable thereafter, will distribute those common shares to its members, in accordance with their capital account balances, in liquidation. For accounting purposes, the consummation of the Exchange will be treated as a recapitalization of SCP.

Nine months ended September 30, 2016 and 2015

Total revenue

Total revenue for the nine months ended September 30, 2016 was $3.0 million compared to $1.9 million for the nine months ended September 30, 2015, an increase of $1.1 million, or 56.4%. The increase in revenue represents an increase in lending operations. For the first nine months of 2016, $2.7 million of our revenue represents interest income from loans, $138,600 represented origination fees and $99,300 represented late fees. In comparison, in the corresponding 2015 period interest income from loans was $1.7 million, origination fees were $110,000 and late fees were $50,500. We believe the increase in late fees is a continuation of a trend that began in the second half of 2015 and reflects our decision to strictly enforce our right to collect late fees unless a borrower can demonstrate hardship . However, we do not believe that this reflects any inherent financial weakness with our borrowers as we have not experienced any concomitant rise in default rates. We further believe late payments will revert to their historical levels in 2017.

Operating costs and expenses

Total operating costs and expenses for the nine months ended September 30, 2016 were $763,000 compared to $267,400 for the nine months ended September 30, 2015, an increase of $495,300 or 185.2%. The increase was due almost entirely to increases in interest expense, professional fees, and compensation to manager. For the first nine months of 2016, interest and amortization of deferred financing costs were approximately $360,700 and compensation to manager was $232,000. In comparison, for the first nine months of 2015, the corresponding amounts were $135,900 and $111,100. The increase in interest and amortization of deferred financing costs is directly attributable to higher levels of debt in 2016. The average daily amount outstanding under the Bankwell Credit Line in the first nine months of 2016 was $6.7 million compared to $2.5 million in the first nine months of 2015. The increase in compensation to manager in the first nine months of 2016 over the first nine months of 2015 is directly related to the increase in our revenue, which is directly related to the increase in the size of our loan portfolio, which, in turn, grew as a result of increases in our equity capital and debt.

Net income

Net income for the nine months ended September 30, 2016 was $2.2 million compared to $1.6 million for the nine months ended September 30, 2015 resulting from the increase in our lending activities, partially offset by the increase in operating costs and expenses.

Years ended December 31, 2015 and 2014

Total revenue

Total revenue for the year ended December 31, 2015 was approximately $2.8 million compared to approximately $1.6 million for the year ended December 31, 2014, an increase of $1,228,000, or 78.8%. The increase in revenue represents an increase in lending operations. In 2015, approximately $2.5 million of our revenue represents interest income on secured, real estate loans that we offer to small businesses compared to

approximately $1.4 million in 2014, and approximately $108,000 represents origination fees on such loans compared to approximately $68,000 in 2014. The loans are secured by collateral consisting of real estate and are personally guaranteed by the principals of the borrower.

Operating costs and expenses

Total operating costs and expenses for the year ended December 31, 2015 were approximately $480,000 compared to approximately $90,000 for the year ended December 31, 2014, an increase of $390,000 or 433%. The principal contributors to operating costs and expenses were interest and amortization of deferred financing costs and compensation to manager. For the year ended December 31, 2015, interest and debt service amortization costs were approximately $221,700 and compensation to manager was $210,400. In comparison, for the year ended December 31, 2014, the corresponding amounts were $13,300 and $76,000, respectively. The increase in interest and amortization of deferred financing costs is directly attributable to higher levels of debt in 2015. The average daily amount outstanding under the Bankwell Credit Line in 2015 was $3.1 million compared to $5.0 million in 2014. The increase in compensation to manager in 2015 over 2014 is directly related to the increase in revenue, which, in turn, is directly related to the increase in the size of our loan portfolio.

Net income

Net income for the year ended December 31, 2015 was approximately $2.3 million compared to approximately $1.5 million for the year ended December 31, 2014 resulting from the increase in our lending activities, partially offset by the increase in operating costs and expenses.

Liquidity and Capital Resources

Net cash provided by operating activities for the nine months ended September 30, 2016 was $2.4 million compared to $1.7 million for the corresponding 2015 period. For the years ended December 31, 2015 and 2014 net cash provided by operating activities was $2.4 million and $1.5 million, respectively.

Net cash used for investing activities for the nine months ended September 30, 2016 was $3.5 million compared to $9.65 million for the corresponding 2015 period. Proceeds from sale of real estate owned in the 2016 period was $546,000 compared to $421,800 in the 2015 period. The 2016 period also included $563,000 of cash used to acquire and improve real estate relating to non-performing loans. We had no such expenditures in 2015. Finally, in the 2016 period, principal disbursements for mortgages receivable were $14.3 million and principal collections were $10.9 million. In the comparable 2015 period, the corresponding amounts were $15.2 million and $5.1 million, respectively. We believe that the increased rate of prepayments of outstanding loans may be a result of increasing lending activity by traditional lenders, such as banks, which could be an indicator of improving economic conditions in general. If this trend continues it may signal increased competition for our business. For the years ended December 31, 2015 and 2014, net cash used for investing activities was $13.2 million and $5.2 million, respectively, which, together with member contributions, relates to the increase in our loan portfolio from $14.8 million at December 31, 2014 to $27.5 million at December 31, 2015.

Cash flows from financing activities basically reflects the difference between proceeds from borrowings under the Bankwell Credit Line and member contributions, on the one hand, and repayments of the amounts outstanding on the Bankwell Credit Line and distributions to members, on the other hand. Net cash provided by financing activities for the nine months ended September 30, 2016 was $2.5 million compared to $3.2 million for the corresponding 2015 period. For the 2016 period, the principal elements were $5.4 million of proceeds from the Bankwell Credit Line, $2.9 million of payments to Bankwell, $3.8 million of member contributions and $3.5 million of distributions to members. In addition, we incurred $65,050 of financing costs and $198,000 of costs related to this offering. For the 2015 period, the principal elements were (i) $4.5 million of proceeds from Bankwell, (ii) $5.0 million of payments to Bankwell, (iii) $4.8 million of member contributions and (iv) $1.1 million distributions to members. For the years ended December 31, 2015 and 2014, net cash provided by financing activities was $6.8 million and $8.6 million, respectively. For 2015, the principal elements were $6.0 million of proceeds from the Bankwell Credit Line, $5.0 million of repayments to Bankwell, $7.2 million member contributions and $1.4 million of distributions to members. For 2014, the principal elements were $5.0 million of proceeds from the Bankwell Credit Line, approximately $4.3 million member contributions and $637,000 of distributions to members.

We project anticipated cash requirements for our operating needs as well as cash flows generated from operating activities available to meet these needs. Our short-term cash requirements primarily include funding of loans and payments for usual and customary operating and administrative expenses, such as employee compensation, rent, sales and marketing expenses and dividends. Based on this analysis, we believe that our current cash balances, the amount available to us under the Bankwell Credit Line and our anticipated cash flows from operations will be sufficient to fund the operations for the next 12 months.

Our long-term cash needs will include principal payments on outstanding indebtedness and funding of new mortgage loans. Funding for long-term cash needs will come from our cash on hand after this offering is completed, operating cash flows, and unused capacity of the Bankwell Credit Line or any replacement thereof.

From and after the effective date of our REIT election, we intend to pay regular quarterly distributions to holders of our common shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains).

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of our requirements for capital resources.

Contractual Obligations

We had no contractual obligations as of September 30, 2016. However, both SCP and JJV have contractual obligations that we will assume as part of the Exchange. In the case of SCP, these obligations include unfunded amounts of any outstanding construction loans and unfunded commitments for loans. In JJV's case, the contractual obligations consist of operating leases for equipment and software licenses that it uses in connection with the services it provides to SCP as its manager.

	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Operating lease obligations	$ 24,716	$ 8,016	$ 16,700	$ —	$ —
Unfunded portions of outstanding construction loans	1,072,231	1,072,231	—	—	—
Unfunded loan commitments	—	—	—	—	—
Total contractual obligations	$1,096,947	$1,080,247	$ 16,700	$ —	$ —

At September 30, 2016, we owed $532,625 to JJV of which approximately $132,177 represented management fees due to JJV and $400,448 represented expenses paid by JJV for and on behalf of SCP for services rendered to SCP in connection with originating, underwriting, closing and servicing loans on behalf of SCP. All amounts due to JJV by SCP as of the date immediately preceding the date of this offering will be paid by SCP from its cash on hand. From and after this offering, JJV will no longer be entitled to any management fee or other fee for services rendered to SCP and may not pay any expenses for or on our behalf unless specifically authorized by our board of directors, which majority must also include a majority of the "independent" directors.

Recent Technical Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, "*Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*". Under the ASU, an entity presents debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The ASU is effective for public entities for fiscal years beginning after December 15, 2015, and interim periods therein. For private companies and not-for-profit organizations, the ASU is effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, *"Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent) (a consensus of the Emerging Task Force)"*. The ASU provides reporting for entities with an option to measure the fair value

of certain investments using net asset value instead of fair value. The ASU is effective for public entities for fiscal years beginning after December 15, 2015, and interim periods therein. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In August 2015, the FASB issued ASU 2015-15, *"Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting"*. The ASU incorporates the SEC staff's announcement that clarifies the exclusion of line-of-credit arrangements from the scope of ASU 2015-03. Therefore, debt issuance costs related to line-of-credit arrangements can be deferred and presented as an asset that is subsequently amortized over the time of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The ASU should be adopted concurrent with adoption of ASU 2015-03. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, "*Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*". The ASU simplifies the presentation of deferred income taxes by requiring deferred tax liabilities and assets to be classified as noncurrent in a classified statement of financial position. This Update will align the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards (IFRS). For public business entities, the ASU is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the ASU is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". The ASU intends to provide users of financial statements with more useful information on the recognition, measurement, presentation, and disclosure of financial instruments. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted for certain provisions. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments — Credit Losses (Topic 326) Measurement of Credit Losses of Financial Instruments". The ASU aligns the accounting and economics of lending by requiring banks and other lending institutions to immediately record the full amount of credit losses that are expected in their loan portfolios, providing investors with better information about those losses on a timelier basis. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2019. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2020. Early adoption will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The adoption of this guidance is not expected to have a material impact on our financial statements.

Management does not believe that any other recently issued, but not yet effected, accounting standards if currently adopted would have a material effect on our consolidated financial statements.

BUSINESS

General

We are a Connecticut-based real estate finance company that specializes in originating, underwriting, funding, servicing and managing a portfolio of short-term (*i.e.*, three years or less) loans secured by first mortgage liens on real property located primarily in Connecticut. Each loan is also personally guaranteed by the principal(s) of the borrower, which guaranty is typically collaterally secured by a pledge of the guarantor's interest in the borrower. Our typical borrower is a small real estate investor who will use the proceeds to fund its acquisition, renovation, rehabilitation, development and/or improvement of residential or commercial properties located primarily in Connecticut held for investment or sale. The property may or may not be income producing. We do not lend to owner-occupants. Our loans are referred to in the real estate finance industry as "hard money loans."

Our loans typically have a maximum initial term of three years and bear interest at a fixed rate of 9% to 12% per year and a default rate for non-payment of 18%. However, beginning January 1, 2017, we plan to increase the rates on selected loans to offset the recent increase to our borrowing rate under the Bankwell Credit Line. In addition, we usually receive origination fees, or "points," ranging from 2% to 5% of the original principal amount of the loan as well as other fees relating to underwriting, funding and managing the loan. When we renew or extend a loan we generally receive additional "points" and other fees. Interest is always payable monthly in arrears. As a matter of policy, we do not make any loans if the loan-to-value ratio exceeds 65%. In the case of construction loans, the loan-to-value ratio is based on the post-construction value of the property. In the case of loans having a principal amount in excess of $500,000, we require a formal appraisal by a licensed appraiser. In the case of smaller loans, we rely on readily available market data, including tax assessment rolls, recent sales transactions and brokers to evaluate the strength of the collateral. Bankwell requires an appraisal for any loan in excess of $325,000. Failure to obtain such an appraisal would render the loan ineligible for financing under Bankwell Credit Line. Finally, we have adopted a policy, to take effect on the date of this prospectus, that will limit the maximum amount of any loan we fund to a single borrower or a group of affiliated borrowers to 10% of the aggregate amount of our loan portfolio after taking into account the loan under consideration.

Our co-chief executive officers are experienced in hard money lending under various economic and market conditions. Jeffrey C. Villano and John L. Villano, spend a significant portion of their time on business development as well as on underwriting, structuring and servicing each loan in our portfolio. A principal source of new transactions has been repeat business from existing and former customers and their referral of new business. We also receive leads for new business from banks, brokers, attorneys and web-based advertising. We rely on our own employees, independent legal counsel, and other independent professionals to verify title and ownership, to file liens and to consummate the transactions.

Our primary objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term through dividends. We intend to achieve this objective by continuing to selectively originate loans and carefully manage our loan portfolio in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that the demand for relatively small real estate loans in Connecticut and neighboring states is significant and growing and that traditional lenders, including banks and other financial institutions that usually serve this market are unable to satisfy this demand. This demand/supply imbalance has created an opportunity for "hard money" real estate lenders like us to selectively originate high-quality first mortgage loans on attractive terms and these conditions should persist for a number of years. We have built our business on a foundation of intimate knowledge of the Connecticut real estate market, our ability to respond quickly to customer needs and demands and a disciplined underwriting and due diligence culture that focuses primarily on the value of the underlying collateral and that is designed to protect and preserve capital. We believe that our flexibility in terms of meeting the needs of borrowers without compromising our standards on credit risk, our expertise, our intimate knowledge of the real estate market in Connecticut and various other states and our focus on newly originated first mortgage loans has defined our success until now and should enable us to continue to achieve our objectives.

We were originally organized as a Connecticut limited liability company. In anticipation of this offering, we will convert to a New York C corporation with the intent of qualifying as a REIT. As a REIT, we will be required to distribute at least 90% of our taxable income to our shareholders each year in order to maintain that status. To the extent we distribute less than 100% of our taxable income to our shareholders (but more than 90%) we will maintain our REIT status but the undistributed portion will be subject to regular corporate income taxes. As a REIT, we may also be subject to federal excise taxes and minimum state taxes. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act.

The Market Opportunity

Real estate investment is a capital-intensive business that relies heavily on debt capital to acquire, develop, improve, construct, renovate and maintain properties. We believe there is a significant market opportunity for a well-capitalized "hard money" real estate finance company to originate attractively priced loans with strong credit fundamentals. We further believe that the demand for relatively small real estate loans (*i.e.*, loans having an original principal amount of less than $500,000) to acquire, develop, renovate, rehabilitate or improve residential or commercial real estate held for investment in Connecticut and certain other states (*e.g.,* New York and Massachusetts), where real estate values in many neighborhoods are either stable or increasing and substandard properties are being improved, rehabilitated and renovated, presents a compelling opportunity to generate attractive returns for an established, well-financed, non-bank lender like us. We have competed successfully in the Connecticut market since December 2010 notwithstanding the fact that many traditional lenders, such as banks and other institutional lenders, also service this market. We believe our primary competitive advantage is our ability to approve and fund loans quickly and efficiently and our flexibility to structure loans to meet the particular needs of the borrower. In this environment, characterized by a supply-demand imbalance for financing and stable asset values, we believe we are well positioned to capitalize and profit from these industry dynamics.

Our Business and Growth Strategies

Our primary objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term principally through dividends. We intend to achieve this objective by continuing to focus exclusively on selectively originating, servicing and managing a portfolio of short-term (*i.e.,* three years or less) loans secured by first mortgages on real estate located primarily in Connecticut as well as Massachusetts, Rhode Island, Florida, New Jersey and New York that are designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that our ability to react quickly to the needs of borrowers, our flexibility in terms of structuring loans to meet the needs of borrowers, our intimate knowledge of the real estate markets that we serve, our expertise in "hard money" lending and our focus on newly originated first mortgage loans, should enable us to achieve this objective. Nevertheless, we will remain flexible in order to take advantage of other real estate related opportunities that may arise from time to time, whether they relate to the mortgage market or to direct or indirect investments in real estate.

Our strategy to achieve our objective includes the following:

- capitalize on opportunities created by the long-term structural changes in the real estate lending market and the continuing lack of liquidity in the real estate market;
- take advantage of the prevailing economic environment as well as economic, political and social trends that may impact real estate lending currently and in the future as well as the outlook for real estate in general and particular asset classes;
- remain flexible in order to capitalize on changing sets of investment opportunities that may be present in the various points of an economic cycle; and
- operate so as to qualify as a REIT and for an exemption from registration under the Investment Company Act.

Our Competitive Strengths

We believe our competitive strengths include:

- *Experienced management team.* Our management team has successfully originated and serviced a portfolio of real estate mortgage loans generating attractive annual returns under varying economic and real estate market conditions. We expect that the experience of our management team will provide us with the ability to effectively deploy our capital in a manner that we believe will provide for attractive risk-adjusted returns but with a focus on capital preservation and protection.
- *Long-standing relationships*. At September 30, 2016, 30 loans, having an aggregate principal balance of $6.7 million, were made to borrowers with whom we have long-standing relationships, including five loans with an aggregate principal balance of $1.4 million to JJV. Included in this pool of 30 loans are five loans, having an aggregate principal balance of $700,000, that were extensions of prior loans. Customers are also a referral source for new borrowers. So long as these borrowers remain active real estate investors they provide us with an advantage in securing new business and help us maintain a pipeline to attractive new opportunities that may not be available to many of our competitors or to the general market.
- *Knowledge of the market.* Our intimate knowledge of the Connecticut real estate market enhances our ability to identify attractive opportunities and helps distinguish us from many of our competitors.
- *Disciplined lending.* We seek to maximize our risk-adjusted returns, and preserve and protect capital, through our disciplined and credit-based approach. We utilize rigorous underwriting and loan closing procedures that include numerous checks and balances to evaluate the risks and merits of each potential transaction. We seek to protect and preserve capital by carefully evaluating the condition of the property, the location of the property, the value of the property and other forms of collateral.
- *Vertically-integrated loan origination platform.* We manage and control the loan process from origination through closing with our own personnel or independent legal counsel and, in the case of larger loans independent appraisers, with whom we have long-standing relationships, who together constitute a team highly experienced in credit evaluation, underwriting and loan structuring. We also believe that our procedures and experience allows us to quickly and efficiently execute opportunities we deem desirable.
- *Structuring flexibility*. As a relatively small, non-bank real estate lender, we can move quickly and have much more flexibility than traditional lenders to structure loans to suit the needs of our clients. Our ability to customize financing structures to meet borrowers' needs is one of our key business strengths.
- *No legacy issues*. Unlike many of our competitors, we are not burdened by distressed legacy real estate assets. We do not have a legacy portfolio of lower-return or problem loans that could potentially dilute the attractive returns we believe are available in the current liquidity-challenged environment and/or distract and monopolize our management team's time and attention. We do not have any adverse credit exposure to, and we do not anticipate that our performance will be negatively impacted by, previously purchased assets.
- *History of successful operations*. SCP commenced operations in December 2010 with three investors and limited equity capital. At September 30, 2016, it had approximately 167 investors and equity capital of $26.7 million, including capital invested by Jeffrey Villano and John Villano and their respective affiliates. In addition, its loan portfolio grew to $30.6 million at that date. Over the last six years, SCP's revenues, net income, cash flows and distributions to investors have steadily increased, SCP has closed on almost 395 loans and obtained a $15.0 million line of credit to support its lending operations. Since its inception in December 2010, SCP acquired one property through a foreclosure action and eight other properties by "deed in lieu of foreclosure" — *i.e.*, the borrower, in default of its obligations under the terms of the loan, transferred title to the mortgaged property to SCP. The foreclosed property was sold for a small loss and one of the other properties was sold at

breakeven. Two properties were sold for less than their respective carrying values but the borrowers' obligations are guaranteed by a third party and SCP intends to assert its rights under the guaranty. The other five properties are being held for sale.

Our Real Estate Lending Activities

Our real estate lending activities involve originating, underwriting, funding, servicing and managing short-term loans (*i.e.,* loans with an initial term of three years or less), secured by first mortgage liens on real estate property held for investment purposes located primarily in Connecticut. Generally, borrowers use the proceeds from our loans for one of three purposes: (i) to acquire and/or renovate existing residential (single-, two- or three-family) real estate properties; (ii) to acquire vacant real estate and construct residential real properties; and (iii) to purchase and hold income producing properties. Our mortgage loans are structured to fit the needs and business plans of the borrowers. Revenue is generated primarily from the interest borrowers pay on our loans and, to a lesser extent, loan fee income generated on the origination and extension of loans.

At September 30, 2016, our current loan portfolio included loans ranging in size from $25,000 to $1.1 million. Most of the loans have an original principal amount of $250,000 or less, with an average loan size of $151,277 and a median loan size of $108,000. The table below gives a breakdown of our loan portfolio by loan size as of September 30, 2016:

Amount	Number of Loans	Aggregate Principal Amount
Less than $100,000	93	$ 5,512,328
$100,001 to $250,000	80	12,196,624
$250,001 to $500,000	22	7,591,396
$500,001 to $1,000,000	6	4,257,619
Over $1,000,000	1	$ 1,000,000*
Total	202	$ 30,557,967

* The total amount of this loan is $1.1 million, of which $1.0 million had been funded through September 30, 2016.

Most of our loans were funded in full at their closing. However, in the case of a construction loan, where all or a portion of the loan proceeds are to be used to fund the costs of renovating or constructing improvements on the property, only a portion of the loan may be funded at closing. At September 30, 2016, our loan portfolio included construction loans under which we had a total funding commitment of $4.9 million, the aggregate amount outstanding was $3.8 million and our unfunded commitment was $1.1 million. Advances under construction loans are funded against requests supported by all required documentation (including lien waivers) as and when needed to pay contractors and other costs of construction.

In general, our strategy is to service and manage the loans we originate until they are paid. However, there have been a few instances where we have sold loans at par. 93.5% of the aggregate outstanding principal balance of our loan portfolio is secured by properties located in Connecticut at September 30, 2016. The remaining principal balance of our loan portfolio is secured by properties located in Massachusetts, Florida, New York and Rhode Island. We are considering expanding our geographic footprint to include Vermont and New Hampshire. Most of the properties we finance are residential investment, or commercial. However, in all instances the properties are held only for investment by the borrowers and may or may not generate cash flow.

The typical terms of our loans are as follows:

Principal amount. Currently, we do not have any policy regarding minimum or maximum loan amounts. However, before we consummate this offering, we plan to adopt a policy that will limit the amount of any loan to 10% of our total loan portfolio after taking into account the loan in questions. At September 30, 2016, our loan portfolio included loans ranging in size from $25,000 to $1.1 million. Approximately 86% of the loans had an original principal amount of $250,000 or less. Approximately 96% had an original principal amount of $500,000 or less. The average loan size was $151,277 and median loan size was $108,000.

Loan-to-Value Ratio. Up to 65%. Under the terms of the Bankwell Credit Line, the portion of an Eligible Note Receivable that can be financed depends on the loan-to-value ratio. The higher the loan-to-value ratio, the lower the financing percentage. If the loan-to-value ratio is 65%, the maximum amount of the loan that can be financed under the Bankwell Credit Line is 60% (subject to the overall cap of $250,000). If the loan-to-value ratio is less than 50%, up to 75% of the loan amount would be financeable.

Interest rate. A fixed rate between 9% to 12% per annum with a default rate of 18%. However, beginning January 1, 2017, we plan to increase the rates on selected loans to offset the recent increase to our borrowing rate under the Bankwell Credit Line.

Origination. Ranges from 2% for loans of one year or less to 5% for three-year loans. In the case of three-year loans, a portion of the origination is credited back to the borrower in the event the loan balance is paid off early. In addition, if the term of the loan is extended, additional points are payable upon the extension.

Term. Generally, one to three years with early termination in the event of a sale of the property. We may agree to extend the maturity date so long as the borrower is in compliance with all loan covenants, financial and non-financial, and the loan otherwise satisfies our then existing underwriting criteria. As a matter of policy, we will only extend the maturity for one year at a time, although there is no limit on the number of times the same loan can be extended. However, under the terms of the Bankwell Credit Line, a loan whose maturity date has been extended for more than three years from the original maturity date loses its status as an Eligible Note Receivable.

Prepayments. Borrower may prepay the loan at any time beginning three months after the funding date, without premium or penalty.

Covenants. To timely pay all taxes, insurance, assessments, and similar charges with respect to the property; to maintain hazard insurance; to maintain and protect the property.

Events of default. Include: (i) failure to make payment when due; or (ii) breach of a covenant.

Payment terms. Interest only is payable monthly in arrears. Principal is due in a “balloon” payment at the maturity date.

Escrow. Generally, none required.

Reserves. Generally, none required.

Security. The loan is evidenced by a promissory note, which is secured by a first mortgage lien on real property owned by the borrower. In addition, each loan is guaranteed by the principals of the borrower, which guaranty may be collaterally secured by a pledge of the guarantor’s interest in the borrower or other real estate owned by the guarantor.

Fees and Expenses. Borrowers pay an application fee, an inspection fee, wire fee, bounced check fee and, in the case of construction loans, check requisition fee for each draw from the loan. Finally, as is typical in real estate finance transactions, the borrower pays all expenses relating to obtaining the loan including the cost of a property appraisal, the cost of an environmental assessment report, if any, the cost of credit report and all title, recording fees and legal fees.

Operating Data

SCP’s lending activities increased each year since it commenced operations. We believe this trend will continue for the foreseeable future to grow given the stability of the real estate market in Connecticut and other states in which we make loans and our reputation among real estate investors as a reliable and reasonable financing source.

Our Loan Portfolio

The following table highlights certain information regarding our real estate lending activities for the periods indicated:

	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
Loans originated	$14,335,922	$15,188,417	$19,412,438	$ 8,864,700
Loans repaid	$10,921,370	$ 5,119,758	$ 5,812,116	$ 3,714,059
Mortgage lending revenues	$ 2,989,733	$ 1,911,843	$ 2,786,724	$ 1,559,407
Mortgage lending expenses	$ 762,685	$ 267,403	$ 479,821	$ 59,595
Number of loans outstanding	202	168	185	107
Principal amount of loans earning interest	$30,557,967	$24,917,678	$27,532,867	$14,849,019
Average outstanding loan balance	$ 151,277	$ 148,320	$ 148,826	$ 138,775
Weighted average contractual interest rate[(1)]	12.0039%	11.85%	11.76%	11.66%
Weighted average term to maturity (in months)[(2)]	18	22	23	22

(1) Does not include "points" paid in connection with origination of loans.

(2) Without giving effect to extensions.

The following table sets forth additional information regarding our loan portfolio as of September 30, 2016.

Year of Origination	Number of Loans	Aggregate Principal Amount
2016	74	$ 11,181,916
2015	80	$ 12,362,144
2014	29	$ 4,296,114
2013 and prior	19	$ 2,717,793
	202	$ 30,557,967

Historically, most of our loans are paid prior to their maturity dates. For example, of the loans that were repaid in full during first nine months of 2016, 78.9% were repaid prior to maturity. Similarly, for 2015 and 2014, 82% and 78%, respectively, of the loans repaid during those years were paid prior to maturity. Our current loan portfolio includes 18 loans that matured in 2016 but that have not been repaid in full or extended. These loans are in the process of modification and will be extended if there are no existing defaults and the loan and borrower satisfy our other underwriting criteria, including the proper loan-to-value ratio.

We monitor our loans on a day-to-day basis. We generate daily reports from our loan tracking software that provides us with detailed information on each loan in our portfolio including the maturity date of the loan, the date the last payment was received, the date the next payment is due, the amount, if any, in arrears, whether we have received any notice from the insurance carrier that a claim has been made or that coverage has been discontinued and whether we have received any notice from the taxing authority of a lien for non-payment of taxes. If there is a default, we immediately contact the borrower to determine the reasons underlying the default and what action the borrower plans to take to cure the default. Once we become aware of the default, we continue to monitor the loan closely until we are satisfied that the situation has been resolved. Generally, we do not make periodic inspections of the properties securing our loans or obtain new appraisals during the term of the loan even if there is default. However, if the borrower desires to extend the term of the loan, since we treat that as a new loan, we undertake all our underwriting procedures, including, if necessary, a new appraisal.

As a real estate finance company, we deal with a variety of default situations, including breaches of covenants, such as the obligation of the borrower to maintain adequate liability insurance on the mortgaged property, to pay the taxes on the property and to make timely payments to us. However, since its inception in December 2010, SCP acquired one property through a foreclosure action and eight other properties by "deed in lieu of foreclosure" — *i.e.*, the borrower, in default of its obligations under the terms of the loan transferred

title to the mortgaged property to SCP. The foreclosed property was sold for a small loss and one of the other properties was sold at breakeven. Two properties were sold for less than their respective carrying values but the borrowers' obligations are guaranteed by a third party. SCP intends to assert its rights under the guaranty. The other five properties are being held for sale. Until mid-2015, we did not have an aggressive stance regarding delinquent payments. However, as our business and portfolio grew, we realized late payments were adversely impacting our performance. In addition, late payments were adversely impacting our ability to comply with the covenants under our agreement with Bankwell. As a result, we decided to be more aggressive in asserting our right to collect late payment fees. As a consequence, our revenue from late payment fees increased initially but the number of loans technically in arrears has decreased. Notwithstanding our aggressive stance, we realized that certain borrowers may have difficulty staying current on their obligations. Thus, if a borrower can demonstrate true "hardship", we will not enforce our rights immediately and give the borrower an opportunity to cure its default. We do not have any specific definitive criteria as to what constitutes hardship or the period of time we will forbear. Some of the factors we will consider include the nature of the default (*i.e.*, whether nonpayment of amounts due or breach of a covenant or agreement), the reason or reasons for the default, our cash flow requirements, the nature and length of our relationship with the borrower, whether or not the borrower has a history of non-payment and the loan-to-value ratio at the time of the default.

At September 30, 2016, one group of affiliated borrowers accounted for 5.6% of SCP's loan portfolio. No other borrower or group of affiliated borrowers accounted for more than 5%. At December 31, 2015, two borrowers, or groups of affiliated borrowers, accounted for more than 5% of SCP's loan portfolio. One accounted for 5.6% and the second, JJV, accounted for 5.5%.

The following table sets forth information regarding the types of properties securing our mortgage loans outstanding at September 30, 2016, December 31, 2015 and 2014, and the interest earned in each category:

	As of September 30, 2016	As of December 31, 2015	As of December 31, 2014
Developer – Residential Mortgages	$ 20,229,805	$ 15,475,268	$ 10,482,448
Developer – Commercial Mortgages	8,160,181	3,235,311	3,369,620
Land Mortgages	1,964,297	1,687,449	649,951
Mixed Use	203,684	367,000	347,000
Total Mortgages Receivable	$ 30,557,967	$ 20,765,028	$ 14,849,019

	For the Nine Months Ended September 30, 2016			For the Year Ended December 31, 2015			For the Year Ended December 31, 2014		
	# of Loans	Interest earned	%	# of Loans	Interest earned	%	# of Loans	Interest Earned	%
Residential	160	$1,779,303	66.2	134	$ 1,794,785	72.4	76	$1,005,939	70.9
Commercial	31	717,724	26.7	34	455,393	18.4	21	313,558	22.1
Land Mortgages	8	172,769	6.4	12	160,795	6.5	7	66,684	4.7
Mixed Use	3	17,915	0.7	5	66,903	2.7	3	32,633	2.3
Total	202	$2,687,711	100.0	185	$ 2,477,876	100.0	107	$1,418,814	100.0

At September 30, 2016: 191 loans, which accounted for 93.5% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Connecticut; five loans, which accounted for 3.7% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Massachusetts; two loans, which accounted for 0.8% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in New York; two loans, which accounted for 1.2% of the aggregate outstanding balance of our loan portfolio, were secured by properties in Florida; one loan, which accounted for 0.7% of our loan porfolio, was secured by a property located in Rhode Island; and one loan, which accounted for 0.1% of our loan portfolio, was secured by a property in Vermont.

Our Origination Process and Underwriting Criteria

Our principal executive officers are experienced in hard money lending under various economic and market conditions. Our co-chief executive officers, Jeffrey C. Villano and John L. Villano, spend a significant portion of their time on business development as well as on underwriting, structuring and servicing each loan in our portfolio. A principal source of new transactions has been repeat business from existing and former customers and their referral of new business. We also receive leads for new business from banks, brokers, attorneys and web-based advertising.

When underwriting a loan, the primary focus of our analysis is the value of a property. Prior to making a final decision on a loan application we conduct extensive due diligence of the property as well as the borrower and its principals. In terms of the property, we only require a third party appraisal and a third party assessment report if the original principal amount of the loan exceeds $500,000. In all other cases, we rely on readily available market data such as tax assessments and recent sales. Bankwell requires an appraisal for any loan in excess of $325,000. Failure to obtain such an appraisal would render the loan ineligible for financing under Bankwell Credit Line. We also order title, lien and judgment searches. In most cases, we will also make an on-site visit to evaluate not only the property but the neighborhood in which it is located. Finally, we analyze and assess selected financial and operational data provided by the borrower relating to its operation and maintenance of the property. In terms of the borrower and its principals, we usually obtain third party credit reports from one of the major credit reporting services as well as selected personal financial information provided by the borrower and its principals. We analyze all this information carefully prior to making a final determination. Ultimately, our decision is based primarily on our conclusions regarding the value of the property, which takes into account factors such as the neighborhood in which the property is located, the current use and potential alternative use of the property, current and potential net income from the property, the local market, sales information of comparable properties, existing zoning regulations, the creditworthiness of the borrower and its principles and their experience in real estate ownership, construction, development and management. In conducting due diligence, we rely, in part, on third party professionals and experts including appraisers, engineers, title insurers and attorneys.

Before a loan commitment is issued, the loan must be reviewed and approved by our co-chief executive officers. Our loan commitments are generally issued subject to receipt by us of title documentation and title report, in a form satisfactory to us, for the underlying property. We also require a personal guarantee from the principal or principals of the borrower.

Our Current Financing Strategies

We use a combination of equity capital and the proceeds of debt financing to fund our operations. We do not have any policy limiting the amount of debt we may incur. However, under the terms of the Bankwell Credit Line, we may not incur any additional indebtedness in excess of $100,000 in the aggregate without Bankwell's consent. Depending on various factors we may, in the future, decide we need to incur additional debt to expand our mortgage loan origination activities in order to increase the potential returns to our shareholders. Although we have no pre-set guidelines in terms of leverage ratio, the amount of leverage we will deploy will depend on our assessment of a variety of factors, which may include the liquidity of the real estate market in which most of our collateral is located, employment rates, general economic conditions, the cost of funds relative to the yield curve, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, our opinion of the creditworthiness of our borrowers, the value of the collateral underlying our portfolio, and our outlook for interest rates and property values. At September 30, 2016, debt proceeds represented 24.2% of our total capital. However, in order to grow the business and satisfy the requirement to pay out 90% of net profits, we expect to increase our level of debt over time to approximately 50% of capital. We intend to use leverage for the sole purpose of financing our portfolio and not for the purpose of speculating on changes in interest rates.

At September 30, 2016, SCP's members' equity was $26.7 million, including approximately $2.8 million from JJV and the Villanos, directly and indirectly through their respective affiliates, taking into account initial and additional capital contributions. The principal purpose of this offering is to raise additional equity capital to expand our real estate lending business.

Another source of capital for us is our $15.0 million Bankwell Credit Line. Borrowings under the Bankwell Credit Line bear interest at a rate equal to the greater of (i) a variable rate equal to the sum of the prime rate of interest as in effect from time to time plus 3.0% or (ii) 6.25% per annum. On December 16, 2016, SCP was notified by Bankwell that, as a result of the increase in the federal funds rate announced by the Federal Reserve on December 14, 2016, the bank's prime rate was increased to 3.75%. Thus, our current borrowing rate is 6.75%. The Bankwell Credit Line expires and the outstanding indebtedness thereunder will become due and payable in full on March 15, 2018. Assuming we are not then in default under the terms of the Bankwell Credit Line, we have the option to repay the outstanding balance, together with all accrued interest thereon in 36 equal monthly installments beginning April 15, 2019. The Bankwell Credit Line is secured by assignment of mortgages and other collateral and is jointly and severally guaranteed by JJV, Jeffrey C. Villano and John L. Villano, our co-chief executive officers. However, each of their respective liability under the guaranty is capped at $1 million.

The Bankwell Credit Line contains various covenants and restrictions that are typical for these kinds of credit facilities, including limiting the amount that we can borrow relative to the value of the underlying collateral, maintaining various financial ratios and limitations on the terms of loans we make to our customers. Under the terms of the Bankwell Credit Line, the amount outstanding at any one time may not exceed the lesser of (i) $15.0 million and (ii) our Eligible Note Receivables (as defined under the terms of the Bankwell Credit Line). In addition, each "Advance" is further limited to the lesser of (i) 50% – 75%, depending on the loan-to-value ratio, of the principal amount of the particular Eligible Note Receivable being funded and (ii) $250,000. In addition, in order to qualify as an "Eligible Note Receivable," any loan with an original principal amount in excess of $325,000 requires an independent appraisal of the property securing such loan. As of September 30, 2016, loans having an aggregate principal amount of $27.4 million, representing approximately 89.5% of SCP's mortgage receivables, satisfied all of the eligibility requirements set forth in the Bankwell Credit Line. Thus, as of September 30, 2016, we had sufficient borrowing capacity to draw the entire $15.0 million facility if we so choose. Given the nature of our business, we cannot assure you that we will always be able to borrow the maximum allowed under the terms of the Bankwell Credit Line.

Advances under the Bankwell Credit Line are required to be used exclusively to fund Eligible Notes Receiveable. The basic eligibility requirements for an advance are as follows:

- the initial term of the note may not exceed 36 months and the original maturity date may not be extended for more than 36 months;
- the collateral securing the mortgage may not be the borrower's primary residence;
- mortgage loans to any single borrower or to multiple borrowers that have the same guarantor cannot exceed $450,000 in the aggregate;
- minimum credit scores for the borrower and guarantors of loans in excess of $100,000 of (i) 625 for loans with a loan-to-value ratio of 50% or less or (ii) 660 for loans with a loan-to-value ratio of more than 50% but less than 75%;
- maximum amount of any advance against an eligible note receivable is $250,000;
- payments on the underlying loan may not be more than 60 days past due; and
- receipt of certain information relating to the property including an appraisal (if the amount of the underlying loan exceeds $325,000) or other relevant data regarding value (if the amount of the underlying loan is less than $325,000).

In addition, the Bankwell Credit Line includes the following restrictions, limitations and prohibitions:

- prohibiting any liens on any of the collateral securing the Bankwell Credit Line, which is essentially all of our assets;
- prohibiting us from merging, consolidating or disposing of any asset;
- prohibiting us from incurring additional indebtedness in excess of $100,000 in the aggregate;

- prohibiting us from forming or transacting business with any subsidiary or affiliate other than to make loans to our borrowers;
- prohibiting us from allowing any litigation in excess of $50,000 against any of our assets unless we are fully insured against such loss;
- prohibiting us from declaring or paying any cash dividends in excess of our REIT taxable income;
- prohibiting us from purchasing any securities issued by or otherwise invest in any public or private entity; and
- Jeffrey Villano and John Villano must remain as our senior executive officers with day-to-day operational involvement.

Loan covenants include the following:

- punctually pay amounts due;
- pay on demand any charges customarily incurred or levied by Bankwell;
- pay any and all taxes, assessments or other charges assessed against us or any of our assets;
- pay all insurance premiums;
- maintain our principal deposit and disbursement accounts with Bankwell;
- perfect Bankwell's lien on the assets;
- comply with all applicable laws, ordinances, rules and regulations of any governmental authority; or
- change the form of or nature of our ownership structure from a REIT business.

The loan agreement also includes for the following covenants:

- we must maintain a fixed charge ratio of at least 1.35:1.00;
- we must maintain a tangible net worth of not less than $15.0 million;
- we must maintain a tangible net worth of not less than the sum of (x) seventy-five percent (75%) of shareholders' equity immediately following the consummation of this offering plus (y) sixty percent (60%) percent of net cash proceeds from the sale of any of our equity securities following this offering; and
- each of Jeffrey Villano and John Villano must own not less than 500,000 shares of our issued and outstanding capital stock.

The following table shows our sources of capital, including our financing arrangements, and our loan portfolio as of September 30, 2016:

Sources of Capital:	
Debt:	
Line of credit	$ 8,525,000
Total debt	$ 8,525,000
Capital (equity)	26,709,742
Total sources of capital	$35,234,742
Assets:	
Mortgages receivable	$30,557,967
Other assets	5,615,374
Total assets	$36,173,341

Management

Since its inception, all of SCP's operations have been managed by JJV for which it paid management fees. SCP had no employees and no offices. All of its corporate documents and records were maintained by JJV in its offices. JJV did not have any employees either. All of JJV's activities were conducted by Jeffrey Villano and John Villano in their capacity as the managers of JJV. Simultaneously, they also engaged in other business activities. John Villano had his own private accounting practice and Jeffrey Villano owned and managed other properties that had no relationship to SCP.

The management fees payable to JJV in its capacity as the manager of SCP are set forth in the SCP operating agreement and include the following:

(a) 75% of all origination fees and 100% of wire and credit fees paid by a borrower in connection with originating and funding a loan;

(b) if SCP purchases an existing loan from a third party, a fee comparable to the origination fee that SCP would have charged if it had originated such loan;

(c) a listing fee in connection with the sale of any property that SCP acquires pursuant to a foreclosure action;

(d) a monthly servicing fee equal to the sum of (i) one-twelfth of 1% of the total assets of SCP and (ii) one-twelfth of 0.5% to one percent of the total amount of SCP's loan portfolio; and

(e) reimbursement of any fees paid in connection with the preparation of all tax returns and audit reports on behalf of SCP.

In addition, JJV has the right to sell any mortgages it holds to SCP at 10% over the principal amount thereof. JJV has never exercised this right.

Once the Exchange is consummated, John Villano and Jeffrey Villano will become our full-time employees and senior executive officers. They have agreed to devote 100% of their time and effort to our business and will discontinue all other business activities, whether or not they conflict with our business.

Competition

The real estate finance market in Connecticut is highly competitive. Our competitors include traditional lending institutions such as regional and local banks, savings and loan institutions, credit unions and other financial institutions as well as other market participants such as specialty finance companies, REITs, investment banks, insurance companies, hedge funds, private equity funds, family offices and high net worth individuals. In addition, we estimate that, in addition to us, there are approximately five "hard money" lenders of significant size serving the Connecticut real estate market. Many of these competitors enjoy competitive advantages over us, including greater name recognition, established lending relationships with customers, financial resources, and access to capital.

Notwithstanding the intense competition and some of our competitive disadvantages, we believe we have carved a niche for ourselves among small real estate developers, owners and contractors throughout Connecticut and in parts of Massachusetts and New York because we are relatively well-capitalized, our ability to structure each loan to suit the needs of each individual borrower and our ability to act quickly. In addition, we believe we have developed a reputation among these borrowers as offering reasonable terms and providing outstanding customer service. We believe our future success will depend on our ability to maintain and capitalize on our existing relationships with borrowers and brokers and to expand our borrower base by continuing to offer attractive loan products, remain competitive in pricing and terms, and provide superior service.

Sales and Marketing

We do not engage any third parties for sales and marketing. Rather, we rely on our senior executive officers to generate lending opportunities as well as referrals from existing or former borrowers, brokers, and bankers and web-based advertising. A principal source of new transactions has been repeat business from prior customers and their referral of new leads.

Intellectual Property

Our business does not depend on exploiting or leveraging any intellectual property rights. To the extent we own any rights to intellectual property, we rely on a combination of federal, state and common law trademarks, service marks and trade names, copyrights and trade secret protection. We have not registered any trademarks, trade names, service marks or copyrights in the United States Patent and Trademark Office.

Employees

Currently our only employees are Jeffrey Villano and John Villano. However, until this offering is consummated the scope of their duties is limited to various administrative and clerical tasks, some of which relate to this offering. Once this offering is consummated, they will become our full time employees and devote all of their time and efforts to managing and operating our business.

Regulation

Our operations are subject, in certain instances, to supervision and regulation by state and federal governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions. In addition, we may rely on exemptions from various requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act, the Investment Company Act and ERISA. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third-parties who we do not control.

Regulatory Reform

The Dodd-Frank Act, which went into effect on July 21, 2010, is intended to make significant structural reforms to the financial services industry. For example, pursuant to the Dodd-Frank Act, various federal agencies have promulgated, or are in the process of promulgating, regulations with respect to various issues that may affect us. Certain regulations have already been adopted and others remain under consideration by various governmental agencies, in some cases past the deadlines set in the Dodd-Frank Act for adoption. At the present time, we do not believe any regulations adopted under the Dodd-Frank Act apply to us. However, it is possible that regulations that will be adopted in the future will apply to us or that existing regulations will apply to us as our business evolves.

Regulation of Commercial Real Estate Lending Activities

Although most states do not regulate commercial finance, certain states impose limitations on interest rates and other charges and on certain collection practices and creditor remedies, and require licensing of lenders and financiers and adequate disclosure of certain contract terms. We also are required to comply with certain provisions of, among other statutes and regulations, certain provisions of the Equal Credit Opportunity Act that are applicable to commercial loans, The USA PATRIOT Act, regulations promulgated by the Office of Foreign Asset Control and federal and state securities laws and regulations.

Investment Company Act Exemption

Although we reserve the right to modify our business methods at any time, we are not currently required to register as an investment company under the Investment Company Act. However, we cannot assure you that our business strategy will not evolve over time in a manner that could subject us to the registration requirements of the Investment Company Act.

Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Real estate mortgages are excluded from the term "investment securities."

We rely on the exception set forth in Section 3(c)(5)(C) of the Investment Company Act which excludes from the definition of investment company "[a]ny person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and

who is primarily engaged in one or more of the following businesses... (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." The SEC generally requires that, for the exception provided by Section 3(c)(5)(C) to be available, at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of additional qualifying interests or real estate-type interests (with no more than 20% of the entity's assets comprised of miscellaneous assets). At the present time, we qualify for the exemption under this section and our current intention is to continue to focus on originating short term loans secured by first mortgages on real property. However, if, in the future, we do acquire non-real estate assets without the acquisition of substantial real estate assets, we may qualify as an "investment company" and be required to register as such under the Investment Company Act, which could have a material adverse effect on us.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters.

Qualification for exclusion from the definition of an investment company under the Investment Company Act will limit our ability to make certain investments. In addition, complying with the tests for such exclusion could restrict the time at which we can acquire and sell assets.

Real Property

SCP's business is currently conducted by JJV from JJV's offices located at 23 Laurel Street, Branford, Connecticut.

On December 9, 2016, SCP acquired the property located at 698 Main Street, Branford, Connecticut. The property is improved with two buildings, one of which will become our new principal offices. The building has one-story and measures 2,600 square feet. We are investigating the possibility of adding a second story to the building. If possible, structurally and economically, we expect it will be ready for occupancy by the fourth quarter of 2017. If we are not able to add a second story, we expect to relocate our executive offices sooner. The other, smaller, building on the property is subject to a month-to-month lease. The current rent is $800 per month.

Legal Proceedings

We are not currently a party to any material legal proceedings not in the ordinary course of business.

CORPORATE STRUCTURE — REIT STATUS

Until the offering contemplated by this prospectus, we operated as a Connecticut limited liability company under the name Sachem Capital Partners, LLC. For federal and state income tax purposes, we were taxed as a partnership. Accordingly, we paid no federal or state income taxes at the entity level. Rather each member paid income taxes on his, her or its pro rata share of our taxable income. In addition, we distributed most of our net profits to our members.

Prior to the date of this prospectus, Sachem Capital and SCP have entered into an Exchange Agreement, pursuant to which SCP will transfer all of its assets and liabilities to Sachem Capital in exchange for 6,283,273 common shares of Sachem Capital and the assumption of all of SCP's liabilities, including its obligations under the Bankwell Credit Line ("the "Exchange"). As soon as practicable thereafter, SCP will distribute those shares to its members in full liquidation of their membership interests in SCP, pro rata in accordance with the members' positive capital account balances. For accounting purposes, the consummation of the Exchange will be treated as a recapitalization of SCP.

The pre-offering capitalization of Sachem Capital was based on discussions with the representative and took into account (i) SCP's historical financial performance, including revenues, net profits, cash flow from operations and distributions to members, (ii) its prospects (taking into account, among other things, any anticipated changes as a result of the change in SCP's status from a limited liability company to a regular C corporation and its operation as a REIT for income tax purposes) and (iii) the market value of comparable public companies. That amount was then divided by the proposed initial public offering price to arrive at the pre-offering capitalization of Sachem Capital. An aggregate of 2,250,000 common shares were issued at the time Sachem Capital was organized, including 1,085,000 to each of Jeffrey Villano and John Villano, and the balance –6,283,237 common shares – will be issued to SCP upon consummation of the Exchange. Based on members' equity at September 30, 2016 and assuming an initial public offering price of $ per share (the midpoint of the range of the estimated public offering price set forth on the cover of this prospectus), each member of SCP will receive Sachem Capital common shares having a value of approximately $ for each $1.00 in its capital account.

JJV, whose members include various members of the Villano family, in the liquidation of SCP will receive common shares, or approximately % of the common shares to be issued in the Exchange. In addition, the Villano brothers, individually and through their affiliates, will receive an additional common shares, or % of the common shares issued in the Exchange. Accordingly, after giving effect to the Exchange but immediately prior to the offering, in total, Jeffrey and John Villano, collectively, will beneficially own common shares (or %) of Sachem Capital's common shares.

Following the Exchange and the completion of this offering, we believe that we will meet all of the requirements for qualification as a REIT. Accordingly, we intend to elect to be taxed as a REIT beginning as soon as practicable after this offering is consummated. Our qualification as a REIT, and our ability to maintain our status as a REIT, will depend on our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets and our compliance with the distribution and ownership requirements that apply to REITs.

So long as we qualify and operate as a REIT, we will not be subject to U.S. federal income tax on our net taxable income that is distributed to our shareholders. If we fail to qualify as a REIT in any taxable year or fail to operate in compliance with the rules that apply to REIT (and do not qualify for certain statutory relief provisions), we will be subject to U.S. federal income tax at regular corporate rates and will be precluded from re-electing to be taxed as a REIT for the subsequent four taxable years following the year during which our REIT election was effectively terminated. Even if we qualify as a REIT, we may incur U.S. federal, state and local income and/or excise taxes under certain circumstances.

In order to comply with certain REIT qualification requirements, we are required to distribute all of our non-REIT accumulated earnings and profits, before the end of our first REIT taxable year. We do not believe that we. have any non-REIT earnings and profits.

MANAGEMENT

Directors and Executive Officers

As of the date of this prospectus, our executive officers and directors and their respective ages as of the date of this prospectus are as follows:

Name	Age	Position
John L. Villano	56	Chairman, Co-Chief Executive Officer, Chief Financial Officer and Secretary
Jeffrey C. Villano	51	President and Co-Chief Executive Officer, Treasurer and Director
Leslie Bernhard(1)(2)	72	Director-Nominee
Arthur Goldberg(1)(3)	77	Director-Nominee
Brian Prinz(4)	64	Director-Nominee

(1) Member of the Audit, Compensation and Nominating and Corporate Governance Committees.

(2) Chairman of the Compensation Committee.

(3) Chairman of the Audit Committee.

(4) Chairman of the Nominating and Corporate Governance Committee.

Under our bylaws, each director holds office until the next annual meeting of shareholders and his successor is duly elected and qualified and officers are elected to serve subject to the discretion of the board of directors.

Set forth below is a brief description of the background and business experience of our executive officers and directors:

John L. Villano, is our Chairman, Co-Chief Executive Officer, Chief Financial Officer and Secretary. He is also a founder of SCP and a founder, member and manager of JJV, the manager of SCP since their inception in December 2010. Mr. Villano is a certified public accountant and has also been engaged in the private practice of accounting and auditing for almost 30 years. Upon the effective date of this offering, he will become our full time employee. His responsibilities will include overseeing all aspects of our business operations, including loan origination and servicing, investor relations, brand development and business development. He is also responsible for all of our accounting and financial matters. Mr. Villano is the brother of our other co-chief executive officer, Jeffrey C. Villano. Mr. Villano holds a Bachelor's Degree in Accounting from the University of Rhode Island in 1982. We believe that Mr. Villano's experience in managing our business for the last 5½ years and his professional background as a certified public accountant make him an important part of our management team and make him a worthy candidate to serve on our board of directors.

Jeffrey C. Villano, is our Co-Chief Executive Officer, President and Treasurer. He is also a founder of SCP and a founder, member and manager of JJV, the manager of SCP since their inception in December 2010. Upon the effective date of this offering, he will become our full time employee. His responsibilities will include overseeing all aspects of our business operations, including loan origination and servicing, investor relations, brand development and business development. Mr. Villano is the brother of our other co-chief executive officer, John L. Villano. Mr. Villano received an Associate's Degree from Eastern Connecticut State University in 1985. We believe that Mr. Villano's knowledge of the Connecticut real estate market and his experience in underwriting, structuring and managing real estate loans in general and his experience managing our business over the last 5½ years make him well-qualified to serve as a member of our board of directors.

Leslie Bernhard will become a member of our board of directors as of the date of this prospectus. She has served as the non-executive chairman of the board of Milestone Scientific Inc. (NYSE: MLSS), a developer and manufacturer of medical and dental devices, since October 2009, and an independent director of Milestone since May 2003. She has also served as an independent director of Universal Power Group, Inc. (OTCMarkets: UPGI), a global supplier of power solutions, since 2007. In 1986 she co-founded AdStar, Inc., an electronic ad intake service to the newspaper industry, and served as its president, chief executive officer and executive director until 2012. Ms. Bernhard holds a BS Degree in Education from St. John's University.

We believe that Ms. Bernhard's experience as an entrepreneur and her service as a director of other public corporations will enable her to make an important contribution to our board of directors.

Arthur Goldberg will become a member of our board of directors as of the date of this prospectus. He has been a private accounting and business consultant since April 2012. From March 2011 through June 2015 he served as a director of Sport Haley Holdings, Inc., a manufacturer and distributor of sportswear and furniture. From January 2008 through March 2013, he served as a member of the board of directors of SED International Holdings, Inc. (OTC: SEDN), a distributor of consumer electronics. From January 2008 through March 2012, he served as the chief financial officer of Clear Skies Solar, Inc., an installer of solar panels. Mr. Goldberg has held senior executive positions, including chief financial officer and chief operating officer, and served as a director at a number of public companies. From January 2008 through June 2008, he served as the chief financial officer of Milestone Scientific, Inc. (NYSE MKT: MLSS), a medical device company. From June 1999 through April 2005, Mr. Goldberg was a partner with Tatum CFO Partners, LLP which provided interim CFO staffing services for public and private companies. From June 1996 through mid-1998 he served in various capacities, including vice chairman, chief financial officer and chief operating officer, at Complete Management, Inc. (AMEX: CMI; NYSE: CMI)), a physician practice management company. Mr. Goldberg is a certified public accountant and holds a B.B.A. degree from the City College of New York, an M.B.A. from the University of Chicago and J.D. and LL.M. degrees from the New York University School of Law. Mr. Goldberg was selected as a director because of his experience as the senior executive, operations and financial officer of a number of public companies and because of his background in law and accounting. We believe that his background and experience will provide our board or directors with a perspective on corporate finance matters. Given his financial experience, the board of directors has also determined that Mr. Goldberg qualifies as the Audit Committee financial expert, pursuant to Item 407(d)(5) of Regulation S-K promulgated by the SEC.

Brian Prinz will become a member of our board of directors as of the date of this prospectus. Since 1976, Mr. Prinz has been employed by Current, Inc., a leading manufacturer of laminated products including sheeting, tubes, rods, spacers and standoffs, as well as electrical grade laminates, a variety of carbon fiber products and other industrial products, which are used in various industries including construction, recreation, energy exploration and defense. He began his career at Current initially as a foreman, then as a production manager, then as vice president of sales and, since 2011, as President and Chief Financial Officer. Mr. Prinz graduated from Bryant College with B.A. in 1976. We believe that his background and experience make him well qualified to serve as a member of our board of directors.

Director Independence

The members of our board of directors are John L. Villano, Jeffrey C. Villano, Leslie Bernhard, Arthur Goldberg and Brian Prinz. The board of directors has determined, in accordance with the NYSE MKT, LLC Company Guide, that: (i) Ms. Bernhard and Messrs. Goldberg and Prinz are independent and represent a majority of its members; (ii) Ms. Bernhard and Messrs. Goldberg and Prinz, as the members of the Audit Committee, the Nominating and Corporate Governance and Compensation Committee, are independent for such purposes. In determining director independence, our board of directors applies the independence standards set by NYSE MKT. In applying these standards, our board of directors considers all transactions with the independent directors and the impact of such transactions, if any, on any of the independent directors' ability to continue to serve on our board of directors.

Committees of the Board of Directors

We have three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each committee is made up entirely of independent directors as defined under the NYSE MKT, LLC Company Guide; to wit, Mr. Goldberg will be the chairman of the Audit Committee and also qualifies as the "audit committee financial expert"; Ms. Bernhard will be the chairman of the Compensation Committee; and Mr. Prinz will be the chairman of the Nominating and Corporate Governance Committee.

Audit Committee. The Audit Committee oversees our accounting and financial reporting processes, internal systems of accounting and financial controls, relationships with auditors and audits of financial statements. Specifically, the Audit Committee's responsibilities include the following:

- selecting, hiring and terminating our independent auditors;
- evaluating the qualifications, independence and performance of our independent auditors;
- approving the audit and non-audit services to be performed by the independent auditors;
- reviewing the design, implementation and adequacy and effectiveness of our internal controls and critical policies;
- overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and other accounting matters;
- with management and our independent auditors, reviewing any earnings announcements and other public announcements regarding our results of operations; and
- preparing the report that the SEC requires in our annual proxy statement.

The board of directors has determined that Arthur Goldberg is qualified as an Audit Committee financial expert pursuant to Item 407(d)(5) of Regulation S-K. Each Audit Committee member is independent, as that term is defined in Section 10A(m)(3) of the Exchange Act and their relevant experience is more fully described above.

Compensation Committee. The Compensation Committee assists the board of directors in determining the compensation of our officers and directors. Specific responsibilities include the following:

- approving the compensation and benefits of our executive officers;
- reviewing the performance objectives and actual performance of our officers; and
- administering our stock option and other equity and incentive compensation plans.

The Compensation Committee is comprised entirely of directors who satisfy the standards of independence applicable to compensation committee members established under 162(m) of the Code and Section 16(b) of the Exchange Act.

Nominating and Corporate Governance Committee. The corporate governance and nominating committee assists the board by identifying and recommending individuals qualified to become members of the board of directors. Specific responsibilities include the following:

- evaluating the composition, size and governance of our Board and its committees and making recommendations regarding future planning and the appointment of directors to our committees;
- establishing a policy for considering shareholder nominees to our Board;
- reviewing our corporate governance principles and making recommendations to the Board regarding possible changes; and
- reviewing and monitoring compliance with our code of ethics and insider trading policy.

EXECUTIVE COMPENSATION

Summary Compensation Information

We have never paid any compensation to our executive officers. However, since its inception SCP has paid management fees to JJV, a limited liability company founded and controlled by John L. Villano and Jeffrey C. Villano. Total amounts paid or accrued to JJV for 2016 (through September 30), 2015 and 2014 in its capacity as the manager of SCP were $231,958, $210,407 and $75,895, respectively. In 2014, JJV waived the portion of the management fee based on our total assets to which it would otherwise have been entitled. At September 30, 2016, the amount due to JJV was $532,625, which will be paid by SCP from its working capital immediately before this offering and the Exchange Agreement are consummated. These amounts do not include loan origination fees that borrowers paid directly to JJV. After this offering is consummated, all loan origination fees will be paid directly to us. Origination fees paid to JJV in the nine month ended September 30, 2016 and 2015 were $384,258 and $440,426, respectively, and in 2015 and 2014 were $541,600 and $305,600, respectively.

The management fees payable to JJV in its capacity as the manager of SCP are set forth in the SCP operating agreement and include the following:

(a) 75% of loan origination fees and 100% of credit and wire fees paid by a borrower in connection with originating and funding a loan;

(b) if SCP purchases an existing loan from a third party, a fee comparable to the origination fee that SCP would have charged if it had originated such loan;

(c) a listing fee in connection with the sale of any property that SCP acquires pursuant to a foreclosure action;

(d) a monthly servicing fee equal to the sum of (i) one-twelfth of 1% of the total assets of SCP and (ii) one-twelfth of 0.5% to one percent of the total amount of SCP's loan portfolio; and

(e) reimbursement of any fees paid in connection with the preparation of all tax returns and audit reports on behalf of SCP.

In addition, JJV has the right to sell any mortgages it holds to SCP at 10% over the principal amount thereof. JJV has never exercised this right.

Upon consummation of the Exchange, which should occur immediately before the date of this prospectus, JJV will no longer be entitled to receive any of the fees described above. However, any accrued but unpaid management fees as of the date of this prospectus will be paid to JJV before the time of the Exchange.

Employment Agreements

In contemplation of this offering, we have entered into employment agreements with each of John Villano and Jeffrey Villano, which will take effect on the effective date of this offering. The material terms of the employment agreements are as follows:

- John Villano will serve as our co-chief executive officer, chief financial officer and secretary and Jeffrey Villano will serve as our co-chief executive officer, president and treasurer.
- The term of employment is five years commencing on the date of this prospectus unless terminated earlier pursuant to the terms of the agreement. The termination date will be extended one year on each anniversary date of the agreement unless either party to the agreement provides written notice at least 180 days before the next anniversary date that it is electing not to renew the agreement, in which case the agreement will terminate at the end of the fourth year from the next anniversary date.
- Base compensation of $260,000 per annum which amount may be increased in the discretion of the compensation committee of the board of directors in its sole and absolute discretion.

- Incentive compensation in such amount as shall be determined by the compensation committee of the board of directors in its sole and absolute discretion, based on our achievement of the financial performance goals set by the Board.
- Incentive compensation for certain capital transactions in such amount as shall be determined by the compensation committee of the board of directors in its sole and absolute discretion.
- The right to participate in all retirement, pension, deferred compensation, insurance and other benefit plans adopted and maintained by us for the benefit of employees and be entitled to additional compensation in an amount equal to the cost of any such benefit plan or program if he chooses not to participate.
- Indemnification to the full extent permitted by law against and for any claims, liabilities, losses, expenses and costs incurred that relate to any acts or omission taken in his capacity as an officer or director.
- We have the right to terminate the employment agreement at any time with or without cause and for death or disability (as defined in the employment agreement). See below for the payments due upon a termination.
- Two-year non-competition provision if we terminate the employment agreement for cause.
- In the event any payment to the employee is subject to an excise tax under the Code, we will pay the employee an additional amount equal to the amount of the excise tax and any other taxes (whether in the nature of excise taxes or income taxes) due with respect to such payment.

Termination and Change of Control Arrangement

Each employment agreement provides that we may terminate the executive's employment at any time with or without cause. It also provides that employment will terminate upon the death or disability of the executive. If we terminate the executive's employment for cause, we will only be liable for his base salary and benefits through the date of termination. In addition, the executive will not forfeit any rights to payments, options or benefits that have vested or have been earned or to which he is entitled as of the date of termination. If we terminate the executive's employment without cause or the agreement terminates because of the death or disability of the executive or the executive terminates for Good Reason (as defined in the employment agreement), the executive will also entitled to receive (i) a lump sum payment equal to 48 times his monthly salary on the date of termination; (ii) any deferred compensation or accrued vacation pay; (iii) continuation for a 12-month period after termination of health and welfare and long-term disability benefits; and (iv) a pro rata share of any incentive compensation and any other compensation or benefits to which he would have been entitled had he not been wrongfully terminated.

Good Reason includes a "change in control" with respect to us. A "change in control" means (1) if we merge into another corporation and, as a result of such merger, our shareholders immediately prior to such merger own less than 50% of the surviving corporation; (2) we sell, lease or otherwise dispose of all or substantially all of our assets; (3) the acquisition of beneficial ownership, directly or indirectly, of our common shares or any other securities having voting rights that we may issue in the future), rights to acquire our voting securities (including, without limitation, securities that are convertible into voting securities and rights, options warrants and other agreements or arrangements to acquire such voting securities) by any person, corporation or other entity or group thereof acting jointly, in such amount or amounts as would permit such person, corporation or other entity or group thereof acting jointly to elect a majority of the members of our board of directors, as then constituted; or (4) the acquisition of beneficial ownership, directly or indirectly, of voting securities and rights to acquire voting securities having voting power equal to 40% percent or more of the combined voting power of our then outstanding voting securities by any person, corporation or other entity or group thereof acting jointly unless such acquisition is expressly approved by resolution of our board of directors passed upon affirmative vote of not less than a majority of the board of directors and adopted at a meeting of the board of directors held not later than the date of the next regularly scheduled or special meeting held following the date we obtain actual knowledge of such acquisition (which approval may be limited in purpose and effect solely to affecting the rights of the executive under his employment agreement).

Notwithstanding the preceding sentence, any transaction that involves a mere change in identity form or place of organization within the meaning of Section 368(a)(1)(F) of the Code, or a transaction of similar effect, will not constitute a "change in control."

Equity Compensation Plan Information

On October 27, 2016 we adopted the 2016 Equity Compensation Plan (the "Plan"). The purpose of the Plan is to align the interests of our officers, other employees, advisors and consultants or any subsidiary, if any, with those of our shareholders to afford an incentive to such officers, employees, consultants and advisors to continue as such, to increase their efforts on our behalf and to promote the success of our business. The basis of participation in the Plan is upon discretionary grants of awards by the board of directors. The Plan is administered by the Compensation Committee. The maximum number of common shares reserved for the grant of awards under the Plan is 1,500,000, subject to adjustment as provided in Section 5 of the Plan. As of the date of this prospectus, approximately five individuals will be eligible to participate in the Plan, our two executive officers and three Independent Directors.

Types and Terms of Awards

Awards under the Plan may take the form of stock options (either incentive stock options or non-qualified stock options) or restricted shares. Subject to restrictions that are set forth in the Plan, the Compensation Committee will have complete and absolute authority to set the terms, conditions and provisions of each award, including the size of the award, the exercise or base price, the vesting and exercisability schedule (including provisions regarding acceleration of vesting and exercisability) and termination and forfeiture provisions.

The Compensation Committee shall be subject to the following specific restrictions regarding the types and terms of awards:

- The exercise price for a stock option may not be less than 100% of the fair market value of the stock on the date of grant.
- No award may be granted after the expiration of the Plan (more than ten years after the Plan adoption date).

No stock option can be "repriced" without the consent of the shareholders and of the option holder if the effect would be to reduce the exercise price per share.

Amendment and Termination of the Plan

The Plan expires on the tenth anniversary of the date of its adoption by the board of directors. Prior to the expiration date, the board of directors may at any time, and from time to time, suspend or terminate the Plan in whole or in part or amend it from time to time provided, however, that unless otherwise determined by the board of directors, an amendment that requires shareholder approval in order for the Plan to continue to comply with Section 162(m) or any other law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of shareholders. Notwithstanding the foregoing, no amendment to or termination of the Plan shall affect adversely any of the rights of any grantee under any outstanding award granted under the Plan without such grantee's consent.

Exercise Price of an option granted under the Plan

The exercise price of an option granted under the Plan may be no less than the fair market value of a common share on the date of grant, unless, with respect to nonqualified stock options that are not intended as incentive stock options within the meaning of Section 422 of the Code from time to time, otherwise determined by the Compensation Committee. However, incentive stock options granted to a ten percent shareholder must be priced at no less than 110% of the fair market value of our common shares on the date of grant and their term may not exceed five years. All options granted under the Plan are for a term of no longer than ten years unless otherwise determined by the Compensation Committee. The Compensation Committee also determines the exercise schedule of each option grant.

Federal Income Tax Consequences

The following is a brief summary of the effect of federal income taxation upon the recipients and us with respect to the shares under the Plan and does not purport to be complete.

Non-qualified Stock Options. The grant of non-qualified stock options will have no immediate tax consequences to us or the grantee. The exercise of a non-qualified stock option will require a grantee to include in his gross income the amount by which the fair market value of the acquired shares on the exercise date (or the date on which any substantial risk of forfeiture lapses) exceeds the option price. Upon a subsequent sale or taxable exchange of the shares acquired upon exercise of a non-qualified stock option, a grantee will recognize long or short-term capital gain or loss equal to the difference between the amount realized on the sale and the tax basis of such shares. We will be entitled (provided applicable withholding requirements are met) to a deduction for Federal income tax purposes at the same time and in the same amount as the grantee is in receipt of income in connection with the exercise of a non-qualified stock option.

Incentive Stock Options. The grant of an incentive stock option will have no immediate tax consequences to us or our employee. If the employee exercises an incentive stock option and does not dispose of the acquired shares within two years after the grant of the incentive stock option nor within one year after the date of the transfer of such shares to him (a "disqualifying disposition"), he will realize no compensation income and any gain or loss that he realizes on a subsequent disposition of such shares will be treated as a long-term capital gain or loss. For purposes of calculating the employee's alternative minimum taxable income, however, the option will be taxed as if it were a non-qualified stock option.

Restricted Shares. Generally, unless the participant elects, pursuant to Section 83(b) of the Code to recognize income in the taxable year in which restricted shares have been awarded, the participant is required to recognize income for federal income tax purposes in the first taxable year during which the participant's rights over the restricted shares are transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier. At such time, we will be entitled (provided applicable withholding requirements are met) to a deduction for Federal income tax purposes except to the extent that such participant's total compensation for the taxable year exceeds one million dollars, in which case such deduction may be limited by Section 162(m) of the Code unless any such grant of restricted shares is made pursuant to a performance-based benchmark established by the Compensation Committee.

Compensation of Directors

Each non-employee director will be granted, upon effectiveness of our initial public offering, five-year options to purchase common shares at an exercise price equal to the fair market value of a common share on the date of grant. These options will vest over three years in equal installments on the anniversary date of the date of grant. Thereafter, each non-employee director will receive cash compensation of $ per year, which will be paid on a quarterly basis. John L. Villano and Jeffrey C. Villano, who are executive officers as well as directors, will not receive compensation in connection with their positions on our board of directors.

PRINCIPAL SHAREHOLDERS

The following table, together with the accompanying footnotes, sets forth information, as of the date of this prospectus regarding the beneficial ownership of our common shares by each of our executive officers, each member of our board of directors, by all persons known by us to beneficially own more than 5% of our outstanding common shares, each executive officer, each director, and all of our directors and officers as a group:

Name of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership[2]	Percentage of Class[3]	
		Prior to Offering	After Offering
Executive Officers and Directors:			
John L. Villano[4]		%	%
Jeffrey C. Villano[5]		%	%
Leslie Bernhard		—	—
Arthur Goldberg		—	—
Brian Prinz		—	—
All officers and directors as a group (5 persons)[6]		%	%

* Less than 1%.

(1) Unless otherwise provided, the address of each of the individuals above is c/o Sachem Capital Corp., 23 Laurel Road, Branford, CT 06405.

(2) A person is deemed to be a beneficial owner of securities that can be acquired by such person within 60 days from the date of this prospectus upon the exercise of options and warrants or conversion of convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not held by any other person) and that are exercisable or convertible within 60 days from the date of this prospectus have been exercised or converted. Except as otherwise indicated, and subject to applicable community property and similar laws, each of the persons named has sole voting and investment power with respect to the shares shown as beneficially owned.

(3) All percentages are determined based on 8,533,237 common shares outstanding immediately prior to this offering and common shares outstanding immediately after this offering.

(4) Includes common shares owned by his wife and common shares owned by JJV, an entity owned and managed by John and Jeffrey Villano.

(5) Includes and common shares owned by Ultimate Brands Inc. and Union News of New Haven, Inc., respectively, each a corporation of which he is the founder and chief executive officer and over which he has full voting and dispositive control and common shares owned by his minor daughter.

(6) Includes an aggregate of common shares underlying options beneficially owned by officers and directors as a group.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Prior to the Exchange, our business was conducted by SCP. JJV is the manager and a member of SCP. The members of JJV are John Villano, Jeffrey Villano and their respective affiliates. John Villano and Jeffrey Villano are the managers of JJV. They are also our co-chief executive officers and members of our board of directors. Upon consummation of the Exchange, JJV will no longer be entitled to receive any management fees from SCP and John Villano and Jeffrey Villano will become our full-time employees. In addition, upon consummation of this offering, they will each own more than 10% of our issued and outstanding common shares.

Prior to this offering SCP had no employees. Rather, JJV, in its capacity as the manager of SCP, provided management and administrative services to SCP for which it received management fees. In addition, JJV also paid certain expenses on behalf of SCP for which it was entitled to reimbursement. For the six months ended September 30, 2016 and the years ended December 31, 2015 and 2014, the amounts paid or accrued to JJV in its capacity as the manager of SCP totaled $231,958, $210,407 and $75,895, respectively. In addition, at September 30, 2016, the amount due to JJV was $532,625, of which $400,448 represents reimbursement for SCP expenses paid by JJV and $132,177 represents fees owed to JJV. The balance due to JJV will be paid immediately prior to this offering. These amounts do not include loan origination fees that borrowers paid directly to JJV. After this offering is consummated, all loan origination fees will be paid directly to us. Origination fees paid to JJV in the nine months ended September 30, 2016 and 2015 were $384,258 and $440,426, respectively, and in the years ended December 31, 2015 and 2014 were $541,600 and $305,600, respectively.

All of SCP's records are kept at and all of its operations are conducted from JJV's offices, which are located in a building owned by Union News of New Haven, Inc. Jeffrey Villano is the chief executive officer of Union News and owns 20% of its outstanding stock. The other 80% is owned by his and John Villano's mother, Shirley Villano. On December 9, 2016, SCP acquired the property located at 698 Main Street, Branford, Connecticut. The property is improved with two buildings, one of which will become our new principal offices. The building has one-story and measures 2,600 square feet. The other, smaller, building on the property is subject to a month-to-month lease. The current rent is $800 per month.

SCP's loan portfolio includes five loans made to JJV. The principal balance of the loans to JJV at September 30 2016, December 31, 2015 and 2014 were $1,376,522, $1,515,000 and $757,000, respectively. Interest paid on these loans during each of those periods was $127,158, $108,932 and $46,944, respectively. These loans were made in connection with JJV's purchase of real property from third parties who, for various reasons, did not meet SCP's loan criteria. We believe that the terms of these loans are no less beneficial to SCP than they would have been if SCP made the loans to unrelated third parties and are all properly documented.

We intend to adopt a policy prior to the consummation of this offering that will prohibit any transaction between us and a related party unless the terms of that transaction are no less favorable to us than if we had entered into the same transaction with an unrelated party and the transaction is approved by a majority of our board of directors, which majority must include a majority of the independent directors.

DESCRIPTION OF CAPITAL SHARES

The following is a description of the material terms of our certificate of incorporation, as amended, and our bylaws. We refer you to our certificate of incorporation, as amended, and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part.

Authorized Capitalization

Our authorized capital stock consists of 55,000,000 common shares, par value $0.001 per share, and 5,000,000 preferred shares, par value $.001 per share. Immediately prior to this offering, we will have 8,533,237 common shares and no preferred shares issued and outstanding. Immediately after this offering is consummated we will have common shares and no preferred shares issued and outstanding. If the representative exercises the over-allotment option in full, the number of common shares issued and outstanding immediately after this offering will be .

Common Shares

Subject to preferences that may apply to preferred shares outstanding at the time, the holders of outstanding common shares are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the board of directors may from time to time determine. Each shareholder is entitled to one vote for each common shares held on all matters submitted to a vote of shareholders. Directors are elected by plurality vote. Therefore, the holders of a majority of the outstanding common shares voted can elect all of the directors then standing for election. Holders of common shares are not entitled to preemptive rights and are not subject to conversion or, as more fully described below in "Restrictions on Ownership and Transfer," except in the case of a prohibited transfer, redemption. If we are liquidated or dissolved or our business is otherwise wound up, the holders of common shares would be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities and the payment of the liquidation preference of any outstanding preferred shares. Each outstanding common share is, and all common shares outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Shares

Our certificate of incorporation, as amended, authorizes our board of directors to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series which our board may, except where otherwise provided in the preferred shares designation, increase or decrease, but not below the number of shares then outstanding;
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding — up of the affairs of our company, or upon any distribution of our assets;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other corporation, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- the preferences and special rights, if any, of the series and the qualifications and restrictions, if any, of the series;

- the voting rights, if any, of the holders of the series; and
- such other rights, powers and preferences with respect to the series as our board of directors may deem advisable.

Authorized but Unissued Shares of Capital Stock

New York law does not require shareholder approval for any issuance of authorized shares. However, the listing requirements of NYSE MKT, which would apply for so long as our common shares are listed on one of the NYSE MKT exchanges, require shareholder approval of certain issuances (other than a public offering) equal to or exceeding 20% of the then outstanding voting power or then outstanding common shares, as well as for certain issuances of shares of capital stock in compensatory transactions. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions. One of the effects of the existence of unissued and unreserved common shares may be to enable our board of directors to sell common shares to persons friendly to current management, for such consideration, in form and amount, as is acceptable to the board, which issuance could render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive shareholders of opportunities to sell their common shares at prices higher than prevailing market prices.

Restrictions on Ownership and Transfer

In order for us to qualify to be taxed as a REIT under the Code, our capital shares must be owned by 100 or more persons during at least 335 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year (other than the first year for which an election to qualify to be taxed as a REIT has been made). Also, not more than 50% of the value of the outstanding shares of our capital stock (after taking into account options to acquire shares of capital stock) may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as private foundations) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). To qualify to be taxed as a REIT, we must satisfy other requirements as well.

Our certificate of incorporation, as amended, provides that, subject to the exceptions described below, no person or entity may own, or be deemed to own, beneficially or by virtue of the applicable constructive ownership provisions of the Code, more than 4.99%, by value or number of shares, whichever is more restrictive, of our outstanding capital stock. We refer to the person or entity that, but for operation of the ownership limits or another restriction on ownership and transfer of shares as described below, would beneficially own or constructively own shares of our capital stock in violation of such limits or restrictions and, if appropriate in the context, a person or entity that would have been the record owner of such shares as a "prohibited owner."

The constructive ownership rules under the Code are complex and may cause shares owned beneficially or constructively by a group of related individuals and/or entities to be deemed owned beneficially or constructively by one individual or entity. As a result, even if a shareholder's actual ownership does not exceed the share ownership limits described, on a constructive ownership basis such shareholder may exceed those limits.

The ownership limits described above do not apply to our co-chief executive officers, Jeffrey C. Villano and John L. Villano, who, immediately after this offering is consummated, will own % and %, respectively, of our issued and outstanding common shares. In addition, our board of directors, in its sole discretion, may exempt, prospectively or retroactively, a particular shareholder from the ownership limits or establish a different limit on ownership (the "excepted holder limit") if we obtain representations and undertakings from such shareholders as are reasonably necessary for the board of directors to determine that such shareholder's beneficial or constructive ownership of our shares will not result in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify to be taxed as a REIT. Any violation or attempted violation of any such representations or undertakings will result in such shareholder's shares being automatically transferred to a charitable trust. As a condition of granting the waiver or establishing the excepted holder limit, our board of directors may require an opinion of counsel or a ruling from the IRS, in

either case in form and substance satisfactory to our board of directors, in its sole discretion, in order to determine or ensure our status as a REIT. Our board of directors may impose such conditions or restrictions as it deems appropriate in connection with granting such a waiver or establishing an excepted holder limit.

In connection with granting a waiver of the ownership limits or creating an excepted holder limit or at any other time, our board of directors may from time to time increase or decrease the common share ownership limit, for all other persons, unless, after giving effect to such increase, five or fewer individuals could beneficially own, in the aggregate, more than 49.9% in value of our outstanding shares or we would otherwise fail to qualify to be taxed as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership of our common shares or our shares of all classes and series, as applicable, is, at the effective time of such reduction, in excess of such decreased ownership limit until such time as such person's or entity's percentage ownership of our common shares or our shares of all classes and series, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of our common shares or shares of other classes or series of our capital stock, as applicable, will violate the decreased ownership limit.

Thus, our certificate of incorporation, as amended, prohibits:

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, shares of our capital stock that would result in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify to be taxed as a REIT;
- any person from transferring shares of our capital stock if the transfer would result in shares of our capital stock being beneficially owned by fewer than 100 persons (determined under the principles of Section 856(a)(5) of the Code); and
- any person from beneficially or constructively owning shares of our capital stock to the extent such ownership would result in our failing to qualify as a "domestically controlled qualified investment entity" within the meaning of Section 897(h)(4)(B) of the Code.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our capital stock that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of shares of our capital stock described above, or who would have owned shares of our capital stock transferred to the trust as described below, must immediately give notice to us of such event or, in the case of an attempted or proposed transaction, give us at least 15 days' prior written notice and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing restrictions on ownership and transfer of shares of our capital stock will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, to be taxed as a REIT or that compliance with the restrictions and limits on ownership and transfer of shares of our capital stock described above is no longer required.

If any transfer of shares of our capital stock would result in such shares being beneficially owned by fewer than 100 persons, the transfer will be null and void and the intended transferee will acquire no rights in the shares. In addition, if any purported transfer of shares of our capital stock or any other event would otherwise result in any person violating the ownership limits or an excepted holder limit established by our board of directors, or in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify to be taxed as a REIT or as a "domestically controlled qualified investment entity" within the meaning of Section 897(h)(4)(B) of the Code, then that number of shares (rounded up to the nearest whole share) that would cause the violation will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us, and the intended transferee or other prohibited owner will acquire no rights in the shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violating transfer or other event that results in a transfer to the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent a violation of the applicable ownership limits or our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or our otherwise failing

to qualify to be taxed as a REIT or as a "domestically controlled qualified investment entity," then the transfer of the shares will be null and void and the intended transferee will acquire no rights in such shares.

Shares of our capital stock held in the trust will be issued and outstanding shares. The prohibited owner will not benefit economically from ownership of any of our capital shares held in the trust and will have no rights to distributions and no rights to vote or other rights attributable to the shares held in the trust. The trustee of the trust will exercise all voting rights and receive all distributions with respect to shares held in the trust for the exclusive benefit of the charitable beneficiary of the trust. Any distribution made before we discover that the shares have been transferred to a trust as described above must be repaid by the recipient to the trustee upon demand by us. Subject to New York law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority to rescind as void any vote cast by a prohibited owner before our discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary of the trust. However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

Shares of our capital stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, in the case of a devise or gift, the market price at the time of such devise or gift) and (ii) the market price on the date we, or our designee, accepts such offer. We may reduce the amount so payable to the prohibited owner by the amount of any dividend or distribution that we made to the prohibited owner before we discovered that the shares had been automatically transferred to the trust, and we may pay the amount of any such reduction to the trustee for distribution to the charitable beneficiary. We have the right to accept such offer until the trustee has sold the shares of our capital shares held in the trust as discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates, and the trustee must distribute the net proceeds of the sale to the prohibited owner and must distribute any distributions held by the trustee with respect to such shares to the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person or entity designated by the trustee who could own the shares without violating the ownership limits or the other restrictions on ownership and transfer of shares of our capital shares. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the trust (for example, in the case of a gift, devise or other such transaction), the market price of the shares on the day of the event causing the shares to be held in the trust) and (ii) the sales proceeds (net of any commissions and other expenses of sale) received by the trust for the shares. The trustee may reduce the amount payable to the prohibited owner by the amount of any distribution that we paid to the prohibited owner before we discovered that the shares had been automatically transferred to the trust and that are then owed by the prohibited owner to the trustee as described above. Any net sales proceeds in excess of the amount payable to the prohibited owner must be paid immediately to the charitable beneficiary, together with any distributions thereon. In addition, if, prior to the discovery by us that shares have been transferred to a trust, such shares are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and, to the extent that the prohibited owner received an amount for or in respect of such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount will be paid to the trustee upon demand. The prohibited owner has no rights in the shares held by the trustee.

In addition, if our board of directors determines that a transfer or other event has occurred that would violate the restrictions on ownership and transfer of shares of our stock described above, our board of directors may take such action as it deems advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem the shares, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of shares of our stock, within 30 days after the end of each taxable year, must give

us written notice stating the shareholder's name and address, the number of shares of each class and series of our capital stock that the shareholder beneficially owns and a description of the manner in which the shares are held. Each such owner must provide to us such additional information as we may request in order to determine the effect, if any, of the shareholder's beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, any person or entity that is a beneficial owner or constructive owner of shares of our capital stock and any person or entity (including the shareholder of record) who is holding shares of our capital stock for a beneficial owner or constructive owner must, on request, provide to us such information as we may request in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the ownership limits.

Certificates representing shares of our capital stock will bear a legend referring to the restrictions on ownership and transfer of shares of our capital stock described above.

The restrictions on ownership and transfer of shares of our capital stock described above could delay, defer or prevent a transaction or a change in control, including one that might involve a premium price for our common shares or otherwise be in the best interests of our shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is located at .

CERTAIN PROVISIONS OF NEW YORK LAW AND OF OUR CERTIFICATE OF INCORPORATION AND BYLAWS

The following summary of certain provisions of New York law, our certificate of incorporation, as amended, and our bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to the New York Business Corporation Law and to our certificate of incorporation, as amended, and bylaws. Copies of our certificate of incorporation, as amended, and bylaws are filed as exhibits to the registration statement of which this prospectus forms a part. See "Where You Can Find More Information."

Our Board of Directors

We have one class of directors. Each director serves for a one-year term or until his or her successor is elected and qualified. Our bylaws provide that our board of directors will consist of not less than one and not more than nine directors. As of the date of this prospectus, our board of directors consists of five members.

Election of Directors; Removals; Vacancies

Directors are elected by a plurality of all of the votes cast in the election of directors.

Under our bylaws a director may be removed for cause by the board of directors or by shareholders acting by a simple majority.

Our bylaws provide that vacancies on our board of directors may be filled by the remaining directors, even if the remaining directors do not constitute a quorum. However, only shareholders can fill a vacancy on our board of directors that is caused by the removal of a director by action of shareholders. Any director elected to fill a vacancy will serve for the remainder of the full term of the director he or she is replacing or until his or her successor is duly elected and qualifies.

Meetings of Shareholders

Our bylaws provide that a meeting of our shareholders for the election of directors and the transaction of any business will be held annually on such day during the period from May 1 through October 31, other than a legal holiday and at the time and place set by the board of directors. Our bylaws provide that a special meeting of shareholders may be called at any time by the president and must be called by the president at the request in writing of a majority of the directors then in office or at the request in writing filed with our secretary by the holders of a majority of our issued and outstanding shares of capital shares entitled to vote at such a meeting.

Shareholder Actions by Written Consent

Under Section 615 of the BCL and our certificate of incorporation, as amended, shareholder action may be taken without a meeting if a written consent, setting forth the action so taken, is given by the shareholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of shareholders.

Amendment of Certificate of Incorporation and Bylaws

Under the BCL, a New York corporation may amend its certificate of incorporation if such action is declared advisable by the board of directors and approved by the affirmative vote of shareholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Our bylaws provide that each of our board of directors and our shareholders has the power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

Transactions Outside the Ordinary Course of Business

Under the BCL, a New York corporation generally may not dissolve, merge or consolidate with another entity, sell all or substantially all of its assets or engage in a statutory share exchange unless the action is declared advisable by the board of directors and approved by the affirmative vote of shareholders entitled to cast a majority of the votes entitled to be cast on the matter, unless a greater percentage is specified in the corporation's certificate of incorporation. Our certificate of incorporation, as amended, does not provide for a super majority vote on any matter.

Business Combinations

Under the BCL, certain "business combinations" (including a merger, consolidation, statutory share exchange and, in certain circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities) between a New York corporation and an "interested shareholder" (defined generally as any person who beneficially owns, directly or indirectly, 20% or more of the voting power of the corporation's outstanding voting shares or an affiliate of such an interested shareholder) are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. Thereafter, any such business combination must generally be recommended by the board of directors of the corporation and approved by the affirmative vote of holders of a majority of the outstanding voting shares of the corporation other than shares held by the interested shareholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested shareholder, unless, among other conditions, the corporation's common shareholders receive a minimum price (as described in the BCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares. A person is not an interested shareholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested shareholder. A corporation's board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

REIT Qualification

Our certificate of incorporation, as amended, provides that our board of directors may authorize us to revoke or otherwise terminate our REIT election, without approval of our shareholders, if it determines that it is no longer in our best interests to continue to qualify to be taxed as a REIT.

Limitation on Directors' Liability and Indemnification of Directors and Officers

The BCL permits a New York corporation to include in its certificate of incorporation a provision limiting the liability of its directors to the corporation and its shareholders for money damages, except if a judgment or other final adjudication establishes that (i) the director's acts were committed in bad faith, (ii) involved intentional misconduct or a knowing violation of law, (iii) he personally gained a financial profit or other advantage to which he was not legally entitled or (iv) his act involves (A) the declaration of a dividend that violated section 510 of the BCL; (B) the purchase or redemption of shares of our capital shares in violation of section 513 of the BCL; (C) the distribution of assets to shareholders after dissolution without paying or adequately providing for the payment of all known liabilities; and (D) the making of loans to a director in violation of section 714 of the BCL.

The BCL permits us to indemnify any present or former director or officer, against judgments, fines, settlements and reasonable expenses including attorney's fees actually and necessarily incurred as a result of the action or proceeding, including any appeals, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in, or not opposed to, the best interests of the corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

In addition, the BCL permits us to advance reasonable expenses to a director or officer upon our receipt of an undertaking by or on behalf of such officer or director to repay such amount as, and to the extent, such officer or director is ultimately found not to be entitled to indemnification or, if entitled to indemnification, to the extent the amount advanced exceeds the indemnification to which such officer or director is entitled.

Our certificate of incorporation, as amended, and bylaws obligate us, to the fullest extent permitted by New York law in effect from time to time, to indemnify, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any present or former director or officer who is made or threatened to be made a party to, or witness in, a proceeding by reason of his or her service in that capacity and any individual who, while a member of our board of directors and at our request, serves or has served as a director, officer, trustee or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to, or witness in, the proceeding by reason of his or her service in that capacity authorized by;

- by the board, acting by a quorum consisting of directors who are not parties to such action or proceeding upon a finding that the director or officer has met the standard of conduct set forth in the NYBCL; or
- by the board upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set forth in such sections has been met by such director or officer; or
- by shareholders upon a finding that the director or officer has met the applicable standard of conduct set forth in such sections.

The indemnification and payment or reimbursement of expenses provided by the indemnification provisions of our certificate of incorporation, as amended, and bylaws are not deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any statute, bylaw, resolution, insurance, agreement, vote of shareholders or disinterested directors or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

SHARES ELIGIBLE FOR FUTURE SALE

We cannot predict the effect, if any, future sales of our common shares, or the availability for future sales of our common shares, will have on the market price of our common shares prevailing from time to time. The sale of substantial amounts of our common shares in the public market, or the perception that such sales could occur, could harm the prevailing market price of our common shares.

Immediately prior to this offering, after taking into account the Exchange, we had 8,533,237 common shares issued and outstanding, beneficially owned by shareholders. Immediately after this offering, we will have outstanding common shares (or shares if the over-allotment option is exercised in full.) The shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any common shares held by our "affiliates," as defined in Rule 144, which would be subject to the limitations and restrictions described below.

A person (or persons whose securities are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of securities that does not exceed the greater of one percent of the then outstanding shares of securities of such class or the average weekly trading volume of securities of such class during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us (which requires that we are current in our periodic reports under the Exchange Act). As of the date of this prospectus, none of our outstanding common shares are eligible for sale under Rule 144 and none of the shares are freely tradable.

We, our directors and executive officers and our pre-offering shareholders expect to enter into lock up agreements with the representative prior to the commencement of this offering pursuant to which each of these persons or entities will agree that, during the Lock-Up Period (as defined below), without the prior written consent of the representative, they will not (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our securities or any securities convertible into or exercisable or exchangeable for common shares owned or acquired on or prior to the closing date of this offering (including any common shares acquired after the closing date of this offering upon the conversion, exercise or exchange of such securities); (2) file or caused to be filed any registration statement relating to the offering of any shares of our capital shares; or (3) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of common shares, whether any such transaction described in clause (1), (2) or (3) above is to be settled by delivery of shares common shares or such other securities, in cash or otherwise, except for certain exceptions and limitations. The Lock-Up Period will be 12 months from the date of this prospectus for us, our officers and directors and six months from the date of this prospectus for our other pre-offering shareholders.

The lock-up period described in the preceding paragraphs will be automatically extended if: (1) during the last 17 days of the restricted period, we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the date of the earnings release.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences of the purchase, ownership and disposition of our common shares. Except where noted, this summary deals only with common shares held as a capital asset. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the "Code", regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions (including banks), individual retirement and other tax-deferred accounts, tax-exempt organizations, regulated investment companies, REITs, "controlled foreign corporations," "passive foreign investment companies," broker-dealers, former U.S. citizens or long-term residents, life insurance companies, persons that hold common shares as part of a hedge against currency or interest rate risks or that hold common shares as part of a straddle, conversion transaction or other integrated investment, or U.S. holders that have a functional currency other than the U.S. dollar. This discussion does not address any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction or any estate, gift or alternative minimum tax consequences.

For purposes of this summary, a "U.S. holder" is a beneficial owner of common shares that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust or (b) it was in existence on August 20, 1996 and has a valid election in effect under applicable Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of common shares that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of common shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such a partnership should consult their tax advisors about the U.S. federal income tax considerations of the purchase, ownership and disposition of our common shares.

Taxation of REITs

General

This section is a summary of certain federal income tax matters of general application pertaining to REITs under the Code. The provisions of the Code pertaining to REITs are highly technical and complex and sometimes involve mixed questions of fact and law. This summary is qualified in its entirety by the applicable Code provisions, regulations, and administrative and judicial interpretations thereof, all of which are subject to change, possibly retroactively.

We intend to make an election to be treated as a REIT under the Code for our taxable year ended December 31, 2016. The election will be made on our 2016 federal income tax return, which we expect to file on or before September 15, 2017. We believe that we meet all of the requirements for REIT qualification for U.S. federal income tax purposes. In connection with this offering, we will receive an opinion of counsel that, commencing with our taxable year ended on December 31, 2016, we have been organized and operated in

conformity with the requirements for qualification as a REIT under the Code, and our current organization and proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT.

It must be emphasized that this opinion of counsel is based on various assumptions relating to our organization and operation and is conditioned upon representations and covenants made by us regarding our organization, assets and the past, present and future conduct of our business operations. Included in these assumptions is that no group of five or fewer shareholders will own 50% of more of our outstanding common shares. In addition, the accuracy of such opinion may also depend on the accuracy of certain opinions rendered to us in connection with various transactions in which we may engage in the future. While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by counsel or by us that we will so qualify for any particular year. Counsel will have no obligation to advise us or our shareholders of any subsequent change in the matters stated, represented or assumed in their opinion or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS or any court, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, diversity of share ownership and various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by counsel. Our ability to qualify as a REIT also requires that we satisfy certain asset tests (discussed below), some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. While we intend to continue to operate in a manner that will allow us to qualify as a REIT, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

If we qualify as a REIT, we generally will not be subject to federal corporate income tax on our net income that is currently distributed to our shareholders. This treatment substantially eliminates the “double taxation” (at the corporate and shareholder levels) that generally results from investment in a corporation. However, notwithstanding our qualification as a REIT, we will be subject to federal income tax as follows:

- We will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains. For this purpose, REIT taxable income is the taxable income of the REIT subject to specified adjustments, including a deduction for dividends paid.
- We may, under certain circumstances, be subject to the “alternative minimum tax” on our items of tax preference.
- If we have (a) net income from the sale or other disposition of “foreclosure property” which is held primarily for sale to customers in the ordinary course of business or (b) other nonqualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on this income. Foreclosure property generally consists of property acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.
- We will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.
- If we should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), but have nonetheless maintained our qualification as a REIT because certain other requirements are met, we will be subject to a 100% tax on an amount equal to (a) the greater of (1) the excess of 75% of our gross income over the amount of such income attributable to sources which qualify under the 75% gross income test and (2) the excess of 95% of our gross income over the amount of such income attributable to sources which qualify under the 95% gross income test, multiplied by (b) a fraction intended to reflect our profitability.

- If we should fail to satisfy any of the REIT asset tests discussed below (other than a *de minimis* failure of the 5% or 10% asset tests, as discussed below), due to reasonable cause and not due to willful neglect, and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused us to fail the applicable test.
- If we should fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a violation of the REIT gross income tests or asset tests) and the violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification but will be required to pay a penalty of $50,000 for each failure.
- If we should fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year and (c) any undistributed taxable income from prior periods, we would be subjected to a 4% excise tax on the excess of such required distribution over the sum of (i) amounts actually distributed, plus (ii) retained amounts on which income tax is paid at the corporate level. Any REIT ordinary income and capital gain net income on which an income tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating the amount of this tax.
- If we acquire any asset from a C corporation in a transaction in which the tax basis of the asset in our hands is determined by reference to the tax basis of the asset in the hands of the C corporation, and we subsequently recognize gain on the disposition of the asset during the applicable "recognition period" (currently 10 years from the time of acquisition, subject to potential legislative changes) then we will generally be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (1) the fair market value of the asset over (2) the adjusted tax basis in the asset, in each case, determined as of the beginning of the applicable recognition period. The results described in this paragraph with respect to the recognition of gain assume that certain elections specified in applicable Treasury Regulations either are made or forgone, by us or by the entity from which the assets are acquired, in each case, depending on the date the acquisition occurred.
- We may be subject to a 100% tax on some items of income or expense that are directly or constructively paid between a taxable REIT subsidiary (as described below) and a REIT if and to the extent that the IRS successfully adjusts the reported amounts of these items.
- If we elect to retain the proceeds from the sale of assets that result in net capital gain, we will be required to pay tax at regular corporate tax rates on the retained net capital gain; each shareholder will be required to include the shareholder's proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the shareholder) in the shareholder's income, and each of our shareholders will receive a credit or refund for the shareholder's proportionate share of the tax we pay.
- We may be required to pay penalties under certain circumstances, including if we fail to meet certain record keeping requirements.

Furthermore, notwithstanding our status as a REIT, we may have to pay certain state and local income taxes because not all states and localities treat REITs the same as they are treated for federal income tax purposes. We could also be subject to foreign taxes on investments and activities in foreign jurisdictions. In addition, certain of our subsidiaries are subchapter C corporations, the earnings of which are subject to federal corporate income tax. Finally, we could also be subject to tax in certain situations and on certain transactions not presently contemplated.

Requirements for qualification as a REIT

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares or transferable certificates of beneficial interest;

(3) which would be taxable as a domestic corporation but for Sections 856 through 860 of the Code;

(4) which is neither a financial institution nor an insurance company subject to certain provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding shares is owned, directly or indirectly, by or for five or fewer individuals (as defined in the Code to include certain entities);

(7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions; and

(8) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year that has not been terminated or revoked.

The Code provides that the first four conditions must be met during the entire taxable year, and that the fifth condition must be met during at least 335 days of a taxable year of twelve months, or during a proportionate part of a taxable year of less than twelve months. The fifth and sixth conditions do not apply until after the first taxable year for which an election is made to be taxed as a REIT. For purposes of the sixth condition, specified tax-exempt entities (but generally excluding trusts described in Section 401(a) and exempt under Section 501(a) of the Code) generally are treated as individuals and other entities, including pension funds, are subject to "look-through" attribution rules to determine the individuals who constructively own the shares held by the entity.

We intend to operate in a manner so as to satisfy each of the above conditions. In addition, with regard to the fifth and sixth conditions described above, our certificate of incorporation, as amended, will include restrictions regarding ownership and transfers of our shares, which provisions are intended to assist us in satisfying these share ownership requirements. These restrictions, however, may not ensure that we will, in all cases, be able to satisfy these share ownership requirements. If we fail to satisfy these share ownership requirements or otherwise fail to meet the conditions described above, we will fail to qualify as a REIT. See our discussion under "— Failure to qualify as a REIT" for a discussion of the implications of such failure to qualify as a REIT. However, if we comply with certain rules contained in applicable Treasury Regulations that require us to ascertain the actual ownership of our shares, and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in the sixth condition described above, we will be treated as having met this requirement.

To monitor compliance with the share ownership requirements, we are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of certain percentages of our shares in which the record holders are to disclose the persons required to include in gross income the REIT dividend. A shareholder who fails or refuses to comply with the demand must submit a statement with such shareholder's tax return disclosing the actual ownership of the shares and certain other information.

In addition, we must use a calendar year for federal income tax purposes, satisfy all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status, and comply with the recordkeeping requirements of the Code and regulations promulgated thereunder. We have had and will continue to have a calendar year, and intend to satisfy the relevant filing, administrative, recordkeeping, and other requirements established by the IRS, the Code and regulations promulgated thereunder that must be met to elect and maintain REIT status.

Gross income tests

In order to maintain qualification as a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year must be derived directly or indirectly from certain

investments relating to real property or mortgages on real property, including "rents from real property," dividends from other REITs and, in certain circumstances, interest or income from certain types of temporary investments. Second, at least 95% of our gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year must be derived from such real property investments, and from dividends, interest and gain from the sale or disposition of stock or securities or from any combination of the foregoing.

For these purposes, the term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of all or some of the amount depends in any way on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales. Furthermore, an amount that depends in whole or in part on the income or profits of a debtor is not excluded from the term "interest" to the extent the amount is attributable to qualified rents received by the debtor if the debtor derives substantially all of its income from the real property securing the debt from leasing substantially all of its interest in the property.

Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. We expect that all or most of the mortgage loans that we acquire will be secured only by real property and no other property value will be taken into account in our underwriting process, however, it is uncertain whether some or all of our mortgage loans may be treated by the IRS as secured by other property, particularly, in the case of a distressed mortgage loan for which the borrower has provided a recourse guarantee. Furthermore, we do not accrue interest income or market discount on defaulted or delinquent loans when certain criteria are satisfied. The criteria generally relate to whether those amounts are uncollectable or of doubtful collectability. Revenue Procedure 2011-16, which would be relevant if the IRS were to challenge our position with respect to the accrual of interest income and market discount and were to conclude that our mortgage loans are secured by other property, provides that that the IRS will treat mortgage loans acquired by a REIT that are secured by real property and other property as producing in part non-qualifying income for the 75% gross income test. Specifically, Revenue Procedure 2011-16 indicates that interest income on such a mortgage loan will be treated as qualifying income based on the ratio of: (i) the fair market value of the real property securing the debt determined as of the date the REIT committed to acquire the loan; and (ii) the face amount of the loan (and not the purchase price or current value of the loan). In the case of a distressed mortgage loan, the face amount of the loan will typically exceed the fair market value of the real property securing the mortgage loan on the date the REIT commits to acquire the loan. At this time, we do not intend to invest in distressed mortgage loans.

In the future, we may agree to modify the terms of our mortgage loans to avoid foreclosure actions and for other reasons. Under the Code, if the terms of a loan are modified in a manner constituting a "significant modification," such modification triggers a deemed exchange of the original loan for the modified loan, generally resulting in taxable gain or loss that is potentially eligible for installment method reporting. To the extent that such mortgage loan qualified as a real estate asset for purposes of the 75% asset test (see "— Asset tests," below), we intend to treat a proportionate part of any gain from a deemed exchange of a mortgage loan as income qualifying under the 75% gross income test. With respect to the interest income we subsequently receive from a mortgage loan that has been the subject of a deemed exchange, IRS Revenue Procedure 2011-16 provides a safe harbor pursuant to which we will not be required to redetermine the fair market value of the real property securing a loan for purposes of the gross income and asset tests in connection with a loan modification that is: (i) occasioned by a borrower default; or (ii) made at a time when we reasonably believe that the modification to the loan will substantially reduce a significant risk of default on the original loan. We cannot assure you that all of our loan modifications will qualify for the safe harbor in Revenue Procedure 2011-16. To the extent we significantly modify loans in a manner that does not qualify for that safe harbor we will be required to redetermine the value of the real property securing the loan at the time it was significantly modified. In determining the value of the real property securing such a loan, we generally will not obtain third-party appraisals, but rather will rely on internal valuations. We cannot assure you that the IRS will not successfully challenge our internal valuations. If the terms of our mortgage loans are significantly

modified in a manner that does not qualify for the safe harbor in Revenue Procedure 2011-16 and the fair market value of the real property securing such loans has decreased significantly, we could fail the 75% gross income test and/or the 75% asset test.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan (a "shared appreciation provision"), income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests provided that the property is not held as inventory or dealer property. To the extent that we derive interest income from a mortgage loan, where all or a portion of the amount of interest payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales, and not the net income or profits, of the borrower.

We may enter into sale and repurchase agreements under which we nominally sell all or a portion of our mortgage portfolio to a counterparty and simultaneously entered into an agreement to repurchase the sold assets. Based on positions the IRS has taken in analogous situations, we believe that we will be treated for purposes of the REIT gross income and asset tests (see "— Asset tests," below) as the owner of the mortgage assets that are the subject of any such agreement notwithstanding that we transferred record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the mortgage assets during the term of the sale and repurchase agreement, in which case our ability to qualify as a REIT could be adversely affected.

Our share of any dividends received from our non-REIT corporate subsidiaries and from other corporations in which we own an interest (e.g., taxable REIT subsidiaries), will generally qualify under the 95% gross income test but not under the 75% gross income test. We do not anticipate that we will receive sufficient dividends from such persons to cause us to exceed the limit on nonqualifying income under the 75% gross income test.

If the IRS successfully asserts that any amount of interest or other deduction of a taxable REIT subsidiary for amounts paid to us exceeds amounts determined at arm's length, the IRS's adjustment of such an item could trigger a 100% excise tax which would be imposed on the portion that is excessive. See "— Penalty Tax" below.

Taking into account our anticipated sources of nonqualifying income, we believe that our aggregate gross income from all sources will satisfy the income tests applicable to us. However, we may not always be able to maintain compliance with the gross income tests for REIT qualification despite periodic monitoring of our income. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for such year if we are entitled to relief under certain provisions of the Code. These relief provisions generally will be available if our failure to meet such tests was due to reasonable cause and not due to willful neglect, we attached a schedule of the sources of our income to our tax return, and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. If these relief provisions are inapplicable to a particular set of circumstances involving us, we will not qualify as a REIT. See "— Failure to Qualify as a REIT" in this section for a discussion of the implications of such failure to qualify as a REIT. As discussed above in "— Taxation of REITs — General" in this section, even where these relief provisions apply, we would be subject to a penalty tax based upon the amount of our non-qualifying income.

Asset tests

At the close of each quarter of our taxable year, we also must satisfy four tests relating to the nature and diversification of our assets.

First, at least 75% of the value of our total assets at the end of each quarter must consist of real estate assets, cash, cash items and U.S. government securities. For purposes of this test, the term "real estate assets" generally means real property (including interests in real property and interests in mortgages on real property) and shares (or transferable certificates of beneficial interest) in other REITs, as well as any stock or debt instrument attributable to the investment of the proceeds of a stock offering by us or a public debt offering by

us with a term of at least five years, but the stock or debt instrument qualifies as a "real estate asset" only for the one-year period beginning on the date that we receive the proceeds of the offering.

Second, not more than 25% of the value of our total assets may be represented by securities (other than those securities that qualify for purposes of the 75% asset test).

Third, not more than 25% of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries.

Fourth, except for securities that qualify for purposes of the 75% asset test and investments in our qualified REIT subsidiaries and our taxable REIT subsidiaries (each as described below), the value of any one issuer's securities may not exceed 5% of the value of our total assets, and we may not own more than 10% of the total vote or value of the outstanding securities of any one issuer, except, in the case of the 10% value test, certain "straight debt" securities. Certain types of securities are disregarded as securities solely for purposes of the 10% value test, including, but not limited to, any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, solely for purposes of the 10% value test, the determination of our interest in the assets of a partnership or other entity classified as a partnership for U.S. federal income tax purposes in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or other entity (rather than solely our interest in the capital of the partnership or other entity), excluding, for these purposes, certain securities described in the Code.

The asset tests described above must be satisfied at the close of each quarter of our taxable year in which we (directly or through our partnerships, other entities classified as partnerships or qualified REIT subsidiaries) acquire securities in the applicable issuer, increase our ownership of securities of the issuer (including as a result of increasing our interest in a partnership or other entity which owns the securities), or acquire other assets. For example, our indirect ownership of securities of an issuer through a partnership or other entity classified as a partnership for U.S. federal income tax purposes may increase as a result of our capital contributions to the partnership or other entity. After initially meeting the asset tests at the close of any quarter as a REIT, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy the asset test because we acquire securities or other property during a quarter (including as a result of an increase in our interests in a partnership or other entity), we may cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the values of our assets to ensure compliance with the asset tests. In addition, we intend to take any actions within 30 days after the close of any quarter as may be required to cure any noncompliance.

A mortgage loan that we own will generally be treated as a real estate asset for purposes of the 75% asset test if, on the date that we acquire or originate the mortgage loan, the value of the real property securing the loan is equal or greater than the principal amount of the loan. In the event that we invest in a mortgage loan that is secured by both real property and other property or where the value of the real property securing the loan is less than the principal amount of the loan, a portion of the mortgage loan may not qualify for purposes of the 75% asset test and Revenue Procedure 2011-16 may apply to determine what portion of the mortgage loan will be treated as a real estate asset for purposes of the 75% asset test. The interest apportionment rules discussed above may also apply in such case. We expect that all or most of the mortgage loans that we acquire will be secured only by real property and no other property value will be taken into account in our underwriting process, however, it is uncertain whether some or all of our mortgage loans may be treated by the IRS as secured by other property, particularly in the case of a distressed mortgage loan for which the borrower has provided a recourse guarantee. Pursuant to Revenue Procedure 2011-16, the IRS has announced that it will not challenge a REIT's treatment of a loan as a real estate asset in its entirety to the extent that the value of the loan is equal to or less than the value of the real property securing the loan at the relevant testing date. However, uncertainties exist regarding the application of Revenue Procedure 2011-16, particularly with respect to the proper treatment under the asset tests of mortgage loans acquired at a discount that increase in value following their acquisition, and no assurance can be given that the IRS would not challenge our treatment of mortgage loans acquired at a discount. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances

which could affect the application of the REIT asset tests. Accordingly, there can be no assurance that the IRS will not contend that our interests in subsidiaries or in the securities of other issuers cause a violation of the REIT asset tests.

We may enter into sale and repurchase agreements under which we nominally sell all or apportion of our loan portfolio to a counterparty and simultaneously entered into an agreement to repurchase the sold assets in exchange for a purchase price that reflects a financing charge. Based on positions the IRS has taken in analogous situations, we believe that we will be treated for REIT asset and income test purposes as the owner of the mortgage assets that are the subject of such agreements notwithstanding that such agreements may transfer record ownership of the assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could assert that we did not own the mortgage assets during the term of the sale and repurchase agreement, in which case we could fail to qualify as a REIT.

There are relief provisions that may be available to us if we discover a failure to satisfy the asset tests described above after the 30-day cure period. Under these provisions, we are deemed to have met the 5% and 10% asset tests if (1) the value of our nonqualifying assets does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) $10 million and (2) we dispose of the nonqualifying assets or otherwise satisfy these tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) a different period of time prescribed by Treasury Regulations to be issued. For violations of any of the asset tests due to reasonable cause and not due to willful neglect and that are, in the case of the 5% and 10% asset tests, in excess of the *de minimis* exception described above, we may avoid disqualification as a REIT after the 30-day cure period by taking certain required steps, including (1) the disposition of sufficient nonqualifying assets, or the taking of other actions, which allow us to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) a different period of time prescribed by Treasury Regulations to be issued, (2) paying a tax equal to the greater of (a) $50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (3) disclosing certain information to the IRS.

Although we expect to satisfy the asset tests described above and plan to take steps to ensure that we satisfy these tests for each quarter with respect to which we are required to apply the tests, there can be no assurance that we will always be successful or will not require a reduction in our overall interest in an issuer (including in a taxable REIT subsidiary). If we fail to cure any noncompliance with an asset test in a timely manner and the relief provisions described above do not apply, we will cease to qualify as a REIT.

Ownership of interests in partnerships and other entities classified as partnerships

We may own and operate one or more properties through partnerships and other entities classified as partnerships. Treasury Regulations provide that if we are a partner in a partnership, we are deemed to own our proportionate share of the assets of the partnership based on our interest in partnership capital, subject to special rules relating to the 10% REIT asset test described above. Also, we are deemed to be entitled to our proportionate share of the income of the partnership. The assets and gross income of the partnership retain the same character in our hands for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. In addition, for these purposes, the assets and items of income of any partnership in which we own a direct or indirect interest include the partnership's share of assets and items of income of any partnership in which it owns an interest. The treatment described above also applies with respect to the ownership of interests in limited liability companies or other entities that are classified as partnerships for U.S. federal income tax purposes.

We may have direct or indirect control of certain partnerships and other entities classified as partnerships and intend to continue to operate them in a manner consistent with the requirements for qualification as a REIT. From time to time we may be a limited partner or non-managing member in certain partnerships and other entities classified as partnerships. If a partnership or other entity in which we own an interest takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in the entity. In addition, a partnership or other entity could take an action which could cause us to fail a REIT income or asset test, and we might not become aware of the action in time to

dispose of our interest in the applicable entity or take other corrective action on a timely basis. In this case, unless we are entitled to relief, as described above, we will fail to qualify as a REIT.

Ownership of interests in qualified REIT subsidiaries

We may from time to time own and operate certain properties through wholly owned corporate subsidiaries (including entities which, absent the application of the provisions in this paragraph, would be treated as associations classified as corporations for U.S. federal income tax purposes) that we intend to be treated as "qualified REIT subsidiaries" under the Code. A corporation will qualify as our qualified REIT subsidiary if we own 100% of the corporation's outstanding stock, and if we do not elect with the subsidiary to treat it as a "taxable REIT subsidiary," as described below. A qualified REIT subsidiary is not treated as a separate corporation for U.S. federal income tax purposes. All assets, liabilities and items of income, deduction and credit of a qualified REIT subsidiary are treated as assets, liabilities and items of income, deduction and credit (as the case may be) of the parent REIT for all purposes under the Code, including the REIT qualification tests. Thus, in applying the federal tax requirements described herein, any corporations in which we own a 100% interest (other than any taxable REIT subsidiaries) are disregarded, and all assets, liabilities and items of income, deduction and credit of these corporations are treated as our assets, liabilities and items of income, deduction and credit. A qualified REIT subsidiary is not required to pay federal income tax, and our ownership of the stock of a qualified REIT subsidiary does not violate the restrictions against ownership of securities of any one issuer which constitute more than 10% of the voting power or value of the issuer's securities or more than 5% of the value of our total assets.

Ownership of interests in taxable REIT subsidiaries

A taxable REIT subsidiary is a corporation other than another REIT or a qualified REIT subsidiary in which a REIT directly or indirectly holds stock, and that has made a joint election with the REIT to be treated as a taxable REIT subsidiary. A taxable REIT subsidiary also includes any corporation other than a REIT with respect to which a taxable REIT subsidiary owns, directly or indirectly, securities possessing more than 35% of the total voting power or value of the securities of the corporation. A taxable REIT subsidiary generally may engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT, except that a taxable REIT subsidiary may not directly or indirectly operate or manage a lodging or healthcare facility or directly or indirectly provide to any other person (under a franchise, license or otherwise) rights to any brand name under which any lodging or healthcare facility is operated, except in certain limited circumstances permitted by the Code. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt funded directly or indirectly by its parent REIT if certain tests regarding the taxable REIT subsidiary's debt-to-equity ratio and interest expense are not satisfied. Our ownership of securities of taxable REIT subsidiaries will not be subject to the 5% or 10% asset tests described above. See "— Asset tests" above.

Unlike a qualified REIT subsidiary, the income and assets of a taxable REIT subsidiary are not attributed to us for purposes of the conditions that we must satisfy to maintain our REIT status. Accordingly, the separate existence of a taxable REIT subsidiary is not ignored for U.S. federal income tax purposes. Rather, for REIT asset and income testing purposes, we take into account our interest in a taxable REIT subsidiary's securities and the income and gain we derive therefrom. A taxable REIT subsidiary or other taxable corporation generally is subject to corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate, and may reduce our ability to make distributions to our shareholders. A taxable REIT subsidiary may engage in activities or hold assets that are not permitted to be performed or held directly by us or a partnership in which we are a partner without affecting REIT compliance, such as providing certain services to tenants or others (other than in connection with the operation or management of a lodging or healthcare facility). However, certain restrictions are imposed on our ability to own, and our dealings with, taxable REIT subsidiaries. These restrictions are intended to ensure that taxable REIT subsidiaries comprise a limited amount of our business (e.g., the securities of our taxable REIT subsidiaries cannot comprise more than 25% of the value of our total assets) and that taxable REIT subsidiaries remain subject to an appropriate level of federal income taxation.

Distribution requirements

In order to qualify as a REIT, we must distribute dividends, other than capital gain dividends, to our shareholders in an amount at least equal to the sum of:

- 90% of our "REIT taxable income;" plus
- 90% of our after-tax net income, if any, from foreclosure property; minus
- the excess of the sum of certain items of non-cash income over 5% of our "REIT taxable income," as described below.

For these purposes, our "REIT taxable income" is computed without regard to the dividends paid deduction and excluding our net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount, cancellation of indebtedness and any like-kind exchanges that are later determined to be taxable.

Such dividend distributions generally must be made in the taxable year to which they relate or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our "REIT taxable income," as adjusted, we will be required to pay tax on the undistributed amount at regular ordinary or capital gain (as applicable) corporate tax rates.

We intend to make timely distributions sufficient to satisfy these annual distribution requirements. However, it is possible that, from time to time, we may not have sufficient cash to meet the 90% distribution requirement due to timing differences between (a) the actual receipt of cash and (b) the inclusion of certain items in income by us for federal income tax purposes. In the event that such timing differences occur, in order to meet the 90% distribution requirement, we may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable distributions of property, including taxable distributions of our shares.

Under certain circumstances, we may be permitted to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to our shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid losing our REIT qualification or being taxed on amounts distributed as deficiency dividends. We will be required, however, to pay interest to the IRS based upon the amount of any deduction taken for deficiency dividends.

Furthermore, we will be required to pay a 4% excise tax to the extent that the amounts we actually distribute during each calendar year (or in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January immediately following such year) and the amounts we retain and pay corporate income tax on are less than the sum of 85% of our REIT ordinary income for the year, 95% of our REIT capital gain net income for the year and any undistributed taxable income from prior periods. Any REIT ordinary income and capital gain net income on which an income tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating the amount of this tax. We intend to make timely distributions sufficient to satisfy this annual distribution requirement.

Differences in REIT taxable income and cash flows from distressed loans/loan modification

We may recognize taxable income in advance of our receipt of cash or proceeds from disposition of such assets potentially increasing the amount of dividends that we are required to distribute. We may be also required to report taxable income in earlier periods that ultimately exceeds the economic income realized on various assets.

For example, we may enter into loan modification agreements with borrowers. If the amendments to the outstanding debt are "significant modifications" under the applicable Treasury Regulations, the modified debt may be considered to have been reissued to us in a debt-for-debt exchange with the borrower. In that event, we may be required to recognize taxable income to the extent the principal amount of the modified debt exceeds our adjusted tax basis in the unmodified debt, potentially subject to installment method reporting, and

hold the modified loan with a cost basis equal to its modified principal amount for U.S. federal tax purposes. Alternatively, in the event a borrower with respect to a particular debt instrument encounters financial difficulty rendering it unable to pay stated interest as due, we may nonetheless be required to continue to recognize the unpaid interest as taxable income regardless of whether corresponding cash payments are received.

Prohibited transaction income

Any gain that we realize on the sale of property held as inventory or other property held primarily for sale to customers in the ordinary course of business (but excluding foreclosure property), either directly or through our operating partnership or disregarded subsidiary entities, generally is treated as income from a prohibited transaction that is subject to a 100% penalty tax. This prohibited transaction income may also adversely affect our ability to satisfy the income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all of the facts and circumstances surrounding the particular transaction. The Code includes a safe-harbor provision that treats a sale as not constituting a prohibited transaction, the income from which is subject to the 100% penalty tax, if the following requirements are met:

- the property sold is a real estate asset for purposes of the asset tests discussed above;
- the REIT has held the property for at least two years;
- aggregate expenditures made by the REIT during the two-year period preceding the date of the sale that are includible in the tax basis of the property do not exceed 30% of the net selling price of the property;
- either (i) the REIT does not make more than seven sales of property during the taxable year (excluding foreclosure property and any involuntary conversion to which Section 1033 of the Code applies), (ii) the aggregate adjusted tax bases of the properties sold by the REIT during the taxable year (excluding foreclosure property and any involuntary conversion to which Section 1033 of the Code applies) do not exceed 10% of the aggregate tax bases of all of the assets of the REIT as of the beginning of the taxable year, or (iii) the fair market value of the properties sold by the REIT during the taxable year (excluding foreclosure property and any involuntary conversion to which Section 1033 of the Code applies) do not exceed 10% of the fair market value of all of the assets of the REIT as of the beginning of the taxable year;
- with respect to property that constitutes land or improvements (excluding property acquired through foreclosure (or deed in lieu of foreclosure) and lease terminations), the property has been held for not less than two years for the production of rental income; and
- if the REIT has made more than seven sales of property during the taxable year (excluding foreclosure property and any involuntary conversion to which Section 1033 of the Code applies), substantially all of the marketing and development expenditures with respect to the property are made through an independent contractor from whom the REIT does not derive or receive any income.

The modification or sale of our mortgage loan assets could also give rise to prohibited transaction income. Revenue Procedure 2011-16 provides a safe harbor whereby, if a significant modification qualifies under the Revenue Procedure (see "— Gross income tests," above), the deemed exchange is not treated as a prohibited transaction. The Revenue Procedure does not provide a safe harbor with respect to sales of mortgage loans.

We do not intend to acquire any direct or indirect interests in real estate and, even if we do, such as a result of a foreclosure, we do not intend to enter into any sales that are prohibited transactions. Nevertheless, the IRS may contend that these sales are subject to the 100% penalty tax on income from prohibited transactions. If we decide to sell assets in a manner that might expose us to the 100% prohibited transactions tax, we may contribute those assets to a TRS prior to marketing and sale of those assets to avoid the prohibited transactions tax. No assurance can be given, however, that the IRS will respect the transaction by

which those assets are contributed to the TRS and even if the contribution transaction is respected, the TRS may incur a significant tax liability as a result of those sales.

Failure to qualify as a REIT

Specified cure provisions may be available to us in the event that we discover a violation of a provision of the Code that would otherwise result in our failure to qualify as a REIT. Except with respect to violations of the REIT income tests and assets tests (for which the cure provisions are described above), and provided the violation is due to reasonable cause and not due to willful neglect, these cure provisions generally impose a $50,000 penalty for each violation in lieu of a loss of REIT status. If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be required to pay tax, including any applicable alternative minimum tax, on our taxable income at the applicable regular corporate rates. Distributions to shareholders in any year in which we fail to qualify as a REIT are not deductible by us, and we will not be required to distribute any amounts to our shareholders. As a result, we anticipate that our failure to qualify as a REIT would reduce the cash available for distribution by us to our shareholders. In addition, if we fail to qualify as a REIT, all distributions to shareholders will be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. In this event, shareholders taxed as individuals currently will be taxed on these dividends at a maximum rate of 23.8% (the same as the maximum rate applicable to long-term capital gains), including the 3.8% Medicare tax described below and corporate distributees may be eligible for the dividends-received deduction. Unless entitled to relief under specific statutory provisions, we also will be disqualified from taxation as a REIT for the four taxable years following the year during which we lost our qualification. We cannot determine whether, under all circumstances in which we discover a violation of any of these provisions of the Code, we will be entitled to this statutory relief.

Taxation of U.S. Holders

Distributions on common shares

If we make a distribution of cash or other property (other than certain pro rata distributions of our common shares) in respect of our common shares, the distribution will be treated as a dividend to the extent it is paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be subject to ordinary graduated federal income tax rates (the maximum individual rate is currently 39.6%), unless such dividend is a capital gain dividend or is qualified dividend income, each discussed below. Dividends, other than capital gain dividends, and certain amounts that have been previously subject to corporate level tax, discussed below, will be taxable to U.S. holders as ordinary income. As long as we qualify as a REIT, these distributions will not be eligible for the dividends-received deduction in the case of U.S. holders that are corporations.

To the extent that we make distributions on our common shares in excess of our current and accumulated earnings and profits, the amount of these distributions will be treated first as a tax-free return of capital to a U.S. holder. This treatment will reduce the U.S. holder’s adjusted tax basis in the common shares by the amount of the distribution, but not below zero. The amount of any distributions in excess of our current and accumulated earnings and profits and in excess of a U.S. holder’s adjusted tax basis in the holder’s shares will be taxable as capital gain.

The gain will be taxable as long-term capital gain if the shares have been held for more than one year at the time of the distribution. Distributions that we declare in October, November or December of any year and that are payable to a holder of record on a specified date in any of these months will be treated as both paid by us and received by the holder on December 31 of that year, provided we actually pay the distribution on or before January 31 of the following calendar year. U.S. holders may not include in their own income tax returns any of our net operating losses or capital losses.

To the extent that we pay a portion of a dividend in common shares, U.S. holders may be required to pay tax on the entire amount distributed, including the portion paid in common shares, in which case the holders might be required to pay the tax using cash from other sources. If a U.S. holder sells the common shares that the holder receives as a dividend in order to pay this tax, the sales proceeds may be greater or less than the

amount included in income with respect to the distribution, depending on the market price of our common shares at the time of the sale and, if greater, a U.S. holder will incur additional taxable gain and possibly additional tax liability.

Capital gain dividends

Dividends that we properly designate as capital gain dividends will be taxable to our U.S. holders as a gain from the sale or disposition of a capital asset held for more than one year, to the extent that the gain does not exceed our actual net capital gain for the taxable year, without regard to the period for which the U.S. holder has held our common shares. We are required to designate which maximum rate bracket is applicable to each category of capital gain dividends, which are generally taxable to non-corporate U.S. holders at a 23.8% maximum rate, including the 3.8% Medicare tax described below. Corporate shareholders, however, may be required to treat up to 20% of capital gain dividends as ordinary income.

Retention of net capital gains

We may elect to retain, rather than distribute as a capital gain dividend, all or a portion of our net capital gain. If we make this election, we will pay tax on our retained net capital gains. In addition, to the extent we so elect, a U.S. holder generally will:

- include the holder's pro rata share of our undistributed net capital gain in computing the holder's long-term capital gains in the holder's return for the holder's taxable year in which the last day of our taxable year falls, subject to certain limitations as to the amount that is includible;
- be deemed to have paid the holder's proportionate share of capital gain tax imposed on us on the designated amounts included in the holder's long-term capital gains;
- receive a credit or refund for the amount of tax deemed paid by the holder;
- increase the adjusted tax basis of the holder's common shares by the difference between the amount of includible capital gains and the tax deemed to have been paid by the holder; and
- in the case of a U.S. holder that is a corporation, appropriately adjust its earnings and profits for the retained capital gains in accordance with Treasury Regulations to be promulgated by the IRS.

Qualified dividend income

A portion of distributions out of our current or accumulated earnings and profits may constitute "qualified dividend income" that is taxed to non-corporate U.S. holders at a maximum rate of 23.8%, including the 3.8% Medicare tax described below, to the extent the amount is attributable to amounts described below, and we properly designate the amount as "qualified dividend income." The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

- the qualified dividend income received by us during the taxable year from regular corporations (including any taxable REIT subsidiaries) or from other REITs (if designated by these REITs as qualified dividend income);
- the excess of any undistributed REIT taxable income recognized during the immediately preceding year over the federal income tax paid by us with respect to this undistributed REIT taxable income; and
- the excess of any income recognized during the immediately preceding year that is attributable to the sale of an asset acquired from a C corporation, in a transaction in which the tax basis of the asset in our hands is determined by reference to the tax basis of the asset in the hands of the C corporation, over the federal income tax paid by us with respect to the built-in gain.

Sale or other disposition of common shares

You will generally recognize capital gain or loss on a sale or other disposition of common shares. Your gain or loss will equal the difference between the proceeds you received and your adjusted tax basis in the common shares. The proceeds received will include the amount of any cash and the fair market value of any

other property received for the common shares. If you are a non-corporate U.S. holder and your holding period for the common shares at the time of the sale or other disposition exceeds one year, such capital gain generally will, under current law, be subject to a reduced federal income tax rate. Your ability to offset ordinary income with capital losses is subject to limitations.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment generally will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Recent legislation requires information reporting and withholding at a rate of 30% on dividends in respect of and, after December 31, 2018, gross proceeds from the sale of, our common shares held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to interests in the institution held by certain United States persons and by certain non-U.S. entities that are wholly or partially owned by United States persons. Accordingly, the entity through which our common shares is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, our common shares held by an investor that is a non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which we will in turn provide to the Secretary of the Treasury. Non-U.S. holders are encouraged to consult with their tax advisors regarding the possible implications of the legislation on their investment in our common shares.

Taxation of Non-U.S. Shareholders

Sale or other disposition of our common shares

A non-U.S. shareholder generally will not be subject to U.S. federal income tax on gain realized upon a sale or other disposition of our common shares unless the shares constitute a United States Real Property Interest, or "USRPI" (which determination generally includes a five-year look-back period), within the meaning of the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA. An interest in shares of any U.S. corporation is presumed to be a USRPI unless an exception from such status under the FIRPTA rules applies. One such exception is for shares of a "domestically controlled qualified investment entity." Our common shares will not constitute a USRPI if we are a "domestically controlled qualified investment entity." A "domestically controlled qualified investment entity" includes a REIT in which, at all times during a specified testing period, less than 50% in value of the shares of its stock is held directly or indirectly by non-U.S. persons. Although we believe that we are domestically controlled, because our common shares are publicly traded we cannot make any assurance that we will remain domestically controlled.

Even if we are not a "domestically controlled qualified investment entity" at the time a non-U.S. holder sells or exchanges our common shares, gain arising from the sale or exchange of will generally not be subject to taxation under FIRPTA as a sale of a USRPI if:

(1) our common shares are "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, such as the NYSE MKT and

(2) the non-U.S. holder owns or owned, actually and constructively, 10% or less of our outstanding common shares throughout the five-year period ending on the date of the sale or exchange.

Our common shares listed and "regularly trade" on the NYSE MKT, an established securities market. Thus, even if we are not a "domestically controlled qualified investment entity" at the time a non-U.S. holder sells or exchanges our common shares, as long as our shares are regularly traded on an established securities market at that time and the non-U.S. holder does not own, or has not owned during the five-year period ending on the date of the sale or exchange, more than 10% of our outstanding common shares, gain arising from the sale generally will not be subject to taxation under FIRPTA as a sale of a USRPI. If gain on the sale or exchange by a non-U.S. holder of our common shares is subject to taxation under FIRPTA, the non-U.S. holder will be subject to regular U.S. federal income tax with respect to the gain in the same manner as a U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, if at the time of the sale or exchange of our common shares

is not "regularly traded on an established securities market," the purchaser of the shares generally will be required to withhold and remit an amount equal to 15% of the purchase price to the IRS.

Notwithstanding the foregoing, gain from the sale or exchange of our common shares not otherwise subject to taxation under FIRPTA will be taxable to a non-U.S. holder if either (1) the investment in our common shares is treated as effectively connected with the non-U.S. holder's United States trade or business (and, if a tax treaty applies, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder) or (2) the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and certain other conditions are met. In addition, even if we are a "domestically controlled qualified investment entity," upon disposition of our common shares (subject to the 10% exception applicable to "regularly traded" stock described above), a non-U.S. holder may be treated as having gain from the sale or exchange of USRPIs if the non-U.S. holder (1) disposes of the shares within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from the sale or exchange of a USRPI and (2) acquires, or enters into a contract or option to acquire, other shares within a 61-day period beginning with the first day of the 30-day period described in the immediately preceding clause (1).

Recently enacted legislation provides special rules pursuant to which sales or dispositions of our common shares by certain "qualified foreign pension funds" (as defined for these purposes) may also be exempt from U.S. taxation under FIRPTA.

Distributions on common shares

If a non-U.S. shareholder receives a distribution with respect to our common shares that is neither attributable to gain from the sale or exchange of USRPIs nor designated by us as a capital gain dividend, the distribution will be generally taxed as ordinary income to the extent that the distribution is made out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The non-U.S. shareholder generally will be subject to U.S. federal withholding tax at a 30% rate on the gross amount of such taxable dividend unless:

- the dividend is effectively connected with the holder's conduct of a U.S. trade or business (and the holder provides to the person who otherwise would be required to withhold U.S. tax an IRS Form W-8ECI (or suitable substitute or successor form) to avoid withholding) or
- an applicable tax treaty provides for a lower rate of withholding tax (and the holder certifies that he is entitled to benefits under the treaty by delivering a properly completed IRS Form W-8BEN) to the person required to withhold U.S. tax.

Under certain tax treaties, however, lower withholding rates generally applicable to dividends do not apply to dividends from a REIT.

Except to the extent provided by an applicable tax treaty, a dividend that is effectively connected with the conduct of a U.S. trade or business will be subject to U.S. federal income tax on a net basis at the rates applicable to United States persons generally (and, if the holder is a corporation, may also be subject to a 30% branch profits tax unless reduced by an applicable tax treaty).

Capital gain dividends and distributions attributable to a sale or exchange of USRPIs

Pursuant to FIRPTA, income from distributions paid by us to a non-U.S. holder of our common shares that is attributable to gain from the sale or exchange of USRPIs (whether or not designated as capital gain dividends) will be treated as income effectively connected with a United States trade or business. Non-U.S. holders generally will be taxed on the amount of this income at the same rates applicable to U.S. holders, subject to a special alternative minimum tax in the case of nonresident alien individuals. We will also be required to withhold and to remit to the IRS 35% of the amount of any distributions paid by us to a non-U.S. holder that is designated as a capital gain dividend, or, if greater, 35% of the amount of any distributions paid by us to the non-U.S. holder that is permitted to be designated as a capital gain dividend, in either case, unless a lower treaty rate is applicable. If we designate a prior distribution as a capital gain dividend, we may be required to do "catch-up" on subsequent distributions to achieve the correct withholding. The amount withheld will be creditable against the non-U.S. holder's U.S. federal income tax liability.

Income from a distribution paid by a REIT to a non-U.S. holder with respect to any class of stock which is regularly traded on an established securities market located in the United States, however, generally should not be subject to taxation under FIRPTA, and therefore, will not be subject to the rates applicable to U.S. holders or to the 35% U.S. withholding tax described above, but only if the non-U.S. holder does not own more than 10% of the class of stock at any time during the one-year period ending on the date of the distribution. Instead, this income will be treated as ordinary dividend distributions, generally subject to withholding at the 30% rate or lower treaty rate discussed above. We expect that our common shares will be listed and will regularly trade on the NYSE MKT, which qualifies as an established securities market located in the United States. Thus, income from distributions paid by us to non-U.S. holders who do not own more than 10% of our outstanding common shares generally should not be subject to taxation under FIRPTA, or the corresponding 35% withholding tax, but rather, income from distributions paid by us to such a non-U.S. holder that is attributable to gain from the sale or exchange of USRPIs should be treated as ordinary dividend distributions.

Under recently enacted legislation, distributions of proceeds from the sale or other disposition of USRPIs by a REIT to certain "qualified foreign pension funds" (as defined for these purposes) will no longer be subject to U.S. taxation under FIRPTA.

The treatment of income from distributions paid by us to a non-U.S. holder that we designate as capital gain dividends, other than distributions attributable to income arising from the disposition of a USRPI, is not clear. However, we do not anticipate owning any non-USRPTI. Non-U.S. holders should discuss the consequences of any withholding on capital gains distributions not attributable to a disposition of a USRPI with their tax advisors.

Retention of net capital gains

Although the law is not clear on the matter, we believe that amounts designated by us as retained capital gains in respect of our common shares held by U.S. holders generally should be treated with respect to non-U.S. holders in the same manner as the treatment of actual distributions by us of capital gain dividends. Under this approach, a non-U.S. holder will be permitted to offset as a credit against the holder's U.S. federal income tax liability resulting from the holder's proportionate share of the tax we pay on retained capital gains, and to receive from the IRS a refund to the extent that the holder's proportionate share of the tax paid by us exceeds the holder's actual U.S. federal income tax liability.

Non-U.S. shareholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign income and other tax consequences of owning our common shares.

Taxation of Tax-Exempt Shareholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they may be subject to taxation on their unrelated business taxable income ("UBTI"). While some investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that (i) a tax-exempt shareholder has not held our common shares as "debt financed property" within the meaning of the Code (*i.e.*, where the acquisition or holding of the property is financed through a borrowing by the tax-exempt shareholder) and (ii) our common shares are not otherwise used in an unrelated trade or business, distributions that we make and income from the sale of our common shares generally should not give rise to UBTI to a tax-exempt shareholder.

Tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code are subject to different UBTI rules, which generally require such shareholders to characterize distributions that we make as UBTI.

In certain circumstances, a pension trust that owns more than 10% of our outstanding common shares could be required to treat a percentage of any dividends received from us as UBTI if we are a "pension-held REIT." We will not be a pension-held REIT unless (i) we are required to "look through" one or more of our pension trust shareholders in order to satisfy the REIT "closely held" test and (ii) either (a) one pension trust owns more than 25% of the value of our outstanding common shares or (b) one or more pension trusts, each individually holding more than 10% of the value of our outstanding common shares, collectively own more than 50% of the value of our outstanding common shares. Certain restrictions on ownership and transfer of our common shares generally should prevent a tax-exempt entity from owning more than 10% of the value of our outstanding common shares and generally should prevent us from becoming a pension-held REIT.

Tax-exempt shareholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign income and other tax consequences of owning our common shares.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with dividends on common shares and the proceeds of a sale or other disposition of common shares. A non-exempt U.S. holder may be subject to U.S. backup withholding on these payments if it fails to provide its taxpayer identification number to the withholding agent and comply with certification procedures or otherwise establish an exemption from backup withholding.

A non-U.S. holder may be subject to the U.S. information reporting and backup withholding on these payments unless the non-U.S. holder complies with certification procedures to establish that it is not a United States person. The certification requirements generally will be satisfied if the non-U.S. holder provides the applicable withholding agent with a statement on IRS Form W-8BEN (or suitable substitute or successor form), together with all appropriate attachments, signed under penalties of perjury, stating, among other things, that such non-U.S. holder is not a United States person (within the meaning of the Code). Applicable Treasury regulations provide alternative methods for satisfying this requirement. In addition, the amount of dividends on common shares paid to a non-U.S. holder, and the amount of any U.S. federal tax withheld therefrom, must be annually reported to the IRS and the holder. This information may be made available by the IRS under the provisions of an applicable tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides.

Payment of the proceeds of the sale or other disposition of common shares to or through a non-U.S. office of a U.S. broker or of a non-U.S. broker with certain specified U.S. connections generally will be subject to information reporting requirements, but not backup withholding, unless the non-U.S. holder certifies under penalties of perjury that it is not a United States person or an exemption otherwise applies. Payments of the proceeds of a sale or other disposition of common shares to or through a U.S. office of a broker generally will be subject to information reporting and backup withholding, unless the non-U.S. holder certifies under penalties of perjury that it is not a United States person or otherwise establishes an exemption.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment generally will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Other Tax Considerations

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the Treasury, which review may result in statutory changes as well as revisions to regulations and interpretations. Changes to the U.S. federal tax laws and interpretations thereof could adversely affect an investment in our common shares.

Medicare 3.8% Tax on Investment Income

Certain U.S. shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on dividends and certain other investment income, including capital gains from the sale or other disposition of our common shares.

Foreign Account Tax Compliance Act

Recently enacted legislation and existing guidance issued thereunder requires withholding at a rate of 30% on dividends in respect of, and, after December 31, 2018, gross proceeds from the sale of, our common shares held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Treasury to report, on an annual basis, information with respect to shares in the institution held by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury regulations or other guidance may modify these requirements. Accordingly, the entity through which our common shares is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, our common shares held by an investor that is a nonfinancial non-U.S. entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners," which we will in turn provide to the IRS. We will not pay any additional amounts to shareholders in respect of any amounts withheld. Non-U.S. shareholders are encouraged to consult their tax advisors regarding the possible implications of the legislation on their investment in our common shares.

State, Local and Foreign Taxes

We and our subsidiaries and shareholders may be subject to state, local or foreign taxation in various jurisdictions including those in which we or they transact business, own property or reside. Our state, local or foreign tax treatment and that of our shareholders may not conform to the U.S. federal income tax treatment discussed above. Any foreign taxes that we incur do not pass through to shareholders as a credit against their U.S. federal income tax liability. Prospective investors should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our common shares.

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our investment, financing and other policies that we have adopted and that will take effect on the date of this prospectus. We intend to conduct our business in a manner such that we are not treated as an "investment company" under the Investment Company Act. In addition, once we elect and qualify to be taxed as a REIT, we intend to conduct our business in a manner that is consistent with maintaining our qualification to be taxed as a REIT. These policies may be amended or revised from time to time at the discretion of our board of directors without a vote of our shareholders.

Investment Policies

Investment in Real Estate or Interests in Real Estate

Our business has been and continues to be one that focuses on originating, servicing and managing a portfolio of funding short-term loans secured by first mortgages on residential and commercial real estate located primarily Connecticut as well as in certain other states, such as Massachusetts, Rhode Island, Florida, New Jersey and New York. Direct investment in real estate is not our primary focus. Any decision to invest in real estate or to purchase an interest in real estate outside of our core business would only be undertaken with the approval of our board of directors.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities

We have not, nor do we currently intend, to purchase securities of or interests in entities that are engaged in real estate activities. In any event, because we must comply with various requirements under the Code in order to maintain our qualification to be taxed as a REIT, including restrictions on the types of assets we may hold, the sources of our income and accumulation of earnings and profits, and because we want to avoid being characterized as an investment company under the Investment Company Act, our ability to engage in these types of transactions, such as acquisitions of C corporations, may be limited. Accordingly, any decision to purchase securities of or interests in entities that are engaged in real estate activities would require the approval of our board of directors.

Financing and Leverage Policy

We intend, when appropriate, to employ leverage and to use debt as a means to provide additional funds to expand and broaden our mortgage loan portfolio, fund distributions to our shareholders, to engage in other permitted activities and for general corporate purposes. Neither our certificate of incorporation, as amended, nor our bylaws limit the amount or percentage of indebtedness that we may incur, nor have we adopted any policies addressing these issues. At September 30, 2016, debt proceeds represented 24.2% of our total capital. However, in order to grow the business and satisfy the requirement to pay out 90% of net profits, we expect to increase our level of debt over time to approximately 50% of capital. Any financing transaction would likely be in the form of a credit facility, such as a revolving line of credit similar to our existing Bankwell Credit Line. However, under the terms of the agreement governing the Bankwell Credit Line, we are prohibited from incurring any other indebtedness in excess of $100,000 on the aggregate. Any credit facility would be secured by all or a portion of our loan portfolio since it is our major asset. We do not have any intention at the present time to sell all or a portion of our loan portfolio. The decision to use leverage and the appropriate level of leverage will be made by our board of directors based on its assessment of a variety of factors, including our historical and projected financial condition, liquidity and results of operations, financing covenants, the cash flow generation capability of assets, the availability of credit on favorable terms, our outlook for borrowing costs relative to the unlevered yields on our assets, maintenance of our REIT qualification, applicable law and other factors. Our decision to use leverage will not be subject to the approval of our shareholders and there are no restrictions in our governing documents in the amount of leverage that we may use.

Lending Policies

Real estate lending is our business and our current intention is to continue to focus exclusively on making short-term loans secured by first mortgage liens against residential and commercial real property located primarily in Connecticut as well as Massachusetts, Rhode Island, Florida, New Jersey and New York. Our intent is to continue to focus primarily on the Connecticut market, which we believe presents many opportunities for a company like us that specializes in relatively small, secured real estate loans and we do not

feel it is necessary for us to expand into other geographic markets at this time. Similarly, we intend to continue to focus only on lending opportunities that will be secured by first mortgage liens. We have no interest in funding mezzanine or subordinated debt and certainly not unsecured debt. Any change in our lending policy would require the approval of our board of directors.

Our co-chief executive officers have final and absolute authority over all lending decisions and wide latitude to set the terms of each particular loan. The only limitations on their authority will be the following:

(i) all loans must be secured by a first mortgage lien on real property and be collaterally secured by a personal guarantee of the principals of the borrower and a pledge of such principal's equity interest in the borrower;

(ii) the borrower may not be the owner-occupant of the property securing the loan;

(iii) the loan-to-value ratio may not exceed 65%, determined as follows:

  (a) with respect to loans having an original principal amount of less than $500,000, value shall be determined by such data and such other information as the co-chief executive officers shall determine in their reasonable discretion;

  (b) with respect to loans having an original principal amount of $500,000 or more, value shall be determined by a formal, written real estate appraisal performed by an independent real estate appraiser; and

  (c) subject to subparagraphs (a) and (b) above, in the case of construction loans, the value shall be the projected post-construction value of the property;

(iv) the original principal amount of any single loan may not exceed 10% of the total amount of our loan portfolio as of the date of the loan after taking into account the principal amount of the loan in question;

(v) the aggregate amount of all loans made to a single borrower or a group of related borrowers may not exceed 10% of the total outstanding principal amount of our loan portfolio; and

(vi) we may not make any loans to a related party unless (a) the terms of such loan are on terms no less favorable to us than if such loan were made to an unrelated third party and (b) the loan has been approved by a majority of our directors who are not related to or affiliated with the borrower. For this purpose, a related party includes our officers and directors and their respective spouses, siblings, lineal descendants and ancestors and any legal entities in which they own or control or have the right to own or control 20% or more of the equity interests in such entity.

Any loan that fails to comply with any of the foregoing policies may not be funded unless it has been approved by a simple majority of our board of directors.

Policies with Respect to Other Activities

We have the authority to issue debt securities, including senior securities, offer common shares, preferred shares or options to purchase shares in exchange for property and to repurchase or otherwise reacquire our common shares or other securities in the open market or otherwise, and we may engage in such activities in the future. Our board of directors has the authority, without further shareholder approval, to authorize us to issue additional common shares or preferred shares, in one or more series, including senior securities, in any manner, and on the terms and for the consideration, it deems appropriate, subject to applicable laws and regulations. See "Description of Securities." We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers and do not intend to do so. Any decision to raise capital through the sale of equity or debt securities and any decision to repurchase common shares requires the approval of our board of directors.

Conflict of Interest Policies

We have adopted certain policies that are designed to eliminate or minimize certain potential conflicts of interest. We have also adopted a code of business conduct and ethics that is designed to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between our employees, officers and directors and our company. However, we cannot assure you that these policies, our Code of Ethics, or provisions of law will always be successful in eliminating the influence of such conflicts, and, if they are not successful, decisions could be made that might fail to reflect fully the interests of all shareholders.

Reporting Policies

We are subject to the information reporting requirements of the Exchange Act. Pursuant to these requirements, we are required to file, and have filed, annual and other periodic reports, current reports, proxy statements and other information, including audited financial statements, with the SEC. They are also available on our corporate web site, *www.sachemcapitalpartners.com*, as well as the SEC website, *www.sec.gov*.

UNDERWRITING

Joseph Gunnar & Co., LLC is acting as the representative of the underwriters of the offering. We have entered into an underwriting agreement dated , 2016 with the representative. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to each underwriter named below and each underwriter named below has severally and not jointly agreed to purchase from us, at the public offering price per share less the underwriting discounts set forth on the cover page of this prospectus, the number of common shares listed next to its name in the following table:

Underwriter	Number of Shares
Joseph Gunnar & Co., LLC	
Total	

The underwriters are committed to purchase all the common shares offered by us other than those covered by the option to purchase additional shares described below, if they purchase any shares. The obligations of the underwriters may be terminated upon the occurrence of certain events specified in the underwriting agreement. Furthermore, pursuant to the underwriting agreement, the underwriters' obligations are subject to customary conditions, representations and warranties contained in the underwriting agreement, such as receipt by the underwriters of officers' certificates and legal opinions.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Over-allotment Option. We have granted the representative an over-allotment option. This option, which is exercisable for up to 45 days after the date of this prospectus, permits the representative to purchase a maximum of additional shares (15% of the shares sold in this offering) from us to cover over-allotments, if any. If the representative exercises all or part of this option, it will purchase shares covered by the option at the public offering price per share that appears on the cover page of this prospectus, less the underwriting discount. If this option is exercised in full, the total offering price to the public will be $ and the total net proceeds, before expenses, to us will be $.

Discount. The following table shows the public offering price, underwriting discount and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the representative of the over-allotment option.

	Per Share	Total Without Over-Allotment Option	Total With Over-Allotment Option
Public offering price	$	$	$
Underwriting discount (7%)	$	$	$
Non-accountable expense allowance (1%)[(1)]	$	$	$
Proceeds, before expense, to us	$	$	$

(1) Non-accountable expense allowance will not be payable with respect to any shares sold pursuant to the representative's exercise of the over-allotment option. The non-accountable expense allowance will be paid upon the consummation of this offering and is intended to reimburse the underwriters for expenses incurred in connection with this offering in excess of the specific actual expense items for which we are reimbursing the underwriters as described below without the need for documentation of such expenses in accordance with Rule 5110(f)(2) of FINRA.

The underwriters propose to offer the shares offered by us to the public at the public offering price per share set forth on the cover of this prospectus. In addition, the underwriters may offer some of the shares to other securities dealers at such price less a concession of up to $ per share. If all of the shares offered by

us are not sold at the public offering price per share, the underwriters may change the offering price per share and other selling terms by means of a supplement to this prospectus.

We have paid an aggregate expense deposit of $25,000 to the representative for out-of-pocket-accountable expenses, which will be applied against accountable expenses that will be paid by us to the underwriters in connection with this offering in accordance with FINRA Rule 5110(f)(2)(C). The underwriting agreement, however, provides that in the event the offering is terminated, the $25,000 expense deposit paid to the representative will be returned to the extent such out-of-pocket accountable expenses are not actually incurred in accordance with FINRA Rule 5110(f)(2)(C).

In addition to the 1% non-accountable expense allowance, we have also agreed to pay the underwriters' expenses relating to the offering, including (a) all fees, expenses and disbursements relating to background checks of our officers and directors in an amount not to exceed $5,000 per individual and $15,000 in the aggregate; (b) all filing fees incurred in clearing this offering with FINRA; (c) payment of up to $5,000 for "blue-sky" counsel; (d) all fees, expenses and disbursements relating to the registration, qualification or exemption of securities offered under the securities laws of foreign jurisdictions as reasonably designated by the underwriters; (e) the cost of commemorative mementos and lucite tombstones up to $5,000; (f) the fees and expenses of underwriters' counsel not to exceed $50,000; (g) $29,500 for the cost incurred by the underwriters for use of Ipreo's book-building, prospectus tracking and compliance software for this offering; and (h) up to $20,000 of the representative's actual accountable road show expenses for the offering.

We estimate that the total expenses of the offering payable by us, excluding the total underwriting discount, will be approximately $.

Discretionary Accounts. The underwriters do not intend to confirm sales of the securities offered hereby to any accounts over which they have discretionary authority.

Lock-Up Agreements. We, our directors and executive officers and our pre-offering shareholders expect to enter into lock up agreements with the representative prior to the commencement of this offering pursuant to which each of these persons or entities will agree that, during the Lock-Up Period (as defined below), without the prior written consent of the representative, they will not (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our securities or any securities convertible into or exercisable or exchangeable for common shares owned or acquired on or prior to the closing date of this offering (including any common shares acquired after the closing date of this offering upon the conversion, exercise or exchange of such securities); (2) file or caused to be filed any registration statement relating to the offering of any shares of our capital shares; or (3) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of common shares, whether any such transaction described in clause (1), (2) or (3) above is to be settled by delivery of shares common shares or such other securities, in cash or otherwise, except for certain exceptions and limitations. The Lock-Up Period will be 12 months from the date of this prospectus for us, our officers and directors and six months from the date of this prospectus for our other pre-offering shareholders.

The lock-up period described in the preceding paragraphs will be automatically extended if: (1) during the last 17 days of the restricted period, we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the date of the earnings release.

Representative's Warrants. We have agreed to issue to the representative warrants to purchase up to a total of common shares (5% of the common shares sold in this offering, excluding the over-allotment). The warrants will be exercisable at any time, and from time to time, in whole or in part, during the four-year period commencing one year from the effective date of the offering, which period shall not extend further than five years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G)(i). The warrants are exercisable at a per share price equal to 125% of the public offering price per share in the offering. The warrants have been deemed compensation by FINRA and are therefore subject to a 180-day

lock-up pursuant to Rule 5110(g)(1) of FINRA. The representative (or permitted assignees under Rule 5110(g)(1)) will not sell, transfer, assign, pledge, or hypothecate these warrants or the securities underlying these warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days from the effective date of the offering. In addition, the warrants provide for registration rights upon request, in certain cases. The demand registration right provided will not be greater than five years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G)(iv). The piggyback registration right provided will not be greater than seven years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G)(v). We will bear all fees and expenses attendant to registering the securities issuable on exercise of the warrants other than underwriting commissions incurred and payable by the holders. The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying shares will not be adjusted for issuances of common shares at a price below the warrant exercise price.

Right of First Refusal. Subject to certain limited exceptions, until 24 months after the effective date of the offering, the representative has a right of first refusal to act as our sole investment banker, sole book runner and/or sole placement agent for each and every future public or private equity and debt offering, including all equity-linked offerings, by us, or any of our successors or subsidiaries during such 24-month period on terms customary to the representative.

Electronic Offer, Sale and Distribution of Securities. A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representative may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

Determination of the Initial Public Offering Price. Prior to this offering, there has been no public market for our common shares. The initial public offering price was determined through negotiations between us and the representative of the underwriters. In addition to prevailing market conditions, the factors considered in determining the initial public offering price included the following:

- the information included in this prospectus and otherwise available to the representative;
- the valuation multiples of publicly traded companies that the representative believes to be comparable to us;
- our financial information;
- our prospects and the history and the prospects of the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for our common shares may not develop. It is also possible that, after the offering, the shares will not trade in the public market at or above the initial public offering price.

Stabilization. In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate-covering transactions, penalty bids and purchases to cover positions created by short sales.

- Stabilizing transactions permit bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the shares while the offering is in progress.
- Over-allotment transactions involve sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase. This creates a syndicate short position that may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares covered by the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares covered by the over-allotment option. The underwriters may close out any short position with shares issuable upon exercise of the over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of shares in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared with the price at which they may purchase shares through exercise of the over-allotment option. If the underwriters sell more shares than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the shares in the open market that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the shares originally sold by that syndicate member are purchased in stabilizing or syndicate covering transactions to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of our common shares. As a result, the price of our common shares in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common shares. These transactions may be effected on the NYSE MKT, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making. In connection with this offering, underwriters and selling group members may engage in passive market making transactions in our common shares on the NYSE MKT or on the OTC QB in accordance with Rule 103 of Regulation M under the Exchange Act, during a period before the commencement of offers or sales of the shares and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, then that bid must then be lowered when specified purchase limits are exceeded.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer for the offeree under this prospectus.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area — Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of common shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of common shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statement);

- to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)I of the Prospectus Directive) subject to obtaining the prior consent of the company or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of common shares shall result in a requirement for the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 et seq. of the General Regulation of the French *Autorité des marchés financiers* ("AMF"). The common shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the common shares has not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2 and D.411-1 to D.411-3, D. 744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (*cercle restreint d'investisseurs non-qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the common shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The common shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

The common shares offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority (the ISA), nor has it been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the common shares being offered. Any resale in Israel, directly or indirectly, to the public of the common shares offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy

The offering of the common shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, "*CONSOB*") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the common

shares may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the common shares or distribution of any offer document relating to the common shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the common shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such common shares being declared null and void and in the liability of the entity transferring the common shares for any damages suffered by the investors.

Japan

The common shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the common shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires common shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of common shares is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (*oferta púbica de valores mobiliários*) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*). The common shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the common shares has not been, and will not be, submitted to the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of common shares in Portugal are limited to persons who are "qualified investors" (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the common shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980)

om handel med finansiella instrument). Any offering of common shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The common shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the common shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the common shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of common shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the common shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor have we received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the common shares within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the common shares, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by us.

No offer or invitation to subscribe for common shares is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the common shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the common shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances that do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the common shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to us.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

The validity of the shares of the shares offered hereby will be passed upon for us by Morse, Zelnick, Rose and Lander LLP, New York, New York. Morse, Zelnick, Rose & Lander, LLP owns 80,000 common shares. Certain legal matters in connection with this offering will be passed upon for the underwriters by Blank Rome LLP, New York, New York.

EXPERTS

Our financial statements as of, and for each of the years ended, December 31, 2014 and 2015 have been so included in reliance on the report of Hoberman & Lesser, LLP, an independent registered public accounting firm, included in this prospectus given on the authority of such firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-11 under the Securities Act with respect to the shares of shares offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and our shares offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

We are a reporting company and file annual, quarterly and current reports, proxy statements and other material with the SEC. You may read and copy our reports, proxy statements and other information, including the registration statement of which this prospectus is a part at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington D.C. 20549. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is *www.sec.gov*.

SACHEM CAPITAL CORP.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members
Sachem Capital Partners, LLC

We have audited the accompanying balance sheets of Sachem Capital Partners, LLC as of December 31, 2015 and 2014, and the related statements of operations, members' equity and cash flows for the years then ended. Sachem Capital Partners, LLC's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sachem Capital Partners, LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Hoberman & Lesser, CPA's, LLP

New York, New York
August 9, 2016

SACHEM CAPITAL PARTNERS, LLC

BALANCE SHEETS

	September 30, (Unaudited)		December 31, (Audited)	
	2016	2015	2015	2014
Assets				
Cash	$ 3,276,777	$ 1,056,821	$ 1,834,082	$ 5,874,921
Mortgages receivable	29,181,445	23,360,678	26,017,867	14,092,019
Mortgages receivable, affiliate	1,376,522	1,557,000	1,515,000	757,000
Interest and fees receivable	429,259	281,727	265,492	142,974
Other receivables	190,762	15,000	17,500	—
Due from borrowers	96,063	34,274	60,499	107,523
Real estate owned	1,254,588	—	1,001,054	427,298
Pre-offering costs	242,999	—	45,000	—
Deferred financing costs	67,926	33,646	38,992	53,833
Escrow deposits	57,000	—	—	—
Total assets	$ 36,173,341	$ 26,339,146	$ 30,795,486	$ 21,455,568
Liabilities and Members' Equity				
Liabilities				
Line of credit	$ 8,525,000	$ 4,500,000	$ 6,000,000	$ 5,000,000
Advances from borrowers	194,031	129,834	107,714	77,990
Due to member	532,625	125,055	230,409	141,504
Deferred revenue	188,855	148,540	190,017	118,718
Accrued interest	23,088	34,947	37,829	13,281
Total liabilities	9,463,599	4,938,376	6,565,969	5,351,493
Members' equity	26,709,742	21,400,770	24,229,517	16,104,075
Total liabilities and members' equity	$ 36,173,341	$ 26,339,146	$ 30,795,486	$ 21,455,568

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL PARTNERS, LLC

STATEMENTS OF OPERATIONS

	Nine Months Ended September 30, (Unaudited)		Years Ended December 31, (Audited)	
	2016	2015	2015	2014
Revenue				
Interest income from loans	$ 2,687,711	$ 1,705,858	$ 2,477,876	$ 1,418,814
Origination fees, net	138,620	109,972	108,385	67,929
Late and other fees	99,309	50,467	144,813	43,189
Processing fees	44,085	43,300	55,650	29,475
Other income	20,008	—	—	—
Rental income	—	2,246	—	—
Total revenue	2,989,733	1,911,843	2,786,724	1,559,407
Operating costs and expenses:				
Interest and amortization of deferred financing costs	360,684	135,905	221,698	13,281
Compensation to manager	231,958	111,086	210,407	75,895
Professional fees	44,743	2,603	2,250	—
Other fees and taxes	28,603	12,333	5,093	251
Impairment loss	96,697	—	—	—
Loss on sale of real estate	—	5,476	5,476	—
Bank fees	—	—	34,897	168
Total operating costs and expenses	762,685	267,403	479,821	89,595
NET INCOME	$ 2,227,048	$ 1,644,440	$ 2,306,903	$ 1,469,812

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL PARTNERS, LLC

STATEMENTS OF MEMBERS' EQUITY

	Nine Months Ended September 30, (Unaudited)		Years Ended December 31, (Audited)	
	2016	2015	2015	2014
MEMBERS' EQUITY, BEGINNING OF YEAR	$24,229,517	$16,104,075	$16,104,075	$10,941,911
NET INCOME	2,227,048	1,644,440	2,306,903	1,469,812
Members' Contributions	3,754,069	4,784,600	7,214,754	4,328,994
Members' Distributions	(3,500,892)	(1,132,345)	(1,396,215)	(636,642)
MEMBERS' EQUITY, END OF PERIOD	$26,709,742	$21,400,770	$24,229,517	$16,104,075

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL PARTNERS, LLC

STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, (Unaudited)		Years Ended December 31, (Audited)	
	2016	2015	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 2,227,048	$ 1,644,440	$ 2,306,903	$ 1,469,812
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of deferred financing costs	36,116	20,187	26,916	—
Loss on sale of real estate	—	5,476	5,476	—
Impairment loss	96,697	—	—	—
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Interest and fees receivable	(199,277)	(138,753)	(207,098)	(110,454)
Other receivables	(81,551)	(15,000)	(17,500)	—
(Decrease) increase in:				
Due to member	276,743	56,800	135,929	33,981
Accrued interest	(14,741)	21,666	24,548	13,281
Deferred revenue	(1,162)	29,822	71,299	26,442
Advances from borrowers	76,226	51,844	29,724	31,451
Total adjustments	189,051	32,042	69,294	(5,299)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,416,099	1,676,482	2,376,197	1,464,513
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of real estate owned	545,970	421,822	421,822	—
Acquisitions to and improvements of real estate owned	(562,950)	—	—	—
Escrow deposit	(57,000)	—	—	—
Principal disbursements for mortgages receivable	(14,335,922)	(15,188,417)	(19,412,438)	(8,864,700)
Principal collections on mortgages receivable	10,921,370	5,119,758	5,812,116	3,714,059
NET CASH USED FOR INVESTING ACTIVITIES	(3,488,532)	(9,646,837)	(13,178,500)	(5,150,641)

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL PARTNERS, LLC

STATEMENTS OF CASH FLOWS – (continued)

	Nine Months Ended September 30, (Unaudited)		Years Ended December 31, (Audited)	
	2016	**2015**	**2015**	**2014**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from line of credit	$ 5,425,000	$ 4,500,000	$ 6,000,000	$5,000,000
Repayment of line of credit	(2,900,000)	(5,000,000)	(5,000,000)	—
Pre-offering costs incurred	(197,999)	—	(45,000)	—
Financing costs incurred	(65,050)	—	(12,075)	(53,833)
Member contributions	3,754,069	4,784,600	7,214,754	4,328,994
Member distributions	(3,500,892)	(1,132,345)	(1,396,215)	(636,642)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,515,128	3,152,255	6,761,464	8,638,519
NET INCREASE (DECREASE) IN CASH	1,442,695	(4,818,100)	(4,040,839)	4,952,391
CASH – BEGINNING OF YEAR	1,834,082	5,874,921	5,874,921	922,530
CASH – END OF PERIOD	$ 3,276,777	$ 1,056,821	$ 1,834,082	$5,874,921
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION				
Interest paid	$ 339,309	$ 94,053	$ 170,234	$ —

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the year ended December 31, 2015, $916,474 of mortgages receivable, $77,484 of accrued interest receivable and $7,096 of late fees receivable were converted to real estate owned.

During the nine months ended September 30, 2015 and the year ended December 31, 2015, proceeds in the amount of $94,943, from the sale of real estate, were paid directly to the managing member at closing, for amounts due to the member.

During the year ended December 31, 2014, $368,000 of mortgages receivable, $53,613 of accrued interest receivable and $5,685 of late fees receivable were converted to real estate owned.

As of December 31, 2015 and 2014, the Company was obligated for the repayment of certain expenses paid by the managing member on behalf of the Company for certain borrowers in the amount of $60,499 and $107,523, respectively.

As of September 30, 2016 and 2015, the Company is obligated for the repayment of certain expenses paid by the managing member on behalf of the Company for certain borrowers in the amount of $85,972 and $36,410, respectively.

During the nine months ended September 30, 2016, $496,950 of mortgages receivable and $35,510 of accrued interest receivable and late fees receivable were converted to real estate owned.

During the nine months ended September 30, 2016, the Company reissued a mortgage receivable in the amount of $107,498, in connection with the transfer of real estate owned to a relative of the former borrower.

The accompanying notes are an integral part of these financial statements.

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

1. The Company

Sachem Capital Partners, LLC (the "Company") is a Connecticut limited liability company located in Branford, Connecticut, which commenced operations on December 8, 2010, with the intent to exist in perpetuity. The Company specializes in originating, underwriting, funding, servicing and managing a portfolio of first mortgage loans. We offer short-term (i.e. three years or less) secured, non-banking loans (sometimes referred to as "hard money" loans) to real estate investors to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in Connecticut. We do not lend to owner-occupants. The Company's primary underwriting criteria is a conservative loan-to-value ratio. In addition, the Company may make opportunistic real estate purchases apart from its lending activities. The Company is managed by JJV, LLC (the "Manager"), a Connecticut limited liability company and related party.

The properties securing our loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate and is also personally guaranteed by the principal(s) of the borrower, which guaranty may be collaterally secured by a pledge of the guarantor's interest in the borrower.

2. Significant Accounting Policies

Unaudited Financial Statements

The accompanying unaudited financial statements of the Company for the nine month periods ended September 30, 2016 and 2015, have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for the interim periods are not necessarily indicative of the operating results to be attained in the entire fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) various assumptions that take into account its past experience, (b) the Company's projections regarding future operations, and (c) general financial market and local and general economic conditions. Actual amounts could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and mortgage loans. The Company maintains its cash with one major financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

Credit risks associated with the Company's mortgage loan portfolio and related interest receivables are described in Note 3 entitled "Mortgages Receivable."

Income Taxes

The Company is not a taxpaying entity for federal and state income tax purposes, and thus no income tax expense has been recorded in the financial statements. The income or loss of the Company is taxed to the members on their respective income tax returns.

The Company has adopted the provisions of FASB ASC topic 740-10 "Accounting for Uncertainty in Income Taxes". The standard prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and disclosure required. Under this standard, an entity may only recognize or continue to recognize tax positions

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies - (continued)

that meet a "more likely than not" threshold. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Company has determined that there are no uncertain tax positions requiring accrual or disclosure in the accompanying financial statements as of December 31, 2015 and September 30, 2016.

The Company's Federal and State Partnership tax returns for years prior to 2013 are no longer subject to examination by the taxing authorities.

Revenue Recognition

The Company recognizes revenues in accordance with ASC 605, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. ASC 605 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. In general, the Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the sales price charged is fixed or determinable, and (iv) collectability is reasonably assured.

Interest income from the Company's loan portfolio is earned, over the loan period and is calculated using the simple-interest method on principal amounts outstanding. Generally, the Company's loans provide for interest to be paid monthly in arrears.

Origination fee revenue is recognized as an adjustment to origination fee income ratably over the contractual life of the loan in accordance with ASC 310.

Deferred Financing Costs

Costs incurred in connection with the Company's line of credit, as discussed in Note 7, are amortized over the term of the line of credit, using the straight-line method.

Fair Value of Financial Instruments

For the line of credit and interest bearing mortgages receivable held by the Company, the carrying amount approximates fair value due to the relative short-term nature of such instruments.

Subsequent Events

Management has evaluated subsequent events through August 9, 2016, the date on which the financial statements were available to be issued. Based on the evaluation no adjustments were required in the accompanying financial statements.

Recent Accounting Pronouncements

In August 2015, the FASB issued ASU 2015-15, *"Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting"*. The ASU incorporates the SEC staff's announcement that clarifies the exclusion of line-of-credit arrangements from the scope of ASU 2015-03. Therefore, debt issuance costs related to line-of-credit arrangements can be deferred and presented as an asset that is subsequently amortized over the time of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The ASU should be adopted concurrent with adoption of ASU 2015-03. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In November 2015, the FASB issued ASU 2015-17, "*Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*". The ASU simplifies the presentation of deferred income taxes by requiring deferred tax liabilities and assets to be classified as noncurrent in a classified statement of financial position. This Update will align the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards (IFRS). For public business entities, the ASU is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies - (continued)

ASU is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In January 2016, the FASB issued ASU 2016-01, "*Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*". The ASU intends to provide users of financial statements with more useful information on the recognition, measurement, presentation, and disclosure of financial instruments. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted for certain provisions. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments — Credit Losses (Topic 326) Measurement of Credit Losses of Financial Instruments*". The ASU requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, as well as reasonable and supportable forecasts. For public companies who file with the SEC, the ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For public business entities that are not SEC filers, the ASU is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. For privately held companies, ASU-2016-13 is effective for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. The adoption of this guidance is not expected to have a material impact on the Company's financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments — a consensus of the Emerging Issues Task Force." The ASU is to amend ASC 230 to add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effected, accounting standards if currently adopted would have a material effect on the Company's financial statements.

3. Mortgages Receivable

Mortgages Receivable

The Company offers secured non-banking loans to real estate investors (also known as hard money loans) to fund their acquisition and construction of properties located mainly in Connecticut. The loans are principally secured by first mortgages on real estate and, generally, are also personally guaranteed by the borrower or its principals. The loans are generally for a term of three years. The loans are initially recorded and carried thereafter, in the financial statements, at cost. Most of the loans provide for monthly payments of interest only (in arrears) during the term of the loan and a "balloon" payment of the principal on the maturity date.

For the nine months ended September 30, 2016 and 2015, the aggregate amount of loans funded by the Company was $14,443,420 and $15,188,417, respectively, offset by principal repayments of $11,418,320 and $5,119,758, respectively.

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

3. Mortgages Receivable - (continued)

For the years ended December 31, 2015 and 2014, the aggregate amount of loans funded by the Company was $19,412,438 and $8,864,700, respectively, offset by principal repayments of $5,812,116 and $3,714,059, respectively.

For the year ended December 31, 2015, the Company closed loans ranging in size from $20,000 to $1,700,000 with stated interest rates ranging from 9% to 12% and a default rate for non-payment of 18%.

At September 30, 2016 and 2015 and December 31, 2015 and 2014, no single borrower had loans outstanding representing more than 10% of the total balance of the loans outstanding.

The Company uses its Manager, outside counsel and other independent professionals to verify titles and ownership, to file liens and to consummate transactions. Independent appraisers are also used to value the real estate underlying the mortgages. Nevertheless, no assurances can be given that existing or future loans may not go into default or prove to be non-collectible in the future.

The Company generally grants loans for a term of one to three years. In some cases, the Company has agreed to extend the term of the loans. This was mainly due to the additional lending conditions generally imposed by traditional lenders and financial institutions as a result of The Dodd-Frank Act, which has made it more difficult overall for borrowers, including the Company's borrowers, to secure long term financing. However, prior to granting an extension, the loan is required to undergo the underwriting process.

Credit Risk

Credit risk profile based on loan activity as of September 30, 2016, September 30, 2015, December 31, 2015 and December 31, 2014:

Performing loans	Residential	Commercial	Land	Mixed Used	Total Outstanding Mortgages
September 30, 2016	$ 20,229,805	$ 8,160,181	$ 1,964,297	$ 203,684	$ 30,557,967
September 30, 2015	$ 17,468,349	$ 4,575,207	$ 2,507,122	$ 367,000	$ 24,917,678
December 31, 2015	$ 18,820,509	$ 5,712,566	$ 2,619,792	$ 380,000	$ 27,532,867
December 31, 2014	$ 10,482,448	$ 3,369,620	$ 649,951	$ 347,000	$ 14,849,019

As of December 31, 2015, the following is the maturities of mortgages receivable for the years ending December 31,:

2016	$ 8,770,514
2017	7,986,392
2018	10,383,568
2019	392,393
Total	$27,532,867

4. Real Estate Owned

Property purchased for rental or acquired through foreclosure are included on the balance sheet as real estate owned.

As of September 30, 2016 and December 31, 2015, real estate owned totaled $1,254,588 and $1,001,054, respectively, with no valuation allowance. As of September 30, 2016, real estate owned included $513,126 of real estate held for rental and $714,462 of real estate held for sale. As of December 31, 2015, all of the real estate owned was held for sale.

As of September 30, 2016, six properties were held for sale, three of which were subsequently sold in October, 2016, which resulted in a loss of $96,697 (See Note 12). This loss has been recognized as an

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

4. Real Estate Owned - (continued)

impairment loss as of September 30, 2016. One of the remaining three properties was sold in October, 2016, resulting in a gain of approximately $11,000 (See Note 12). One of the other remaining properties is under contract to sell for approximately $50,000 more than its carrying value as of September 30, 2016 and the assessed value of the other remaining property exceeds its carrying value.

One of the properties held for rental as of September 30, 2016, in the amount of app roximately $395,000, contains an option for the lessee to purchase the property for $400,000 through March, 2019. The lease provides for rental payments of $4,250 for the period June 1, 2016 through May 31, 2019. The lease for the other property held for rental as of September 30, 2016, provides for monthly rent of $1,375 commencing June 1, 2016 through May 31, 2017.

As of December 31, 2014, real estate owned, all of which was held for sale, totaled $427,298 with no valuation allowance. This property was sold during the year ended December 31, 2015 at a loss of $5,476.

5. Other Receivables

In June and July, 2016, the Company sold two properties which were obtained through foreclosure. Both original mortgages receivable were with the same borrower and were collateralized by property owned by a relative of the borrower. The proceeds from the sale of both properties in the aggregate were less than the carrying value of the properties, previously reflected in real estate owned. In connection with this transaction the Company had notified the guarantor for satisfaction of the obligation. As of September 30, 2016, the Company is owed $183,950 related to these properties. Since the value of the collateral is in excess of the $183,950, the Company has reflected this amount as “other receivable” in the accompanying balance sheet as of September 30, 2016. The Company is also charging default interest at the rate of 18% per annum on the outstanding balance.

As of December 31, 2015, other receivables represented a refund which was subsequently received for costs associated with a financing arrangement.

6. Escrow Deposits

As of September 30, 2016, escrow deposits consist of the funding of mortgages or construction draw downs for which agreements have not been finalized.

7. Loans and Lines of Credit

Lines of Credit

On December 18, 2014, the Company entered into a two-year revolving Line of Credit Agreement with Bankwell Bank (the “Bank”) pursuant to which the Bank agreed to advance up to $5 million (the “Bankwell Credit Line”) against assignments of mortgages and other collateral requiring monthly payments of interest only. On December 30, 2015, the Bankwell Credit Line was amended to increase available borrowings to $7,000,000. On March 15, 2016, the Credit Line was amended again to increase available borrowings to $15,000,000. The interest rate on the Bankwell Credit Line is variable at 3% in excess of the Wall Street Journal prime rate (3.50% at September 30, 2016), but in no event less than 6.25%, per annum, on the money in use. The Bankwell Credit line expires on March 15, 2018, at which time the entire unpaid principal balance and any accrued and unpaid interest shall become due. The Company has the option to extend the term of the loan for the sole purpose of repaying the principal balance over a thirty-six month period in equal monthly installments. The Bankwell Credit Line is secured by substantially all Company assets and is subject to borrowing base limitations and financial covenants including, maintaining a minimum fixed charge coverage ratio and maintaining minimum tangible net worth. In addition, among other things, provisions of the agreement prohibit Company merger, consolidation or disposal of assets or declaring and paying dividends in certain circumstances. The line is guaranteed by the Manager and its principals, who are principal members of

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

7. Loans and Lines of Credit - (continued)

the Company. The Manager and its principals are also required to maintain certain capital balances, and the Company is prohibited from ownership changes that would reduce their interests.

Financing costs incurred for the Bankwell Credit Line were approximately $65,000 for the nine months ended September 30, 2016, $12,000 for the year ended December 31, 2015 and $54,000 for the year ended December 31, 2014. These costs are being amortized over the life of the Bankwell Credit Line, using the straight-line method. The amortization costs for the nine months ended September 30, 2016 and year ended December 31, 2015 were $36,116 and $26,916, respectively. The amortization costs for the nine months ended September 30, 2015 were $20,187. There were no amortization costs for the year ended December 31, 2014.

At September 30, 2016 and 2015, the outstanding amount under the Bankwell Credit Line was $8,525,000 and $4,500,000, respectively.

At December 31, 2015 and 2014, the outstanding amount under the Bankwell Credit Line was $6,000,000 and $5,000,000, respectively.

8. Members' Equity

Each Member has the right, upon at least ninety days prior written notice, to withdraw all or part of its capital twenty four months after the date of their initial investment. Distributions of the Company's net profits are made on a monthly basis unless the Member chooses to re-invest their distributions. Pursuant to the Company's Operating Agreement, if the Company does not receive a written request for a return of equity within the first twenty-four (24) months, the withdrawing member automatically renews for another twenty-four (24) month period, and so forth on a rolling twenty-four (24) month basis. The Company uses is best efforts to honor requests for return of equity, however, the Company has the ability, at its discretion, to refuse redemption requests if they are deemed to be deterimental to the Company. Additionally, the Company, at its discretion, may charge a 2.5% redemption fee to the withdrawing partner.

9. Commitments and Contingencies

Compensation to Manager

The Company's operating agreement provides for the Manager to receive fees for various services performed for or on behalf of the Company. Per the operating agreement, the Manager may choose to defer all or a portion of these fees.

Loan Brokerage Commissions/Origination Fees Paid to Manager

Loan origination fees consist of points, generally 2%-5% of the original loan principal. Per the operating agreement, the Manager is entitled to 75% of loan origination fees. For the nine months ended September 30, 2016 and 2015, loan origination fees paid to the Manager were $384,258 and $440,426, respectively. For the years ended December 31, 2015 and 2014, loan origination fees paid to the Manager were $541,600 and $305,600, respectively. These payments are amortized over the life of the loan for financial statement purposes and recognized as a reduction of origination fee income.

Activity related to origination fees for the nine months ended September 30, 2016 are as follows:

	Deferred Revenue, Beginning	Gross Origination Fee Income	Amortization of Deferred Revenue	Deferred Revenue, Ending
Managers Share		$ 384,258		
Company's Share	$ 190,017	$ 137,458	$ 138,620	$ 188,855
Total	$ 190,017	$ 521,716	$ 138,620	$ 188,855

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

9. Commitments and Contingencies - (continued)

Activity related to origination fees for the nine months ended September 30, 2015 are as follows:

	Deferred Revenue, Beginning	Gross Origination Fee Income	Amortization of Deferred Revenue	Deferred Revenue, Ending
Manager's Share		$ 440,426		
Company's Share	$ 118,718	$ 139,794	$ 109,972	$ 148,540
Total	$ 118,718	$ 580,220	$ 109,972	$ 148,540

Activity related to origination fees for the year ended December 31, 2015 are as follows:

	Deferred Revenue, Beginning	Gross Origination Fee Income	Amortization of Deferred Revenue	Deferred Revenue, Ending
Manager's Share		$ 541,600		
Company's Share	$ 118,718	$ 179,684	$ 108,385	$ 190,017
Total	$ 118,718	$ 721,284	$ 108,385	$ 190,017

Activity related to origination fees for the year ended December 31, 2014 are as follows:

	Deferred Revenue, Beginning	Gross Origination Fee Income	Amortization of Deferred Revenue	Deferred Revenue, Ending
Manager's Share		$ 305,600		
Company's Share	$ 92,276	$ 94,371	$ 67,929	$ 118,718
Total	$ 92,276	$ 399,971	$ 67,929	$ 118,718

Original maturities of deferred revenue are as follows as of:

December 31,	
2016	$ 94,539
2017	71,672
2018	23,806
Total	$ 190,017

In instances in which mortgages are repaid before their maturity date, the balance of any unamortized deferred revenue is recognized in full.

Management Fees

The Company pays the Manager an annual management fee equal to one percent (1%) of the Company's total assets. The management fee is payable monthly with each payment calculated as one-twelfth of one percent of the total assets of the Company as of the first of each month. For the nine months ended September 30, 2016 and 2015, as well as, the years ended December 31, 2015 and 2014, the Manager agreed to forego the management fees. These fees will not be collected at a future date, and no expenses were incurred during those periods.

Loan Servicing Fees

The Manager administers the servicing of the Company's loan portfolio. At the Manager's discretion, the loan servicing fee ranges from one-twelfth ($1/12^{th}$) of one-half percent (.5%) to one percent (1%) of the Company's loan portfolio, payable monthly and calculated based on total loans as of the first of each month. The percentage charged by the Manager was .5% through August, 2014, .75% through August, 2015 and 1% thereafter. For the nine months ended September 30, 2016 and 2015, loan servicing fees paid to the Manager were $218,790 and $111,086, respectively. For the years ended December 31, 2015 and 2014, loan servicing fees paid to the Manager were $164,583, and $70,849, respectively.

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

9. Commitments and Contingencies - (continued)

Other Manager Compensation

The Manager is also entitled to fees for other services performed such as inspection fees. For the nine months ended September 30, 2016 and 2015, fees paid to the Manager for such services were $13,168 and $20,187, respectively. For the years ended December 31, 2015 and 2014, fees payable to the Manager for such services were $45,824 and $0, respectively.

Unfunded Commitments

At September 30, 2016 and December 31, 2015, the Company is committed to an additional $1,072,187 and $1,264,512, respectively, in construction loans that can be drawn by the borrower when certain conditions are met.

10. Related Party Transactions

The Manager is also a member in the Company. The Company uses facilities maintained by the Manager, who is responsible for paying rent and related overhead expenses, in exchange for compensation, as discussed in Note 9. The related compensation expense for the Manager for the nine months ended September 30, 2016 and 2015 were $231,958 and $131,273, respectively. The related compensation expense for the Manager for the years ended December 31, 2015 and 2014 were $210,407 and $75,895, respectively.

From time to time the Manager may acquire certain troubled assets from third parties who are not existing Company borrowers. The Manager has borrowed money from the Company to finance these arrangements. The real estate purchased is held by the Manager in trust for the Company. The Company accounts for these arrangements as separate loans to the Manager. The income earned on these loans is equivalent to the income earned on similar loans in the portfolio. All underwriting guidelines are adhered to. The mortgage documents allow the Manager to sell the properties in case of default with proceeds in excess of loan principal and accrued expense being returned to the borrower. During the nine month periods ended September 30, 2016 and, 2015, the Company did not enter into any new loan agreements with the Manager. During the nine month period ended September 30, 2016 and the year ended December 31, 2015, the Company entered into one new loan agreement with the Manager in the amount of $800,000. During the year ended December 31, 2014, the Company entered into two new loan agreements with the manager in the aggregate amount of $439,500 and extended additional credit of $15,000 on an existing loan to the Manager. The principal balance of the loans to the Manager at September 30, 2016, September 30, 2015, December 31, 2015 and December 31, 2014 were $1,376,522, $1,557,000, $1,515,000 and $757,000, respectively.

During the nine months ended September 30, 2016 and 2015, the Manager was paid $384,258 and $440,426, respectively, related to origination fees. (See Note 9.) During the years ended December 31, 2015 and 2014, the manager was paid $541,600 and $305,600, respectively, related to origination fees. (See Note 9.)

During the nine months ended September 30, 2016 and 2015, the Manager paid the Company $127,158 and $68,165, respectively, of interest on borrowings from the Company. During the year ended December 31, 2015 and 2014, the Manager paid $108,932 and $46,944, respectively, of interest on borrowings from the Company.

The Manager frequently pays for costs on behalf of the Company. These costs include insurance and real estate taxes where the Company has been notified that the borrower is in default, costs of any actions (i.e., foreclosures) commenced by the Company to enforce its rights or collect amounts due from borrowers who have defaulted on their obligations to the Company as well as other related costs that the Company deems appropriate in order to protects its interests. Unreimbursed costs paid by the Manager on behalf of the Company as of September 30, 2016, September 30, 2015, December 31, 2015 and December 31, 2014 were $85,927, $36,410, $60,499 and $107,523, respectively, and are included in due to member on the Company’s balance sheets.

SACHEM CAPITAL PARTNERS, LLC

NOTES TO FINANCIAL STATEMENTS

10. Related Party Transactions - (continued)

At September 30, 2016, September 30, 2015, December 31, 2015 and 2014, the total amounts owed by the Company to the Manager were $532,625, $125,055, $230,409 and $141,504, respectively, which are reflected as due to member on the Company's balance sheets.

11. Concentration of Credit Risk

The Company grants mortgages which are primarily secured by real estate throughout New England. This concentration of credit risk may be affected by changes in economic or other conditions of the geographic area.

12. Subsequent Events

In August, 2016, the Company entered into quit claim deeds with two borrowers in connection with five separate mortgages receivable in order to transfer title of the underlying properties to the Company. The aggregate amount of the five mortgages receivable including interest and late charges receivable was approximately $532,000 at September 30, 2016. In October, 2016, the Company sold three of the five properties which resulted in a loss of $96,697. The Company has recorded the loss as an impairment loss at September 30, 2016. One of the three remaining properties held for sale as of September 30, 2016 was sold during October, 2016, for a gain of approximately $11,000. Based on the assessed values of the two remaining properties held for sale, the Company does not expect to incur a loss on the disposition of either of these properties.

In October, 2016, a member formally requested redemption of his equity in the Company in the amount of approximately $2,000,000 (See Note 8).

In December, 2016, the Company acquired a building in Branford, CT, for $387,500, in order to relocate its office facilities.

In November, 2015, we signed a non-binding letter of intent with Joseph Gunnar & Co., LLC ("Gunnar") under which Gunnar agreed to act as lead underwriter in connection with an initial public offering by the Company. The terms of the offering, including the number of shares to be sold, the initial public offering price of the shares and pre-offering capitalization of the Company, have not been determined. If we decide to pursue the offering, we will have to convert the Company into a regular corporation in which case it will be required to pay corporate income taxes at the regular corporate rates and shareholders will be taxed on any dividends they receive from the Company. Once the Company converts into a regular corporation, we intend to operate and elect to be treated as a Real Estate Investment Trust (REIT). As a REIT, we will be required to distribute at least 90% of our taxable income to our shareholders on an annual basis. We cannot assure you that we will qualify as a REIT or that, even if we do qualify initially, we will be able to maintain REIT status for any particular period of time. Our qualification as a REIT depends on our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended, or the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our compliance with the distributions requirements applicable to REITs and the diversity of ownership of our outstanding common shares. So long as we qualify as a REIT, we, generally, will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our shareholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lose our REIT qualification.

SACHEM CAPITAL CORP.

OVERVIEW TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Sachem Capital Partners, LLC ("SCP" or the "Company"), a Connecticut limited liability company, which commenced operations in December, 2010, is a real estate finance company that specializes in originating, underwriting, funding, servicing, and managing a portfolio of short-term (i.e., three years or less) loans secured by first mortgage liens on real property located primarily in Connecticut.

Pursuant to an Exchange Agreement between SCP and Sachem Capital Corp. ("Sachem Capital"), SCP will transfer all of its assets and liabilities to Sachem Capital in exchange for common shares of Sachem Capital and SCP will distribute those shares to its members in full liquidation of their membership interests in SCP, pro rata in accordance with the members' positive capital account balances (the "Exchange"). Shortly thereafter, Sachem Capital will consummate an underwritten initial public offering of its common shares (the "Offering"). Following the consummation of the Exchange and the Offering, all of SCP's business will be conducted by Sachem Capital, which will be publicly-held company. In addition, Sachem Capital will operate as and elect to be taxed as a real estate investment trust.

Since its inception, all of SCP's operations have been managed by JJV for which it paid JJV a management and other fees. SCP had no employees and no offices. All its corporate documents and records were maintained by JJV in its offices. JJV's activities, in their entirety, were conducted by Jeffrey Villano and John Villano in their capacities as the manager of JJV. Upon consummation of the Exchange and the Offering, JJV will no longer be the manager of SCP, and will no longer be entitled to receive any management or other fees from SCP and Jeffrey and John Villano will become full-time employees of SCP.

The accompanying unaudited pro forma financial statements have been derived from SCP's historical financial statements. The unaudited pro forma balance sheet as of September 30, 2016, is presented to reflect adjustments to SCP's historical balance sheet as of September 30, 2016 as if the Exchange and Offering were completed on September 30, 2016. The unaudited pro forma statements of operations for the nine-month period ended September 30, 2016, and the year ended December 31, 2015, are presented as if the management and other fees payable to JJV in its capacity as the manager of SCP are eliminated effective January 1, 2015, and do not reflect any adjustments for the proposed initial public offering by Sachem Capital.

The following unaudited pro forma financial statements should be read in conjunction with (i) SCP's historical unaudited consolidated financial statements as of September 30, 2016, and for the nine months ended September 30, 2016, (ii) SCP's financial statements as of December 31, 2015, and for the year ended December 31, 2015, and (iii) "Risk Factors," and "Cautionary Statement Regarding Forward-Looking Statements" sections included in the prospectus that will be used in connection with the Offering. We have based the unaudited pro forma adjustments on available information and assumptions that we believe are reasonable.

The following unaudited pro forma financial statements are presented for informational purposes only and are not necessarily indicative of what Sachem Capital's actual financial position would have been as of September 30, 2016 had the Exchange and the Offering been consummated on that date, and what Sachem Capital's actual results of operations would have been for the nine months ended September 30, 2016, and the year ended December 31, 2015, assuming the management and other fees payable to JJV in its capacity as the manager of SCP were eliminated effective January 1, 2015. In addition, they are not indicative of Sachem Capital's future results of operations or financial condition, and should not be viewed as indicative of Sachem Capital's future consolidated results of operations or financial condition.

The accompanying notes are an integral part of these unaudited pro forma financial statements.

SACHEM CAPITAL CORP.

PROFORMA BALANCE SHEET
AS OF SEPTEMBER 30, 2016
(UNAUDITED)

	Historical As Of September 30, 2016		Proforma Adjustments	Proforma As Of September 30, 2016
Assets				
Cash	$ 3,276,777			$ 3,276,777
Mortgages receivable	29,181,445			29,181,445
Mortgages receivable, affiliate	1,376,522			1,376,522
Interest and fees receivable	429,259			429,259
Other receivables	190,762			190,762
Due from borrowers	96,063			96,063
Real estate owned	1,254,588			1,254,588
Pre-offering costs	242,999			242,999
Deferred financing costs	67,926			67,926
Escrow deposits	57,000			57,000
Total assets	$36,173,341		$ —	$36,173,341
Liabilities and Members' (Shareholders') Equity				
Liabilities				
Line of credit	$ 8,525,000			$ 8,525,000
Advances from borrowers	194,031			194,031
Due to member	532,625			532,625
Deferred revenue	188,855			188,855
Accrued interest	23,088			23,088
Total liabilities	9,463,599		—	9,463,599
Net income				
Members equity	26,709,742	(1)	$(26,709,742)	—
Shareholders' Equity				
Common shares, $.001 par value, 50,000,000 shares authorized; 8,533,237 shares issued and outstanding pro forma	—	(1)	8,533	8,533
Additional paid in capital	—	(1)	26,701,209	26,701,209
Total shareholders' equity	—		26,709,742	26,709,742
Total liabilities and members' (shareholders') equity	$36,173,341		$ —	$36,173,341

The accompanying notes are an integral part of these unaudited pro forma financial statements.

SACHEM CAPITAL CORP.

PRO FORMA STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(UNAUDITED)

	Historical Nine Months Ended September 30, 2016		Pro forma Adjustments	Pro forma Year Nine Months Ended September 30, 2016
Revenue				
Interest income from loans	$ 2,687,711			$ 2,687,711
Origination fees, net	138,620	(1)	$ 298,811	437,431
Late and other fees	99,309			99,309
Processing fees	44,085			44,085
Rental income, net	20,008			20,008
Total revenue	2,989,733		298,811	3,288,544
Operating costs and expenses:				
Interest and amortization of deferred financing costs	360,684			360,684
Compensation to manager	231,958	(2)	(231,958)	—
Impairment loss	96,697			96,697
Professional fees	44,743			44,743
Other fees and taxes	28,603	(4)	39,000	67,603
Salaries to officers	—	(3)	390,000	390,000
Total operating costs and expenses	762,685		197,042	959,727
NET INCOME	$ 2,227,048		$ 101,769	$ 2,328,817
Basic and diluted:				
Net income per share	$ 0.26			$ 0.27
Weighted average shares outstanding	8,533,237			8,533,237

The accompanying notes are an integral part of these unaudited pro forma financial statements.

SACHEM CAPITAL CORP.

PRO FORMA STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

	Historical Year Ended December 31, 2015		Proforma Adjustments	Proforma Year Ended December 31, 2015
Revenue				
Interest income from loans	$ 2,477,876			$ 2,477,876
Origination fees, net	108,385	(1)	$ 104,278	212,663
Late and other fees	144,813			144,813
Processing fees	55,650			55,650
Total revenue	2,786,724		104,278	2,891,002
Operating costs and expenses:				
Interest and amortization of deferred financing costs	221,698			221,698
Compensation to manager	210,407	(2)	(210,407)	—
Professional fees	2,250			2,250
Other fees and taxes	5,093	(4)	52,000	57,093
Bank fees	34,897			34,897
Loss on sale of real estate	5,476			5,476
Salaries to officers	—	(3)	520,000	520,000
Total operating costs and expenses	479,821		361,593	841,414
NET INCOME	$ 2,306,903		$ (257,315)	$ 2,049,588
Basic and diluted:				
Net income per share	$ 0.27			$ 0.24
Weighted average shares outstanding	8,533,237			8,533,237

The accompanying notes are an integral part of these unaudited pro forma financial statements.

SACHEM CAPITAL CORP.

NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Note 1. Overview of Unaudited Pro Forma Financial Statements

The accompanying unaudited pro forma balance sheet as of September 30, 2016, is presented to reflect adjustments to SCP's historical balance sheet as of September 30, 2016, as if the Exchange and the Offering transactions were completed on September 30, 2016. The accompanying unaudited pro forma statements of operations for the nine month period ended September 30, 2016, and the year ended December 31, 2015, present the pro forma impact of the elimination of the management and other fees payable to JJV in its capacity as the manager of SCP and the direct payment of salaries and other forms of compensation to the principals as of January 1, 2015. Pro forma adjustments include only adjustments that give effect to events that are (i) directly attributable to the Exchange and the Offering, (ii) expected to have a continuing impact on Sachem Capital and (iii) factually supportable.

All pro forma adjustments are presented on the face of the accompanying unaudited pro forma balance sheet and unaudited pro forma statements of operations for each period presented.

Note 2. Unaudited Pro Forma Balance Sheet Adjustment as of September 30, 2016

(1) Pro forma adjustment to give effect to the issuance on September 30, 2016 of 6,283,237 common shares to SCP in exchange for all of the assets and liabilities of SCP. 2,250,000 common shares were previously issued upon the formation of Sachem Capital.

Note 3. Unaudited Pro Forma Statement of Operations Adjustments for the Nine Months Ended September 30, 2016

(1) Recognition of JJV's share of the origination fees for the nine months ended September 30, 2016.

(2) Pro forma adjustment for the elimination of JJV's compensation.

(3) Pro forma adjustment to reflect the compensation of the Company's executive officers, based on aggregate annual salaries of $520,000.

(4) Pro forma adjustment to reflect payroll taxes.

Note 4. Unaudited Pro Forma Statement of Operations Adjustments for the Year Ended December 31, 2015

(1) Recognition of JJV's share of the origination fees for the year ended December 31, 2015.

(2) Pro forma adjustment for the elimination of JJV's compensation.

(3) Pro forma adjustment to reflect the compensation of the Company's executive officers, based on aggregate annual salaries of $520,000.

(4) Pro forma adjustment to reflect payroll taxes.

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Sachem Capital Corp.

Common Shares

PROSPECTUS

Joseph Gunnar & Co.

Through and including , 201 (the 25th day after the date of this offering), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscriptions.

Part II

Information not required in prospectus

Item 31. Other expenses of issuance and distribution.

The following table shows the fees and expenses, other than underwriting discounts and commissions, to be paid by us in connection with the sale and distribution of the securities being registered hereby. All amounts except the Securities and Exchange Commission, or the SEC, registration fee are estimated.

Securities and Exchange Commission registration fee	$	1,815
Financial Industry Regulatory Authority, Inc. filing fee		3,249
NYSE MKT listing fee		50,000
Legal fees and expenses (including Blue Sky fees)		*
Accounting fees and expenses		*
Printing and engraving expenses		*
Transfer agent fees and expenses		*
Miscellaneous		*
Total	$	*

* Estimated.

Item 32. Sales to special parties.

None.

Item 33. Recent Sales of Unregistered Securities.

The information presented below describes our sales and issuances of securities within the past three years which were not registered under the Securities Act of 1933, as amended (the "Securities Act"). Unless otherwise stated, the sales of the securities described below were deemed to exempt from registration under the Securities Act in reliance upon Section 4(a)(2) and/or Section 4(a)(5) of the Securities Act as transactions by an issuer not involving any public offering. The purchasers of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and, other than with respect to the non-transferable options, appropriate legends were placed on the securities issued in these transactions. All purchasers had adequate access, through their relationships with us, to information about our company. The sales of these securities were made without any general solicitation or advertising.

Private Placement

In January 2016, upon formation, we issued an aggregate of 2,250,000 common shares, valued at $2,250, to three accredited investors for consulting services previously rendered with respect to our organization and incorporation and in connection with this initial public offering.

On or prior to the date of this prospectus, we will issue 6,283,237 common shares to SCP in accordance with the Exchange Agreement in exchange for all of its assets and liabilities. SCP will distribute the common shares to all of its members, pro rata, in accordance with their capital account balances in liquidation of their ownership interest in SCP.

Item 34. Indemnification of directors and officers.

Sections 722 and 723 of the New York Business Corporation Law grant to the Company the power to indemnify the officers and directors of the Company as follows:

> (a) A corporation may indemnify any person made, or threatened to be made, a party to an action or proceeding (other than one by or in the right of the corporation to procure a judgment in its favor), whether civil or criminal, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the corporation served in any capacity at the request of the

corporation, by reason of the fact that he, his testator or intestate, was a director or officer of the corporation, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

(b) The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the corporation or that he had reasonable cause to believe that his conduct was unlawful.

(c) A corporation may indemnify any person made, or threatened to be made, a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of any other corporation of any type or kind, domestic or foreign, of any partnership, joint venture, trust, employee benefit plan or other enterprise, against amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the corporation, except that no indemnification under this paragraph shall be made in respect of (1) a threatened action, or a pending action which is settled or otherwise disposed of, or (2) any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court on which the action was brought, or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such portion of the settlement amount and expenses as the court deems proper.

(d) For the purpose of this section, a corporation shall be deemed to have requested a person to serve an employee benefit plan where the performance by such person of his duties to the corporation also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to applicable law shall be considered fines; and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the corporation.

Payment of indemnification other than by court award is as follows:

(a) A person who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character described in section 722 shall be entitled to indemnification as authorized in such section.

(b) Except as provided in paragraph (a), any indemnification under section 722 or otherwise permitted by section 721, unless ordered by a court under section 724 (Indemnification of directors and officers by a court), shall be made by the corporation, only if authorized in the specific case:

(1) By the board acting by a quorum consisting of directors who are not parties to such action or proceeding upon a finding that the director or officer has met the standard of conduct set forth in section 722 or established pursuant to section 721, as the case may be, or,

(2) If a quorum under subparagraph (1) is not obtainable or, even if obtainable, a quorum of disinterested directors so directs;

(A) By the board upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set forth in such sections has been met by such director or officer, or

(B) By the shareholders upon a finding that the director or officer has met the applicable standard of conduct set forth in such sections.

(C) Expenses incurred in defending a civil or criminal action or proceeding may be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amounts as, and to the extent, required by paragraph (a) of section 725.

The Company's Certificate of Incorporation, as amended, provides as follows:

"TENTH: (a) **Right to Indemnification.** Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigation (hereinafter a "Proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer, of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Business Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall incur to the benefit of his or her heirs, executors and administrators; *provided, however,* that, except as provided in paragraph (b) hereof, the corporation shall indemnify any such person seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such Proceeding in advance of its final disposition; *provided, however,* that if the Business Corporation Law requires, the payment of such expenses incurred by a director or officer (in his or her capacity as a director or officer and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a Proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(b) **Right of Claimant to Bring Suit.** If a claim under paragraph (a) of this Section is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any Proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Business Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a

determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Business Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such applicable standard or conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) **Non-Exclusivity of Rights.** The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition conferred in this Article TENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, by-law, agreement, vote of shareholders or disinterested directors or otherwise.

(d) **Insurance.** The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Business Corporation Law.

ELEVENTH: A director of the corporation shall not be personally liable to the corporation or its shareholders for damages for any breach of duty in such capacity, except for the liability of any director if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the BCL."

The Underwriting Agreement provides for reciprocal indemnification between the Company and its controlling persons, on the one hand, and the Underwriters and their respective controlling persons, on the other hand, against certain liabilities in connection with this offering, including liabilities under the Securities Act of 1933, as amended.

Item 35. Treatment of proceeds from shares being registered.

None of the proceeds will be credited to an account other than the appropriate capital share account.

Item 36. Financial statements and exhibits.

(a) ***Financial Statements.*** See page F-1 for an index to the financial statements included in the registration statement.

(b) ***Exhibits.*** The following is a complete list of exhibits filed as part of the registration statement.

Exhibit No.	
1.1	Form of Underwriting Agreement (including Form of Representative's Warrant)(2)
2.1	Form of Amended and Restated Exchange Agreement(2)
3.1	Certificate of Incorporation(5)
3.2	Certificate of Amendment to Certificate of Incorporation(2)
3.3	Bylaws of HML Capital Corp.(5)
4.1	Specimen Share Certificate(1)
4.2	Form of Representative's Warrant (included in Exhibit 1.1)(2)
5.1	Form of Legal Opinion(1)
8.1	Form of Tax Opinion(2)
10.1	Employment Agreement by and between John C. Villano and Sachem Capital Corp.(5)(3)
10.2	Employment Agreement by and between Jeffrey C. Villano and Sachem Capital Corp.(5)(3)
10.3	Sachem Capital Corp. 2016 Equity Incentive Compensation Plan(5)(3)
10.4.1	Amended and Restated Revolving Note, dated March 15, 2016, in the principal amount of $15,000,000.00(2)

Exhibit No.	
10.4.2	Form of Second Amended and Restated Commercial Revolving Loan and Security Agreement among Bankwell Bank, as Lender, and Sachem Capital Partners, LLC, as Existing Borrower, and Sachem Capital Corp., as Borrower(2)
10.4.3	Guaranty Agreement, dated December 18, 2014(2)
10.4.4	Form of Second Reaffirmation of Guaranty Agreement(2)
10.5	Limited Liability Operating Agreement of Sachem Capital Partners, LLC(5)
21.1	List of Subsidiaries(4)
23.1	Consent of Hoberman & Lesser, LLP, dated December 22, 2016(2)
23.2	Consent of Morse, Zelnick, Rose & Lander, LLP (included in Exhibit 5.1)(1)
24.1	Power of Attorney (included on Signature Page)(5)
99.1	Consent of Arthur Goldberg, dated August 3, 2016(5)
99.2	Consent of Leslie Bernhard, dated August 3, 2016(5)
99.3	Consent of Brian Prinz, dated October 27, 2016(5)

(1) To be filed by amendment.

(2) Filed herewith.

(3) Compensation arrangement.

(4) None.

(5) Previously filed.

Item 37. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the

underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§230.424 of this chapter);

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in town of Branford, State of Connecticut, on December 22, 2016.

Sachem Capital Corp.

By/s/ John L. Villano
John L. Villano

By: /s/ Jeffrey C. Villano
Jeffrey C. Villano

Co-Chief Executive Officers

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature	Date	Title
/s/ John L. Villano CPA John L. Villano	December 22, 2016	Chairman, Co-Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) and Director
/s/ Jeffrey C. Villano Jeffrey C. Villano	December 22, 2016	Co-Chief Executive Officer (Principal Executive Officer), President (Principal Operating Officer) and Director

Index of Exhibits

Exhibit No.	Description
1.1	Form of Underwriting Agreement (including Form of Representative's Warrant)(2)
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(1) To be filed by amendment.

(2) Filed herewith.

(3) Compensation arrangement.

(4) None.

(5) Previously filed.

Exhibit 1.1

UNDERWRITING AGREEMENT

between

SACHEM CAPITAL CORP.

and

JOSEPH GUNNAR & CO., LLC

as Representative of the Several Underwriters

SACHEM CAPITAL CORP.

UNDERWRITING AGREEMENT

New York, New York
[•], 2017

Joseph Gunnar & Co., LLC

As Representative of the several Underwriters named on Schedule 1 attached hereto
30 Broad Street, 11th Fl
New York, NY 10004

Ladies and Gentlemen:

The undersigned, Sachem Capital Corp., a corporation formed under the laws of the State of New York (collectively with its subsidiaries and affiliates, including, without limitation, all entities disclosed or described in the Registration Statement (as hereinafter defined) as being predecessors (including Sachem Capital Partners, LLC ("SCP")), the "Company"), hereby confirms its agreement (this "Agreement") with Joseph Gunnar & Co., LLC. (hereinafter referred to as "you" (including its correlatives) or the "Representative") and with the other underwriters named on Schedule 1 hereto for which the Representative is acting as representative (the Representative and such other underwriters being collectively called the "Underwriters" or, individually, an "Underwriter") as follows:

1. Purchase and Sale of Shares.

1.1 *Firm Shares*.

1.1.1. Nature and Purchase of Firm Shares.

(i) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters, an aggregate of [•] (the "Firm Shares") of the Company's common shares, par value $0.001 per share (the "Common Shares").

(ii) The Underwriters, severally and not jointly, agree to purchase from the Company the number of Firm Shares set forth opposite their respective names on Schedule 1 attached hereto and made a part hereof at a purchase price of $[•] per share (93% of the per Firm Share public offering price). The Firm Shares are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof).

1.1.2. Shares, Payment and Delivery.

(i) Delivery and payment for the Firm Shares shall be made at 10:00 a.m., Eastern time, on the third (3rd) Business Day following the effective date (the "Effective Date") of the Registration Statement (as defined in Section 2.1.1 below) (or the fourth (4th) Business Day following the Effective Date if the Registration Statement is declared effective after 4:01 p.m., Eastern time) or at such earlier time as shall be agreed upon by the Representative and the Company, at the offices of Blank Rome LLP, 405 Lexington Avenue, New York, New York 10174 ("Representative Counsel"), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Representative and the Company. The hour and date of delivery and payment for the Firm Shares is called the "Closing Date."

(ii) Payment for the Firm Shares shall be made on the Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery of the certificates (in form and substance satisfactory to the Underwriters) representing the Firm Shares (or through the facilities of the Depository Trust Company ("DTC")) for the account of the Underwriters. The Firm Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Shares except upon tender of payment by the Representative for all of the Firm Shares. The term "Business Day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

1.2 *Over-allotment Option*.

1.2.1. Option Shares. For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Shares, the Company hereby grants to the Representative an option to purchase up to [•] additional Common Shares, representing fifteen percent (15%) of the Firm Shares sold in the offering, from the Company (the "Over-allotment Option"). Such [•] additional Common Shares, the net proceeds of which will be deposited with the Company's account, are hereinafter referred to as "Option Shares." The purchase price to be paid per Option Share shall be equal to the price per Firm Share set forth in Section 1.1.1 hereof. The Firm Shares and the Option Shares are hereinafter referred to together as the "Public Securities." The offering and sale of the Public Securities is hereinafter referred to as the "Offering."

1.2.2. Exercise of Option. The Over-allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Shares within 45 days after the Effective Date. The Representative shall not be under any obligation to purchase any Option Shares prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile or other electronic transmission setting forth the number of Option Shares to be purchased and the date and time for delivery of and payment for the Option Shares (the "Option Closing Date"), which shall not be later than two (2) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of Representative Counsel or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Shares does not occur on the Closing Date, the Option Closing Date will be as set forth in the notice. Upon exercise of the Over-allotment Option with respect to all or any portion of the Option Shares, subject to the terms and conditions set forth herein, (i) the Company shall become obligated to sell to the Underwriters the number of Option Shares specified in such notice and (ii) each of the Underwriters, acting severally and not jointly, shall purchase that portion of the total number of Option Shares then being purchased as set forth in Schedule 1 opposite the name of such Underwriter.

1.2.3. Payment and Delivery. Payment for the Option Shares shall be made on the Option Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery to you of certificates (in form and substance satisfactory to the Underwriters) representing the Option Shares (or through the facilities of DTC) for the account of the Underwriters. The Option Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least one (1) full Business Day prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Shares except upon tender of payment by the Representative for applicable Option Shares.

1.3 *Representative's Warrants*.

1.3.1. Purchase Warrants. The Company hereby agrees to issue and sell to the Representative (and/or its designees) on the Closing Date an option ("Representative's Warrant") for the purchase of an aggregate of [•] Common Shares, representing 5% of the Firm Shares, for an aggregate purchase price of $100.00. The Representative's Warrant agreement, in the form attached hereto as Exhibit A (the "Representative's Warrant Agreement"), shall be exercisable, in whole or in part, commencing on a date which is one (1) year after the Effective Date and expiring on the five-year anniversary of the Effective Date at an initial exercise price per Common Share of $[•], which is equal to 125% of the initial public offering price of the Firm Shares. The Representative's Warrant Agreement and the Common Shares issuable upon exercise thereof are hereinafter referred to together as the "Representative's Securities." The Representative understands and agrees that there are significant restrictions pursuant to FINRA Rule 5110 against transferring the Representative's Warrant Agreement and the underlying Common Shares during the one hundred eighty (180) days after the Effective Date and by its acceptance thereof shall agree that it will not sell, transfer, assign, pledge or hypothecate the Representative's Warrant Agreement, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of one hundred eighty (180) days following the Effective Date to anyone other than (i) an Underwriter or a selected dealer in connection with the Offering, or (ii) a bona fide officer or partner of the Representative or of any such Underwriter or selected dealer; and only if any such transferee agrees to the foregoing lock-up restrictions.

1.3.2. Delivery. Delivery of the Representative's Warrant Agreement shall be made on the Closing Date and shall be issued in the name or names and in such authorized denominations as the Representative may request.

2. Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

2.1 *Filing of Registration Statement*.

2.1.1. Pursuant to the Securities Act. The Company has filed with the U.S. Securities and Exchange Commission (the "Commission") a registration statement, and an amendment or amendments thereto, on Form S-11 (File No. 333-214323), including any related prospectus or prospectuses, for the registration of the Public Securities and the Representative's Securities under the Securities Act of 1933, as amended (the "Securities Act"), which registration statement and amendment or amendments have been prepared by the Company in all material respects in conformity with the requirements of the Securities Act and the rules and regulations of the Commission under the Securities Act (the "Securities Act Regulations") and will contain all material statements that are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations. Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A of the Securities Act Regulations (the "Rule 430A Information")), is referred to herein as the "Registration Statement." If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term "Registration Statement" shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used prior to the execution and delivery of this Agreement, is herein called a "Preliminary Prospectus." The Preliminary Prospectus, subject to completion, dated [•], 2016, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the "Pricing Prospectus." The final prospectus in the form first furnished to the Underwriters for use in the Offering is hereinafter called the "Prospectus." Any reference to the "most recent Preliminary Prospectus" shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

"Applicable Time" means [TIME] [a.m./p.m.], Eastern time, on the date of this Agreement.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 of the Securities Act Regulations ("Rule 433"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the Securities Act Regulations) relating to the Public Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Public Securities or of the Offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "Bona Fide Electronic Road Show")), as evidenced by its being specified in Schedule 2-B hereto.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"Pricing Disclosure Package" means any Issuer General Use Free Writing Prospectus issued at or prior to the Applicable Time, the Pricing Prospectus and the information included on Schedule 2-A hereto, all considered together.

2.1.2. Pursuant to the Exchange Act. The Company has filed with the Commission a Form 8-A (File Number 000-[•]) providing for the registration pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the Common Shares. The registration of the Common Shares under the Exchange Act has been declared effective by the Commission on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of Common Shares under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

2.2 Stock Exchange Listing. The Common Shares have been approved for listing on the NYSE MKT (the "Exchang**e**"), and the Company has taken no action designed to, or likely to have the effect of, delisting the Common Shares from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.3 No Stop Orders, etc. Neither the Commission nor, to the Company's knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus or has instituted or, to the Company's knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied with each request (if any) from the Commission for additional information.

2.4 Disclosures in Registration Statement.

2.4.1. Compliance with Securities Act and 10b-5 Representation.

(i) Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to the Commission's EDGAR filing system ("EDGAR"), except to the extent permitted by Regulation S-T promulgated under the Securities Act ("Regulation S-T").

(ii) Neither the Registration Statement nor any amendment thereto, at its effective time, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(iii) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Limited Use Free Writing Prospectus hereto does not conflict with the information contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, and each such Issuer Limited Use Free Writing Prospectus, as supplemented by and taken together with the Pricing Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative expressly for use in the Registration Statement, the Pricing Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following disclosure contained in the "Underwriting" section of the Prospectus: Under the subheadings "Discretionary Accounts," "Electronic Offer, Sale and Distribution of Securities," "Stabilization," and "Passive Marketing Making" (the "Underwriters' Information").

(iv) Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Option Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters' Information.

2.4.2. Disclosure of Agreements. The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it is or may be bound or affected and (i) that is referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or (ii) is material to the Company's business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company's knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. None of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company's knowledge, any other party is in default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default thereunder. To the best of the Company's knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental or regulatory agency, authority, body, entity or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses (each, a "Governmental Entity"), including, without limitation, those relating to environmental laws and regulations.

2.4.3. Prior Securities Transactions. No securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by or under common control with the Company, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Preliminary Prospectus.

2.4.4. Regulations. The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of federal, state, local and all foreign regulation on the Offering and the Company's business as currently contemplated are correct in all material respects and no other such regulations are required to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

2.5 Changes After Dates in Registration Statement.

2.5.1. No Material Adverse Change. Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the financial position or results of operations of the Company, nor any change or development that, singularly or in the aggregate, would involve a material adverse change or a prospective material adverse change, in or affecting the condition (financial or otherwise), results of operations, business, assets or prospects of the Company (a "Material Adverse Change"); (ii) there have been no material transactions entered into by the Company, other than as contemplated pursuant to this Agreement; and (iii) no officer or director of the Company has resigned from any position with the Company.

2.5.2. Recent Securities Transactions, etc. Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock (other than any dividend or other distribution provided by SCP).

2.6 Independent Accountants. To the knowledge of the Company, Hoberman & Lesser CPA's, LLP (the "Auditor"), whose report is filed with the Commission as part of the Registration Statement, the Pricing Disclosure Package and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board. The Auditor has not, during the periods covered by the financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, as such term is used in Section 10A(g) of the Exchange Act.

2.7 Financial Statements, etc. The financial statements, including the notes thereto and supporting schedules included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly present the financial position and the results of operations of the Company at the dates and for the periods stated therein; and such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules included in the Registration Statement present fairly the information required to be stated therein. Except as included therein, no historical or pro forma financial statements are required to be included in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The pro forma and pro forma as adjusted financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Securities Act Regulations and present fairly the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission), if any, comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable. Each of the Registration Statement, the Pricing Disclosure Package and the Prospectus discloses all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) neither the Company nor any of its direct and indirect subsidiaries, including each entity disclosed or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus as being a subsidiary of the Company (each, a "Subsidiary" and, collectively, the "Subsidiaries"), has incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock (other than any dividend or other distribution provided by SCP), (c) there has not been any change in the capital stock of the Company or any of its Subsidiaries, or, other than in the course of business, any grants under any stock compensation plan, and (d) there has not been any material adverse change in the Company's long-term or short-term debt.

2.8 Authorized Capital; Options, etc. The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date the adjusted stock capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus, on the Effective Date, as of the Applicable Time and on the Closing Date and any Option Closing Date, there will be no stock options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued Common Shares of the Company or any security convertible or exercisable into Common Shares of the Company, or any contracts or commitments to issue or sell Common Shares or any such options, warrants, rights or convertible securities.

2.9 Valid Issuance of Securities, etc.

2.9.1. Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized Common Shares conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. The offers and sales of the outstanding Common Shares were at all relevant times either registered under the Securities Act and the applicable state securities or "blue sky" laws or, based in part on the representations and warranties of the purchasers of such Shares, exempt from such registration requirements.

2.9.2. Securities Sold Pursuant to this Agreement. The Public Securities and Representative's Securities have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; the Public Securities and Representative's Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities and Representative's Securities has been duly and validly taken. The Public Securities and Representative's Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. All corporate action required to be taken for the authorization, issuance and sale of the Representative's Warrant Agreement has been duly and validly taken; the Common Shares issuable upon exercise of the Representative's Warrant have been duly authorized and reserved for issuance by all necessary corporate action on the part of the Company and when paid for and issued in accordance with the Representative's Warrant and the Representative's Warrant Agreement, such Common Shares will be validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders; and such Common Shares are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company.

2.10 Registration Rights of Third Parties. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in a registration statement to be filed by the Company.

2.11 Validity and Binding Effect of Agreements. This Agreement, the Representative's Warrant Agreement and the Exchange Agreement filed as Exhibit 2.1 to the Registration Statement (the "Exchange Agreement") have been duly and validly authorized by the Company, and, when executed and delivered, will constitute, the valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

2.12 No Conflicts, etc. The execution, delivery and performance by the Company of this Agreement, the Representative's Warrant Agreement, the Exchange Agreement and all ancillary documents, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in a material breach of, or conflict with any of the terms and provisions of, or constitute a material default under, or result in the creation, modification, termination or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument to which the Company is a party; (ii) result in any violation of the provisions of the Company's Articles of Incorporation (as the same may be amended or restated from time to time, the "Charter") or the by-laws of the Company or limited liability agreement or certificate of formation of SCP; or (iii) violate any existing applicable law, rule, regulation, judgment, order or decree of any Governmental Entity as of the date hereof.

2.13 No Defaults; Violations. No material default exists in the due performance and observance of any term, covenant or condition of any material license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the properties or assets of the Company is subject. The Company is not in violation of any term or provision of its Charter or by-laws, or in violation of any franchise, license, permit, applicable law, rule, regulation, judgment or decree of any Governmental Entity.

2.14 Corporate Power; Licenses; Consents.

2.14.1. Conduct of Business. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all necessary authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies that it needs as of the date hereof to conduct its business purpose as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.14.2. Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement, the Representative's Warrant Agreement and the Exchange Agreement and to carry out the provisions and conditions hereof and thereof, and all consents, authorizations, approvals, licenses, certificates, clearances, permits and orders and supplements and amendments thereto (collectively, the "Authorizations") required in connection therewith have been obtained. No Authorization of, and no filing with, any court, government agency or other body is required for the valid issuance, sale and delivery of the Public Securities and the consummation of the transactions and agreements contemplated by this Agreement, the Representative's Warrant Agreement and the Exchange Agreement and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable federal and state securities laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc. ("FINRA").

2.15 D&O Questionnaires. To the Company's knowledge, all information contained in the questionnaires (the "Questionnaires") completed by each of the Company's directors and officers immediately prior to the Offering (the "Insiders") as supplemented by all information concerning the Company's directors, officers and principal shareholders as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, as well as in the Lock-Up Agreement (as defined in Section 2.24 below), provided to the Underwriters, is true and correct in all material respects and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires to become materially inaccurate and incorrect.

2.16 Litigation; Governmental Proceedings. There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company's knowledge, threatened against, or involving the Company or, to the Company's knowledge, any executive officer or director which has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus or in connection with the Company's listing application for the listing of the Public Securities on the Exchange.

2.17 Good Standing. The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of New York as of the date hereof, and is duly qualified to do business and is in good standing in each other jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify, singularly or in the aggregate, would not have or reasonably be expected to result in a Material Adverse Change.

2.18 Insurance. The Company carries or is entitled to the benefits of insurance (including, without limitation, as to directors and officers insurance coverage), with reputable insurers, in such amounts and covering such risks which the Company believes are adequate, and all such insurance is in full force and effect. The Company has no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Change.

2.19 Transactions Affecting Disclosure to FINRA.

2.19.1. Finder's Fees. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any Insider with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Underwriters' compensation, as determined by FINRA.

2.19.2. Payments Within Twelve (12) Months. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve (12) months prior to the Effective Date, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

2.19.3. Use of Proceeds. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

2.19.4. FINRA Affiliation. Except as disclosed in the Registration Statement, there is no (i) officer or director of the Company, (ii) to the Company's knowledge, beneficial owner of 5% or more of any class of the Company's securities or (iii) to the Company's knowledge, beneficial owner of the Company's unregistered equity securities who acquired any equity securities of the Company during the 180-day period immediately preceding the filing of the Registration Statement that is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

2.19.5. Information. All information provided by the Company in its FINRA questionnaire to Representative Counsel specifically for use by Representative Counsel in connection with its Public Offering System filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

2.20 Foreign Corrupt Practices Act. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any Governmental Entity (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, might have had a Material Adverse Change or (iii) if not continued in the future, might adversely affect the assets, business, operations or prospects of the Company. The Company has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

2.21 Compliance with OFAC. None of the Company and its Subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company and its Subsidiaries or any other person acting on behalf of the Company and its Subsidiaries, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), and the Company will not, directly or indirectly, use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

2.22 Money Laundering Laws. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

2.23 Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to you or to Representative Counsel shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

2.24 Lock-Up Agreements. Schedule 3 hereto contains a complete and accurate list of the Company's officers, directors and each owner of the Company's outstanding Common Shares (or securities convertible or exercisable into Common Shares) (collectively, the "Lock-Up Parties"). The Company has caused each of the Lock-Up Parties to deliver to the Representative an executed Lock-Up Agreement, in the form attached hereto as Exhibit B (the "Lock-Up Agreement"), prior to the execution of this Agreement.

2.25 Subsidiaries. All direct and indirect Subsidiaries of the Company are duly organized and in good standing under the laws of the place of organization or incorporation, and each Subsidiary is in good standing in each jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to qualify would not have a material adverse effect on the assets, business or operations of the Company taken as a whole. The Company's ownership and control of each Subsidiary is as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.26 Related Party Transactions. There are no business relationships or related party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required.

2.27 Board of Directors. The Board of Directors of the Company is comprised of the persons set forth under the heading of the Pricing Prospectus and the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act, the Exchange Act Regulations, the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "Sarbanes-Oxley Act") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent," as defined under the listing rules of the Exchange.

2.28 Sarbanes-Oxley Compliance.

2.28.1. Disclosure Controls. The Company has developed and currently maintains disclosure controls and procedures that will comply with Rule 13a-15 or 15d-15 under the Exchange Act Regulations, and such controls and procedures are effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

2.28.2. Compliance. The Company is, or at the Applicable Time and on the Closing Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act applicable to it, and has implemented or will implement such programs and taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the material provisions of the Sarbanes-Oxley Act.

2.29 Accounting Controls. The Company and its Subsidiaries maintain systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses in its internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are known to the Company's management and that have adversely affected or are reasonably likely to adversely affect the Company' ability to record, process, summarize and report financial information; and (ii) any fraud known to the Company's management, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

2.30 No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company," as defined in the Investment Company Act of 1940, as amended.

2.31 No Labor Disputes. No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent.

2.32 Intellectual Property Rights. The Company and each of its Subsidiaries owns or possesses or has valid rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("Intellectual Property Rights") necessary for the conduct of the business of the Company and its Subsidiaries as currently carried on and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. To the knowledge of the Company, no action or use by the Company or any of its Subsidiaries necessary for the conduct of its business as currently carried on and as described in the Registration Statement and the Prospectus will involve or give rise to any infringement of, or license or similar fees for, any Intellectual Property Rights of others. Neither the Company nor any of its Subsidiaries has received any notice alleging any such infringement, fee or conflict with asserted Intellectual Property Rights of others. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change (A) to the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any of the Intellectual Property Rights owned by the Company; (B) there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim, that would, individually or in the aggregate, together with any other claims in this Section 2.32, reasonably be expected to result in a Material Adverse Change; (C) the Intellectual Property Rights owned by the Company and, to the knowledge of the Company, the Intellectual Property Rights licensed to the Company have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.32, reasonably be expected to result in a Material Adverse Change; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights or other proprietary rights of others, the Company has not received any written notice of such claim and the Company is unaware of any other facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.34, reasonably be expected to result in a Material Adverse Change; and (E) to the Company's knowledge, no employee of the Company is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company, or actions undertaken by the employee while employed with the Company and could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. To the Company's knowledge, all material technical information developed by and belonging to the Company which has not been patented has been kept confidential. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus and are not described therein. The Registration Statement, the Pricing Disclosure Package and the Prospectus contain in all material respects the same description of the matters set forth in the preceding sentence. None of the technology employed by the Company has been obtained or is being used by the Company in violation of any contractual obligation binding on the Company or, to the Company's knowledge, any of its officers, directors or employees, or otherwise in violation of the rights of any persons.

2.33 Taxes. Each of the Company and its Subsidiaries has filed all Returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof. Each of the Company and its Subsidiaries has paid all Taxes (as hereinafter defined) shown as due on such Returns that were filed and has paid all Taxes imposed on or assessed against the Company or such respective Subsidiary. The provisions for Taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid Taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriters, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the Returns or Taxes asserted as due from the Company or its Subsidiaries, and (ii) no waivers of statutes of limitation with respect to the Returns or collection of Taxes have been given by or requested from the Company or its Subsidiaries. The term "Taxes" means all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term "Returns" means all returns, declarations, reports, statements and other documents required to be filed in respect to Taxes.

2.34 ERISA Compliance. The Company and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "ERISA")) established or maintained by the Company or its "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "ERISA Affiliate" means, with respect to the Company, any member of any group of organizations described in Sections 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "Code") of which the Company is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates. No "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company nor any of its ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

2.35 Compliance with Laws. The Company: (A) is and at all times has been in compliance with all statutes, rules, or regulations applicable to the business of the Company as currently conducted ("Applicable Laws"), except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any warning letter, untitled letter or other correspondence or notice from any other Governmental Entity alleging or asserting noncompliance with any Applicable Laws or any Authorizations; (C) possesses all material Authorizations and such Authorizations are valid and in full force and effect and are not in material violation of any term of any such Authorizations; (D) has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Entity or third party alleging that any activity conducted by the Company is in violation of any Applicable Laws or Authorizations and has no knowledge that any such Governmental Entity or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (E) has not received notice that any Governmental Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations and has no knowledge that any such Governmental Entity is considering such action; and (F) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct on the date filed (or were corrected or supplemented by a subsequent submission).

2.36 REIT Election and Qualification. The Company has been organized and will operate in conformity with the requirements for qualification and taxation as a real estate investment trust (a "REIT") under the Code, beginning with its taxable year ending December 31, 201_. The Company intends to make an election to be taxed as a REIT under the Code beginning with its taxable year ending December 31, 201_, and intends to operate in a manner which would permit it to qualify as a REIT under the Code. The proposed method of operation of the Company as described in the Registration Statement, the Disclosure package and the Prospectus will enable it to meet the requirements for qualification and taxation as a REIT under the Code. All statements regarding the Company's qualification and taxation as a REIT and descriptions of the Company's organization and proposed method of operation (to the extent they relate to the Company's qualification as a REIT and purport to summarize applicable U.S. federal income tax law or legal conclusions with respect thereto) set forth in the Registration Statement, the Disclosure Package and the Prospectus are accurate in all material respects.

2.37 Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the Effective Date and at the time of any amendment thereto, at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Public Securities and at the Effective Date, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

2.38 Title to Property. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its Subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real or personal property which are material to the business of the Company and its Subsidiaries taken as a whole, in each case free and clear of all liens, encumbrances, security interests, claims and defects that do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or its Subsidiaries; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, are in full force and effect, and neither the Company nor any Subsidiary has received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

2.39 Contracts Affecting Capital. There are no transactions, arrangements or other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 of the Securities Act Regulations) and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect the Company's or its Subsidiaries' liquidity or the availability of or requirements for their capital resources required to be described or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus which have not been described or incorporated by reference as required.

2.40 Loans to Directors or Officers. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company or its Subsidiaries to or for the benefit of any of the officers or directors of the Company, its Subsidiaries or any of their respective family members, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.41 Smaller Reporting Company. As of the time of filing of the Registration Statement, the Company was a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act Regulations.

2.42 Industry Data. The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

2.43 Emerging Growth Company. From the time of the initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly in or through any Person authorized to act on its behalf in any Testing-the Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company"). "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

2.44 Testing-the-Waters Communications. The Company has not (i) alone engaged in any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the written consent of the Representative and with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) authorized anyone to engage in Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications other than those listed on Schedule 2-C hereto. "Written Testing-the-Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

2.45 Margin Securities. The Company owns no "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Common Shares to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

2.46 Integration. Neither the Company, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the Offering to be integrated with prior offerings by the Company for purposes of the Securities Act that would require the registration of any such securities under the Securities Act.

2.47 Confidentiality and Non-Competitions. To the Company's knowledge, no director, officer, key employee or consultant of the Company or any Subsidiary is subject to any confidentiality, non-disclosure, non-competition agreement or non-solicitation agreement with any employer (other than the Company) or prior employer that could materially affect his ability to be and act in his respective capacity of the Company or such Subsidiary or be expected to result in a Material Adverse Change.

2.48 Corporate Records. The minute books of the Company have been made available to the Representative and Representative Counsel and such books (i) contain minutes of all material meetings and actions of the Board of Directors (including each board committee) and shareholders of the Company, and (ii) reflect all material transactions referred to in such minutes.

2.49 Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in either the Registration Statement, Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

2.50 Diligence Materials. The Company has provided to the Representative and Representative Counsel all materials required or necessary to respond in all material respects to the diligence request submitted to the Company or Company Counsel (as defined in Section 4.2.1 below) by the Representative.

3. Covenants of the Company. The Company covenants and agrees as follows:

3.1 Amendments to Registration Statement. The Company shall deliver to the Representative, prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably object in writing.

3.2 Federal Securities Laws.

3.2.1. Compliance. The Company, subject to Section 3.2.2, shall comply with the requirements of Rule 430A of the Securities Act Regulations, and will notify the Representative promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed; (ii) of its receipt of any comments from the Commission; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities and Representative's Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities and Representative's Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and shall take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its commercially reasonable best efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

3.2.2. Continued Compliance. The Company shall comply with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations ("Rule 172"), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of Representative Counsel or Company Counsel, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or Representative Counsel shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company shall give the Representative notice of its intention to make any filings pursuant to the Exchange Act or the Exchange Act Regulations from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-allotment Option specified in Section 1.2 hereof and will furnish the Representative with copies of the related document(s) a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative or Representative Counsel shall reasonably object.

3.2.3. Exchange Act Registration. For a period of three (3) years after the date of this Agreement, the Company shall use its commercially reasonable best efforts to maintain the registration of the Common Shares under the Exchange Act. The Company shall not deregister the Common Shares under the Exchange Act without the prior written consent of the Representative.

3.2.4. Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Representative, it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer General Use Free Writing Prospectus listed on Schedule 2-B hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representative. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representative as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

3.2.5. Testing-the-Waters Communications. If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company shall promptly notify the Representative and shall promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

3.3 Delivery of Registration Statements. The Company has delivered or made available or shall deliver or make available to the Representative and Representative Counsel, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to each Underwriter, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) upon receipt of a written request therefor from such Underwriter. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.4 Delivery of Prospectuses. The Company has delivered or made available or will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as reasonably requested by the Representative, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as the Representative may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.5 Effectiveness and Events Requiring Notice to the Representative. The Company shall use its best efforts to cause the Registration Statement to remain effective with a current prospectus for at least nine (9) months after the Applicable Time, and shall notify the Representative immediately and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 3.5 that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement, the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in (a) the Registration Statement in order to make the statements therein not misleading, or (b) in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall make every reasonable effort to obtain promptly the lifting of such order.

3.6 Review of Financial Statements. For a period of five (5) years after the date of this Agreement, the Company, at its expense, shall cause its regularly engaged independent registered public accounting firm to review (but not audit) the Company's financial statements for each of the three fiscal quarters immediately preceding the announcement of any quarterly financial information.

3.7 Listing. The Company shall use its best efforts to maintain the listing of the Common Shares (including the Public Securities) on the Exchange for at least three (3) years from the date of this Agreement.

3.8 Financial Public Relations Firm. As of the Effective Date, the Company shall have retained a financial public relations firm reasonably acceptable to the Representative and the Company, which shall initially be [·]. which firm shall be experienced in assisting issuers in initial public offerings of securities and in their relations with their security holders, and shall retain such firm or another firm reasonably acceptable to the Representative for a period of not less than two (2) years after the Effective Date or shall have made other arrangements for similar services reasonable acceptable to the Representative.

3.9 Reports to the Representative.

3.9.1. Periodic Reports, etc. For a period of three (3) years after the date of this Agreement, the Company shall furnish or make available to the Representative copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class of its securities and also promptly furnish to the Representative: (i) a copy of each periodic report the Company shall be required to file with the Commission under the Exchange Act and the Exchange Act Regulations; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs which was released by the Company; (iii) a copy of each Form 8-K prepared and filed by the Company; (iv) five (5) copies of each registration statement filed by the Company under the Securities Act; and (v) such additional documents and information with respect to the Company and the affairs of any future subsidiaries of the Company as the Representative may from time to time reasonably request; provided the Representative shall sign, if requested by the Company, a Regulation FD compliant confidentiality agreement which is reasonably acceptable to the Representative and Representative Counsel in connection with the Representative's receipt of such information. Documents filed with the Commission pursuant to its EDGAR system shall be deemed to have been delivered to the Representative pursuant to this Section 3.9.1.

3.9.2. Transfer Agent; Transfer Sheets. For a period of three (3) years after the date of this Agreement, the Company shall retain a transfer agent and registrar reasonably acceptable to the Representative (the "Transfer Agent") and, upon receipt of written request from the Representative, shall furnish to the Representative at the Company's sole cost and expense such transfer sheets of the Company's securities as the Representative may reasonably request, including the daily and monthly consolidated transfer sheets of the Transfer Agent and DTC. [Issuer Direct Corporation] is acceptable to the Representative to act as Transfer Agent for the Common Shares.

3.9.3. Trading Reports. During such time as the Public Securities are listed on the Exchange, upon receipt of written request from the Representative, the Company shall provide to the Representative, at the Company's expense, such reports published by Exchange relating to price trading of the Public Securities, as the Representative shall reasonably request for a period of three (3) years following such listing.

3.10 Payment of Expenses

3.10.1. General Expenses Related to the Offering. The Company hereby agrees to pay on each of the Closing Date and the Option Closing Date, if any, to the extent not paid at the Closing Date, all expenses incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Common Shares to be sold in the Offering (including the Over-allotment Shares) with the Commission; (b) all Public Filing System filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of such Public Securities on the Exchange and such other stock exchanges as the Company and the Representative together determine; (d) all fees, expenses and disbursements relating to background checks of the Company's officers and directors in an amount not to exceed $5,000 per individual and $15,000 in the aggregate; (e) all fees, expenses and disbursements relating to the registration or qualification of the Public Securities under the "blue sky" securities laws of such states and other jurisdictions as the Representative may reasonably designate (including, without limitation, all filing and registration fees, it being agreed that if the Offering is commenced on the Exchange, such fees, expenses and disbursements shall be limited to $5,000 and shall be paid to Representative Counsel at Closing; (f) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such foreign jurisdictions as the Representative may reasonably designate; (g) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (h) the costs and expenses of a public relations firm; (i) the costs of preparing, printing and delivering certificates representing the Public Securities; (j) fees and expenses of the transfer agent for the Common Shares; (k) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriters; (l) the costs associated with post-Closing advertising the Offering in the national editions of the Wall Street Journal and New York Times; (m) the costs associated with bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones, up to $5,000, each of which the Company or its designee shall provide within a reasonable time after the Closing Date in such quantities as the Representative may reasonably request; (n) the fees and expenses of the Company's accountants; (o) the fees and expenses of the Company Counsel and other agents and representatives; (p) fees and expenses of the Representative Counsel not to exceed $50,000; (q) the $29,500 cost associated with the Representative's use of Ipreo's book-building, prospectus tracking and compliance software for the Offering; and (r) up to $20,000 of the Representative's actual accountable "road show" expenses for the Offering. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or the Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Representative.

3.10.2. Non-accountable Expenses. The Company further agrees that, in addition to the expenses payable pursuant to Section 3.10.1, on the Closing Date it shall pay to the Representative, by deduction from the net proceeds of the Offering contemplated herein, a non-accountable expense allowance equal to one percent (1%) of the gross proceeds received by the Company from the sale of the Firm Shares (excluding the Option Shares), less the Advance (as such term is defined in Section 8.3 hereof), provided, however, that in the event that the Offering is terminated, the Company agrees to reimburse the Representative pursuant to Section 8.3 hereof.

3.11 Application of Net Proceeds. The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption "Use of Proceeds" in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3.12 Delivery of Earnings Statements to Security Holders. The Company shall make generally available to its security holders as soon as practicable an earnings statement (which need not be certified by independent registered public accounting firm unless required by the Securities Act or the Securities Act Regulations, but which shall satisfy the provisions of Rule 158(a) under Section 11(a) of the Securities Act) covering a period of at least twelve (12) consecutive months beginning after the date of this Agreement.

3.13 Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or shareholders (without the consent of the Representative) has taken or shall take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3.14 Internal Controls. The Company shall maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.15 Accountants. As of the date of this Agreement, the Company shall retain an independent registered public accounting firm reasonably acceptable to the Representative, and the Company shall continue to retain a nationally recognized independent registered public accounting firm for a period of at least three (3) years after the date of this Agreement. The Representative acknowledges that the Auditor is acceptable to the Representative.

3.16 FINRA. The Company shall advise the Representative (who shall make an appropriate filing with FINRA) if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 5% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180 days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

3.17 No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

3.18 Company Lock-Up Agreements.

3.18.1. Restriction on Sales of Capital Stock. The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of 180 days after the date of this Agreement (the "Lock-Up Period"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (ii) file or caused to be filed any registration statement with the Commission relating to the offering of any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; (iii) complete any offering of debt securities of the Company, other than entering into a line of credit with a traditional bank or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i), (ii), (iii) or (iv) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise.

The restrictions contained in this Section 3.18.1 shall not apply to (i) the Common Shares to be sold hereunder, (ii) the issuance by the Company of Common Shares upon the exercise of a stock option or warrant or the conversion of a security outstanding on the date hereof, of which the Representative has been advised in writing, (iii) the issuance by the Company of stock options or shares of capital stock of the Company under any equity compensation plan of the Company or (iv) the distribution of Common Shares of SCP to its members, provided that in each of (ii), (iii) and (iv) above, the underlying shares shall be restricted from sale during the entire Lock-Up Period.

Notwithstanding the foregoing, if (i) during the last 17 days of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or (ii) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this Section 3.18.1 shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of such material news or material event, as applicable, unless the Representative waives, in writing, such extension; provided, however, that this extension of the Lock-Up Period shall not apply to the extent that FINRA has amended or repealed NASD Rule 2711(f)(4), or has otherwise provided written interpretive guidance regarding such rule, in each case, so as to eliminate the prohibition of any broker, dealer, or member of a national securities association from publishing or distributing any research report, with respect to the securities of an Emerging Growth Company prior to or after the expiration of any agreement between the broker, dealer, or member of a national securities association and the Emerging Growth Company or its shareholders that restricts or prohibits the sale of securities held by the Emerging Growth Company or its shareholders after the initial public offering date.

3.18.2. Restriction on Continuous Offerings. Notwithstanding the restrictions contained in Section 3.18.1, the Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of twelve (12) months after the date of this Agreement, directly or indirectly in any "at-the-market" or continuous equity transaction, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company.

3.19 Release of D&O Lock-up Period. If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreements described in Section 2.24 hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three (3) Business Days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two (2) Business Days before the effective date of the release or waiver.

3.20 Blue Sky Qualifications. The Company shall use its best efforts, in cooperation with the Underwriters, if necessary, to qualify the Public Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may designate and to maintain such qualifications in effect so long as required to complete the distribution of the Public Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.21 Reporting Requirements. The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will use its commercially reasonable best efforts to file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Public Securities as may be required under Rule 463 under the Securities Act Regulations.

3.22 Emerging Growth Company Status. The Company shall promptly notify the Representative if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Public Securities within the meaning of the Securities Act and (ii) fifteen (15) days following the completion of the Lock-Up Period.

3.23 Sarbanes-Oxley. The Company shall at all times comply in all material respects with all applicable provisions of the Sarbanes-Oxley Act in effect from time to time.

3.24 IRS Forms. If requested by the Representative, the Company shall deliver to each Underwriter (or its agent), prior to or at the Closing Date, a properly completed and executed Internal Revenue Service ("IRS") Form W-9 or an IRS Form W-8, as appropriate, together with all required attachments to such form.

3.25 REIT Qualification. The Company will use its best reasonable efforts to meet the requirements for qualification and taxation as a REIT under the Code for its taxable year ending December 31, 201_ and future taxable years unless the Board of Directors of the Company determines that it is no longer in the best interests of the Company to continue to qualify as a REIT.

4. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

4.1 Regulatory Matters.

4.1.1. Effectiveness of Registration Statement; Rule 430A Information. The Registration Statement has become effective not later than 5:00 p.m., Eastern time, on the date of this Agreement or such later date and time as shall be consented to in writing by you, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. The Prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) (without reliance on Rule 424(b)(8)) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

4.1.2. FINRA Clearance. On or before the date of this Agreement, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

4.1.3. Exchange Clearance. On the Closing Date, the Company's Common Shares, including the Firm Shares, shall have been approved for listing on the Exchange, subject only to official notice of issuance. On the first Option Closing Date (if any), the Company's Common Shares, including the Option Shares, shall have been approved for listing on the Exchange, subject only to official notice of issuance.

4.2 Company Counsel Matters.

4.2.1. Closing Date Opinion of Counsel. On the Closing Date, the Representative shall have received the favorable opinion of Morse, Zelnick, Rose & Lander, LLP ("Company Counsel"), counsel to the Company, dated the Closing Date and addressed to the Representative, substantially in the form of Exhibit D attached hereto.

4.2.2. Option Closing Date Opinions of Counsel. On the Option Closing Date, if any, the Representative shall have received the favorable opinion of Company Counsel listed in Section 4.2.1 dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsel in its opinion delivered on the Closing Date.

4.2.3. Reliance. In rendering such opinions, Company Counsel may rely: (i) as to matters involving the application of laws other than the laws of the United States and jurisdictions in which they are admitted, to the extent Company Counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance reasonably satisfactory to the Representative) of other counsel reasonably acceptable to the Representative, familiar with the applicable laws; and (ii) as to matters of fact, to the extent they deem proper, on certificates or other written statements of officers of the Company and officers of departments of various jurisdictions having custody of documents respecting the corporate existence or good standing of the Company, provided that copies of any such statements or certificates shall be delivered to Representative Counsel if requested. The opinion of Company Counsel and any opinion relied upon by Company Counsel shall include a statement to the effect that it may be relied upon by Representative Counsel in its opinion delivered to the Underwriters.

4.3 Comfort Letters.

4.3.1. Cold Comfort Letter. At the time this Agreement is executed you shall have received a cold comfort letter containing statements and information of the type customarily included in accountants' comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, addressed to the Representative and in form and substance satisfactory in all respects to you and to the Auditor, dated as of the date of this Agreement.

4.3.2. Bring-down Comfort Letter. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received from the Auditor a letter, dated as of the Closing Date or the Option Closing Date, as applicable, to the effect that the Auditor reaffirms the statements made in the letter furnished pursuant to Section 4.3.1, except that the specified date referred to shall be a date not more than three (3) business days prior to the Closing Date or the Option Closing Date, as applicable.

4.4 Officers' Certificates.

4.4.1. Officers' Certificate. The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date (if such date is other than the Closing Date), of its Chief Executive Officer, its President and its Chief Financial Officer stating that (i) such officers have carefully examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, in their opinion, the Registration Statement and each amendment thereto, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date) did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), any Issuer Free Writing Prospectus as of its date and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the Prospectus and each amendment or supplement thereto, as of the respective date thereof and as of the Closing Date, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (ii) since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) to the best of their knowledge after reasonable investigation, as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the representations and warranties of the Company in this Agreement are true and correct and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date (or any Option Closing Date if such date is other than the Closing Date), and (iv) there has not been, subsequent to the date of the most recent audited financial statements included or incorporated by reference in the Pricing Disclosure Package, any material adverse change in the financial position or results of operations of the Company, or any change or development that, singularly or in the aggregate, would involve a material adverse change or a prospective material adverse change, in or affecting the condition (financial or otherwise), results of operations, business, assets or prospects of the Company, except as set forth in the Prospectus.

4.4.2. Secretary's Certificate. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date or the Option Date, as the case may be, respectively, certifying: (i) that each of the Charter and Bylaws is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; (iii) as to the accuracy and completeness of all correspondence between the Company or Company Counsel and the Commission; and (iv) as to the incumbency of the officers of the Company. The documents referred to in such certificate shall be attached to such certificate.

4.5 No Material Changes. Prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no material adverse change or development involving a prospective material adverse change in the condition or prospects or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may materially adversely affect the business, operations, prospects or financial condition or income of the Company, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.6 Delivery of Agreements.

4.6.1. Lock-Up Agreements. On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of the Lock-Up Agreements from each of the persons listed in Schedule 3 hereto.

4.6.2. Representative's Warrant Agreement. On the Closing Date, the Company shall have delivered to the Representative executed copies of the Representative's Warrant Agreement.

4.7 Additional Documents. At the Closing Date and at each Option Closing Date (if any) Representative Counsel shall have been furnished with such documents and opinions as they may require for the purpose of enabling Representative Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities and the Representative's Securities as herein contemplated shall be satisfactory in form and substance to the Representative and Representative Counsel.

4.8 No Material Misstatement or Omission. The Underwriters shall not have discovered and disclosed to the Company on or prior to the Closing Date and any Option Closing Date that the Registration Statement or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of Representative Counsel, is material or omits to state any fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading, or that the Registration Statement, Pricing Disclosure Package, any Issuer Free Writing Prospectus or the Prospectus or any amendment or supplement thereto contains an untrue statement of fact which, in the opinion of Representative Counsel, is material or omits to state any fact which, in the opinion of Representative Counsel, is material and is necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading.

4.9 Corporate Proceedings. All corporate proceedings and other legal matters incident to the authorization, form and validity of each of this Agreement, the Representative's Warrant Agreement, the Exchange Agreement, the Public Securities, the Registration Statement, the Pricing Disclosure Package, each Issuer Free Writing Prospectus, if any, and the Prospectus and all other legal matters relating to this Agreement, the Representative's Warrant Agreement, the Exchange Agreement and the transactions contemplated hereby and thereby shall be reasonably satisfactory in all material respects to Representative Counsel and the Company shall have furnished to Representative Counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

5. Indemnification.

5.1 Indemnification of the Underwriters.

5.1.1. General. Subject to the conditions set forth below, the Company agrees to indemnify and hold harmless each Underwriter, its affiliates and each of its and their respective directors, officers, members, employees, representatives, partners, shareholders, affiliates, and agents and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and Representative Counsel (collectively the "Underwriter Indemnified Parties," and each an "Underwriter Indemnified Party"), against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) to which they or any of them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries (a "Claim"), (i) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (A) the Registration Statement, the Pricing Disclosure Package, any Preliminary Prospectus, the Prospectus, or in any Issuer Free Writing Prospectus or in any Written Testing-the-Waters Communication (as from time to time each may be amended and supplemented); (B) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (C) any application or other document or written communication (in this Section 5, collectively called "application") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities and Representative's Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters' Information or (ii) otherwise arising in connection with or allegedly in connection with the Offering. The Company also agrees that it will reimburse each Underwriter Indemnified Party for all fees and expenses (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, whether arising out of any action between any of the Underwriter Indemnified Parties and the Company or between any of the Underwriter Indemnified Parties and any third party, or otherwise) (collectively, the "Expenses"), and further agrees to advance payment of Expenses as they are incurred by an Underwriter Indemnified Party in investigating, preparing, pursuing or defending any Claim.

5.1.2. Procedure. If any action is brought against an Underwriter Indemnified Party in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, such Underwriter Indemnified Party shall promptly notify the Company in writing of the institution of such action and the Company shall assume the defense of such action, including the employment and fees of counsel (subject to the approval of such Underwriter Indemnified Party) and payment of actual expenses if an Underwriter Indemnified Party requests that the Company do so. Such Underwriter Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of the Company, and shall be advanced by the Company. The Company shall not be liable for any settlement of any action effected without its consent (which shall not be unreasonably withheld). In addition, the Company shall not, without the prior written consent of the Underwriters, settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action in respect of which advancement, reimbursement, indemnification or contribution may be sought hereunder (whether or not such Underwriter Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination (i) includes an unconditional release of each Underwriter Indemnified Party, acceptable to such Underwriter Indemnified Party, from all liabilities, expenses and claims arising out of such action for which indemnification or contribution may be sought and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any Underwriter Indemnified Party.

5.2 Indemnification of the Company. Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the several Underwriters, as incurred, but only with respect to untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, the Underwriters' Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5.1.2. The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus, or any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication. Notwithstanding the provisions of this Section 5.2, in no event shall any indemnity by any Underwriter exceed the total underwriting discount and commissions received by such Underwriter in connection with the Offering.

5.3 Contribution.

5.3.1. Contribution Rights. If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5.1 or 5.2 in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the Offering of the Public Securities, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, with respect to such Offering shall be deemed to be in the same proportion as the total net proceeds from the Offering of the Public Securities purchased under this Agreement (before deducting expenses) received by the Company, as set forth in the table on the cover page of the Prospectus, on the one hand, and the total underwriting discounts and commissions received by the Underwriters with respect to the Common Shares purchased under this Agreement, as set forth in the table on the cover page of the Prospectus, on the other hand. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 5.3.1 were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 5.3.1 shall be deemed to include, for purposes of this Section 5.3.1, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.3.1 in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the Offering of the Public Securities exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue statement or omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.3.2. Contribution Procedure. Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("Contributing Party"), notify the Contributing Party of the commencement thereof, but the failure to so notify the Contributing Party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a Contributing Party or its representative of the commencement thereof within the aforesaid 15 days, the Contributing Party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such Contributing Party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such Contributing Party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available. Each Underwriter's obligations to contribute pursuant to this Section 5.3 are several and not joint.

6. Default by an Underwriter.

6.1 Default Not Exceeding 10% of Firm Shares or Option Shares. If any Underwriter or Underwriters shall default in its or their obligations to purchase the Firm Shares or the Option Shares, if the Over-allotment Option is exercised hereunder, and if the number of the Firm Shares or Option Shares with respect to which such default relates does not exceed in the aggregate 10% of the number of Firm Shares or Option Shares that all Underwriters have agreed to purchase hereunder, then such Firm Shares or Option Shares to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

6.2 Default Exceeding 10% of Firm Shares or Option Shares. In the event that the default addressed in Section 6.1 relates to more than 10% of the Firm Shares or Option Shares, you may in your discretion arrange for yourself or for another party or parties to purchase such Firm Shares or Option Shares to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the Firm Shares or Option Shares, you do not arrange for the purchase of such Firm Shares or Option Shares, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties satisfactory to you to purchase said Firm Shares or Option Shares on such terms. In the event that neither you nor the Company arrange for the purchase of the Firm Shares or Option Shares to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by you or the Company without liability on the part of the Company (except as provided in Sections 3.10 and 5 hereof) or the several Underwriters (except as provided in Section 5 hereof); provided, however, that if such default occurs with respect to the Option Shares, this Agreement will not terminate as to the Firm Shares; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder.

6.3 Postponement of Closing Date. In the event that the Firm Shares or Option Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, you or the Company shall have the right to postpone the Closing Date or Option Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the opinion of Representative Counsel may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such Common Shares.

7. Additional Covenants.

7.1 Board Composition and Board Designations. The Company shall ensure that: (i) the qualifications of the persons serving as members of the Board of Directors and the overall composition of the Board comply with the Sarbanes-Oxley Act, with the Exchange Act and with the listing rules of the Exchange or any other national securities exchange, as the case may be, in the event the Company seeks to have its Public Securities listed on another exchange or quoted on an automated quotation system, and (ii) if applicable, at least one member of the Audit Committee of the Board of Directors qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange.

7.2 Prohibition on Press Releases and Public Announcements. The Company shall not issue press releases or engage in any other publicity, without the Representative's prior written consent, for a period ending at 5:00 p.m., Eastern time, on the first (1st) Business Day following the fortieth (40th) day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business or is required by law or regulation.

7.3 Right of First Refusal. Provided that the Firm Shares are sold in accordance with the terms of this Agreement, the Representative shall have an irrevocable right of first refusal (the "Right of First Refusal"), for a period of twenty-four (24) months after the date the Offering is completed, to act as sole and exclusive investment banker, sole and exclusive book-runner, and/or sole and exclusive placement agent, at the Representative's sole and exclusive discretion, for each and every future public and private equity and debt offering, including all equity linked financings (each, a "Subject Transaction"), during such twenty-four (24) month period, of the Company, or any successor to or subsidiary of the Company, on terms and conditions customary to the Representative for such Subject Transactions. For the avoidance of any doubt, the Company shall not retain, engage or solicit any additional investment banker, book-runner, financial advisor, underwriter and/or placement agent in a Subject Transaction without the express written consent of the Representative, and the Representative shall have the sole right to determine whether or not any other broker dealer shall have the right to participate in any such offering and the economic terms of any such participation.

The Company shall notify the Representative of its intention to pursue a Subject Transaction, including the material terms thereof, by providing written notice thereof by registered mail or overnight courier service addressed to the Representative. If the Representative fails to exercise its Right of First Refusal with respect to any Subject Transaction within ten (10) Business Days after the mailing of such written notice, then the Representative shall have no further claim or right with respect to the Subject Transaction. The Representative may elect, in its sole and absolute discretion, not to exercise its Right of First Refusal with respect to any Subject Transaction; provided that any such election by the Representative shall not adversely affect the Representative's Right of First Refusal with respect to any other Subject Transaction during the twenty-four (24) month period agreed to above.

8. Effective Date of this Agreement and Termination Thereof.

8.1 Effective Date. This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

8.2 Termination. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in your opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange or the Nasdaq Stock Market LLC shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a new war or an increase in major hostilities; or (iv) if a banking moratorium has been declared by a New York State or federal authority; or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in your opinion, make it inadvisable to proceed with the delivery of the Firm Shares or Option Shares; or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder; or (viii) if the Representative shall have become aware after the date hereof of such a material adverse change in the conditions or prospects of the Company, or such adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

8.3 Expenses. Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters, pursuant to Section 6.2 above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable (including the fees and disbursements of Representative Counsel) up to $100,000, inclusive of the $25,000 advance for non-accountable expenses previously paid by the Company to the Representative (the "Advance") and upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters; provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement. Notwithstanding the foregoing, any advance received by the Representative will be reimbursed to the Company to the extent not actually incurred in compliance with FINRA Rule 5110(f)(2)(C).

8.4 Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

8.5 Representations, Warranties, Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company or (ii) delivery of and payment for the Public Securities.

9. Miscellaneous.

9.1 Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by facsimile transmission and confirmed and shall be deemed given when so delivered or faxed and confirmed or if mailed, two (2) days after such mailing.

If to the Representative:

Joseph Gunnar & Co., LLC
30 Broad Street, 11th Fl
New York, NY 10004
Attn: Mr. Eric Lord, Head of Investment Banking/Underwritings
Fax No.: (646) 461-2729

with a copy (which shall not constitute notice) to:

Blank Rome LLP
405 Lexington Avenue
New York, NY 10174
Attn: Brad L. Shiffman, Esq.
Fax No.: (917) 332-3725

If to the Company:

Sachem Capital Corp.
22 Laurel Street
Branford, Connecticut 06405
Attention: Jeffrey C. Villano
Fax No: 203-483-0082

with a copy (which shall not constitute notice) to:

Morse, Zelnick, Rose & Lander, LLP
825 Third Avenue
New York, NY 10022
Attention: Joel J. Goldschmidt, Esq.
Fax No: (212) 208-6809

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

9.3 Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

9.4 Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.5 Binding Effect. This Agreement shall inure solely to the benefit of and shall be binding upon the Representative, the Underwriters, the Company and the controlling persons, directors and officers referred to in Section 5 hereof, and their respective successors, legal representatives, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of securities from any of the Underwriters.

9.6 Governing Law; Consent to Jurisdiction; Trial by Jury. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.1 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its shareholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.7 Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

9.8 Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

[Signature Page Follows]

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

SACHEM CAPITAL CORP.

By: _____
Name:
Title:

Confirmed as of the date first written above mentioned, on behalf of itself and as Representative of the several Underwriters named on Schedule 1 hereto:

JOSEPH GUNNAR & CO., LLC.

By: _____
Name: Eric Lord
Title: Head of Investment Banking/Underwritings

SCHEDULE 1

Underwriter	Total Number of Firm Shares to be Purchased	Number of Additional Shares to be Purchased if the Over-Allotment Option is Fully Exercised
Joseph Gunnar & Co., LLC.		
TOTAL		

SCHEDULE 2-A

Pricing Information

Number of Firm Shares: [•]

Number of Option Shares: [•]

Public Offering Price per Share: $[•]

Underwriting Discount per Share: $[•]

Underwriting Non-accountable expense allowance per Share: $ [•]

Proceeds to Company per Share (before expenses): $[•]

SCHEDULE 2-B

Issuer General Use Free Writing Prospectuses

[None.]

SCHEDULE 2-C

Written Testing-the-Waters Communications

[None.]

SCHEDULE 3

List of Lock-Up Parties

John L. Villano
Jeffrey C. Villano
Leslie Bernhard
Arthur Goldberg
Brian Prinz
Sachem Capital Partners, LLC

EXHIBIT A

Form of Representative's Warrant Agreement

THE REGISTERED HOLDER OF THIS PURCHASE WARRANT BY ITS ACCEPTANCE HEREOF AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS PURCHASE WARRANT OR THE WARRANT SHARES (DEFINED BELOW) FOR A PERIOD OF ONE HUNDRED EIGHTY DAYS FOLLOWING THE EFFECTIVE DATE (DEFINED BELOW) TO ANYONE OTHER THAN (I) JOSEPH GUNNAR & CO., LLC OR AN UNDERWRITER OR A SELECTED DEALER IN CONNECTION WITH THE OFFERING (DEFINED BELOW), OR (II) A BONA FIDE OFFICER OR PARTNER OF JOSEPH GUNNAR & CO., LLC OR OF ANY SUCH UNDERWRITER OR SELECTED DEALER.

THIS PURCHASE WARRANT IS NOT EXERCISABLE PRIOR TO [_____] [**DATE THAT IS ONE YEAR FROM THE EFFECTIVE DATE OF THE OFFERING**]. VOID AFTER 5:00 P.M., EASTERN TIME, [_____] [**DATE THAT IS FIVE YEARS FROM THE EFFECTIVE DATE OF THE OFFERING**].

WARRANT TO PURCHASE COMMON SHARES

SACHEM CAPITAL CORP.]

Warrant Shares: _____

Effective Date: _____, 201_

This Warrant to Purchase Common Shares (the "Warrant") certifies that, for value received, _____ or its permitted assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after ____, 201_ (the "Initial Exercise Date") and, in accordance with FINRA Rule 5110(f)(2)(G)(i), prior to at 5:00 p.m. (New York time) on the date that is five (5) years following the Effective Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Sachem Capital Corp., a New York corporation (the "Company"), up to _____ Common Shares, par value $0.001 per share, of Company (the "Warrant Shares"), as subject to adjustment hereunder. The purchase price of Common Share under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Commission" means the United States Securities and Exchange Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Offering" means the initial public offering of Company Common Shares.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Trading Day" means a day on which the New York Stock Exchange is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Shares are listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Shares are then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Share for such date (or the nearest preceding date) on the Trading Market on which the Common Share is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of a Common Share for such date (or the nearest preceding date) on the OTCQB or OTCQX as applicable, (c) if Common Shares are not then listed or quoted for trading on the OTCQB or OTCQX and if prices for Common Shares are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per Common Share so reported, or (d) in all other cases, the fair market value of the Common Share as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Section 2. Exercise.

a) Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy (or e-mail attachment) of the Notice of Exercise Form annexed hereto. Within three (3) Trading Days following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within two (2) Business Days of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per Common Share under this Warrant shall be **$**_____[1], subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time after the 6 month anniversary of the Initial Exercise Date, there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a "cashless exercise," the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised, and the holding period of the Warrants being exercised may be tacked on to the holding period of the Warrant Shares. The Company agrees not to take any position contrary to this Section 2(c).

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

[1] 125% of the public offering price per common share in the offering.

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by its transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder, or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 and, in either case, the Warrant Shares have been sold by the Holder prior to the Warrant Share Delivery Date (as defined below), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). If the Warrant Shares can be delivered via DWAC, the transfer agent shall have received from the Company any legal opinions or other documentation required by it to deliver such Warrant Shares without legend (subject to receipt by the Company of reasonable back up documentation from the Holder, including with respect to Affiliate status) and, if applicable and requested by the Company prior to the Warrant Share Delivery Date, the transfer agent shall have received from the Holder a confirmation of sale of the Warrant Shares (provided the requirement of the Holder to provide a confirmation as to the sale of Warrant Shares shall not be applicable to the issuance of unlegended Warrant Shares upon a cashless exercise of this Warrant if the Warrant Shares are then eligible for resale pursuant to Rule 144(b)(1)). The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date this Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vi) prior to the issuance of such shares, having been paid. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the third Trading Day following the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Shares on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after the second Trading Day following such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause its transfer agent to deliver to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise; provided, however, that the Holder shall be required to return any Warrant Shares or Common Shares subject to any such rescinded exercise notice concurrently with the return to Holder of the aggregate Exercise Price paid to the Company for such Warrant Shares and the restoration of Holder's right to acquire such Warrant Shares pursuant to this Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares pursuant to an exercise on or before the third Trading Day following the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, Common Shares to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the Common Shares so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of this Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of Common Shares that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Shares having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of Common Shares with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Shares upon exercise of this Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise.

vii. Closing of Books. The Company will not close its shareholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

viii. Signature. This Section 2 and the exercise form attached hereto set forth the totality of the procedures required of the Holder in order to exercise this Purchase Warrant. Without limiting the preceding sentences, no ink-original exercise form shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any exercise form be required in order to exercise this Purchase Warrant. No additional legal opinion, other information or instructions shall be required of the Holder to exercise this Purchase Warrant. The Company shall honor exercises of this Purchase Warrant and shall deliver Shares underlying this Purchase Warrant in accordance with the terms, conditions and time periods set forth herein.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Common Shares beneficially owned by the Holder and its Affiliates shall include the number of Common Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Common Shares which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Share Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding Common Shares, a Holder may rely on the number of outstanding Common Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of Common Shares outstanding. Upon the written or oral request of a Holder, the Company shall within two (2) Trading Days confirm orally and in writing to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding Common Shares was reported. The "Beneficial Ownership Limitation" shall be 9.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on its Common Shares or any other equity or equity equivalent securities payable in Common Shares (which, for avoidance of doubt, shall not include any Common Shares issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding Common Shares into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding Common Shares into a smaller number of shares, or (iv) issues by reclassification of the Common Shares any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Common Shares (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of Common Shares outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification. For the purposes of clarification, the Exercise Price of this Warrant will not be adjusted in the event that the Company or any Subsidiary thereof, as applicable, sells or grants any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Shares or Common Shares Equivalents, at an effective price per share less than the Exercise Price then in effect.

b) [RESERVED]

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Shares Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Shares (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of Common Shares acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of Common Shares as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend (other than cash dividends) or other distribution of its assets (or rights to acquire its assets) to holders of Common Shares, by way of return of capital or otherwise (including, without limitation, any distribution of shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Common Share acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of Common Shares as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation). To the extent that this Warrant has not been partially or completely exercised at the time of such Distribution, such portion of the Distribution shall be held in abeyance for the benefit of the Holder until the Holder has exercised this Warrant.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Shares, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Shares or any compulsory share exchange pursuant to which the Common Shares are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding Common Shares (not including any Common Shares held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of Common Shares of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable by holders of Common Shares as a result of such Fundamental Transaction for each Common Share for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Common Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the Common Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the Common Shares pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of Common Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Common Shares (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i . Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

i i . Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Shares, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Shares, (C) the Company shall authorize the granting to all holders of the Common Share rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any shareholders of the Company shall be required in connection with any reclassification of the Common Shares, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Shares are converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed a notice to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Shares of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Shares of record shall be entitled to exchange their Common Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to provide such notice or any defect therein shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Pursuant to FINRA Rule 5110(g)(1), neither this Warrant nor any Warrant Shares issued upon exercise of this Warrant shall be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the Effective Date, except the transfer of any security:

i. by operation of law or by reason of reorganization of the Company;

ii. to any FINRA member firm participating in the offering and the officers or partners thereof, if all securities so transferred remain subject to the lock-up restriction in this Section 4(a) for the remainder of the time period;

iii. if the aggregate amount of securities of the Company held by the Holder or related person do not exceed 1% of the securities being offered;

iv. that is beneficially owned on a pro-rata basis by all equity owners of an investment fund, provided that no participating member manages or otherwise directs investments by the fund, and participating members in the aggregate do not own more than 10% of the equity in the fund; or

v. the exercise or conversion of any security, if all securities received remain subject to the lock-up restriction in this Section 4(a) for the remainder of the time period.

Subject to the foregoing restriction, any applicable securities laws and the conditions set forth in Section 4(d), this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. This Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for this Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Registration Rights.

a) Demand Registration.

i. Grant of Right. The Company, upon receipt of written demand (a "Demand Notice") of the Holder(s) of at least 51% of the Warrants and/or the underlying Warrant Shares ("Majority Holders"), agrees to register, on one occasion, all or any portion of the Warrant Shares underlying the Warrants (collectively, the " Registrable Securities"). On such occasion, the Company will file a registration statement with the Commission covering the Registrable Securities within sixty (60) days after receipt of a Demand Notice and use its reasonable best efforts to have the registration statement declared effective promptly thereafter, subject to compliance with review by the Commission; provided, however, that the Company shall not be required to comply with a Demand Notice if the Company has filed a registration statement with respect to which the Holder is entitled to piggyback registration rights pursuant to Section 5(b) hereof and either: (i) the Holder has elected to participate in the offering covered by such registration statement or (ii) if such registration statement relates to an underwritten primary offering of securities of the Company, until the offering covered by such registration statement has been withdrawn or until thirty (30) days after such offering is consummated. The demand for registration may be made at any time during a period of four (4) years beginning one year after the Effective Date. The Company covenants and agrees to give written notice of its receipt of any Demand Notice by any Holder(s) to all other registered Holders of the Warrants and/or the Registrable Securities within ten (10) days after the date of the receipt of any such Demand Notice.

ii. Terms. The Company shall bear all fees and expenses attendant to the registration of the Registrable Securities pursuant to Section 5(a)(i), but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. The Company agrees to use its reasonable best efforts to cause the filing required herein to become effective promptly and to qualify or register the Registrable Securities in such States as are reasonably requested by the Holder(s); provided, however, that in no event shall the Company be required to register the Registrable Securities in a State in which such registration would cause: (i) the Company to be obligated to register or license to do business in such State or submit to general service of process in such State, or (ii) the principal shareholders of the Company to be obligated to escrow their Common Shares. The Company shall cause any registration statement filed pursuant to the demand right granted under Section 5(a)(i) to remain effective for a period of at least twelve (12) consecutive months after the date that the Holders of the Registrable Securities covered by such registration statement are first given the opportunity to sell all of such securities. The Holders shall only use the prospectuses provided by the Company to sell the shares covered by such registration statement, and will immediately cease to use any prospectus furnished by the Company if the Company advises the Holder that such prospectus may no longer be used due to a material misstatement or omission. Notwithstanding the provisions of this Section 5(a)(ii), the Holder shall be entitled to a demand registration under this Section 5(a)(ii) on only one (1) occasion and such demand registration right shall terminate on the fifth anniversary of the Effective Date in accordance with FINRA Rule 5110(f)(2)(G)(iv).

b) "Piggy-Back" Registration.

i. Grant of Right. In addition to the demand right of registration described in Section 5(a) hereof, the Holder shall have the right, for a period of six (6) years commencing one year after the Effective Date, to include the Registrable Securities as part of any other registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145 promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, solely in connection with any primary underwritten public offering for the account of the Company, the managing underwriter(s) thereof shall, in its reasonable discretion, impose a limitation on the number of Common Shares which may be included in the Registration Statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which the Holder requested inclusion hereunder as the underwriter shall reasonably permit. Any exclusion of Registrable Securities shall be made pro rata among the Holders seeking to include Registrable Securities in proportion to the number of Registrable Securities sought to be included by such Holders; provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities.

ii. Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities pursuant to Section 5(b)(i) hereof, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty (30) days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within ten (10) days of the receipt of the Company's notice of its intention to file a registration statement. Except as otherwise provided in this Warrant, there shall be no limit on the number of times the Holder may request registration under this Section 5(b)(ii); provided, however, that such registration rights shall terminate on the seventh anniversary of the Effective Date.

c) The Holder acknowledges and agrees that the rights set forth in paragraphs (a) and (b) of this Section 5 may only be exercised if, and only if, there is no effective registration statement registering, or no current prospectus available for, the registration of the Warrant Shares to be issued to the Holder upon exercise of this Warrant or that such Warrant Shares would not otherwise be issuable free and clear of all restrictions on transfer (including volume or manner-of-sale limitations pursuant to Rule 144 or otherwise).

Section 6. Miscellaneous.

a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of this Warrant, shall not include the posting of any bond), and upon surrender and cancellation of is Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of this Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period this Warrant is outstanding, it will reserve from its authorized and unissued Common Shares a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Shares may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the underwriting agreement, dated _____ ___, 201_, by and between the Company and Joseph Gunnar, LLC as representatives of the underwriters set forth therein (the "Underwriting Agreement").

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Underwriting Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Underwriting Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Shares or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

SACHEM CAPITAL CORP.

By: _____
Name:
Title:

NOTICE OF EXERCISE

TO: SACHEM CAPITAL CORP.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please register and issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

_____

_____

_____

(4) Accredited Investor. If the Warrant is being exercised via cash exercise, the undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

_____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

EXHIBIT B

Form of Lock-Up Agreement

[•], 2016

Joseph Gunnar & Co., LLC
30 Broad Street, 11th Fl
New York, NY 10004

Ladies and Gentlemen:

The undersigned understands that Joseph Gunnar & Co., LLC (the "**Representative**") proposes to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Sachem Capital Corp., a New York corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") of Class Shares, par value $0.001 per share, of the Company (the "**Shares**").

To induce the Representative to continue its efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representative, the undersigned will not, during the period commencing on the date hereof and ending [180 or 365 if a director or officer] days after the date of the final prospectus (the "**Prospectus**") relating to the Public Offering (the "**Lock-Up Period**"), (1) offer, pledge, sell, contract to sell, grant, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "**Lock-Up Securities**"); (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise; (3) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities; or (4) publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement relating to any Lock-Up Securities. Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer Lock-Up Securities without the prior written consent of the Representative in connection with (a) transactions relating to Lock-Up Securities acquired in open market transactions after the completion of the Public Offering; provided that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), shall be required or shall be voluntarily made in connection with subsequent sales of Lock-Up Securities acquired in such open market transactions; (b) transfers of Lock-Up Securities as a *bona fide* gift, by will or intestacy or to a family member or trust for the benefit of a family member (for purposes of this lock-up agreement, "family member" means any relationship by blood, marriage or adoption, not more remote than first cousin); (c) transfers of Lock-Up Securities to a charity or educational institution; (d) if the undersigned, directly or indirectly, controls a corporation, partnership, limited liability company or other business entity, any transfers of Lock-Up Securities to any shareholder, partner or member of, or owner of similar equity interests in, the undersigned, as the case may be; or (e) the transfer is from Sachem Capital Partners, LLC to its members; provided that in the case of any transfer pursuant to the foregoing clauses (b), (c) or (d), (i) any such transfer shall not involve a disposition for value, (ii) each transferee shall sign and deliver to the Representative a lock-up agreement substantially in the form of this lock-up agreement, (iii) the certificate representing the Shares transferred shall contain a legend that states upon transfer under this lock-up agreement the transfer agent shall be provided stop transfer instructions with respect to the Shares so transferred and (iv) no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made; provided further that in the case of a transfer pursuant to clause (e) above, clause (iii) above shall apply. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's Lock-Up Securities except in compliance with this lock-up agreement.

If (i) during the last 17 days of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or (ii) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this lock-up agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of such material news or material event, as applicable, unless the Representative waives, in writing, such extension; provided, however, that this extension of the Lock-Up Period shall not apply to the extent that FINRA has amended or repealed NASD Rule 2711(f)(4), or has otherwise provided written interpretive guidance regarding such rule, in each case, so as to eliminate the prohibition of any broker, dealer, or member of a national securities association from publishing or distributing any research report, with respect to the securities of an Emerging Growth Company prior to or after the expiration of any agreement between the broker, dealer, or member of a national securities association and the Emerging Growth Company or its shareholders that restricts or prohibits the sale of securities held by the Emerging Growth Company or its shareholders after the initial public offering date.

The undersigned agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this lock-up agreement during the period from the date hereof to and including the 34th day following the expiration of the initial Lock-Up Period, the undersigned will give notice thereof to the Company and will not consummate any such transaction or take any such action unless it has received written confirmation from the Company that the Lock-Up Period (as may have been extended pursuant to the previous paragraph) has expired.

If the undersigned is an officer or director of the Company, (i) the undersigned agrees that the foregoing restrictions shall be equally applicable to any issuer-directed or "friends and family" Shares that the undersigned may purchase in the Public Offering; (ii) the Representative agrees that, at least three (3) Business Days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Lock-Up Securities, the Representative will notify the Company of the impending release or waiver; and (iii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two (2) Business Days before the effective date of the release or waiver. Any release or waiver granted by the Representative hereunder to any such officer or director shall only be effective two (2) Business Days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer of Lock-Up Securities not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this lock-up agreement to the extent and for the duration that such terms remain in effect at the time of such transfer. The term "Business Day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions are authorized or obligated by law to close in New York, New York.

No provision in this agreement shall be deemed to restrict or prohibit the exercise, exchange or conversion by the undersigned of any securities exercisable or exchangeable for or convertible into Shares, as applicable; provided that the undersigned does not transfer the Shares acquired on such exercise, exchange or conversion during the Lock-Up Period, unless otherwise permitted pursuant to the terms of this lock-up agreement. In addition, no provision herein shall be deemed to restrict or prohibit the entry into or modification of a so-called "10b5-1" plan at any time (other than the entry into or modification of such a plan in such a manner as to cause the sale of any Lock-Up Securities within the Lock-Up Period).

The undersigned understands that the Company and the Representative are relying upon this lock-up agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this lock-up agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

The undersigned understands that, if the Underwriting Agreement is not executed by [•], 201_, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Shares to be sold thereunder, then this lock-up agreement shall be void and of no further force or effect.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Representative.

Very truly yours,

_____

(Name - Please Print)

_____

(Signature)

_____

(Name of Signatory, in the case of entities - Please Print)

_____

(Title of Signatory, in the case of entities - Please Print)

Address: _____

_____

_____

EXHIBIT C

Form of Press Release

Sachem Capital Corp.

[Date]

Sachem Capital Corp. (the "Company") announced today that Joseph Gunnar & Co., LLC, acting as representative for the underwriters in the Company's recent public offering of _____ the Company's common share, is [waiving] [releasing] a lock-up restriction with respect to _____ of the Company's common share held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on _____, 20___, and the shares may be sold on or after such date.

This press release is not an offer or sale of the securities in the United States or in any other jurisdiction where such offer or sale is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended.

EXHIBIT D

Form of Opinion of Counsel

(i) The Company has been duly organized and is validly existing as a corporation and is in good standing under the laws of the State of New York with the requisite corporate power and authority to own or lease, as the case may be, and operate its respective properties, and to conduct its business, as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and to enter into and perform its obligations under the Underwriting Agreement. To our knowledge, the Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Change.

(ii) All issued and outstanding securities of the Company have been duly authorized and validly issued and are fully paid and non-assessable and none of such securities were issued in violation of the preemptive rights of any shareholder of the Company arising by operation of law or under the Charter, the Bylaws or, to our knowledge, the Material Contracts (as defined below). The offers and sales of the outstanding securities were at all relevant times either registered under the Securities Act or exempt from such registration requirements. The authorized and outstanding shares of capital stock of the Company is as set forth in the Prospectus.

(iii) The Company has all requisite corporate power and authority necessary (i) to execute, deliver and perform the Underwriting Agreement, the Representative Warrant Agreement and the Exchange Agreement, (ii) to issue, sell and deliver the Public Securities pursuant to the Underwriting Agreement and (iii) to carry out and perform its obligations under, and to consummate the transactions contemplated by, the Underwriting Agreement.

(iv) The Public Securities have been duly authorized for issuance and sale to the Underwriters pursuant to the Underwriting Agreement and, when issued and paid for pursuant to the terms of the Underwriting Agreement, will be validly issued and fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability solely by reason of being such holders. The issuance of the Public Securities is not and will not be subject to the preemptive or similar rights of any holders of any security of the Company arising by operation of law or under the Charter, the Bylaws or the Material Contracts.

(v) The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.

(vi) Each of the Representative's Warrant Agreement and the Exchange Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms. The Common Shares issuable upon exercise of the Representative's Warrant Agreement have been duly authorized and reserved for issuance by all necessary corporate action on the part of the Company and, when issued in accordance with the terms of the Representative's Warrant Agreement, will be validly issued, fully paid and non-assessable and will not be subject to the preemptive or similar rights of any holders of any security of the Company arising by operation of law or under the Charter, the Bylaws or the Material Contracts.

(vii) The execution, delivery and performance of the Underwriting Agreement, the Representative's Warrant Agreement and the Exchange Agreement, and compliance by the Company with the terms and provisions thereof and the consummation of the transactions contemplated thereby, and the issuance and sale of the Public Securities, do not and will not, whether with or without the giving of notice or the lapse of time or both, (a) violate, conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, or result in the creation or modification of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company pursuant to the terms of, any mortgage, deed of trust, note, indenture, loan, contract, commitment or other agreement or instrument filed or incorporated by reference as an exhibit to the Registration Statement (collectively, the "Material Contracts"), (b) result in any violation of the provisions of the Charter, the By-laws or any other governing documents of the Company, or (c) violate any laws of the State of New York or the federal laws of the United States of America that, in each case, in our experience, are normally applicable to transactions similar to the transactions contemplated by such agreements or (d) to our knowledge, any judgment, order or decree, of any New York State or federal court or of any Governmental Entity applicable to the Company.

(viii) The Common Shares offered pursuant to the Prospectus conform in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. No United States or state statute or regulation required to be described in the Prospectus is not described as required (except as to the "blue sky" laws of the various states, as to which such counsel expresses no opinions), nor are any contracts or documents of a character required to be described in the Registration Statement, Pricing Disclosure Package or the Prospectus or to be filed or incorporated by reference as exhibits to the Registration Statement not so described or filed as required.

(ix) The form of certificate used to evidence the Common Shares complies in all material respects with all applicable New York law requirements, with any applicable requirements of the Charter and By-laws and with the requirements of the Exchange.

(x) The statements in the Registration Statement, Pricing Disclosure Package and the Prospectus under the headings "Description of Capital Share," and "Certain Provisions of New York Law and Our Certificate of Incorporation and Bylaws," insofar as such statements purport to summarize legal matters, legal conclusions, the Charter, the By-laws, or other agreements or documents discussed therein, are correct in all material respects.

(xi) The statements in the Registration Statement, Pricing Disclosure Package and the Prospectus under the headings "Corporate Structure – REIT Status, " and "U.S. Federal Tax Considerations," insofar as such statements purport to summarize matters of U.S. federal tax law and regulations or legal conclusions with respect thereto, are correct in all material respects.

(xii) The Registration Statement has been declared effective by the Commission under the Securities Act and the Securities Act Regulations. Based solely on our review of the Commission's web site at **www.sec.gov/litigation/stoporders.shtml**, no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and we are not aware of any order preventing or suspending the use of any Preliminary Prospectus, any Issuer Free Writing Prospectus or the Prospectus has been issued, or that any proceedings for any such purpose have been instituted or, to our knowledge, are pending before the Commission or any other Governmental Entity. Any required filing of the Prospectus, and any required supplement thereto, pursuant to Rule 424(b) under the Securities Act Regulations, has been made in the manner and within the time period required by Rule 424(b) (without reference to Rule 424(b)(8)).

(xiii) The Company is not required and, after giving effect to the Offering and sale of the Public Securities and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required, to register as an "investment company," under the Investment Company Act of 1940, as amended.

(xiv) From the time of the initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly in or through any Person authorized to act on its behalf in any Testing-the Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act.

(xv) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity (other than under the Securities Act and the Securities Act Regulations, which have been obtained, or as may be required under the securities or blue sky laws of the various states, as to which we need express no opinion) is necessary or required for the performance by the Company of its obligations under the Underwriting Agreement, in connection with the offering, issuance or sale of the Public Securities thereunder or the consummation of the transactions contemplated thereby, except such as have been already made or obtained or as may be required under the rules of the Exchange, state securities laws or the rules of FINRA.

(xvi) The Public Securities have been approved for listing on the Exchange upon official notice of issuance.

(xvii) To our knowledge, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registrant Statement or otherwise registered for sale by the Company under the Securities Act, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(xviii) To our knowledge, there are not (1) any pending or threatened legal proceedings to which the Company is a party or of which the Company's property is the subject, or (2) any proceedings contemplated by any Governmental Entity, in each case, which are required to be disclosed in the Registration Statement, Pricing Disclosure Package and the Prospectus and are not so disclosed.

(xix) To our knowledge, there are no material contracts or other documents that are required to be described in the Registration Statement, or Prospectus and the Pricing Disclosure Package pursuant to Regulation S-K or to be filed as exhibits to the Registration Statement pursuant to Item 601(b)(10) of Regulation S-K which are not described and filed as required.

(xx) To our knowledge, neither the Company, nor any of its affiliates, nor any person acting on its behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the Offering to be integrated with prior offerings by the Company for purposes of the Securities Act, which would require the registration of the sales of any such securities under the Securities Act.

(xxi) The Company met the requirements for the use of Form S-11 at the time the Registration Statement was filed.

(xxii) Each of (1) the Registration Statement, as of the time it became effective, (2) the Pricing Disclosure Package, as of the Applicable Time, and (3) the Prospectus, as of its date (in each case other than the financial statements and supporting schedules included therein, as to which no opinion need be rendered), complied as to form in all material respects with the requirements of the Securities Act and Securities Act Regulations.

The opinion shall further include the following:

Nothing has come to our attention that caused us to believe that (1) the Registration Statement, as of the time it became effective, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (2) the Pricing Disclosure Package, as of the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (3) the Prospectus, as of its date and as of the Closing Date or Option Closing Date, as applicable, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that, in each case, we need express no view, and make no statement, with respect to the financial statements and schedules and notes thereto and other financial data derived therefrom that are contained in or omitted from the Registration Statement, the Pricing Disclosure Package or the Prospectus).

Exhibit 2.1

AMENDED AND RESTATED EXCHANGE AGREEMENT

AMENDED AND RESTATED EXCHANGE AGREEMENT (this "Agreement"), dated this ___ day of _____, 2017 *[the closing date of the Exchange]*, between Sachem Capital Partners, LLC, a Connecticut limited liability company (the "SCP") and Sachem Capital Corp, a New York corporation ("SCC"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in Schedule I, attached hereto.

WITNESSETH:

WHEREAS, in connection with an initial public offering (the "IPO") of its common shares, par value $0.001 per share (the "Common Shares"), by SCC, SCP has agreed to transfer, convey, assign, transfer and sell all of its assets including, but not limited to, Mortgage Loans, all Mortgage Loan Documents and other related Mortgage Loan Assets, and all Related Assets (collectively, the " SCP Assets"), subject to all of SCP's liabilities (collectively, the " SCP Liabilities"), to SCC and SCC has agreed to accept, acquire and purchase all of the SCP Assets and assume all of the SCP Liabilities in exchange for 6,283,237 Common Shares(the "Shares"); and

WHEREAS, SCP intends to distribute the Shares to its members, *pro rata* in accordance to their capital account balances as provided in this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Exchange.

(a) SCP hereby agrees that on the Closing Date (as defined below), it will sell, convey, assign and transfer the SCP Assets to SCC and SCC hereby agrees to (a) accept, acquire and purchase all of the SCP Assets and assume, pay and discharge all of the SCP Liabilities and (b) issue the Shares to SCP in exchange and as consideration for all of the SCP Assets (the foregoing transaction being herein referred to as the "Exchange"). SCC acknowledges and agrees that following the Exchange, SCP will distribute the Shares to its members (the "SCP Members"), rounded-down to the nearest whole number of Common Shares, *pro rata* in accordance with the respective capital account balances of the SCP Members as of the close of business on the date immediately prior to the date of such distribution. SCP hereby acknowledges and agrees that the Shares shall not be registered but shall constitute "restricted shares" as defined under Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and shall also execute and deliver a lock-up agreement, substantially in the form annexed hereto as Exhibit A (the "Lock-Up Agreement") with respect to the Shares.

(b) Except as specifically provided in this Agreement, the sale and purchase of Mortgage Loans under this Agreement shall be without recourse to SCP.

(c) In connection with the purchase of Mortgage Loans hereunder, SCP shall deliver to SCC the Mortgage Loan Files on or prior to the Closing Date.

(d) In connection with the transfers contemplated by this Agreement, SCP hereby grants to SCC an irrevocable, non–exclusive license to use, without royalty or payment of any kind, all software used by SCP to account for the Mortgage Loans, to the extent necessary to administer the Mortgage Loans, whether such software is owned by SCP or is owned by others and used by SCP under license agreements with respect thereto; *provided* that should the consent of any licensor of such software be required for the grant of the license described herein to be effective or for SCP to assign such licenses to SCC or any such successor servicer, SCP hereby agrees that upon the request of SCC or such successor servicer, SCP will use its best efforts to obtain the consent of such third–party licensor. SCP (i) shall take such action requested by SCC from time to time hereafter, that may be necessary or appropriate to ensure that SCC has an enforceable security interest in the Mortgage Loans purchased by SCC as contemplated by this Agreement, and (ii) shall use its best efforts to ensure that SCC has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for the Mortgage Loans.

(e) In connection with the purchase by SCC of the Mortgage Loans as contemplated by this Agreement, SCP further agrees that it will, at its own expense, indicate clearly and unambiguously in its computer files on or prior to the Closing Date, and, to the extent required under generally accepted accounting principles as applied in the United States ("GAAP") in the footnotes to its financial statements, that such Mortgage Loans have been purchased by SCC in accordance with this Agreement.

(g) SCP further agrees to deliver to SCC on or before the Closing Date a true, complete and correct list of all Mortgage Loans to be sold or otherwise conveyed hereunder on such Closing Date, identified by Mortgagor Customer name, account number and outstanding loan balance as of the Closing Date. Such list shall be automatically incorporated into and made a part of this Agreement as such.

(h) It is the intention of the parties hereto that the conveyance of all right, title and interest of SCP in and to any Mortgage Loan to SCC as provided in this Section 1 shall constitute an absolute transfer conveying good title, free and clear of any Encumbrance and that the Mortgage Loan shall not be part of the bankruptcy estate of SCP in the event of a bankruptcy event with respect to SCP. Furthermore, it is not intended that such conveyance be deemed a pledge of the Mortgage Loans, the related Mortgage Loan Assets and the Related Assets to SCC secure a debt or other obligation of SCP. If, however, notwithstanding the intention of the parties, the conveyance provided for in this Section 1 is determined to be a transfer for security, then this Agreement shall also be deemed to be, and hereby is, a "security agreement" within the meaning of Article 9 of the UCC and SCP hereby grants to SCC a "security interest" within the meaning of Article 9 of the UCC in all of its right, title and interest in, to and under the Mortgage Loans, the related Mortgage Loan Assets and the Related Assets, now existing and hereafter created, to secure the prompt and complete payment of a loan deemed to have been made in an amount equal to the aggregate amounts outstanding under the Mortgage Loans together with all of the other obligations of SCP hereunder. SCC shall have, in addition to the rights and remedies which it may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

1.2 Liabilities. SCC shall assume or be obligated to pay, perform or otherwise discharge any liabilities of SCP arising prior to the Closing Date with respect to a Mortgage Loan, and have any other obligation or liability to any Mortgagor Customer (including any obligation to perform any of the obligations of SCP (including any obligation with respect to any other related agreements) arising prior to the Closing Date).

1.3 Title to SCP Assets. Upon the issuance of the Shares to SCP, title to the SCP Assets shall rest in SCC, whether or not the conditions precedent to the Exchange and the other covenants and agreements contained herein were in fact satisfied; provided that SCC shall not be deemed to have waived any claim it may have under this Agreement for the failure by SCP in fact to satisfy any such condition precedent, covenant or agreement.

2 . SCP's Representations and Warranties . SCP hereby represents and warrants to SCC, which representations and warrants are and shall be true, complete and correct as of the date hereof and as of the Closing Date, as follows:

a. Authority, Approval and Enforceability.

(i) SCP has the full power and authority and legal capacity to execute and deliver this Agreement and to consummate the Exchange and this Agreement and all agreements, instruments and documents executed and delivered or to be executed and delivered by SCP in connection with the Exchange (collectively, the "Collateral Agreements") has been duly executed and delivered by SCP.

(ii) SCP is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Connecticut and has all requisite power and legal capacity to execute and deliver this Agreement and each Collateral Agreement, to consummate the Exchange, and to perform its obligations hereunder and thereunder and the execution and delivery of this Agreement and the Collateral Agreements and the performance of its obligations hereunder and thereunder have been duly and validly authorized and approved by all action necessary on behalf of SCP.

(iii) This Agreement and each Collateral Agreement to which SCP is a party constitutes, or upon execution and delivery will constitute, the legal, valid and binding obligation of SCP, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

b . Ownership of Assets. SCP has good and valid title to the SCP Assets and owns the SCP Assets free and clear of all liens, mortgages, Encumbrances and other security interests, other than a security interest in favor of Bankwell Bank.

3 . SCC Representations and Warranties . SCC represents and warrants to SCP, which representations and warrants are and shall be true, complete and correct as of the date hereof and as of the Closing Date, as follows:

a . Corporate Existence and Qualification. SCC is a corporation duly organized, validly existing and in good standing under the laws of the State of New York; has the corporate or other power and any required certificates, authorizations or permits issued by any regulatory body to own, manage, lease and hold its properties and to carry on its business as described in the prospectus as and where such properties are presently located and such business is presently conducted; and is duly qualified to do business and is in good standing as a foreign corporation in each of the jurisdictions where the character of its properties or the nature of its business requires it to be so qualified, except for those jurisdictions in which failure to do so has not, or could not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, assets, liabilities, condition (financial or otherwise), properties, operations or prospects of the SCC and its subsidiaries, taken as a whole.

b . Authority, Approval and Enforceability . This Agreement has been duly executed and delivered by SCC and SCC has all requisite corporate power and legal capacity to execute and deliver this Agreement and all Collateral Agreements and to consummate the Exchange, and the execution and delivery of this Agreement and the Collateral Agreements and the performance of its obligations hereunder and thereunder have been duly and validly authorized and approved by all corporate action necessary on behalf of SCC. This Agreement and each Collateral Agreement to which SCC is a party constitutes, or upon execution and delivery will constitute, the legal, valid and binding obligation of SCC, enforceable in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, moratorium, or similar laws and judicial decisions from time to time in effect which affect creditors' rights generally.

c . Issuance of the Shares. SCC has full power and authority to issue the Shares. The issuance of the Shares has been duly authorized, and upon the closing of the Exchange, the Shares, when issued, will be legally and validly issued, fully paid and non-assessable, free and clear of all liens; *provided, however,* that the Shares may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein or as otherwise required by such laws at the time a transfer is proposed and shall be subject to the terms of the Lock-Up Agreement.

d . Capitalization; Ownership of Shares. The authorized capital stock of SCC consists of 55,000,000 shares of which 50,000,000 are Common Shares and 5,000,000 are preferred shares, par value $.001 per share, of which 2,250,000 Common Shares are currently issued and outstanding and 8,533,237 Common Shares shall be issued and outstanding immediately after the consummation of the Exchange but immediately before the IPO. All outstanding Common Shares are validly issued, fully paid and nonassessable. Except as set forth in the prospectus to be filed by SCC pursuant to Rule 424 promulgated under the Securities Act (the "Final Prospectus"), there are no (i) securities convertible into or exchangeable for any capital stock or other securities of SCC, (ii) options, warrants or other rights to purchase or subscribe to capital stock or other securities of SCC or securities that are convertible into or exchangeable for capital stock or other securities of SCC or (iii) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance, sale or transfer of any capital stock or other securities of SCC, any such convertible or exchangeable securities or any such options, warrants or other rights.

e . Private Placement. The offer and issuance of the Shares to SCP is being made pursuant to the exemptions from the registration provisions of the Securities Act afforded by Sections 4(a)(2) and 4(a)(5) of the Securities Act of 1933, as amended (the "Securities Act") and Rule 506 of Regulation D promulgated thereunder. Assuming the accuracy of SCP's representations and warranties set forth in Section 2 hereof, no registration under the Securities Act is required for the offer and issuance of the Shares by SCC to SCP as contemplated hereby. Neither SCC nor any person acting on behalf of SCC has offered or sold any of the Shares by any form of general solicitation or general advertising. Except as otherwise permitted under Rule 501 promulgated under the Securities Act, SCC has offered the Shares only to SCP.

4. Transfer, Listing and Registration.

a . Transfers. The Shares may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Shares other than pursuant to an effective registration statement, to SCC, or to an Affiliate (as defined in Rule 144 under the Securities Act) of SCP, or by will or by the laws of descent or distribution, SCC may require SCP to provide to SCC an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to SCC, to the effect that such transfer does not require registration of such transferred Shares under the Securities Act. As a condition of transfer, any transferee shall agree in writing to be subject to the obligations of SCP to this Agreement.

b. Legends. Each of SCP and its transferees, including, but not limited to, its Members agrees to the imprinting, so long as is required by this Section 4(b), of a legend on any certificates evidencing the Shares in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS OR IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS."

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF A LOCK-UP AGREEMENT AND IS SUBJECT TO RESTRICTIONS AGAINST TRANSFER AS SET FORTH IN THE LOCK-UP AGREEMENT. A COPY OF THIS AGREEMENT IS ON FILE WITH THE ISSUER"

c. Certificates. SCC agrees to reissue certificates evidencing the Shares without the legend set forth in Section 4(b) if at such time, prior to making any transfer of any such Shares, such holder thereof shall give written notice to SCC describing the manner and terms of such transfer and removal as SCC may reasonably request. Such transfer and removal will only be effected, (i) while a registration statement covering the resale of such security is effective under the Securities Act, or (ii) following any resale of such Shares pursuant to Rule 144, or (iii) if such Shares are eligible for resale under Rule 144, or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the Staff of the SEC).

d . Acknowledgement. SCP agrees, on its behalf on behalf of each of its transferees, that the removal of any restrictive legend from certificates representing Shares as set forth in this Section 4 is predicated upon SCC's reliance that neither SCP nor any of its transferees will sell any Shares other than pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom and in compliance with the terms of the Lock-up Agreement, if any.

5 . Conditions Precedent to Obligations of SCC. The obligations of SCC are subject to the fulfillment prior to or on the Closing Date of the following conditions any of which may be waived by SCC in writing:

a. all representations and warranties of SCP contained in this Agreement shall be true and correct in all respects as of the Closing Date with the same effect as though such representations and warranties had been made on or as of such date; and

b. all agreements and covenants of SCP to be performed or complied with on or prior to the Closing Date have in all material respects been so performed or complied with.

6 . Conditions Precedent to Obligations of SCP. The obligations of SCP are subject to the fulfillment prior to or on the Closing Date of the following conditions any of which may be waived by the SCP in writing:

a. all representations and warranties of SCC contained in this Agreement shall be true and correct in all respects as of the Closing Date with the same effect as though such representations and warranties had been made on or as of such date; and

b. all obligations, agreements and covenants of SCC to be performed or complied with on or prior to the Closing Date shall have, in all respects been so performed or complied with.

7. Indemnity.

a. SCC shall indemnify and hold harmless SCP and, to the extent applicable, SCP's directors, officers, shareholders, members, managers, and heirs and assigns from and against any and all damages, liabilities, obligations, penalties, fines, judgments, claims, deficiencies, losses, costs, expenses (including, without limitation, reasonable attorneys' fees) and assessments arising out of, resulting from, or in any way related to a breach of, or the failure to perform or satisfy any of, the representations, warranties, covenants and agreements made by SCC in this Agreement or in any Collateral Agreement delivered by SCC pursuant hereto.

b. SCP shall indemnify and hold harmless SCC and SCC's directors, officers, shareholders, members, managers, and heirs and assigns from and against any and all damages, liabilities, obligations, penalties, fines, judgments, claims, deficiencies, losses, costs, expenses (including, without limitation, reasonable attorneys' fees) and assessments arising out of, resulting from, or in any way related to a breach of, or the failure to perform or satisfy any of, the representations, warranties, covenants and agreements made by SCP in this Agreement or in any Collateral Agreement delivered by SCP pursuant hereto.

8. Rights of SCC in respect of the Mortgage Loans.

a. SCP hereby authorizes SCC and/or its designees or assignees to take any and all steps in SCP's name and on behalf of SCP that SCC and/or its designees or assignees determine are necessary or appropriate to collect all amounts due under any and all Mortgage Loans and to enforce or protect SCC's rights under this Agreement, including indorsing the name of SCP on checks and other instruments representing collections and proceeds thereof and enforcing such Mortgage Loans.

b. SCC shall have no obligation to account for, replace, substitute or return any Mortgage Loans to SCP. SCC shall have no obligation to account for or to return collections, or any interest or other finance charge collected pursuant thereto, to SCP.

c. SCC shall have the unrestricted right to further assign, transfer, deliver, hypothecate, subdivide or otherwise deal with the Mortgage Loans and all of SCC's right, title and interest in, to and under this Agreement, on whatever terms SCC shall determine.

d. SCC shall have the sole right to retain any gains or profits created by buying, selling or holding the Mortgage Loans and shall have the sole risk of and responsibility for losses or damages created by such buying, selling or holding.

9. Miscellaneous.

a. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to SCC, to: 23 Laurel Street, Branford, Connecticut 06405, Attention: Jeffrey C. Villano, with a copy to: Morse, Zelnick, Rose & Lander, LLP, 825 Third Avenue, 16th Floor, New York, New York 10022, Attention: Joel Goldschmidt, Esq., telecopier: 212-208-6809; email: jgoldschmidt@mzrl.com, (ii) if to SCP to: 23 Laurel Street, Branford, Connecticut 06405, Attention: John L. Villano, with a copy to: Morse, Zelnick, Rose & Lander, LLP, 825 Third Avenue, 16 th Floor, New York, New York 10022, Attention: Joel Goldschmidt, Esq., telecopier: 212-208-6809; email: jgoldschmidt@mzrl.com,

b . Closing. The consummation of the transactions contemplated herein (the "Closing") shall take place on and at such date, time and place as shall be determined by the Manager ("Closing Date").

i. Closing Deliveries by SCP. At the Closing SCP shall deliver to SCC the following:

(A) A bill of sale in form and substance reasonably satisfactory to SCC;

(B) A blanket assignment of all contracts and leases to which SCP is a party;

(C) Any and all documents and other items called for by Sections 1(c) thru 1(h) hereof;

(D) Deeds to any real property owned by SCP; and

(E) other title documents necessary to transfer title to any other property owned by SCP including, but not limited to motor vehicles, patents, trademarks, copyrights, etc.

ii. Closing Deliveries by SCC. At the Closing, SCC shall deliver to SCP the following:

(A) A certificate for the Shares registered in the name of SCP; and

(B) A Certificate of Assumption in form and substance reasonably satisfactory to SCC.

c . Entire Agreement; Assignment . This Agreement and any other documents executed and/or delivered in connection with the transactions described herein represent the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by SCC and SCP. This Agreement supersedes and replaces all other agreements, whether written or oral, between the parties with respect to the transactions described herein, including, but not limited to, the Exchange Agreement, dated October 27, 2016. Neither SCC nor SCP has relied on any representations not contained or referred to in this Agreement and the documents delivered herewith. No right or obligation of SCC shall be assigned without prior notice to and the written consent of SCP. Neither SCP nor SCC may assign any or all of its rights and/or obligations hereunder to any person without the prior written consent of the other party; *provided, however,* SCP may transfer the Shares to its members in connection with the liquidation of SCP.

d. Counterparts/Execution. This Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile signature and delivered by facsimile transmission.

e. Law Governing this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party hereto against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of New York or in the federal courts located in the state of New York. **The parties hereto and the individuals executing this Agreement and other agreements referred to herein or delivered in connection herewith on behalf of SCC or SCP, as the case may be, agree to submit to the jurisdiction of such courts and waive trial by jury.** The prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement.

f. Equitable Adjustment. The number of Shares to be issued hereunder shall be adjusted to reflect any changes in the terms of the IPO.

g. Delay in Exercise of Rights. No failure or delay of any party hereto in exercising any right herein shall act as a waiver thereof, nor shall any single or partial waiver thereof preclude any other or further exercise of any right hereunder. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement shall remain in full force and effect.

h. Ordinary Course of Business. Notwithstanding anything to the contrary herein, nothing contained herein shall preclude SCP from, and SCP shall be obligated to, (i) conduct its business in the ordinary course consistent with past practice between the date hereof and the Closing of the transactions contemplated hereby and (ii) pay any and all amounts due and owing to JJV, LLC, a Connecticut limited liability company and the managing member of SCP as set forth in the Final Prospectus.

i. Tax Treatment. Any federal, state and local income taxes or any Transfer Tax payable with respect to the sale of the Mortgage Loans pursuant to this Agreement shall be payable by SCC.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

SACHEM CAPITAL CORP.

By: _____
Name: John L. Villano
Title:

SACHEM CAPITAL PARTNERS, LLC
BY: JJV, LLC, Manager

By: _____
Name: Jeffrey C. Villano
Title: Managing Member

SCHEDULE I
DEFINITIONS AND INTERPRETATIONS

In this Agreement, the following terms have the meanings specified or referred to below and shall be equally applicable to both the singular and plural forms:

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Encumbrance**" means any lien (statutory or other), claim, charge, security interest, mortgage, deed of trust, pledge, hypothecation, assignment, conditional sale or other title retention agreement, preference, priority or other security agreement or preferential arrangement of any kind, and, with respect to any real property included in the Purchased Assets (if any), any easement, encroachment, covenant, restriction, right of way, defect in title or other encumbrance of any kind.

"**Extraordinary Receipts**" means any cash proceeds received by SCP not in the ordinary course of business, including, without limitation, (a) foreign, United States, state or local tax refunds, (b) judgments, proceeds of settlements or other consideration of any kind in connection with any cause of action, (c) condemnation awards (and payments in lieu thereof), (d) indemnity payments and (e) any adjustment received in connection with any purchase price in respect of an acquisition.

"**Governmental Body**" means any United States federal, state or local, or any supra national or non U.S., government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency body or commission, self-regulatory organization, court, tribunal or judicial or arbitral body.

"**Leasehold Interests**" means all of SCP's right, title and interest in and to any real property owned by a Person other than SCP, whether as tenant, lessee, licensee, operator or otherwise.

"**Mortgagor Customer**" means, with respect to each Mortgage Loan, the obligor on the related Mortgage Note.

"**Mortgage Loan**" means a mortgage loan provided to a Mortgagor Customer and which mortgage loan includes, without limitation, (a) a Mortgage Note, the related Mortgage and all other Mortgage Loan Documents and (b) all right, title and interest of SCP in and to the Mortgaged Property covered by such Mortgage.

"**Mortgage Loan Assets**" means, as of the Purchase Date, all of SCP's right, title and interest in, to and under each of the following items of property, then owned and existing and wherever located:

(a) all Mortgage Loans;

(b) all Mortgage Loan Documents, including without limitation all Mortgage Notes, and all servicing records, servicing agreements and any other collateral pledged or otherwise relating to such Mortgage Loans, together with all files, documents, instruments, surveys, certificates, correspondence, appraisals, computer programs, computer storage media, accounting records and other books and records relating thereto;

(c) all mortgage guaranties and insurance (issued by governmental agencies or otherwise) and any mortgage insurance certificate or other document evidencing such mortgage guaranties or insurance relating to any Mortgage Loan and all claims and payments thereunder;

(d) all other insurance policies and insurance proceeds relating to any Mortgage Loan or the related Mortgaged Property;

(e) all interest rate protection agreements, relating to or constituting any and all of the foregoing;

(f) all "general intangibles", "accounts" and "chattel paper" as defined in the UCC relating to or constituting any and all of the foregoing; and

(g) any and all replacements, substitutions, distributions on or proceeds of any and all of the foregoing.

"**Mortgage Loan Documents**" means, with respect to a Mortgage Loan, the documents comprising the Mortgage Loan File for such Mortgage Loan.

"**Mortgage Loan File**" means, for any Mortgage Loan, (a) the original Mortgage Note bearing all intervening endorsements, if any, duly endorsed to SCC, (b) the original Mortgage(s) securing each Mortgage Note with evidence of recording thereon or copies certified by the related recording office, (c) the Collateral Assignment, if any, executed in connection with such Mortgage(s), (d) any original stock certificates (accompanied by applicable stock powers), instruments, chattel paper or other collateral securing any Mortgage Loan in which the perfection of SCP's lien is based upon SCP's possession thereof, (e) the valuation or appraisal, if any, of the subject Mortgaged Property prepared by a third party valuation or appraisal service, (f) the Related Title Policy, (g) the evidence of liability and property/casualty insurance coverage relating to the Mortgaged Property, and (h) an opinion, if any, of counsel, addressed to SCP (or its predecessor in interest) that the Mortgage Note, the Mortgage(s) and the Mortgage Loans Assignments, if any, are the valid and binding obligations of the parties thereto enforceable in accordance with their terms and have been duly and validly endorsed or assigned to SCP (or its predecessor in interest).

"**Mortgage Note**" means the original executed promissory note or other evidence of the indebtedness of a Mortgagor Customer with respect to a Mortgage Loan.

"**Mortgaged Property**" means the real property (including all improvements, buildings, fixtures, building equipment and personal property thereon and all additions, alterations and replacements made at any time with respect to the foregoing) and all other collateral securing repayment of the debt evidenced by a Mortgage Note.

"**Person**" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or Governmental Body.

"**Purchase Date**" means the Closing Date.

"**Receivables**" means all of SCP's accounts, contract rights, instruments (including those evidencing indebtedness owed to SCP by its Affiliates), documents, chattel paper (including electronic chattel paper), general intangibles relating to accounts, drafts and acceptances (including payment intangibles), and all other forms of obligations owing to SCP arising out of or in connection with a Mortgage Loan sold, transfer, assigned, conveyed or delivered to SCC hereunder, all guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold, transfer, assigned, conveyed or delivered to SCC hereunder.

"**Related Assets**" means, with respect to a Mortgage Loan sold, transfer, assigned, conveyed or delivered to SCC hereunder, all of SCP's right, title and interest in and to the following related to such Mortgage Loan as of the applicable Purchase Date then owned and existing and wherever located: (i) all Receivables; (ii) all general intangibles; (iii) all contract rights, rights of payment which have been earned under a contract right, instruments, investment property, documents, chattel paper, warehouse receipts, deposit accounts, money and securities; (iv) all Mortgage Loan Assets and all payments required thereunder on and after the applicable Purchase Date; (v) all Securities; (vi) all Leasehold Interests; (vii) all commercial tort claims; (viii) any guarantees of and security for the related Mortgagor Customer's obligations under such Mortgage Loan, including any security deposits thereunder; (ix) all present and future claims, demands and causes of action in respect of the foregoing; (x) all additional amounts due to SCP from such Mortgagor Customer relating to the related Receivables, (xi) if and when obtained by SCP, all real and personal property of third parties in which SCP has been granted a lien or security interest as security for the payment or enforcement of such Receivables, (xii) all supporting obligations that secure payment or performance of any account, chattel paper, document, general intangible, instrument or investment property, (xiii) all Extraordinary Receipts, (xiv) any and all indebtedness owing to SCP and any and all collateral securing such indebtedness; (xv) all of SCP's ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by SCP or in which it has an interest), computer programs, tapes, disks and documents relating to clauses (i) through (xiv) hereof; and (xvi) all proceeds of the foregoing of every kind and nature whatsoever, including, without limitation, all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, rights to payment of any and every kind and other forms of obligations and receivables, insurance proceeds (including hazard, flood and credit insurance),security agreements, documents, eminent domain proceeds, condemnation proceeds, tort claim proceeds, instruments and other property that at any time constitute all or part of or are included in the proceeds of the foregoing.

"**Responsible Officer**" means, with respect to any Person, any duly authorized officer of such Person with direct responsibility for the administration of this Agreement and also, with respect to a particular matter, any other duly authorized officer of such Person to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"**SCP Liabilities**" means any liabilities, claims or obligations, direct or indirect, known or unknown, absolute or contingent.

"**Securities**" means all marketable securities and investment property owned by SCP, whether now existing or hereafter created, including any held by any intermediary in any "street" name, pursuant to any custody arrangement or otherwise.

"**Transfer Tax**" means any transfer, documentary, sales, bulk sales, use, registration, value added or other similar tax, including any applicable real estate transfer tax and any real property transfer gains tax.

"**UCC**" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

Exhibit 3.2

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION

OF

HML CAPITAL CORP.

(Pursuant to Section 805 of the Business Corporation Law)

It is hereby certified that:

FIRST: The name of the corporation is HML CAPITAL CORP.

SECOND: The certificate of incorporation of the corporation was filed by the Department of State on January 25, 2016.

THIRD: The amendments of the certificate of incorporation of the corporation effected by this certificate of amendment are as follows:

Paragraph FIRST of the Certificate of Incorporation relating to the name of the corporation is hereby amended to read as follows:

FIRST: The name of the corporation is SACHEM CAPITAL CORP.

Paragraph TWELFTH of the Certificate of Incorporation relating to the definition of "Aggregate Stock Ownership Limit" set forth in Section 12.1. is hereby amended to read as follows:

Aggregate Stock Ownership Limit. The term "Aggregate Stock Ownership Limit" shall mean 4.99% in value or number, whichever is more restrictive, of the aggregate of the outstanding shares of Capital Stock, or such other percentage determined by the Board of Directors in accordance with Section 12.2.8 of this Certificate of Incorporation. The value of the outstanding shares of Capital Stock shall be determined by the Board of Directors, which determination shall be final and conclusive for all purposes hereof. For purposes of determining the percentage ownership of Capital Stock by any Person, shares of Capital Stock that may be acquired upon conversion, exchange or exercise of any securities of the corporation directly or constructively held by such Person, but not shares of Capital Stock issuable with respect to the conversion, exchange or exercise of securities of the corporation held by other Persons, shall be deemed to be outstanding prior to conversion, exchange or exercise.

Paragraph TWELFTH of the Certificate of Incorporation relating to the definition of "Common Stock Ownership Limit" set forth in Section 12.1. is hereby amended to read as follows:

> Common Stock Ownership Limit. The term "Common Stock Ownership Limit" shall mean 4.99% (in value or in number of Common Shares, whichever is more restrictive) of the aggregate of the outstanding Common Shares, or such other percentage determined by the Board of Directors in accordance with Section 12.2.8 of this Certificate of Incorporation. The number and value of the outstanding Common Shares of the corporation shall be determined by the Board of Directors, which determination shall be final and conclusive for all purposes hereof. For purposes of determining the percentage ownership of Common Shares by any Person, Common Shares that may be acquired upon conversion, exchange or exercise of any securities of the corporation directly or constructively held by such Person, but not Common Shares issuable with respect to the conversion, exchange or exercise of securities of the corporation held by other Persons, shall be deemed to be outstanding prior to conversion, exchange or exercise.

FOURTH: The foregoing amendments of the certificate of incorporation of the corporation were authorized by the consent in writing of all the members of the Board of Directors of the corporation, followed by the unanimous written consent of the holders of all of the outstanding shares of the corporation entitled to vote on the said amendments of the certificate of incorporation.

IN WITNESS WHEREOF, I have subscribed this document on the date set forth below and do hereby affirm, under the penalties of perjury, that the statements contained therein have been examined by me and are true and correct.

Executed on this 15th day of December, 2016.

/s/ Jeffrey C. Villano
Jeffrey C. Villano, President

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION

OF

HML CAPITAL CORP.

(Pursuant to Section 805 of the Business Corporation Law)

Filer:

John C. Hui, Esq.
Morse, Zelnick, Rose & Lander LLP
825 Third Ave
New York, New York 10022

Exhibit 8.1

MORSE, ZELNICK, ROSE & LANDER
A LIMITED LIABILITY PARTNERSHIP

825 THIRD AVENUE
NEW YORK, NEW YORK 10022
212-838-1177
FAX – 212-838-9190

_____, 201_

Sachem Capital Corp.
23 Laurel Street
Branford, Connecticut 06405

Re: Certain U.S. Federal Income Tax Matters

Ladies and Gentlemen:

You have requested our opinion concerning certain U.S. federal income tax considerations in connection with the filing by Sachem Capital Corp., a New York corporation ("SACH"), of a registration statement on Form S-11 (File No. 333-214323) with the Securities and Exchange Commission, as amended through the date hereof (the "Registration Statement").

In connection with this opinion, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of the Registration Statement and such other documentation and information provided by you as we have deemed necessary or appropriate as a basis for the opinion set forth herein.

In addition, you have provided us with, and we are relying upon, certificates (the "Officers' Certificates") containing certain factual representations and covenants of officers of SACH, which relate to, among other things, the actual and proposed operations of SACH, and each of the entities in which SACH holds or has held a direct or indirect interest (collectively, "SACH"). We have not made an independent investigation of all the facts, statements, representations and covenants set forth in the Officers' Certificates, the Registration Statement or in any other document. In particular, we note that SACH may engage in transactions in connection with which we have not provided legal advice and have not reviewed, and of which we may be unaware. We have, consequently, assumed and relied on your representations that the information presented in the Officers' Certificates, the Registration Statement and other documents, or otherwise furnished to us, accurately and completely describe all material facts with respect to the matters addressed in the Officers' Certificates. We have assumed that such statements, representations and covenants are true without regard to any qualification as to knowledge, belief, intent or materiality. Our opinion is conditioned on the continuing accuracy and completeness of such statements, representations and covenants. We are not aware of any facts inconsistent with such statements, representations and covenants. Any material change or inaccuracy in the facts, statements, representations, and covenants referred to, set forth or assumed herein or in the Officers' Certificates may affect our conclusions set forth herein.

In our review of certain documents in connection with our opinion as expressed below, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic, or electronic copies, and the authenticity of the originals of such copies. Where documents have been provided to us in draft form, we have assumed that the final executed versions of such documents will not differ materially from such drafts.

Our opinion is also based on the correctness of the following assumptions: (i) each of the entities comprising SACH has been and will be operated in accordance with the laws of the jurisdiction in which it was formed and in the manner described in the relevant organizational documents, (ii) there will be no changes in the applicable laws of the State of New York or of any other state or jurisdiction under the laws of which any of the entities comprising SACH have been formed, and (iii) each of the written agreements to which SACH is a party has been and will be implemented, construed and enforced in accordance with its terms.

In rendering our opinion, we have considered and relied upon the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder (the "Regulations"), administrative rulings and other interpretations of the Code and the Regulations by the courts and the Internal Revenue Service ("IRS"), all as they exist at the date hereof. It should be noted that the Code, the Regulations, judicial decisions, and administrative interpretations are subject to change or differing interpretation at any time and, in some circumstances, with retroactive effect. A material change that is made after the date hereof in any of the foregoing bases for our opinion could affect our conclusions set forth herein.

Based on and subject to the foregoing, we are of the opinion that, except as otherwise set forth herein, SACH has been organized in conformity with the requirements for qualification and taxation as a real estate investment trust (a "REIT") under the Code, and its current and proposed method of operation, as described in the Registration Statement, will enable SACH to continue to meet the requirements for qualification and taxation as REITs under the Code.

However, as noted in the Registration Statement, SACH's qualification and taxation as a REIT depends on its ability to meet, through actual operating results, certain requirements, including requirements relating to its assets, income, distribution levels and diversity of stock ownership, and various other qualification requirements imposed under the Code, the results of which are not reviewed by us. Accordingly, no assurance can be given that the actual results of the operation of SACH for any one taxable year satisfy the requirements for taxation as a REIT under the Code. For purposes of this opinion we have assumed that following the completion of the Offering described in the prospectus that is part of the Registration Statement there will not be five or fewer SACH shareholders that will collectively own 50% or more of the outstanding shares of SACH, measured by vote or value.

Except as set forth above, we express no opinion to any party as to any tax consequences, whether federal, state, local or foreign, of the transactions described in the Registration Statement or any transaction related thereto.

This opinion is expressed as of the date hereof, and we are under no obligation to supplement or revise our opinion to reflect any legal developments or factual matters arising subsequent to the date hereof or the impact of any information, document, certificate, record, statement, representation, covenant, or assumption relied upon herein that becomes incorrect or untrue.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to Morse, Zelnick, Rose & Lander, LLP under the headings “Federal Income Tax Considerations” and “Legal Matters” in the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission.

Very truly yours,

MORSE, ZELNICK, ROSE & LANDER, LLP

Exhibit 10.4.1

AMENDED AND RESTATED REVOLVING NOTE

$15,000,000.00 Stamford, Connecticut March 15, 2016

FOR VALUE RECEIVED, **Sachem Capital Partners, LLC**, a Connecticut limited liability company with a place of business at 23 Laurel Street, Branford, Connecticut 06405 ("**Maker**" or "**Borrower**"), jointly and severally if more than one, promise to pay to the order of **Bankwell Bank**, a Connecticut banking corporation, having a place of business at 208 Elm Street, New Canaan, Connecticut 06840, or other holder of this Note ("**Payee**" or "**Lender"**), the principal sum of up to **Fifteen Million and 00/100 Dollars ($15,000,000.00)** (the "**Loan**"), or so much thereof as shall from time to time be advanced by Payee to Maker in accordance with the terms of the Agreement (as defined below) and remain outstanding, as conclusively (absent manifest error) evidenced by the books and records of Payee, together with interest on the outstanding balance hereof before and after maturity, at the rate hereinafter set forth (the "**Rate**") until this Note shall have been fully paid, all as hereinafter provided. Advances hereunder may be repaid by Maker and readvanced by Payee from time to time.

Effective as of March 15, 2016, this Note shall supersede, amend, restate and replace in its entirety that certain Amended and Restated Revolving Note dated December 30, 2015 in the principal amount of $7,000,000.00 (referred to herein as the "Prior Note") and is subject to the terms of the Amended and Restated Commercial Revolving Loan and Security Agreement of even date by and among the Borrower and the Lender. Neither execution of this Note by the Borrower, nor cancellation of the Prior Note by Lender, shall be deemed or construed as a novation of the Borrower's obligation to pay the outstanding indebtedness evidenced by the Prior Note, all of which indebtedness shall be and remain in full force and effect, as amended and provided hereby.

This Note is issued under and pursuant to the terms of the Amended and Restated Commercial Revolving Loan and Security Agreement by and among Borrower and Lender of even date herewith (as the same may be amended and/or restated from time to time, the "**Agreement**"). Payment of this Note is guaranteed pursuant to a Guaranty Agreement executed and delivered by each of John Villano, Jeffrey Villano and JJV, LLC (each a " **Guarantor**" and collectively the "**Guarantors**") and dated December 18, 2014, as reaffirmed by Reaffirmation and Amendment of Guaranty Agreement of even date herewith.

All amounts outstanding from time to time under the Revolving Note shall bear interest at *the greater of* (i) a variable rate which at all times is three (3%) percentage points per annum above the Prime Rate, said rate to change when and as said Prime Rate changes or (ii) 6.25% per annum (the "**Rate**"). The Prime Rate will be based on the rate published in the Wall Street Journal, Eastern Edition, under the heading "Money Rates" and shown as Prime Rate. If there is more than one Prime Rate, the highest of such rates shall be the rate applicable hereunder. If the Wall Street Journal ceases publication, or ceases to publish a Money Rates table or if a Prime Rate is no longer included amount the rates published therein, Lender will designate a comparable index. The selection of a comparable index shall be made in Lender's sole and absolute discretion. The Rate shall change simultaneously with each change in the Prime Rate without notice or demand of any kind. Payee may make loans to other borrowers above, at or below its announced Prime Rate. Lender may make loans to other borrowers above, at or below its announced Prime Rate.

Commencing on April 15, 2016, and on the same day of each and every month thereafter, Maker shall make payments of interest only, in arrears, on the unpaid principal balance hereof at the Rate(s) aforesaid applicable during such prior month, calculated based on a year of three hundred sixty (360) days but for the actual number of days elapsed. Payment of principal hereunder shall be due and payable as provided in the Agreement and, if not otherwise due and payable prior thereto, on March 15, 2018, the entire unpaid principal balance of this Note, together with accrued and unpaid interest hereon and all other sums owing hereunder and/or the Agreement, shall become due and payable without notice or demand (the "**Maturity Date**").

Upon the Maturity Date the Borrower shall have the option of extending the term of the Loan, provided no Event of Default has occurred, for the sole purpose of repaying the principal balance of the Loan over a thirty six (36) month period (the "Amortization Period") commencing on April , 2019 and on the same day of each subsequent month thereafter. After the initial Maturity Date, during the Amortization Period, the Lender shall not make any further Advances under the Note or otherwise.

All payments hereon shall be applied to expenses as provided herein, interest and principal in such order as Payee shall, in its discretion, determine. Said sums shall be payable together with all lawful taxes and assessments levied thereon except for taxes levied on the income of the Payee, or upon this Note, or upon Payee with respect to the same, and together with all costs and expenses related to collecting this Note and together with all costs and expenses of foreclosing or protecting or sustaining the lien of any security which may be given to secure the payment of this Note and/or in any litigation or controversy arising from or connected with this Note and/or any collateral securing this Note and/or the Agreement and/or incurred in any action brought by the holder of a prior mortgage or lien in which Payee is a party defendant, including without limitation reasonable attorneys' fees and all other Lender Expenses (as that term is defined in the Agreement). Said obligation to pay the reasonable attorneys' fees of Payee in connection with protecting, enforcing or realizing of the rights and remedies above described shall exist whether or not proceedings are instituted or court appearance is made on behalf of Payee.

The Borrower will be required to maintain its operating accounts (the "Commercial Checking Account") and all other deposit accounts in the name of Borrower with the Lender for the entire term of the Loan until such time as the loan and all other indebtedness under the Loan Documents (as defined in the Agreement) are paid in full. Failure to establish and maintain any such account(s) shall constitute a default under the Loan. If Borrower fails to maintain a sufficient minimum balance (minimum balance shall mean such amount sufficient to pay the monthly payment called for under this Note) in such account with the Lender, then the interest rate and minimum interest rate in effect at such time shall increase by one-half of one percent (0.50%) per annum during such period on a per diem basis, that Borrower fails to maintain the minimum balance required herein.

The Lender will automatically debit the monthly payments due hereunder from the Commercial Checking Account established with Lender pursuant to the Automatic Payment Addendum to Note attached hereto and made a part hereof.

Upon the occurrence of any Default or Event of Default, as such term is defined in the Agreement and not in limitation of any other rights of Payee set forth therein, the Payee (and any of its participants) shall have and may exercise a right of set-off for the payment of this Note and the aforesaid costs and expenses against, and Maker hereby gives and grants to Payee a security interest (perfected by Payee's possession or control thereof) in, all deposits, monies, securities and property left with or subject to the control of Payee (or any of its participants) by Maker or by any Guarantor, other guarantor endorser or otherwise to the credit of or belonging to Maker or any such party, and Payee shall have full power and authority at any time and without notice to sell, assign and deliver any such property at public or private sale, and apply the proceeds in satisfaction hereof.

Maker hereby waives presentment, demand, protest, notice of protest or other notice or notice of dishonor of any kind and further waive the right to trial by jury in any action to collect this Note or relating to any collateral securing this Note.

Upon the occurrence of any Default or Event of Default, as such term is defined in the Agreement, the interest rate accruing hereunder shall, from such default, be increased to eighteen (18%) percent per annum and this Note shall, at the option of the holder hereof, become forthwith due and payable without presentment, demand, protest or notice of any kind, all of which being hereby expressly waived by the undersigned. Without limiting the foregoing, in the event of any such late payment the Maker agrees to pay to the Payee the additional sum of five (5%) percent of the amount of such late payment to cover the additional expenses of Payee's handling of such late payment but not as consideration for making such late payment.

Nothing herein shall be construed to restrict Payee, in its sole discretion, from making Advances (as such term is defined in the Agreement) in excess of the face amount of this Note, without requirement of execution of additional notes, or otherwise modifying this instrument, and its so doing at any time or times, shall not waive its rights to insist upon strict compliance with the terms of this Note, and any document or instrument granting security to Payee or other instruments executed in connection with this financial transaction, at any other time, and to further rely upon all collateral secured to it for satisfaction of all obligations of Maker to Payee, without exception.

Maker, and any endorsers or guarantors hereof agree that Payee may but shall not be obligated to (i) at its sole and exclusive discretion, make Advances to Maker upon the verbal or written authority of any person purportedly authorized by Maker, and (ii) deliver Advances by direct deposit to any demand deposit account of Maker with Payee, or otherwise, as so directed; and that all such loans and advances as evidenced solely by Payee's books, ledgers and records shall represent binding obligations of Maker hereunder.

MAKER ACKNOWLEDGES THAT THIS NOTE EVIDENCES A COMMERCIAL TRANSACTION AS THAT TERM IS DEFINED IN CONNECTICUT GENERAL STATUTES SECTION 52-278a(a) AND PURSUANT TO CONNECTICUT GENERAL STATUTES SECTIONS 52-278b AND 52-278f, MAKER DOES HEREBY WAIVE ITS RIGHTS TO NOTICE AND HEARING PRIOR TO THE ISSUANCE BY PAYEE OF ANY PREJUDGMENT REMEDY, AND MAKER FURTHER WAIVES ANY RIGHTS AS MAY EXIST UNDER FEDERAL LAW TO ANY NOTICE AND/OR HEARING PRIOR TO PAYEE'S OBTAINING AND EXERCISING ANY PREJUDGMENT REMEDY.

MAKER AND PAYEE (BY ACCEPTANCE OF THIS NOTE) MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT TO ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE, ANY OTHER LOAN DOCUMENTS (AS SUCH TERM IS DEFINED IN THE AGREEMENT) OR ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONECTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF PAYEE RELATING TO THE ADMINISTRATION OF THE NOTE OR ENFORCEMENT OF SAID LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, MAKER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. MAKER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF PAYEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT PAYEE WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR PAYEE TO ACCEPT THIS NOTE AND MAKE THE LOANS (AS DEFINED IN THE AGREEMENT).

THIS NOTE HAS BEEN MADE, EXECUTED AND DELIVERED IN THE STATE OF CONNECTICUT AND SHALL BE CONSTRUED AND ENFORCED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF CONNECTICUT.

Maker hereby expressly waives to the full extent and for the maximum period permitted by applicable law, the right to plead any statute of limitations or any similar bar as a defense to any demand, claim or cause of action based upon or arising from such failure to pay any part of the principal of this Note or any interest thereon, which waiver as to each such failure shall be separate and distinct from any such waivers or to each other such failure. The waivers of notice and hearing for prejudgment remedies made herein are made by Maker on behalf of Maker and Maker’s successors and assigns and shall apply to any and all actions against such successors and assigns.

In the event any payment of principal or interest received upon this obligation and paid by Maker, any Guarantor or other guarantor, surety, co-maker or endorser, shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or any state, or otherwise due to any party other than Payee, then in any such event, the obligation of said Maker, or any guarantor, surety, co-maker or endorser shall, jointly and severally, survive as an obligation due hereunder and shall not be discharged or satisfied by said payment or payments, notwithstanding return by Payee to said parties of the original hereof, or any guaranty, endorsement, or the like.

Maker may prepay amounts outstanding under this Note at any time provided that upon such principal prepayment Maker pays to Lender an exit fee equal to one percent (1%) of the entire Loan Amount in accordance with the terms of Section 2.11(C) of the Agreement.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Maker has executed this Revolving Note on the day and year first above written.

Sachem Capital Partners, LLC,
a Connecticut limited liability company

By: JJV, LLC, a Connecticut limited liability company
Its Manager

By: /s/ Jeffrey Villano
Name: Jeffrey Villano
Its: Manager

By: /s/ John Villano
Name: John Villano
Its: Manager

Exhibit 10.4.2

SECOND AMENDED AND RESTATED COMMERCIAL REVOLVING
LOAN AND SECURITY AGREEMENT

THIS IS THE SECOND AMENDED AND RESTATED COMMERCIAL REVOLVING LOAN AND SECURITY AGREEMENT made this ___ day of December, 2016 by and among

BANKWELL BANK
a Connecticut banking corporation
with a place of business at
208 Elm Street
New Canaan, Connecticut 06840 (**"Lender"**)

and

SACHEM CAPITAL PARTNERS, LLC
a Connecticut limited liability company
with a place of business at
23 Laurel Street
Branford, Connecticut 06405 (**"Existing Borrower"**)

SACHEM CAPITAL CORP.
(formerly known as HML Capital Corp.)
a New York corporation with a principal place of business at
23 Laurel Street
Branford, Connecticut 06405 (**"SCC" or "Borrower"**)

WHEREAS, on December 18, 2014, Lender extended credit to Existing Borrower in the original principal amount of up to $5,000,000.00 (the "**Loan**") pursuant to the terms of a certain Commercial Revolving Loan and Security Agreement, dated as of December 18, 2014; as modified by Modification to Revolving Loan and Security Agreement, dated December 30, 2015, as further modified by an Amended and Restated Commercial Revolving Loan and Security Agreement, dated March 15, 2016 (as the same may be, amended and/or restated from time to time, the "Existing **Loan Agreement**"); and

WHEREAS, to evidence and/or secure the Loan, the following documents, among others, were executed and delivered to the Lender by the Existing Borrower (collectively, the "**Loan Documents**"):

(a) the Existing Loan Agreement;

(b) a certain Amended and Restated Revolving Note;

(c) a certain Unlimited Guaranty dated as of December 18, 2014 from the Guarantors in favor of the Lender guarantying the Loan as reaffirmed and amended by Reaffirmation and Amendment to Guaranty Agreement of even date herewith (as the same may have been, or may be, amended and/or restated from time to time, the **"Guaranty"**); and

(d) All other agreements, instruments, or documents executed in connection with the Loan and modification thereof;

WHEREAS, SCC, a corporation formed and currently controlled by Jeffrey C. Villano (**"JCV"**) and John L. Villano (**"JLV"**) has filed with the U.S. Securities and Exchange Commission (the **"SEC"**) a registration statement pursuant to the Securities Act of 1933, as amended, on Form S-11, designated as SEC File No. 333-214323 (the **"Registration Statement"**) registering the sale of up to approximately $18 million of its common shares, par value $0.001 per share (the **"Common Shares"**) in connection with an initial public offering (the **"IPO"**);

WHEREAS, Existing Borrower and SCC (under its original corporate name, HML Capital Corp.) have entered into an Exchange Agreement, dated October 27, 2016, pursuant to which Existing Borrower has agreed to transfer all of its assets to SCC in exchange for (i) such number of Common Shares as shall be set forth in an Underwriting Agreement to be entered into by SCC and the representative of the several underwriters of the IPO (the **"Exchange Shares"**) and (ii) the assumption by SCC of all of the liabilities of Existing Borrower including, without limitation, Existing Borrower's obligations under the Existing Loan Agreement (the **"Exchange"**);

WHEREAS, the consummation of the Exchange and the IPO are mutually interdependent;

WHEREAS, as soon as reasonably practical after the consummation of the IPO, Existing Borrower will liquidate and distribute the Exchange Shares to its Members, pro rata in accordance with their positive capital account balances in full liquidation of Existing Borrower,

WHEREAS, as soon as reasonably practicable after the liquidation of Existing Borrower, JJV, LLC (**"JJV"**), the Manager of Existing Borrower, will distribute the Exchange Shares it receives in the liquidation of Existing Borrower to its members in full liquidation of JJV;

WHEREAS, following the consummation of the Exchange and the IPO, (i) the Common Shares will be listed on will trade on either the NYSE MKT or NASDAQ Capital Market stock exchange; (ii) SCC will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended and (iii) SCC intends to operate and qualify as a Real Estate Investment Trust ("REIT") for federal and state income tax purposes;

WHEREAS, the Existing Borrower and Borrower hereby acknowledge and affirm all Indebtedness incurred under the Loan Documents and all other Indebtedness, obligations and liabilities of the Existing Borrower and Borrower to the Lender, of every kind and description, direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising (all the foregoing, whether now existing or hereafter arising, are collectively referred to as the **"Obligations"**); and

WHEREAS, the outstanding principal balance of the Loan as of the date hereof is Eight Million Five Hundred Twenty Five Thousand and 00/100 Dollars ($8,525,000.00); and

WHEREAS, the Lender has agreed to consent to the Exchange and the IPO and, in connection therewith, Existing Borrower and Borrower have requested and Lender has agreed to further amend the Loan Documents, and to modify certain terms of the Loan, all as more fully set forth herein below.

NOW, THEREFORE, THE PARTIES HERETO DO HEREBY AGREE THAT UPON THE EFFECTIVE DATE (as defined below) THE FOLLOWING TERMS SHALL APPLY (reference being hereby made to Appendix I appended hereto for the definition of certain capitalized terms used herein):

Section 1. Loan; Interest; Guaranties; Security Interests; Financing Statements; Collateral; Subordinations.

1.1 The Loan. Subject to all the terms and conditions of this Agreement:

(A) Revolving Credit.

(i) Lender will from time to time, at the request of Borrower, and provided that all of the conditions precedent set forth in Subsection (iii) below shall have been met by Borrower at the time of such request, be obligated to make advances to Borrower (an **"Advance"** or **"Advances"**), which may be repaid in whole or in part at any time without penalty and re-advanced from time to time, and which Advances shall bear interest at the rate set forth in Section 1.3, provided that the aggregate amount of all such outstanding Advances under the Revolving Credit shall not (except in the sole and absolute discretion of Lender) at any time exceed the lesser of (x) Eligible Notes Receivable as more particularly set forth herein (the **"Asset Base"**) or (y) the amount of $15,000,000.00 (the **"Maximum Availability"**) (the lesser amount of the Asset Base and the Maximum Availability (hereinafter referred to as the **"Availability"**). The Revolving Credit shall be evidenced by the Revolving Note, as attached hereto as Schedule 1.1(A)(i), delivered to Lender in form and substance acceptable to Lender (together with any note, which, from time to time, extends, amends, supplements, modifies, renews or substitutes such note (the **"Revolving Note"**).) On the Maturity Date or upon any Event of Default, Lender's obligations to make such Advances shall automatically terminate and all such Advances, together with accrued and unpaid interest thereon and expenses related thereto, shall become immediately due and payable in full.

(ii) Upon each request for an Advance, but not less frequently than monthly, within ten (10) Business Days after the conclusion of each calendar month, Borrower shall complete and provide to Lender the Borrowing Base Certificate substantially in the form attached hereto as Schedule 1.1(A)(ii) or otherwise acceptable to Lender (the **"Borrowing Base Certificate"**). Unless Lender shall dispute the information contained in Borrower's most recent Borrowing Base Certificate in the Lender's sole and absolute discretion, the Availability shall be that set forth in such most recent Borrowing Base Certificate. If the Borrowing Base Certificate shall not have been provided for the current month, within ten (10) Business Days after the same is due, the Availability under the Revolving Credit shall be zero. The Borrower shall promptly take into account and adjust the Borrowing Base Certificate as a result of the occurrence of any event which causes any previously Eligible Note Receivable to be ineligible or which might be reasonably expected to affect the amount or collectability thereof, including without limitation any off-sets or counterclaims. In the event any Borrowing Base Certificate shall show Advances in excess of the Availability, such excess shall be paid to Lender contemporaneously with the delivering of such Borrowing Base Certificate to Lender.

(iii) Lender's obligation to make any Advance under the Revolving Credit shall be subject to the following conditions precedent on the date on which Lender makes such Advance:

(a) with respect to the all Advances, Borrower shall have received and provided to Lender such approvals, opinions, consents or documents as Lender may reasonably request, including, without limitation: satisfactory appraisals and other financial information used in its underwriting by Borrower; evidence satisfactory to Lender that, on the Closing Date, the Lender shall have a perfected first-priority lien in all of the collateral subject to no other liens; assignments of Eligible Notes Receivable and Eligible Mortgages for which the Advance is for; executed copies of all required loan documents; a business plan acceptable to Lender in form and substance; satisfactory review of background investigation reports with respect to owners and management; certification of compliance with financial ratios; and

(b) Lender shall be named loss payee and additional insured on all applicable insurance policies;

(c) such Advance, when added to all outstanding Advances, shall be within the Availability;

(d) Lender shall have elected, in its sole and absolute discretion, to make such Advance; and

(e) the following statements shall be true, and each request for an Advance under the Revolving Credit shall be deemed to be a representation and warranty by Borrower to the effect that, at and as of the date of such request:

(i) the representations and warranties contained in the Loan Documents are true and correct in all material respects on and as of the date of such request as though made on and as of such date; and

(ii) no Event of Default has occurred and/or is continuing or would result from such Advance.

(B) Eligibility. Advances shall not be considered for eligibility by Lender unless the underlying loan (the **"Mortgage Loan"**), which is represented by the Eligible Note Receivable and secured by an Eligible Mortgage and which the Advance is intended to finance, meets the following general minimum requirements:

(i) The maturity date of the Eligible Note Receivable evidencing a Mortgage Loan shall not extend beyond the date that is more than thirty six (36) months from the closing of such loan; *provided, however,* the Lender, in its sole and absolute discretion, can approve up to one (1) thirty six month extension thereof;

(ii) The Mortgage Loan is secured by a first mortgage lien on real property that is not the primary residence of the Maker (the "**Mortgaged Property**");

(iii) For Mortgage Loans in excess of $100,000.00, the minimum middle credit scores from TransUnion, Experian and Equifax for the Maker and the guarantors of Maker's obligations (the **"Mortgage Loan Guarantors"**) shall be:

(a) 625 for an Eligible Note Receivable with a loan-to-value ratio of 50% or below; or

(b) 660 for an Eligible Note Receivable with a loan-to-value ratio of greater than 50% but less than 75%;

(iv) after taking into account the original principal amount of the Mortgage Loan in question, not more than Four Hundred Fifty Thousand and 00/100 ($450,000.00) Dollars in principal amount in the aggregate shall be outstanding to the Maker or shall be guaranteed by the Mortgage Loan Guarantors;

(v) an Advance (subject to the Advance rate set forth in subsection (vii) below) on any Eligible Note Receivable shall not exceed Two Hundred Fifty Thousand and 00/100 ($250,000.00) Dollars unless waived in writing by Lender;

(vi) The Mortgaged Property shall be located in the states of Connecticut, New York, Massachusetts, New Jersey or Rhode Island;

(vii) the maximum Advance for any Eligible Note Receivable shall be (x) up to seventy five (75%) percent of any Eligible Note Receivable, which Eligible Note Receivable represents a maximum loan-to-value ratio advanced by Borrower to the Maker of no greater than fifty (50%) percent based upon the "as is" fair market value of the Mortgaged Property; (y) up to sixty (60%) percent of any Eligible Note Receivable which Eligible Note Receivable represents a maximum loan-to-value ratio advanced by Borrower to the Maker of between fifty one (51%) percent and seventy five (75%) percent of the appraised "as is" fair market value of the Mortgaged Property; and (z) up to fifty (50%) percent of any Eligible Note Receivable for a construction loan which Eligible Note Receivable represents a maximum loan-to-value ratio advanced by Borrower to its underlying borrower of no greater than fifty (50%) percent of the "as is" fair market value of the Mortgaged Property;

(viii) a Mortgage Loan, evidenced by an Eligible Note Receivable and secured by an Eligible Mortgage, shall not be more than sixty (60) days past due for interest unless the Mortgaged Property is under a binding contract of sale in which case the Mortgage Loan shall not be past due for payments in excess of ninety (90) days;

(ix) the Mortgaged Property securing a Mortgage Loan having an original principal amount of $325,000.00 or more shall be appraised by a qualified independent third party appraiser, approved by Lender, within (12) months of a request for an Advance thereon. The Mortgaged Property securing a Mortgage Loan having an original principal amount of less than $325,000.00 shall require documentation of value acceptable to Lender including, but not limited to, current municipal assessment or comparable sales data from sources acceptable to Lender.

(C) Ineligible Notes. If any Mortgage Loan does not meet the Eligibility requirements set forth in Section 1.1(B) hereinabove, the Borrower may request an exception by Lender by submitting a request for an Advance in form and detail required by Lender, together with a collateral description, valuation and borrower credit history in form and substance acceptable to Lender. Lender shall respond to said request within 48 hours of receiving all information required by Lender. If such request is not acted upon by Lender within said 48 hour period such request shall be deemed denied by Lender.

1.2 Loan. It is specifically contemplated by the parties to this Agreement that the lending relationship evidenced hereby may, in Lender's discretion, involve financial accommodations of various types to Borrower, including, but not limited to, term loans, time loans, demand loans, over loans under the Revolving Credit, and the like, in addition to any and all loans and/or Advances previously made by Lender to Borrower and in addition to the Revolving Credit. Consequently, the parties intend that this Agreement shall govern any and all financial accommodations now or hereafter extended by Lender to Borrower and all other liabilities of the Borrower to the Lender of any kind or nature including, without limitation, fees, charges, indemnities and penalties. In extension of the foregoing, all loans and Advances now or hereafter made by Lender to or on behalf of Borrower pursuant to this Agreement and/or any of the documents executed in connection herewith, or otherwise, whether or not evidenced by notes, and all liabilities of the Borrower to the Lender (primary, secondary, direct, indirect, absolute, contingent, sole, joint or several, whether similar or dissimilar or related or unrelated) whether previously incurred, now existing or hereafter arising, including, without limitation under hedging contracts, guarantees or other form of surety now or hereafter provided by Borrower in favor of Lender, whether pursuant to this Agreement or any of the Loan Documents or otherwise, any renewals or extensions thereof, to the extent the same are outstanding from time to time, are herein collectively called the **"Loan"**.

1.3 Interest.

(A) Revolving Credit Loan. All amounts outstanding from time to time under the Revolving Credit shall bear interest at *the greater of* (i) a variable rate which at all times is three (3.0%) percentage points per annum above the Prime Rate, said rate to change when and as said Prime Rate changes or (ii) 6.25% per annum.

(B) Prime Rate. The Prime Rate is an annual rate of interest as published in the Wall Street Journal/Eastern Edition in its Money Rates table from time to time and otherwise defined in the Revolving Note. Lender may make loans to other borrowers above, at or below its announced Prime Rate.

(C) Payment. Interest on the Loan shall be payable by Borrower monthly on the first (1st) day of each calendar month for interest accrued during the preceding month on the Loan at the rate or rates of interest applicable during said preceding month. Interest shall be computed using a per diem rate which shall be equal to the product of (a) a fraction, the numerator of which shall be the rate of interest calculated in accordance with Section 1.3(A) above and the denominator of which shall be three hundred sixty (360), and (b) the actual number of days elapsed. Any interest not paid as aforesaid may, in Lender's sole discretion, accrue and be added to the principal and continue to bear interest at the interest rate being borne by such principal.

1.4 Repayment

(A) The entire unpaid principal balance and all accrued and unpaid interest together with all late charges and other costs and expenses accrued thereunder shall be due and payable on the Maturity Date. In the event the Borrower elects to extend the Maturity Date, as set forth in the Note, the Borrower shall then be required to make monthly payments of principal plus interest based upon a straight-line amortization of the principal balance upon such election over a period of up to thirty six (36) months. The Note shall contain a provision authorizing the Lender to automatically debit from the commercial checking account Borrower shall maintain with Lender, the monthly payments required under the Note.

(B) Any payment, or part thereof, received by the Lender more than ten (10) Business Days after its due date shall be subject to a late charge of 5% of the total amount of such late payment to defray the expenses incident to handling such delinquent payment.

(C) Interest after the Maturity Date or upon an Event of Default shall be at a default interest rate equal to eighteen percent (18%) per annum from the date of default on the outstanding Loan amount until repaid.

(D) If at any time the aggregate amount of Advances outstanding exceeds the Availability (an **"Overadvance"**), then Borrower shall immediately prepay the Loan in an amount sufficient to eliminate the excess, unless Lender has consented in writing to such Overadvance, in which event the Overadvance shall be temporarily permitted on such terms and conditions as Lender in its sole discretion may deem appropriate, including, without limitation, the payment of additional fees or interest, or both, and consent to any Overadvance on one occasion shall not be deemed to be consent on any other occasion.

1.5 Guaranties.

The Guarantors have executed and delivered to Lender their Guaranty Agreements (collectively, the " **Guaranties**") guaranteeing to Lender the payment of the Loan.

1.6 Security Interests.

(A) Security Interest in Collateral. As security for the Obligations, including without limitation, payment of the Loan and the performance by Borrower of its obligations under this Agreement and the other Loan Documents, Borrower hereby mortgages, pledges and assigns to Lender, and gives and grants to Lender, a security interest in all of its personal property and fixtures, including, without limitation, all right, title and interest in and to the items and types of property, described or referred to below, whether now owned or hereafter acquired, and the Proceeds and products thereof (all of which property is herein collectively called the **"Collateral"**) which security interest is and shall remain first and prior and which Collateral shall remain free and clear of all mortgages, pledges, security interests, liens and other encumbrances and restrictions on the transfer thereof.

(i) Accounts;
(ii) Certificated Securities;
(iii) Chattel Paper;
(iv) Software and all rights with respect thereto, including without limitation, all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;
(iv) Contracts;
(v) Deposit Accounts;
(vi) Documents;
(vii) Equipment;
(ix) Financial Assets;
(x) Fixtures;
(xi) General Intangibles;
(xii) Goods;
(xiii) Instruments;
(xiv) Inventory;
(xv) Investment Property;
(xvi) Money (of every jurisdiction whatsoever);
(xvii) Letters of credit;
(xviii) Payment Intangibles;
(xix) Security Accounts;
(xx) Supporting Obligations;
(xxi) Uncertificated Securities;
(xxii) To the extent not included in the foregoing, all other personal property of any kind or description; and
(xxiii) Eligible Notes Receivable.

together with books, records, writings, data bases, information and other property relating to, used and useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing; provided that to the extent that the provisions of any lease or license of Computer Hardware and Software or Intellectual Property expressly prohibit (which prohibition is enforceable under applicable law) any assignment thereof, and the grant of a security interest therein, Lender will not enforce its security interest in Borrower's rights under such lease or license (other than in respect to the Proceeds thereof) until the earlier of termination of such prohibition, it being understood that upon request of Lender, Borrower will in good faith use commercially reasonable efforts to obtain consent for the creation of a security interest in favor of Lender (and to Lender's enforcement of such security interest in favor of Lender) in Borrower's rights under such lease or license.

Unless specified otherwise in this Agreement, all terms in this Section 1.6(A) are as defined under the Code (as defined herein).

(B) Other Collateral.

(i) Commercial Tort Claims. Borrower shall promptly notify Lender in writing upon incurring or otherwise obtaining a Commercial Tort Claim against any third party and, upon request of Lender, promptly enter into an amendment to this Agreement and do such other acts or things deemed appropriate by Lender to give Lender a security interest in any such Commercial Tort Claim.

(ii) Other Collateral. Borrower shall promptly notify Lender in writing upon acquiring or otherwise obtaining any Collateral after the date hereof consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights or Electronic Chattel Paper and, upon the request of Lender, promptly execute such other documents, and do such other acts or things deemed appropriate by Lender to deliver to Lender a perfected security interest with respect to such Collateral; promptly notify Lender in writing upon acquiring or otherwise obtaining any Collateral after the date hereof consisting of Documents or Instruments and, upon the request of Lender, will promptly execute such other documents, and do such other acts or things deemed appropriate by Lender to deliver to Lender a perfected security interest of such Documents which are negotiable and Instruments and, with respect to non-negotiable Documents, to have such non-negotiable Documents issued in the name of Lender; and with respect to Collateral in the possession of a third party, other than Certificated Securities and Goods covered by a Document, obtain an acknowledgement from the third party that it is holding the Collateral for the benefit of Lender.

Notwithstanding the foregoing, the parties agree that Lender's security interest hereunder shall not extend to any Hazardous Substance or devices utilized primarily for the storage of Hazardous Substances.

1.7 Lien Perfection; Further Assurances. Borrower specifically authorizes Lender to file such UCC-1 financing statements as are required by the Code and such other instruments, assignments or documents as are necessary to perfect Lender's lien upon any of the Collateral and to take such other action as may be required to perfect or to continue the perfection of Lender's lien upon the Collateral. Unless prohibited by applicable law, Borrower hereby authorizes Lender to file any such financing statements, including, without limitation, financing statements that indicate the Collateral (i) as "all assets of the Borrower" or words of similar effect, or (ii) as being of an equal or lesser scope, or with greater or lesser detail, than as set forth in Section 1.6, on the Borrower's behalf. The Borrower also hereby ratifies its authorization for Lender to have filed in any jurisdiction any like financing statements or amendments thereto if filed prior to the date hereof. The parties agree that a photographic or other reproduction of this Agreement shall be sufficient as a financing statement and may be filed in any appropriate office in lieu thereof. At Lender's request, Borrower shall also promptly execute or cause to be executed and shall deliver to Lender any and all assignments, documents, instruments and agreements deemed necessary by Lender to give effect to or to carry out the terms or intent of the Loan Documents.

(A) Other Actions. Further to insure the attachment, perfection and first priority of, and the ability of the Lender to enforce the Lender's security interest in the Collateral, Borrower agrees, in each case and at Borrower's expense, to take the following action with respect to the following Collateral and without limitation on Borrower's other obligations contained in this Agreement:

(i) Promissory Note and Tangible Chattel Paper. Upon Borrower holding or acquiring any promissory notes, tangible chattel paper, or mortgages, Borrower shall forthwith endorse, assign and deliver the same to the Lender, as Collateral for the Loan, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

(ii) Deposit Accounts. For each deposit account that Borrower at any time opens or maintains, Borrower shall, at the Lender's request and option, pursuant to an agreement in form and substance satisfactory to the Lender, either (a) cause the depository bank to agree to comply, without further consent of Borrower, at any time with instructions from the Lender to such depository bank directing the disposition of funds from time to time credited to such deposit account, or (b) arrange for the Lender to become the customer of the depository bank with respect to the deposit account, with Borrower being permitted, only with the consent of the Lender, to exercise rights to withdraw funds from such deposit account. The Lender agrees with Borrower that the Lender shall not give any such instructions or withhold any withdrawal rights from Borrower, unless a Default or Event of Default has occurred and is continuing.

(iii) Investment Property. If Borrower shall at any time hold or acquire any Certificated Securities, Borrower shall forthwith endorse, assign and deliver the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify. If Borrower shall at any time hold or acquire any Uncertificated Securities directly by the issuer thereof, Borrower shall immediately notify the Lender thereof and, at the Lender's request and option, pursuant to an agreement in form and substance satisfactory to the Lender, either (a) cause the issuer to agree to comply, without further consent of Borrower or such nominee, at any time with instructions from the Lender as to such Uncertificated Securities, or (b) arrange for the Lender to become the registered owner of the Uncertificated Securities. If any Certificated Securities or Uncertificated Securities or other Investment Property now or hereafter acquired by Borrower are held by Borrower or their nominee through a securities intermediary or commodity intermediary, Borrower shall immediately notify the Lender thereof and, at the Lender's request and option, pursuant to an agreement in form and substance satisfactory to the Lender, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply, in each case without further consent of Borrower or such nominee, at any time, with entitlement orders or other instructions from the Lender to such securities intermediary as to such Certificated Securities or Uncertificated Securities or other Investment Property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Lender to such commodity intermediary, or (ii) in the case of Financial Assets or other Investment Property held through a securities intermediary, arrange for the Lender to become the entitlement holder with respect to such Investment Property, with Borrower being permitted, only with the consent of the Lender, to exercise rights to withdraw or otherwise deal with such investment property. The Lender agrees with Borrower that the Lender shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by Borrower, unless a Default or Event of Default has occurred and is continuing, or after giving effect to any such investment and withdrawal rights not otherwise permitted by this Agreement, would occur. The provisions of this paragraph shall not apply to any Financial Assets credited to a securities account for which the Lender is the securities intermediary.

(iv) Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, Borrower shall promptly notify the Lender thereof and, at the Lender's request and option, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Lender, that the bailee holds such Collateral for the benefit of the Lender and such bailee's agreement to comply without further consent of Borrower, at any time with instructions of the Lender as to such Collateral. The Lender agrees with Borrower that the Lender shall not give any such instructions unless a Default or Event of Default has occurred and is continuing or would occur after taking into account any action by Borrower with respect to the bailee.

(v) Electronic Chattel Paper and Transferable Records. If Borrower at any time holds or acquires an interest in any Electronic Chattel Paper or any "transferable record", as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act (the "**Electronic Signatures Act**"), or in Section 16 of the Uniform Electronic Transactions Act ("**UETA**") as in effect in any relevant jurisdiction, Borrower shall promptly notify the Lender thereof and, at the request and option of the Lender, shall take such action as the Lender may reasonably request to vest in the Lender control, under Section 9-105 of the Code, of such Electronic Chattel Paper or control under Section 201 of the Electronic Signatures Act or, as the case may be, Section 16 of UETA, as so in effect in such jurisdiction, of such transferable record. The Lender agrees with Borrower that the Lender will arrange, pursuant to procedures satisfactory to the Lender and so long as such procedures will not result in the Lender's loss of control, for Borrower to make alterations to the Electronic Chattel Paper or transferable record permitted under said Section 9-105 or, as the case may be, Section 201 of the Electronic Signatures Act or Section 16 of the UETA for a party in control to make without loss of control, unless an Event of Default has occurred or would occur after taking into account any action by Borrower with respect to such Electronic Chattel Paper or transferable record.

(vi) Letter-of-Credit Rights. If Borrower is at any time a beneficiary of any Letter of Credit Rights now or hereafter, Borrower shall promptly notify the Lender thereof and, at the request and option of the Lender, Borrower shall, pursuant to an agreement in form and substance satisfactory to the Lender, either (a) arrange for the issuer and any confirmer or other nominated person of such Letter of Credit Rights to consent to an assignment to the Lender of the Proceeds of the letter of credit evidencing the Letter of Credit Rights or (b) arrange for the Lender to become the transferee beneficiary of the Letter of Credit Rights.

(vii) Commercial Tort Claims. If Borrower shall, now or at any time hereafter, hold or acquire a Commercial Tort Claim, Borrower shall immediately notify the Lender in a writing signed by Borrower of the particulars thereof and grant to the Lender in such writing a security interest therein and in the Proceeds thereof, with such writing to be in form and substance satisfactory to the Lender, and do such other acts or things deemed appropriated by Lender to give Lender a security interest in any such Commercial Tort Claim.

(viii) Other Actions as to any and all Collateral. Borrower further agrees, upon request of the Lender and at the Lender's option, to take any and all other action as the Lender may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Lender to enforce, the Lender's security interest in any and all of the Collateral, including, without limitation (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Code, to the extent, if any, that any of Borrower's signature thereon is required therefor, (b) causing the Lender's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to the Lender, including, without limitation, any consent of any licensor, lessor or other Person obligated on the Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Lender and (f) taking all actions under any earlier versions of the Code or under any other law, as reasonably determined by the Lender to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

(B) Lender's Obligations and Duties. Anything herein to the contrary notwithstanding, Borrower shall remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by Borrower thereunder. The Lender shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Lender of any payment relating to any of the Collateral, nor shall the Lender be obligated in any manner to perform any of the obligations of Borrower under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Lender in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Lender or to which the Lender may be entitled at any time or times. The Lender's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with such Collateral in the same manner as the Lender deals with similar property for its own account.

1 . 8 Subordination. Each Guarantor is simultaneously herewith executing and delivering to Lender a debt subordination agreement (collectively, the "**Subordinations**") whereby each such party is subordinating to the Loan any and all Indebtedness of Borrower to such Guarantor for borrowed money. Lender hereby agrees that Borrower may make regularly scheduled payments of interest only on Subordinated Debt provided (i) no Default or Event of Default shall have occurred and (ii) no Event of Default will be caused by the making of such payment.

1 . 9 Manner of Funding. Within two (2) Business Days after Lender's receipt of such Request for Advance in the form attached hereto, Lender shall provide such funding as is so requested.

1.10 Operating Account. The Borrower shall maintain all its operating accounts with Lender pursuant to the terms in the Note.

Section 2. Representations, Warranties and Covenants.

Borrower represents and warrants to and covenant with Lender as of the date hereof, and as of the date of each Request for Advance submitted by Borrower, except as set forth on Schedule 2 attached hereto:

Representations and Warranties:

2.1 Organization, Charter, Laws and Capitalization.

(A) Borrower is duly organized and validly existing corporation under the laws of the State of New York and is qualified and in good standing in the states in which it does business; and

(B) The execution, delivery and performance of this Agreement are within Borrower's powers, have been duly authorized, are not in contravention of any law or any terms of Borrower's certificate of incorporation or bylaws or other organization documents or any agreement or undertaking to which Borrower is a party or by which it is bound; and

(C) Borrower owns no stock, membership interests or partnership interests of any other entity; and

(D) All of Borrower's issued and outstanding capital stock is validly issued, non-assessable and fully paid; and

(E) The Financial Statements (as defined in Section 2.6 below) presented by Borrower to Lender are true, complete and correct and fairly present the financial condition of Borrower as of the date of such statements and the results of its operations for the period then ended and there has been no material adverse change to Borrower's financial condition since the date of such Financial Statements.

2.2 Collateral, Claims, Actions, Place of Business.

(A) Except pursuant to this Agreement, no financing statement has been filed with respect to Collateral except in favor of Lender.

(B) Borrower is the absolute and undisputed owner of the Collateral, including the Eligible Notes Receivable and Eligible Mortgages.

(C) The Collateral is not, and will not be, permitted to be, in any respect, encumbered other than by the security interest contemplated hereby (and same will be true of Collateral acquired hereafter when acquired).

(D) All Eligible Notes Receivable, Eligible Mortgages, or Instruments are bona fide and valid and no set-offs or counterclaims exist or will exist against any of the same.

(E) All state and federal tax returns that are required to have to be filed have been properly completed and filed and all required taxes and assessments, if any, have been paid. No claims have been asserted by any Governmental Authority and no audits or notices of audits are pending.

(F) Borrower's principal place of business is the address shown above and Borrower shall give Lender at least thirty (30) days prior written notice of any change.

(G) The Collateral and business records pertaining to the Collateral and Loan, including those pertaining to all accounts and contract rights, shall be kept at Borrower's principal place of business unless otherwise directed by Lender or prior written consent of Lender to a change of location is obtained.

(H) Other than pursuant to this Agreement, Borrower has no other Indebtedness or contingent liabilities, except for accounts payable incurred in the ordinary course of Borrower's business and except as disclosed in the Financial Statement referred to in Schedule to 2.2(H) attached.

(I) Borrower is not in default of any agreement, decree, law or order to which it is a party or by which it is bound, including without limitation those relating to the environment.

(J) No litigation, suits or actions are pending or threatened against Borrower.

(K) Borrower holds all necessary licenses, consents (governmental or otherwise), patents and trademarks as are necessary to enable Borrower to conduct its business as presently conducted and as contemplated.

(L) Borrower holds sufficient property, casualty and liability insurance and all premiums have been fully paid and Lender is named as a Loss Payee or Additional Insured on each such insurance policy.

(M) Borrower performs no work on any contracts for the United States government or any agency or subdivision thereof.

(N) Borrower is not subject to any payment or performance bonds.

(O) Borrower is in material compliance with all laws, ordinances, rules and regulations to which it is subject, including without limitation ERISA, OSHA, all state and federal usury laws, banking laws, Environmental Laws and tax laws.

(P) Neither the Borrower nor any Affiliate of the Borrower is subject to regulation under any of the federal banking statutes, including, without limitation, Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended and Federal Deposit Insurance Corporation Improvement Act of 1991, as amended.

(Q) The Borrower acknowledges and agrees that Lender is not undertaking any authority or responsibility with respect to any Eligible Note Receivable, any Eligible Mortgage and/or any other document or agreement executed and delivered in connection with the origination and funding of a Mortgage Loan (collectively, the "**Mortgage Loan Documents**") nor is Lender assuming any collection or credit risk with respect to any Eligible Note Receivable or Eligible Mortgage or any other Collateral nor is Lender in any way involved in the Borrower's pricing or the underwriting with respect to any of such Mortgage Loan Documents.

Affirmative and Negative Covenants.

2.3 Payments. Borrower shall:

(A) pay punctually the Loan, when due, as required by the terms of the Revolving Note;

(B) pay on demand any and all charges customarily levied or incurred by Lender;

(C) pay before due any and all taxes, assessments and/or charges of every kind or description levied or assessed against either Borrower or any of its assets;

(D) pay all insurance premiums before the same are due;

(E) maintain its principal deposit and principal disbursement accounts with Lender.

2.4 Preservation of Collateral. Borrower shall:

(A) preserve the Collateral in good condition and order and not permit it to be abused or misused;

(B) not allow any Collateral to be affixed to real estate unless secured by an Eligible Mortgage;

(C) take necessary steps to preserve the liability to the Borrower of the Makers;

(D) transfer possession of and assign all instruments, documents and chattel paper, which are part of the Collateral, including without limitation all Eligible Notes Receivable and Eligible Mortgages to Lender, immediately upon request by Lender;

(E) perfect a security interest (using a method satisfactory to Lender) in goods covered by any Instrument, Document or Chattel Paper constituting Collateral;

(F) notify Lender of any change occurring in or to Collateral, including without limitation any Eligible Note Receivable or Eligible Mortgage, or in any fact or circumstance warranted or represented by Borrower herein, or furnished to Lender, or if any Event of Default occurs;

(G) pay all costs necessary to perform any act or duty required by this Agreement, including, but not limited to, attorneys' fees, insurance premiums, taxes and assessments;

(H) maintain sufficient property, casualty and liability insurance, as reasonably determined by Lender, and shall name Lender as Loss Payee and/or Additional Insured on such policies of insurance;

(I) maintain full compliance with all Environmental Laws, including without limitation the disposition of Hazardous Substances, and allow Lender to verify such compliance at Borrower's expense; and

(J) maintain compliance with all laws, ordinances, rules and regulations of any Governmental Authority or subdivision, including without limitation all usury laws.

2.5 Restrictions. Borrower shall not:

(A) suffer to exist any liens on any Collateral;

(B) merge, consolidate or dispose of or transfer any asset except for Mortgaged Property acquired by foreclosure, deed in lieu of foreclosure or otherwise in satisfaction of an eligible Note Receivable;

(C) without the written consent of the Lender in its sole discretion, suffer to exist any Indebtedness in excess of $100,000.00 in the aggregate including, but not limited to, purchase money obligations except for (i) a mortgage loan from Lender in an original principal amount not to exceed $387,500.00, the proceeds of which to be used for the purchase of property at 698 Main Street, Branford, Connecticut and (ii) any other Indebtedness to any Affiliate with the prior written consent of Lender and further, provided all such Indebtedness is subject to a Subordination Agreement in favor of Lender in form and substance acceptable to Lender;

(D) suffer to exist any litigation against it or any of its assets claiming an amount in excess of $50,000.00 unless either (i) Borrower's liability is fully covered by insurance or (ii) Borrower shall provide to Lender an opinion of independent counsel, which opinion and counsel are in all respects acceptable to Lender, stating that any such litigation will not have a material adverse effect on Borrower;

(E) cause to exist any Subsidiary or engage in any transactions with any Subsidiary or Affiliate except for co-funding of Mortgage Loans to customers of Borrower or of such Subsidiary or Affiliate in the ordinary course of Borrower's business provided no such loans are funded with proceeds of the Loan;

(F) with respect to ERISA, engage in any "prohibited transaction", incur any "accumulated funding deficiency", terminate any pension plan so as to create any lien on any asset of Borrower, or otherwise not be in full compliance;

(G) guarantee or otherwise assure any obligation of any other party including, without limitation, that of any Guarantor;

(H) incur capital expenditures (including, without limitation, capitalized leases) in excess of $100,000.00 in any fiscal year on a non-cumulative basis;

(I) declare or pay any cash dividends in excess of Borrower's REIT taxable income (as determined for federal income tax purposes);

(J) purchase any securities issued by, or otherwise invest in, any publicly or privately held entity except to purchase Certificates of Deposit issued by any lending institution having a net worth of at least $50,000,000.00;

(K) change the nature of its business from that conducted on the date hereof;

(L) without the consent of Lender, change in executive management, unless John Villano and Jeffrey Villano remain as senior executives with day to day operational involvement; and

(M) change the form of or nature of the ownership structure of the Borrower from a REIT.

2.6 Financial Statements. Throughout the term of the Loan, the Borrower shall provide the Lender with copies of its (a) audited annual financial statements, including balance sheet, income statement and statement of cash flow ("**Financial Statements"**) within five (5) Business Days of the filing due date or filing, whichever is earlier, of its annual report on Form 10-K with the U.S. Securities and Exchange Commission (the "**SEC**"), (b) quarterly unaudited Financial Statements within five (5) Business Days of the filing due date or filing, whichever is earlier, of its Quarterly Report on Form 10-Q with the SEC, (c) federal income tax returns within five (5) Business Days of the filing due date or filing, which is earlier, of such tax returns with the Internal Revenue Service and (d) such other financial information as may be reasonably requested by the Lender within thirty (30) days of its receipt of a written request from the Lender setting forth in reasonable detail the form and substance of such information.

Guarantors, other than JJV, LLC, shall submit to Lender annually their personal Financial Statements (including contingent liabilities), in form and substance acceptable to Lender within thirty (30) days of each calendar year end. Such individual Guarantors shall also provide to Lender a copy of their federal tax returns within thirty (30) days of filing due dates.

Borrower shall also submit the following:

a. Borrowing Base Certificate, or such other form reasonably requested by Lender, together with each Request for Advance, but no less frequently than monthly no later than the tenth (10^{th}) Business Day following each calendar month end.

b. Monthly past due report certified by Borrower for all Eligible Notes Receivable no later than the twentieth (20^{th}) day following each calendar month end.

c. A list, certified by the President and Chief Financial Officer of Borrower, of all Mortgage Loans held by Borrower, with such detail as required by Lender, as of the last day of each calendar month, no later than the tenth (10^{th}) Business Day following each calendar month end.

2.7 Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, Lender and any participant of any Lender is hereby authorized by Borrower and each Guarantor upon the occurrence of any Default or Event of Default, to set off and to appropriate and to apply any and all balances held by it at any of its offices for the account of Borrower, any Guarantor or any of its Subsidiaries (regardless of whether such balances are then due to Borrower, any Guarantor or its Subsidiaries) and any other property at any time held or owing by that Lender or that holder to or for the credit or for the account of Borrower or any Guarantor against and on account of the Loan being unpaid. Borrower and each Guarantor agrees, to the fullest extent permitted by law, that (a) Lender or any holder may exercise its right to set off with respect to the Loan and may sell participations in such set off to other lenders and holders and (b) any lender or holder so purchasing a participation in the Loan made or held by other lenders or holders may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Lender or holder were a direct holder of Loan in the amount of such participation.

2.8 Covenants During Loan Term.

(A) Financial Covenants. Throughout the term of the Loan:

(i) Borrower shall maintain a Fixed Charge Coverage Ratio of at least 1.35 to 1.00, as of the end of each fiscal quarter of Borrower.

(ii) Borrower shall maintain a minimum Tangible Net Worth equal to the sum of (x) seventy five percent (75%) of Borrower's shareholder's equity immediately following the consummation of the IPO plus (y) sixty percent (60%) percent of net cash proceeds from the sale by the Borrower of any equity securities following the IPO.

(iii) Each of the JCV and JLV shall own not less than 500,000 Common Shares of the Borrower's issued and outstanding capital stock.

(B) Definitions.

(i) Fixed Charge Coverage Ratio: For the applicable period, the ratio of:

(a) EBITDA *minus* the sum of (x) all income taxes paid in cash in such period, and (y) all unfinanced Capital Expenditures;

to

(b) the sum of (v) interest expense accrued for such period and paid in cash at any time by Borrower, (w) CPLTD, (x) dividends on any preferred equity in Borrower, (y) capitalized interest on Mortgage Loans and (z) amortization on any discounts on Mortgage Loans.

(ii) CPLTD: The current portion of long term Indebtedness paid during the applicable period, including, but not limited to, amounts required to be paid during such period under capital leases.

(iii) EBITDA: Net income for an accounting period before provision for payment of interest expense and federal income taxes plus depreciation and amortization to the extent deducted from such net income during such accounting period, all as determined by GAAP.

(iv) GAAP: U.S. Generally Accepted Accounting Principles and practices consistently applied from accounting period to accounting period.

(v) Tangible Net Worth: An amount equal to the excess of (x) total assets over (y) the sum of (I) the total of all assets which would be classified as intangible assets under GAAP, including, but not limited to, good will, trademarks, trademark applications, trade names, service marks, patents, patent applications, licenses and franchises and (II) total liabilities as set forth on Borrower's balance sheet as of the last day of each fiscal quarter.

2.9 Inspection/Field Examinations. Borrower will permit Lender and any authorized representatives of Lender to visit and inspect any of its properties or offices or the properties or offices of any of its subsidiaries, including, without limitation, all items of Collateral and its and their books and records, including books and records relating to Accounts, Eligible Notes Receivable and Eligible Mortgages (and to make extracts therefrom), and to discuss its and their affairs, finances and accounts with its and their employees, all at such times during normal business hours and as often and continuously as may be requested by Lender. Lender may conduct such quarterly audits of Borrower's Eligible Notes Receivable, Eligible Mortgages, Related Documents and other documentation as Lender shall consider necessary in order to verify the entries on Borrower's Borrowing Base Certificate. If no Event of Default shall exist, Lender shall not conduct more than one (1) such field examinations per year at Borrower's expense.

2.10 Application of Proceeds. As set forth under the terms of the Revolving Note.

2.11 Fees.

(A) Service Fee. Intentionally omitted

(B) Origination Fee. Borrower shall pay to Lender in current funds a fee in the amount of $5,000.00 as a modification fee upon the date hereof.

(C) Early Termination Fee. The Borrower may prepay the Loan in part or in full at any time provided, however, in the event the Loan is refinanced with another lender, the Borrower shall pay an exit fee equal to one (1%) percent of the entire face amount of the Revolving Note. If the Loan shall be accelerated for any reason whatsoever, the applicable prepayment fee in effect as of the date of such acceleration shall be paid. All partial prepayments shall be accompanied by and applied first to the payment of costs and expenses thereto and unpaid late charges, then to accrued and unpaid interest and the balance on account of the unpaid principal in the inverse order of maturity. Such partial prepayments shall not affect Borrower's obligation to make the regular installments required hereunder until the Loan is fully paid.

2.12 Environmental Compliance.

(A) Borrower will comply and will ensure that each Mortgaged Property and each Maker complies with all applicable Environmental Laws, regulations, rules, standards, orders and agreements. Whenever, pursuant to any such legal requirement, Borrower or any Maker is obligated to report to any party the existence of a Spill (as such term is defined in Section 1 of Public Act 85-443), "Release" (as defined in 42 U.S. Code 9601 et seq.), "Hazardous Waste", "Hazardous Substance" (as defined in 42 U.S. Code 9601 et seq.) or other environmental contamination on or emanating from any Mortgaged Property, Borrower will, simultaneously and in writing, report the existence of such conditions to Lender at the address set forth in Section 12 hereof.

(B) In addition to any and all other liability of Borrower to Lender hereunder, Borrower shall indemnify the Lender against any loss or damage that shall occur to Lender as a result of Borrower's violation of any applicable federal, state, local or quasi-governmental law, rule, regulation or ordinance.

(C) In the event that any claim shall be made against Borrower by any governmental entity in connection with the discharge of Hazardous Substances or wastes then Borrower shall either (i) pay the claim or (ii) furnish to such governmental entity that imposed the lien a bond, cash deposit or other security reasonably satisfactory to such governmental entity in an amount sufficient to discharge the lien.

2.13 Servicing of Eligible Notes Receivable

(A) The Borrower shall make all reasonable efforts to collect all payments called for under the terms and provisions of the Eligible Notes Receivable, and shall follow such collection procedures as are in accordance with Accepted Servicing Practices.

(B) In the event that a default with respect to an Eligible Notes Receivable has occurred, the Borrower shall notify the Lender and, upon receipt of a written request by the Lender specifying what action Borrower should take, the Borrower shall take such action with respect to such Eligible Note Receivable as directed by the Lender.

Section 3. Special Representations, Warranties and Covenants re Eligible Accounts Receivable.

Without in any way limiting any Representation or Warranty contained in Section 2 hereof, and without in any way limiting the pledges and security interests granted to Lender under Section 1.5 hereof, Borrower hereby represents and warrants to and covenants with Lender, with respect to each and every account receivable (an "**Eligible Account Receivable**") and every promissory note (an "**Eligible Note Receivable**") and Eligible Mortgage securing an Eligible Note Receivable now or hereafter serving as a basis for any Advance made by Lender to the Borrower that:

3.1 Eligible Accounts Receivable.

(A) Such accounts are each evidenced by an Eligible Note Receivable executed, endorsed and delivered to Lender.

(B) Such accounts are not now, and will not at the time of any Advance, be subject to any offsets, claims, counterclaims, deductions, disputes or discounts of any nature whatsoever claimed or which, under the terms of any agreement or otherwise, may be claimed by the account debtor or accounts debtors with respect thereto, including, without limitation, any accounts where the account debtor is also a creditor of or supplier to Borrower.

(C) Such accounts presently, and in the future at the time of any Advance, will represent undisputed, bona fide Indebtedness to Borrower of account debtors (who are not Affiliates or Subsidiaries of Borrower) located in jurisdictions in which Borrower is qualified to do business and is fully licensed by such jurisdiction to conduct its business.

(D) The assignment of such accounts does not, and will not, violate any agreement with such account debtor or by which such account debtor is bound.

(E) Borrower is, and will be, the lawful owner of and have a good right to pledge, sell, assign, transfer and to grant a security interest in such of the accounts as are offered by Borrower.

(F) Such accounts have not been, nor hereafter will be, pledged, sold, assigned, transferred or encumbered to any Person other than Lender.

(G) Such accounts are, or will be, owing by an underlying borrower and mortgagor who, since the date of the Eligible Note Receivable evidencing such accounts, has not died, terminated its existence, become insolvent (which term shall include either a negative tangible net worth or an inability to pay its debts as they mature), suffered a business failure, been subjected either voluntarily or involuntarily to the appointment of a receiver of any part of his or its property, made an assignment for the benefit of his or its creditors, requested creditors to stand by, or has filed or had filed against him or it a petition in bankruptcy or any other proceeding under any bankruptcy or insolvency laws.

(H) Borrower has, and will have, access to the courts or arbitration panel or other tribunal of the state or other jurisdiction which has or will have in personam jurisdiction over the account debtors owing on such accounts for purposes of collecting and enforcing such accounts.

(I) Borrower is the sole owner of record and holder of the Eligible Notes Receivable and Eligible Mortgage relating to such Eligible Accounts and has good, indefeasible and marketable title thereto, and has full right to transfer the Eligible Accounts to Lender. There is no impediment to the Borrower's ability to enforce any Eligible Notes Receivable or Eligible Mortgages, including without limitation, state laws relating to the Borrower's qualification to do business as a precondition to the use of state courts and state laws relating to usury.

(J) Borrower shall provide, at least monthly no later than the tenth (10^{th}) day of each month, a revised complete listing of its Eligible Accounts Receivable as of the end of the prior month.

3 . 2 Eligible Notes Receivable. An Eligible Note Receivable shall be a promissory note constituting a negotiable instrument made, executed and delivered to Borrower evidencing bona fide Indebtedness owing to Borrower as a result of a Mortgage Loan made by Borrower to the Maker of such Eligible Note Receivable:

(A) Evidences a valid and enforceable commercial transaction and was originated and underwritten in accordance with all applicable state and federal laws, rules and regulations (including without limitation all usury laws) and each Eligible Note Receivable and Eligible Mortgage has been delivered in accordance with and is in compliance with all applicable state and federal laws, rules and regulations.

(B) Is the legal, valid and binding obligation of the Maker thereof enforceable in accordance with its terms. Borrower has reviewed all the documents relating to each Eligible Note Receivable and has made such inquiries as it deems necessary to make and confirm the accuracy of the representations set forth herein.

(C) Is secured by a duly recorded validly perfected and enforceable first fee commercial mortgage of marketable fee simple title to premises not subject to the lien of any past due taxes or other municipal charges and which is not occupied by the obligor on such loan (an "**Eligible Mortgage**").

(D) Is secured by an Eligible Mortgage of premises as to which:

(i) there are no delinquent taxes and no delinquent assessment liens at the time of funding.

(ii) the improvements thereon are covered by (x) a fully paid, valid and existing hazard policy insuring against loss or damage by fire and hazards, acceptable to Lender and (y) a valid and existing flood insurance policy in accordance with all applicable state and federal laws, rules and regulations, if the premises are in a designated flood hazard area and flood insurance is available for the premises under the National Flood Insurance Act of 1968, as amended. All individual insurance policies contain a standard mortgagee clause naming Borrower, Lender and their respective successors and/or assigns as their interests may appear.

(iii) no improvement thereon is in violation of any applicable zoning, planning, or wetland law or regulation.

(iv) there is no pending action or proceeding directly involving the compliance with any environmental law, rule or regulation.

(v) nothing further remains to be done to satisfy in full all requirements of each law, rule or regulation constituting a prerequisite to residential or other use and enjoyment of such premises.

(vi) an ALTA mortgagee's title insurance policy is issued by a title insurer acceptable to Lender and qualified to do business in the State in which the premises are located, insuring Borrower and its successors and assigns, as to the first priority lien of the Eligible Mortgage, subject to no encumbrances, in the maximum principal amount of the Eligible Note Receivable. Each such policy shall also be in form and content and issued by such companies as shall be acceptable to the Lender.

(vii) to the best of Borrower's knowledge, there is no pending action or proceeding in which the compliance with any lead paint law, rule or regulation is an issue. Nothing further remains to be done to satisfy in full all requirements of each such law, rule or regulation that constitutes a prerequisite to the use and enjoyment of such property.

(E) Any and all requirements of any federal, state or local law, rule and/or regulation, including, without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, fair housing, fair lending or disclosure laws applicable to the Eligible Notes Receivable have been complied with. Borrower shall maintain in its possession, available for Lender's inspection, and shall deliver to Lender upon demand, evidence of compliance with all such requirements, to the extent compliance requires preparation of one or more documents or writings.

Section 4. Events of Default.

Each of the following events shall constitute **"Event of Default**"):

4.1 If the Borrower shall default in the payment of any part of the Loan, including, without limitation, payments due under the Revolving Credit, owing by it when the same shall become due and payable, whether at any stated maturity, or by declaration, acceleration or otherwise;

4.2 If at any time the information contained in any Borrowing Base Certificate shall be untrue, false or misleading or if the outstanding balance of the Revolving Credit shall exceed the Availability shown on the Borrowing Base Certificate and the amount of such excess is not promptly paid by Borrower within two (2) Business Days;

4.3 If Borrower shall default in the performance of or compliance with any term or covenant applicable to it contained in this Agreement, or contained in any other Loan Document, within ten (10) days after notice from Lender to Borrower;

4.4 If any representation or warranty made by or on behalf of Borrower, in this Agreement or in the Schedules hereto, or in any other Loan Document, or in connection with the transactions contemplated hereby and thereby shall prove to be false or incorrect in any material respect;

4.5 The failure to pay the Loan in full on maturity, or the failure to pay any other installment of principal and/or interest, or any other sum due hereunder upon maturity or within ten (10) days from the date when such installment is otherwise due and payable;

4.6 The failure to pay any tax or assessment upon any Collateral securing the Loan, on or before the date the same shall become delinquent;

4.7 The occurrence of an Event of Default (as defined therein) under this Agreement or any other Loan Document (beyond any grace periods set forth in said agreement);

4.8 The filing by or against Borrower or any Guarantor of any petition, arrangement, reorganization, or the like under any insolvency or bankruptcy law, or the adjudication of Borrower as a bankrupt (and if such filing is involuntary, the failure to have same dismissed within ninety (90) days from the date of filing), or the making of an assignment for the benefit of creditors, or the appointment of a receiver for any part of Borrower's properties or the admission in writing by Borrower or any Guarantor of the liability to pay debts as they become due;

4.9 Borrower's failure to have any lien, attachment or encumbrance which is enforced or levied against the Collateral without Lender's consent (other than the lien for ad valorem taxes not yet due) discharged, released and/or satisfied within thirty (30) days after its recording;

4.10 The occurrence of any of the following events: (a) a change, without Lender's prior written consent, in the nature of the use of the Collateral which materially increases the possibility of a violation of any state or federal environmental law or regulation, (b) the failure of Borrower to immediately contain, remove or mitigate any violation of environmental law or regulation, or (c) Borrower's failure to immediately upon request reimburse the State of Connecticut, the federal government or Lender for any amounts expended by them with respect to any violation of environmental law or regulation;

4.11 The death, incapacity, or dissolution, as is applicable, of Borrower or any Guarantor, unless a substitute Guarantor is approved by Lender, in its sole discretion, within six (6) months of death or incapacity, or the attempted revocation or termination by any Guarantor of any guaranty;

4.12 The passage or enforcement of any federal, state, or local law or the rendition of a final decision of any court (other than a law or decision with respect to a tax upon the general revenues of the Lender) in any way directly materially changing or materially affecting the Loan or lessening the net income thereon in a material fashion which is not corrected or reimbursed by the Borrower;

4.13 The passage or enforcement of any federal, state, or local law, or the rendition of a final decision of any court in any way materially impairing Lender's ability to charge and collect the interest stated under the Loan, including without limitation, the ability to vary the interest payable under the Loan in accordance with the terms hereof; or

4.14 Upon failure to be in compliance with any loan covenant as set forth herein or any other Loan Document.

Section 5. Remedies on Default; Provisions re Collateral, Etc.

5.1 If a Default or Event of Default shall have occurred, Lender shall have no obligation to make Advances and, in addition, may accelerate and declare all Obligations hereunder to be immediately due and payable, and may proceed to protect and enforce its rights by suit in equity, action at law or other appropriate proceedings, whether for the specific performance of any agreement contained herein or in any other Loan Document, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any right, power or remedy granted thereby or by law, equity or otherwise.

5.2 Upon the occurrence of any Event of Default the Borrower grants a royalty-free license to the Lender for all patents, service marks, trademarks, trade names, copyrights, computer programs and other intellectual property and proprietary rights sufficient to permit the Lender to exercise all rights granted to the Lender pursuant to this Agreement.

5.3 Upon the occurrence of any Event of Default, the Lender shall have the right, to be exercised in its sole discretion to service, or appoint a third party to service the Collateral consisting of underlying loans of Borrower.

5.4 Without limitation of any rights and remedies of Lender as a secured party under the Code and any rights or remedies set forth herein or any other Loan Documents if an Event of Default shall exist hereunder, Lender shall have all the following rights and remedies with respect to the Collateral or any portion thereof:

(i) Lender may at any time and from time to time with or without judicial process and the aid or assistance of others, enter upon any premises in which any of the Collateral may be located and, without resistance or interference by Borrower, take possession of the Collateral and/or dispose of any part or all of the Collateral on any such premises; and/or require Borrower to assemble and make available to Lender, at the expense of Borrower and/or Guarantor, any part or all of the Collateral at any place or time designated by Lender which is reasonably convenient to the Borrower and Lender; and/or remove any part or all of the Collateral from any premises on which any part may be located for the purpose of effecting sale or other disposition thereof; and/or sell, resell, lease, assign and deliver, grant options for or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing, at public or private sale or proceedings, by one or more contracts, in one or more parcels, at the same or different times, with or without having the Collateral at the place of sale or other disposition, for cash and/or credit, and upon any terms, at such place(s) and time(s) and to such Persons as Lender shall deem best, all without demand for performance or any notice or advertisement whatsoever, except that unless any of the Collateral shall be perishable or is of a type that can decline speedily in value, the Borrower shall be given five (5) Business Days' notice of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, which notice Borrower hereby agrees shall be deemed reasonable notice thereof. If any of the Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to pay for same and in such event Lender may resell such Collateral. Lender may buy any part or all the Collateral at any public sale and if any part or all the Collateral is of a type customarily sold in a recognized market or is of the type which is the subject of widely distributed standard price quotations Lender may buy at private sale and may make payment therefor by application of all or a part of the Loan.

(ii) Lender may, in Lender's discretion, apply the cash Proceeds from any sale or other disposition of the Collateral, first, to the reasonable expenses of retaking, holding, preparing for sale, selling, leasing and otherwise disposing of such Collateral, to reasonable appraisal, accounting and attorneys' fees and all legal expenses, travel and other expenses which are to be paid or reimbursed to Lender, pursuant hereto or pursuant to any other Loan Document, second, to all accrued interest, fees and charges outstanding with respect to the Loan in such order, as Lender shall determine, third, to principal and all other outstanding portions of the Loan in such order, as Lender shall determine, fourth, any surplus to any other secured parties having an interest in the Collateral known to Lender in accordance with their interests, and fifth, any surplus to the Borrower; provided, however, that Borrower and Guarantors shall remain jointly and severally liable with respect to unpaid portions of the Loan and will pay Lender on demand any deficiency remaining together with interest thereon.

Notwithstanding any of the foregoing, Borrower acknowledges that Lender is making the Loan in reliance on the totality of the Collateral and this Agreement specifically prohibits subordinate liens thereon. Consequently, Lender shall have no liability to marshal assets for the benefit of any other creditor, or be subject to any restrictions with respect to the liquidation or other disposal of the Collateral.

(iii) Lender may appropriate, set-off and apply to the payment of all or any part of the Loan any and all balances, sums, property, claims, credits, deposits, accounts, reserves, collections, drafts, notes or other items or Proceeds of the Collateral, in or coming into the possession, custody, safekeeping or control of Lender or any Affiliate of Lender or its agents, or belonging to Borrower and in such manner as Lender may, in its discretion determine, and the Proceeds of any such set-off shall be applied in accordance with the provisions of the preceding Subparagraph hereof;

(iv) Any of the Proceeds of the Collateral received by Borrower after the occurrence of an Event of Default shall not be commingled with any other of its property, but shall be segregated, held by it in trust as the exclusive property of Lender, and Borrower will immediately deliver to Lender the identical checks, monies, or other Proceeds of Collateral received;

(v) Unless Maker is making payments directly to Lender, upon the written request of Lender made to Borrower, whether or not an Event of Default shall have occurred, Borrower shall notify Maker that its Mortgage Loan has been assigned to Lender and that any payments on such Mortgage Loan should be made directly to Lender.

Notwithstanding the foregoing, Lender shall have the right at any time upon written notice to the Borrower to notify a Maker to make its Mortgage Loan payments directly to Lender.

Section 6. Cumulative Remedies; No Waivers, Etc.

No right, power or remedy granted to Lender in this Agreement or in any other Loan Document is intended to be exclusive, but each shall be cumulative and in addition to any other rights, powers or remedies referred to in this Agreement, in any other Loan Document or otherwise available to Lender at law or in equity; and the exercise or beginning of exercise by Lender of any one or more of such rights, powers or remedies, shall not preclude the simultaneous or later exercise by Lender of any or all of such other rights, powers or remedies. No waiver by, nor any failure or delay on the part of Lender in any one or more instances to insist upon strict performance or observance of one or more covenants or conditions hereof, or of any other Loan Document shall in any way be, or be construed to be, a waiver of such covenant in any other instance or to prevent Lender's rights to later require the strict performance or observance of such covenants or conditions, or otherwise prejudice Lender's rights, powers or remedies.

Section 7. Partial Invalidity; Waivers.

7.1 If any term or provision of this Agreement or any other Loan Document or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable by reason of any applicable law, the remainder of this Agreement and the other Loan Documents, or application of such term or provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement and the other Loan Documents shall be valid and enforceable to the fullest extent permitted by law. To the full extent, however, that the provisions of any such applicable law may be waived, they are hereby waived by Borrower and Guarantors to the end that this Agreement and the other Loan Documents shall be deemed to be valid and binding obligations enforceable in accordance with their terms.

7.2 To the extent permitted by applicable law, Borrower and Guarantors hereby waive protest, notice of protest, notice of default or dishonor, notice of payments and non-payments, or of any default.

7.3 WITH RESPECT TO ANY CONTROVERSY, ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THE TRANSACTIONS DESCRIBED HEREIN OR CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH THE LOAN, THE COLLATERAL AND/OR ANY OF THE OTHER LOAN DOCUMENTS, BORROWER, GUARANTORS AND LENDER EACH VOLUNTARILY AND KNOWINGLY WAIVES ANY RIGHT TO OR CLAIM FOR A TRIAL BY JURY.

7.4 BORROWER AND GUARANTORS ACKNOWLEDGE THAT THE WITHIN AGREEMENT EVIDENCES A COMMERCIAL TRANSACTION AND THAT THEY COULD, UNDER CERTAIN CIRCUMSTANCES HAVE THE RIGHT UNDER CHAPTER 903a, AS FROM TIME TO TIME AMENDED, OF THE CONNECTICUT GENERAL STATUTES, SUBJECT TO CERTAIN LIMITATIONS, TO NOTICE OF AND HEARING ON THE RIGHT OF THE LENDER TO OBTAIN A PREJUDGMENT REMEDY, SUCH AS ATTACHMENT, GARNISHMENT AND/OR REPLEVIN, UPON COMMENCING ANY LITIGATION AGAINST BORROWER OR GUARANTORS. NOTWITHSTANDING, BORROWER AND GUARANTORS HEREBY WAIVE ALL RIGHTS TO NOTICE, JUDICIAL HEARING OR PRIOR COURT ORDER TO WHICH THEY MIGHT OTHERWISE HAVE THE RIGHT UNDER SAID CHAPTER 903a, AS FROM TIME TO TIME AMENDED, OR UNDER ANY OTHER STATE OR FEDERAL STATUTE OR CONSTITUTION IN CONNECTION WITH THE OBTAINING BY THE LENDER OF ANY PREJUDGMENT REMEDY BY REASON OF THIS COMMERCIAL REVOLVING LOAN AND SECURITY AGREEMENT, OR BY REASON OF BORROWER'S OR GUARANTORS' OBLIGATIONS OR ANY RENEWALS OR EXTENSIONS OF THE SAME. BORROWER AND GUARANTORS ALSO WAIVE ANY AND ALL OBJECTION WHICH THEY MIGHT OTHERWISE ASSERT, NOW OR IN THE FUTURE, TO THE EXERCISE OR USE BY LENDER OF ANY RIGHT OF SETOFF, REPOSSESSION OR SELF HELP AS MAY PRESENTLY EXIST UNDER STATUTE OR COMMON LAW.

BORROWER AND GUARANTORS SPECIFICALLY WAIVE AND RELINQUISH ANY CLAIM TO INCIDENTAL AND/OR CONSEQUENTIAL DAMAGES ARISING IN ANY WAY OUT OF AN ALLEGED BREACH HEREOF BY LENDER AND AGREE THAT DAMAGES FOR WHICH LENDER MAY BE LIABLE, IF ANY, SHALL BE LIMITED TO THOSE DIRECT DAMAGES PROVEN TO HAVE BEEN SUFFERED BY BORROWER OR GUARANTORS ARISING DIRECTLY FROM SUCH BREACH.

Section 8. Expenses/Indemnity.

Borrower agrees to:

8.1 Pay or reimburse Lender on demand for any and all means, in each case whether prior to or after the commencement of any Insolvency Proceeding, all Lender Expenses, including payment upon the Closing hereof of any portion of such charges, costs and fees for which an invoice shall be rendered;

8.2 Indemnify and save Lender and each Lender Affiliate, as well as any assignee of the Lender and their respective directors, officers, employees, agents and attorneys (each an "**Indemnitee**") harmless from, and pay or reimburse Lender for, claims, losses, liabilities (including negligence, tort and strict liability), damages, demands, judgments, settlements, suits, and all legal proceedings and any and all costs and expenses in connection therewith (including reasonable attorneys' fees and expenses) (to the extent applicable given the circumstances, each a "**Claim**") if any, incurred by Lender relating to (i) the Revolving Note or any of the other Loan Documents; (ii) the exercise by the Lender of any of its rights, remedies or powers hereunder, the Revolving Note or any of the other Loan Documents; (iii) any misrepresentation, inaccuracy, or breach of any representation, warranty, covenant, or agreement contained or referred to herein or any other Document, the security interests and liens granted pursuant to this Agreement or the other Loan Documents; (iv) the performance of any obligation of Borrower or Guarantors in connection with the Collateral; (v) the attempted enforcement or enforcement of this Agreement or the other Loan Documents, or the collection or attempted collection of any of the Obligations owing under any thereof, including, without limitation, the Loan, or the realization or attempted realization upon any of the Collateral; (vii) the prosecution or defense of any action or proceeding concerning any matter growing out of or connected with this Agreement, the other Loan Documents or the Collateral; (viii) any Hazardous Substance at, on, in, under, or about all or any portion of any property owned, occupied and/or operated by the Borrower or any environmental condition within, on, from, related to, or attaching to any such property; (ix) any Release or threatened Release of any Hazardous Substance from any property owned, occupied or operated by the Borrower or from the Borrower's operations or other activities, including without limitation any Release by any prior owner, occupant or operator of any such property; (x) any violation or claim of violation of any Environmental Law by the Borrower or its operations or other activities; (xi) any other environmental condition or matter within, on, from or related to or affecting any property owned, leased or operated by the Borrower or Borrower's operations or other activities; (xii) any other operations or activities of the Borrower or conditions or occurrences on the Borrower's properties (all the foregoing under this paragraph collectively, the **"Indemnified Liabilities"**) and, in addition, at Lender's discretion, Borrower and Guarantors shall defend (with counsel satisfactory to the Lender) Lender against those Indemnified Liabilities which the Lender shall choose Borrower and Guarantors to defend Lender against (provided, that, it is understood and agreed that all reasonable costs and expenses of counsel incurred by Lender in defending itself against any Indemnified Liability shall be Indemnified Liabilities for which Borrower and Guarantors are responsible for payment under this subparagraph) provided, however, nothing contained herein shall obligate Borrower to indemnify and hold harmless any Indemnitee with respect to any claim arising as a result of such Indemnitee's fraud, willful misconduct, violation of law or gross negligence. The agreements in this section shall survive any payment of the Loan or any other amounts payable hereunder or under any other Loan Document and/or any termination of this Agreement or any Loan Document or the release of any Collateral. All amounts payable under this Section shall be payable by the Borrower and Guarantors on demand by the Lender.

8.3 Allow Lender, in Lender's discretion, to receive payment of any of the foregoing by a charge to the Revolving Note (which charge shall thereupon become a part of the Loan) or by deduction from any account maintained by Borrower or Guarantors with Lender or subject to Lender's control.

Section 9. Further Assurances; Possession of Collateral; Power of Attorney.

At any time and from time to time, upon the demand of the Lender, the Borrower will, at the Borrower's expense (i) immediately give, execute, deliver, pledge, endorse, file, and/or record any notice, statement, financing statement, instrument, documents, chattel paper, agreement, or other papers that may be necessary or desirable, or that the Lender may request, in order to create, preserve, perfect, or validate any security interest granted pursuant hereto or intended to be granted hereunder or to enable the Lender to exercise or enforce its rights hereunder or with respect to such security interest; and (ii) keep, stamp, or otherwise mark any and all documents, instruments, chattel paper, and its books and records relating to the Collateral in such manner as the Lender may require. The Borrower hereby irrevocably appoints the Lender (and any of its attorneys, officers, employees or agents) as its true and lawful agent and attorney-in-fact, said appointment being coupled with an interest with full power of substitution, in the name of the Borrower, the Lender, or otherwise, for the sole use and benefit of the Lender in its sole discretion, but at the Borrower's expense, to exercise, to the extent permitted by law, in its name or in the name of the Borrower or otherwise, the powers set forth herein, whether or not any of the Mortgage Loans are due (i) to endorse the name of the Borrower upon any instruments of payment, freight, or express bill, bill of lading, storage, or warehouse receipt relating to the Collateral and to demand, collect, receive payment of, settle, or adjust all or any of the Collateral; (ii) to correspond and negotiate directly with insurance carriers; and (iii) to sign and file one or more financing statements naming the Borrower as debtor and the Lender as secured party to execute any notice, statement, instruments, agreement, or other paper that the Lender may require to create, preserve, perfect, or validate any security interest granted pursuant hereto or to enable the Lender to exercise or enforce its rights hereunder or with respect to such security interest. Neither the Lender nor its attorneys, officers, employees, or agents shall be liable for acts, omissions, any error in judgment, or mistake in fact in its/their capacity as agent or attorney-in-fact. This power, being coupled with an interest is irrevocable until the Loan has been fully satisfied. At the Lender's sole option, and without the Borrower's consent, the Lender may file a carbon, photographic, or other reproduction of this Agreement or any financing statement executed pursuant hereto as a financing statement in any jurisdiction so permitting. The Lender is expressly authorized to file financing statements without the Borrower's signature.

Section 10. Survival of Agreements, Representations and Warranties, Etc.

All agreements, representations and warranties contained herein or made in writing by or on behalf of Borrower or Guarantors, in connection with the transactions contemplated hereby, shall survive the execution and delivery of this Agreement and the related documents and, to the extent applicable, shall be deemed to be made anew by each of them each time an Advance is made, pursuant hereto or pursuant to the other Loan Documents and shall continue until the Loan has been paid in full and this Agreement has been terminated. All statements contained in any certificate or other instrument delivered by or on behalf of Borrower or Guarantors, pursuant hereto or in connection with the transactions contemplated hereby, shall be deemed representations and warranties made hereunder.

Section 11. Failure to Perform.

If Borrower shall fail to observe or perform any of the covenants hereof (other than the payment of sums due under the Revolving Note), Lender may pay amounts or incur liabilities to remedy or attempt to remedy any such failure (including, without limitation, any sums payable under any statute relating to the environment) and all such payments made and liabilities incurred shall be for the account of Borrower, may be paid, at Lender's option, by the making of additional advances under the Revolving Note and, consequently, shall be included in the Loan and all such amounts shall be repaid by Borrower on demand, together with interest thereon at the rate of 18% per annum, or may be repaid by a withdrawal from any of Borrower's accounts maintained with Lender. The provisions of this Section and any such action by Lender shall not prevent any default in the observance or performance of any covenant hereof from constituting an Event of Default hereunder.

Section 12. Notices, Etc.

All notices, requests, consents and other communications hereunder shall be in an authenticated record and shall be deemed to be duly delivered by authenticated electronic means or if mailed, postage prepaid, by first class registered mail, return receipt requested, or by any nationally recognized receipted delivery or courier service:

(A) if to Lender:

Bankwell Bank
208 Elm Street
New Canaan, Connecticut 06840
Attn: Commercial Loan Department

with a copy to:
Murtha Cullina LLP
177 Broad Street, 16th Floor
Stamford, Connecticut 06905
Attention: Scott M. Gerard, Esq.

or at such other address as may have been furnished in writing by Lender to Borrower; or

(B) if to Borrower or Guarantor:

Sachem Capital Corp.
23 Laurel Street
Branford, Connecticut 06405

with a copy to:

Morse, Zelnick, Rose & Lander, LLP
825 Third Avenue
New York, New York 10022
Attn: Joel Goldschmidt, Esq.

or at such other address as may have been furnished in writing by Borrower to Lender.

Section 13. Amendments and Waivers.

Neither this Agreement nor any other Document nor any term hereof or thereof may be changed, waived, discharged or terminated, except by a writing signed by all the parties hereto.

Section 14. Miscellaneous.

(A) This Agreement and each other Document granting Lender a security interest in any personal property of Borrower shall be deemed a security agreement within the meaning of the Code. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person. This Agreement and the documents contemplated hereby shall be construed and enforced in accordance with and governed by the laws of the State of Connecticut. Borrower and each Guarantor hereby specifically consents to the jurisdiction of the Courts of the State of Connecticut and the Federal Courts situated in the State of Connecticut and agree to be personally bound by the decisions of the Courts of the State of Connecticut and such Federal Courts. To the extent there is any inconsistency between the terms of this Agreement and any of the documents contemplated hereby, this Agreement shall control. All the terms of this Agreement and such other documents shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, whether so expressed or not, and by any other holder or holders of the Loan or any part thereof. The headings in this Agreement are for the purposes of reference only and shall not limit or otherwise affect any of the terms hereof.

(B) This Agreement is between each Lender, Borrower and Guarantors only and shall not be relied upon by any third party. Without limiting the foregoing, Lender shall have no liability to any party whatever (including, without limitation, Borrower or Guarantors, or anyone conducting business with any of the foregoing) in the event Lender, for any reason and at any time, determines not to advance sums under the Revolving Note for any reason or otherwise exercises its rights under this Agreement and/or the other documents contemplated hereby.

(C) This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original but all of which together constitute one and the same instrument. This Agreement, to the extent signed and delivered by means of a facsimile machine or other electronic transmission in which the actual signature is evident, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto or thereto shall re-execute original forms hereof and deliver them to all other parties. No party hereto shall raise the use of a facsimile machine or other electronic transmission in which the actual signature is evident to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or other electronic transmission in which the actual signature is evident as a defense to the formation of a contract and each party forever waives such defense. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against which enforcement is sought.

Section 15. Certain Disclosures.

Attached hereto as Schedule 15 is a listing of the following information which Borrower and each Guarantor represents and warrants to be true and correct as of the date hereof:

(A) Borrower’s shareholders and capital stock held by each;

(B) Date of most recently prepared Financial Statements;

(C) Indebtedness owing by Borrower other than to Lender and Subordinated Debt, if any;

(D) Borrower's Patents, Trademarks, Trade Names, Copyrights;

(E) Pending or threatened litigation involving Borrower;

(F) Borrower's licensing agreements, governmental consents;

(G) past changes to Borrower's name;

(H) Leases to which Borrower is a party;

(I) Federal and state tax identification numbers.

Section 16. Release.

Upon full payment and satisfaction of the Loan and the interest thereon and expenses incurred by Lender in connection therewith and upon termination of this Agreement by Lender, Lender shall release and/or return all Collateral to Borrower and the parties shall thereupon automatically each be fully, finally, and forever released and discharged from any further claim, liability or obligation in connection with the Loan or any of them. Notwithstanding the foregoing, in the event any payment is recovered from Lender in whole or in part, as a result of any insolvency proceedings or otherwise, the rights, benefits and security interests of Lender under this Agreement shall remain in full force and effect as to any and all of such recovered sums, all of which shall be a part of the Loan hereunder.

Section 17. Patriot Act.

Borrower certifies that, to the best of their knowledge, neither Borrower nor any of its Subsidiaries has been designated, and is not owned or controlled, by a "suspected terrorist" as defined in Executive Order 13224. Borrower hereby acknowledges that Lender seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of those efforts, Borrower hereby represents, warrants and agrees that: (i) none of the cash or property that Borrower or any of their Subsidiaries will pay or will contribute to Lender has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and (ii) no contribution or payment by Borrower or any of its Subsidiaries to Lender, to the extent that they are within such Borrower's and/or its Subsidiaries' control shall cause Lender to be in violation of the United States Bank Secrecy Act, the United States International Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001. Borrower shall promptly notify Lender if any of these representations ceases to be true and accurate regarding either Borrower or any of their Subsidiaries. Borrower agrees to provide Lender any additional information regarding Borrower or any of their Subsidiaries that Lender deems necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar activities. Borrower understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering or similar activities, Lender may undertake appropriate actions to ensure compliance with applicable law or regulation. Borrower further understands that Lender may release confidential information about Borrower and their Subsidiaries and, if applicable, any underlying beneficial owners, to proper authorities if Lender, in its sole discretion, determines that it is in the best interests of Lender in light of relevant rules and regulations under the laws set forth in Subsection (ii) above.

Section 18. Effective Date; Consents; Releases.

18.1 This Agreement shall be effective immediately upon the consummation of both the Exchange and the IPO (the **"Effective Date"**), *provided, however,* this Agreement shall become null and void if either the Exchange or the IPO has not been consummated on or before February 15, 2017, in which event the terms of the Amended and Restated Commercial Revolving Loan Agreement dated March 15, 2016 (the **"Existing Loan Agreement"**) shall remain in full force and effect. Borrower hereby irrevocably assumes, as of the Effective Date, Existing Borrower's Obligations arising under the Existing Loan Agreement, including, but not limited to, the outstanding principal balance under the Revolving Note and all accrued but unpaid interest thereon, subject to any rights of Existing Borrower with respect thereto.

18.2 As of the Effective Date, this Agreement shall supersede the Existing Loan Agreement.

18.3 As of the Effective Date, (i) Lender hereby waives any and all defaults, Events of Default and breaches of or arising under the Existing Loan Agreement and (ii) hereby releases and forever discharges Existing Borrower, its officers, directors, members, managers, successors and assigns (other than Borrower and Guarantors) from any and all causes of actions, actions, debts, sums of money, accounts, bonds, bills, covenants, contracts, controversies, promises, agreements, judgments, damages, claims, demands whatsoever, in law, equity or admiralty, which against said releasees, Lender, its successors or assigns, have, ever had or may have in the future under or pursuant to the Loan Agreement by reason of any matter cause or things whatsoever from the beginning of time to the date hereof.

18.4 Lender hereby consents to the following transactions as of the Effective Date:

(i) The IPO;

(ii) The Exchange;

(iii) The liquidation of Existing Borrower; and

(iv) The liquidation of JJV.

18.5 Saturdays, Sundays, Holidays etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

18.6 Capitalized Terms. Capitalized terms used in this Agreement but not defined above shall have the meaning ascribed to such terms in Appendix I hereto.

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SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the day first above mentioned.

LENDER:

BANKWELL BANK

By _____
Name: Lisa Choi
Title: Vice President

BORROWER:

Sachem Capital Corp.
(formerly known as HML Capital Corp.)

By: _____
Name: John L. Villano
Title: Co-Chief Executive Officer

SCHEDULE OF SCHEDULES

Section Reference	Schedule	Subject
1.1(A)(i)	1.1(A)(i)	Amended and Restated Revolving Note
1.1(A)(ii)	1.1(A)(ii)	Borrowing Base Certificate
1.9	1.9	Request for Advance Form
2	2	Exceptions to Representations, Warranties and Covenants
2.2(H)	2.2(H)	Financial Statement (Indebtedness or Liabilities)
15	15	Certain Disclosures

APPENDIX I

As used herein, the following terms have the following meanings:

Accepted Servicing Practices: The procedures that the Borrower follows in the servicing and administration of, and in the same manner in which, and with the same care, skill, prudence and diligence with which the Borrower services and administers, loans similar to the Mortgage Loans, and in all events consistent with the Mortgage Loan Documents and customary and usual standards of practice of prudent institutional multifamily and commercial mortgage lenders and loan servicers and with a view to the maximization of timely recovery of principal and interest on the Mortgage Loans.

Advance: the meaning specified in Section 1.1(A).

Affiliate: with reference to any Person, any director, officer or employee of such Person, any corporation, association, firm or other entity in which such Person has a direct or indirect controlling interest or by which such Person is directly or indirectly controlled or is under direct or indirect common control with such Person.

Agreement: this Second Amended and Restated Commercial Revolving Credit and Security Agreement.

Borrower: the meaning specified on page 1 of this Agreement.

Business Day: any day other than a Saturday, Sunday or legal holiday in which commercial banks are open for the normal transaction of business in the State of New York.

Claim: the meaning specified in Section 8.2

Code: the Uniform Commercial Code as the same may in effect from time to time in the state of New York.

Collateral: the meaning specified in Section 1.6(A).

Default: the occurrence of any event which with the giving of notice or passage of time (other than stated grace periods), or both, might become an Event of Default.

Eligible Accounts Receivable: the meaning specified in Section 3.

Eligible Mortgage(s): the meanings specified in Section 3.2(C).

Eligible Notes Receivable(s): the meaning specified in Section 3.

Environmental Laws: any and all applicable foreign, Federal, state and local statutes, laws, regulations, rules, ordinances, orders, guidance, policies or common law (whether now existing or hereafter enacted or promulgated) pertaining to the environment, of any and all Federal, state or local governments and governmental and quasi-governmental agencies, bureaus, subdivisions, commissions or departments which may now or hereafter have jurisdiction over Debtor and all applicable judicial and administrative and regulatory decrees, judgments and orders, including common law rulings and determinations, relating to injury to, or the protection of, real or personal property or human health or the environment, including, without limitation, all requirements pertaining to reporting, licensing, permitting, investigation, remediation and removal of emissions, discharges, releases or threatened releases of Hazardous Substances, chemicals substances, pollutants or contaminants whether solid liquid or gaseous in nature, into the environmental or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such Hazardous Substances, chemical substances, pollutants or contaminants.

Without limiting the generality of the foregoing, the term "Environmental Laws" shall encompass each of the following statutes, and regulations promulgated thereunder, and amendments and successors to such statutes and regulations, as may be enacted and promulgated from time to time: Federal Occupational Safety and Health Act ("OSHA"); the Clean Air Act ("CAA"); the Toxic Substances Control Act ("TSCA"); the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); the Clean Water Act ("CWA"); the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 ("RCRA"); the Hazardous Materials Transportation Act; and all applicable Environmental Laws of each state and municipality in which Debtor conducts business or locates assets and all rules and regulations thereunder and amendments thereto and all similar state and local laws, rules and regulations.

ERISA: The Employee Retirement Income Security Act of 1974.

Event of Default: the meaning specified in Section 4.

Governmental Authority: any federal, state or local governmental authority or any political subdivision of any of them and any court, agency, department, commission, board, bureau or instrumentality of any of them which now or hereafter has jurisdiction over the parties hereto, any maker or any Mortgaged Property.

Guaranties: the meaning specified in Section 1.5.

Guarantors: John Villano, Jeffrey Villano and JJV, LLC, jointly and severally.

Hazardous Substance: any chemical, compound, material, mixture or substance: (i) the presence of which requires or may hereafter require notification, investigation, monitoring or remediation under any Environmental Law; (ii) which is or becomes defined as a "Hazardous Waste", "Hazardous Material" or "Hazardous Substance" or "Toxic Substance" or "Pollutant" or "Contaminant" under any present or future applicable Federal, state or local law or under the rules and regulations adopted or promulgated pursuant thereto, including, without limitation, the Environmental Laws; (iii) which is toxic, explosive, corrosive, reactive, ignitable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is or becomes regulated by any Governmental Authority, agency, department, commission, board, agency or instrumentality of any foreign country, the United States, any state of the United States, or any political division thereof to the extent any of the foregoing has or had jurisdiction over Debtor; (iv) without limitation, which contains gasoline, diesel fuel or other petroleum products, asbestos or polychlorinated biphenyls ("PBCs"); or (v) any other chemical, material or substance, exposure to, or disposal of, which is now or hereafter prohibited, limited or regulated by any federal, state or local governmental body, instrumentality or agency.

Indebtedness: as applied to a Person, (a) all items, except items of capital stock or of surplus or of general contingency reserves or of reserves for deferred income taxes if in compliance with Section 2.3(c), which in accordance with generally accepted accounting principles and practices would be included in determining total liabilities as shown on the liability side of a balance sheet of such person as at the date of which indebtedness is to be determined, (b) all indebtedness secured by any mortgage, pledge, lease, lien or conditional sale or other title retention agreement existing on any property or asset owned or held by such person subject thereto, whether or not such indebtedness shall have been assumed, and (c) all indebtedness of others which such Person has directly or indirectly guaranteed, endorsed, discounted or agreed (contingently or otherwise) to purchase or repurchase or otherwise acquire, or in respect of which such Person has agreed to supply or advance funds (whether by way of loan, stock purchase, capital contribution or otherwise) or otherwise to become liable directly or indirectly with respect thereto.

Indemnified Liabilities: the meaning specified in Section 8.2.

Indemnitee: the meaning specified in Section 8.2

Insolvency Proceeding: a proceeding under any bankruptcy, reorganization, dissolution or liquidation law or statute of any jurisdiction.

Interest Expense: for any period, all amounts accrued by Borrower, whether as interest, late charges, service fees or other charge for money borrowed on account of or in connection with Borrower's Indebtedness for money borrowed or with respect to which Borrower or any of their respective properties are liable by assumption, operation of law or otherwise, including, without limitation, any leases which are required, in accordance with generally accepted accounting principles, to be carried as a liability on Borrower's balance sheet.

Lender: Lender and its successors and assigns.

Lender Affiliate: any Affiliate of the Lender

Lender Expenses: in each case whether prior to or after the commencement of any Insolvency Proceeding, all (a) costs or expenses (including taxes, and insurance premiums) required to be paid by a Borrower or any Guarantor under any of the Loan Documents that are paid or incurred by the Lender, (b) reasonable fees or charges paid or incurred by Lender in connection with the Lender's transactions with Borrower or any Guarantor under the Loan Documents, including, fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and UCC searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording, publication, appraisal (including periodic Collateral appraisals or business valuations to the extent of the fees and charges (and up to the amount of any limitation) contained in this Agreement, real estate surveys, real estate title policies and endorsements, and environmental audits, (c) reasonable costs and expenses incurred by Lender in the disbursement of funds to or for the account of Borrower or any Guarantor (by wire transfer or otherwise), (d) reasonable charges paid or incurred by Lender resulting from the dishonor of checks, (e) reasonable costs and expenses paid or incurred by the Lender to correct any default, enforce any provision of the Loan Documents, (following the occurrence, and during the continuation, of an Event of Default) gain possession of, maintain, handle, preserve, store, ship, sell, prepare for sale, or advertise to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) audit fees and expenses of Lender related to audit examinations of the books and records of Borrower to the extent of the fees and charges (and up to the amount of any limitation) contained in this Agreement, (g) reasonable costs and expenses of third party claims or any other suit paid or incurred by the Lender in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or the Lender's relationship with Borrower or any Guarantor, (h) Lender's reasonable fees and expenses (including attorneys' fees) incurred in advising, structuring, drafting, reviewing, administering, or amending the Loan Documents, and (i) Lender's reasonable fees and expenses (including attorneys' fees) incurred in terminating, enforcing (including attorneys' fees and expenses incurred in connection with a "workout," a "restructuring," or an Insolvency Proceeding (and any objection by or against, and any claim or adversary proceeding against Lender or any Lender in connection with such Insolvency Proceeding), or in otherwise exercising rights or remedies under the Loan Documents, or defending the Loan Documents and any interest in the collateral, including without limitation, in connection with any action to avoid or subordinate any of the Lender's Liens or payment made in connection with the Loan Documents or the Collateral.

Loan Documents: this Agreement, the Revolving Note, the Guaranties, the Subordinations and all other instruments heretofore, now or hereafter executed and delivered pursuant to this Agreement or any of the aforesaid documents.

Loan: the meaning specified in Section 1.2.

Maker: the maker of an Eligible Note Receivable.

Maximum Availability: the meaning specified in Section 1.1(A)(i).

Obligations: (a) all loans, Advances, debts, principal, interest (including any interest that, but for the provisions of the Bankruptcy Code, would have accrued), contingent reimbursement obligations with respect to outstanding letters of credit, premiums, liabilities (including all amounts charged to the Loan Account pursuant hereto), obligations, fees, charges, costs, Lender Expenses (including any interest, fees or expenses that, but for the provisions of the Bankruptcy Code, would have accrued), lease payments, guaranties, covenants, and duties of any kind and description owing by Borrower to the Lender pursuant to or evidenced by the Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all Lender Expenses that Borrower is required to pay or reimburse by the Loan Documents, by law, or otherwise. Any reference in this Agreement or in the Loan Documents to the Obligations shall include all amendments, changes, extensions, modifications, renewals replacements, substitutions, and supplements, thereto and thereof, as applicable, both prior and subsequent to any Insolvency Proceeding; and (b) all present and future Indebtedness and obligations, of any nature whatsoever, direct or indirect, absolute or contingent, matured or not, at any time owing or to become owing by the Borrower to the Lender arising from any contract, agreement, dealings, occurrence, non-occurrence, event and/or operation of law whereby the Borrower becomes indebted and/or obligated towards the Lender.

OSHA: Occupational Safety and Health Act.

Overadvance: the meaning specified in Section 1.4(D).

Person: a corporation, an association, a partnership, an organization, a limited liability company, a business, an individual or a government or political subdivision thereof or any governmental agency.

Request for Advance Form: the meaning specified in 1.9.

Revolving Credit: the credit facility described in Section 1.1(A).

Subordinated Debt: any Indebtedness of Borrower subordinated to the Loan in a manner acceptable to Lender.

Subordination(s): the meaning specified in Section 1.8.

Subsidiary: with reference to any Person, is a corporation, or similar association or entity not less than a majority of the outstanding shares of the class or classes of stock, having by the terms thereof ordinary voting power to elect a majority of the directors, managers or trustees of such corporation, association or entity, of which are at the time owned or controlled, directly or indirectly, by such Person or by a Subsidiary of such Person.

Exhibit 10.4.3

GUARANTY AGREEMENT

This Guaranty Agreement (the "Agreement") is made this 18th day of December, 2014 by **John Villano**, an individual with an address at 59 Northford Road, Branford, Connecticut 06405**, Jeffrey Villano**, an individual with an address at 129 Catullo Drive, Guilford, Connecticut 06437, and **JJV, LLC** with offices at 23 Laurel Street, Branford, Connecticut 06405 (collectively, the "Guarantors"), in favor of **Bankwell Bank**, a Connecticut banking corporation, with an address at 208 Elm Street, New Canaan, Connecticut 06840 (the "Lender").

Background

A. **Sachem Capital Partners, LLC,** a Connecticut limited liability company (the "Borrower") is indebted to the Lender in the original principal amount of up to **Five Million and 00/100 Dollars ($5,000,000.00)** (the "Loan") as evidenced by that certain Revolving Note dated of even date herewith from the Borrower to Lender in the original principal amount of up to $5,000,000.00 (as amended, restated, extended, supplemented or reconstituted from time to time, together with any note or notes given in substitution or replacement thereof, the "Note") which is secured by, among other things, that certain Commercial Revolving Loan and Security Agreement dated of even date herewith from Borrower to Lender (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Security Agreement") securing all of the business assets of Borrower as described therein (the "Collateral").

B. The Guarantors each own (directly or indirectly) an interest in the Borrower, and each will receive a financial benefit from the Lender making the Loan to the Borrower.

C. The Lender has requested that the Guarantors, and the Guarantors have agreed to, unconditionally, jointly and severally, guaranty to the Lender repayment and performance of all indebtedness, liabilities and obligations of the Borrower to the Lender in connection with the Loan pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the Background which is incorporated by reference, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, and the representations, covenants and warranties contained herein, the parties, intending to be bound legally, agree as follows:

ARTICLE 1
THE GUARANTY

1.01 The Guaranty. The Guarantors unconditionally and irrevocably, jointly and severally, if more than one, guaranty to the Lender the full and prompt payment and performance of all liabilities of the Borrower to the Lender pursuant to the Note and all other documents and agreements evidencing, securing and/or relating to the Loan (collectively, the "Loan Documents") As used herein, "liabilities" means any and all liabilities and obligations of the Borrower to the Lender under the Loan Documents, whether direct or indirect, primary or secondary, absolute or contingent, due or to become due, now existing or hereafter arising, regardless of how they arise or by what agreement or instrument they may be evidenced, or whether evidenced by any agreement or instrument, including, without limitation, the Note, and further including, without limitation, all costs, expenses and reasonable attorneys' fees and professionals' fees incurred in the collection of the liabilities and in any litigation arising from any liability or this Agreement or in the defense, protection, preservation and enforcement of any rights, liens or remedies against the Borrower or in the defense, protection, preservation and enforcement of this Agreement. All payments by the Guarantors shall be paid in lawful money of the United States of America. Each and every payment, obligation or liability guaranteed hereunder shall give rise to a separate cause of action and separate lawsuits; lawsuit may, but need not be, brought hereunder as each cause of action arises.

1.02 Unconditional Nature of Guaranty.

A. The obligations of the Guarantors under this Agreement are irrevocable, absolute and unconditional and shall remain in full force and effect until the liabilities guarantied hereunder shall have been fully and finally paid and performed. The Guarantors further guaranty that all payments made by the Borrower with respect to any liabilities guarantied will, when made, be final and agrees that if any such payment is recovered from or repaid by the Lender in whole or in part in any bankruptcy, insolvency or similar proceeding instituted by or against the Borrower, this Agreement shall continue to be fully applicable to such liabilities to the same extent as though the payment so recovered or repaid had never been originally made as to such liabilities. This Agreement shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or consent of, the Guarantors:

1. The compromise, settlement, change or modification, whether material or otherwise, of the liabilities, obligations, covenants or agreements of the Borrower;

2. The failure to give notice to the Guarantors of the occurrence of an "Event of Default" (as defined in the Loan Documents) under the terms and provisions of this Agreement, the Note or the other Loan Documents;

3. The waiver by the Lender of the payment, performance or observance by any or all the Guarantors or the Borrower of any of their respective liabilities, obligations, covenants or agreements of any of them contained in the Note, this Agreement or the other Loan Documents;

4. The extension of time for payment of any principal or interest due and owing under the Note or under this Agreement or of the time for performance of any other obligation, covenant or agreement arising out of the Note, this Agreement or the other Loan Documents or the extension or the renewal of any thereof;

5. The modification or amendment (whether material or otherwise) of any duty, liability, obligation, covenant or agreement set forth in the Note or the other Loan Documents;

6. The taking or the failure to take any of the actions referred to in the Note, this Agreement or the other Loan Documents;

7. Any failure, omission or delay on the part of the Lender to enforce, assert or exercise any right, power or remedy conferred on the Lender in this Agreement, the Note or the other Loan Documents;

8. The full or partial discharge of the Borrower in bankruptcy or similar proceedings or otherwise;

9. The release or discharge, in whole or in part, or the death, bankruptcy, liquidation or dissolution of any other person or entity other than the Guarantors who has guaranteed the Borrower's obligations to the Lender;

10. The exchange, release or surrender of all or any of the collateral held by the Lender as security for the liabilities; or

11. The default or failure of the Guarantors, subject to the giving of notice and the expiration of the applicable grace period, fully to perform any of its obligations set forth in this Agreement.

B. The Guarantors agree that no act or omission of any kind or at any time on the part of the Lender or its successors and assigns, with respect to any matter whatsoever shall in any way impair the rights of the Lender to enforce any right, power or benefit under this Agreement and no set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the Guarantors have or may have against the Lender, or any assignee or successor thereof shall be available hereunder to the Guarantors against the Lender.

1.03 Right of the Lender to Proceed Against the Guarantors.

A. Upon any failure in the payment or performance of any liability guarantied hereby, the liability of the Guarantors shall be effective immediately without notice and shall be payable or performable on demand without any suit or action against the Borrower. No delay or omission in exercising any right hereunder shall operate as a waiver of such right or any other right.

B. The Lender, in its sole discretion, shall have the right to proceed first and directly against the Guarantors under this Agreement, without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Lender.

C. This Agreement is entered into by the Guarantors for the benefit of the Lender and its successors and assigns, all of whom shall be entitled to enforce performance and observance of this Agreement.

1.04 Liquidation of Collateral. Without in any way limiting the Lender's right to enforce this Agreement against the Guarantors, the Guarantors acknowledge that the Lender shall have the right to apply the proceeds of the liquidation of any collateral first to the obligations outstanding under the Loan.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.01 Guarantors' Representations and Warranties. The Guarantors represent and warrant that:

A. The Guarantors have received reasonably equivalent value in exchange for his execution of this Agreement. The aggregate fair value of the assets of the Guarantors are, on the date hereof, and will be after execution of this Agreement, in excess of the aggregate amount of the liabilities and obligations of the Guarantors (fixed, contingent or otherwise). The Guarantors anticipate that they will have sufficient net cash flow to pay all of their liabilities and obligations as they become due after the execution of this Agreement. The Guarantors represent that they do not have unreasonably small capital as a result of the transaction evidenced by this Agreement.

B. The Guarantors have the legal capacity to enter into this Agreement.

C. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the terms and conditions of this Agreement is not prevented or limited by and does not conflict with or result in a breach of the terms, conditions or provisions of any contractual or other restriction on the Guarantors, or agreement or instrument of any nature to which the Guarantors are now a party or by which the Guarantors or their property are bound, or constitutes a default under any of the foregoing.

D. This Agreement constitutes a valid and legally binding obligation of the Guarantors, enforceable in accordance with its terms.

E. There is no action, suit or proceeding pending, or to the knowledge of the Guarantors threatened, against or materially affecting the Guarantors or their assets before any court or administrative agency that might adversely affect the ability of the Guarantors to perform the obligations under this Agreement.

F. All reports, statements and other data furnished by the Guarantors to the Lender in connection with the Loan are true, correct and complete in all material respects and do not omit any fact or circumstance which would make the statements contained therein misleading; present fairly the financial position of the Guarantors as of the date stated therein, and the results of the Guarantors' operation and changes in financial position for the years then ended and the statements are prepared in conformity with generally accepted accounting principles consistently applied; and that no material adverse change has occurred in the financial condition of the Guarantors or their assets since the date of the financial statement.

G. The Guarantors have filed all required federal, state and local tax returns and have paid all taxes as shown on such returns. No claims have been assessed and remain unpaid with respect to such taxes.

H. The Guarantors have not received any notice, order, petition or similar document in connection with or arising out of any violation or possible violation, of any environmental, health or safety law, regulation or order, and knows of no basis for any such violation or threat thereof.

2.02 Affirmative Covenants. So long as this Agreement shall be in full force and effect, the individual Guarantors agree that they will deliver to the Lender within thirty (30) days of filing copies of the signed federal, state and local tax returns of the individual Guarantors together with all supporting schedules. The individual Guarantors shall also furnish annually to the Lender or cause to be furnished, (a) within thirty (30) days after the close of each calendar year during the term of the Loan, a current financial statement in form and substance required by Lender, and (b) such other financial information in such detail as the Lender may reasonably require within fifteen (15) days of the Lender's request for same. JJV, LLC shall provide Lender with its current federal tax return within sixty (60) days of its fiscal year end; a quarterly management prepared balance sheet and income statement within thirty (30) days of each fiscal quarter end; and any other financial information in form and substance Lender may require within fifteen (15) days of such request.

ARTICLE 3
NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

3.01 Designation of Agent for Services of Process. The Guarantors represent, warrant and covenant that they are subject to service of process in the state of Connecticut and that it will remain so subject so long as any of the liabilities are outstanding.

3.02 Consent to Service of Process. The Guarantors irrevocably (a) agree that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the state of Connecticut or the courts of the United States located in Connecticut, (b) consents to the jurisdiction of each such court in any such suit, action or proceeding, and (c) waives any objection which the Guarantors may have to the laying of venue of any such suit, action or proceeding in any of such courts.

3.03 Notices. All notices or other communications required or permitted to be given hereunder shall be considered properly given if sent by a nationally recognized overnight messenger service or mailed first-class United States mail, postage-prepaid, registered or certified mail, with return receipt requested, or by delivery of same to the address listed below by prepaid messenger or telegram, as follows:

If to Guarantors:	John Villano 59 Northford Road Branford, Connecticut 06405
	Jeffrey Villano 129 Catullo Drive Guilford, Connecticut 06437
	JJV, LLC 23 Laurel Street Branford, Connecticut 06405
With a copy to:	Parks & Pearson, LLC 765 East Main Street Branford, Connecticut 06405 Attn: Philip Parks, Esq.
If to Lender to:	Bankwell Bank 208 Elm Street New Canaan, CT 06840

With a copy to: Murtha Cullina LLP
177 Broad Street
Stamford, CT 06901
Attention: Scott M. Gerard, Esq.

or such other place as any party hereto may be notified in writing as a place for service or notice hereunder. Notice so sent shall be effective upon delivery to such address, whether or not receipt thereof is acknowledged or is refused by the addressee or any person at such address.

ARTICLE 4
GENERAL PROVISIONS

4.01 Other Guarantors. The Guarantors acknowledge that other individuals or entities may also guaranty the liabilities of the Borrower (the "Other Guarantors") and that they are unconditionally delivering this Agreement to the Lender. The Guarantors further acknowledge that the failure of any of the Other Guarantors to execute and deliver their respective guarantees or the discharge of any of the Other Guarantors and their respective guarantied obligations shall not discharge the liability of the Guarantors.

4.02 Final Expression; Modifications. The Guarantors acknowledge that this writing is a final expression and a complete and exclusive statement of the terms of this Agreement. No course of prior dealing between the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement or modify any terms, and there are no conditions to the full effectiveness of this Agreement.

4.03 No Remedy Exclusive; Effect of Waiver. No remedy conferred herein upon or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Agreement. A waiver on one occasion shall not be a bar to or waiver of any right on any other occasion.

4.04 Counterparts. This Agreement supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.05 Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections contained in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

4 . 0 6 Connecticut Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

4 . 0 7 Amendments. This Agreement and any term, covenant or condition hereof may not be changed, waived, discharged, modified or terminated except by a writing executed by the parties hereto.

4.08 Waivers; Payment of Costs.

A. The Guarantors expressly waive demand, presentment, protest, and notice of the acceptance of this Agreement and of any loans made, extensions granted or other action taken in reliance hereon and all other demands and notices of any description in connection with this Agreement, the liabilities hereunder or otherwise.

B. The Guarantors agree to pay all costs and expenses, including reasonable attorneys' fees and professionals' fees, arising out of or with respect to the validity, enforcement or preservation of this Agreement.

C. THE GUARANTORS ACKNOWLEDGE THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION AND KNOWINGLY AND VOLUNTARILY WAIVES ALL RIGHTS TO NOTICE AND PRIOR COURT HEARING OR COURT ORDER UNDER CHAPTER 903A OF THE CONNECTICUT GENERAL STATUTES OR UNDER ANY OTHER STATE OR FEDERAL LAW WITH RESPECT TO ANY AND ALL PREJUDGMENT REMEDIES THE LENDER MAY DESIRE TO EMPLOY TO ENFORCE ITS RIGHTS AND REMEDIES HEREUNDER. THE GUARANTORS ACKNOWLEDGE THAT THEY MAKE THIS WAIVER KNOWINGLY, WITHOUT DURESS, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH THEIR ATTORNEY.

D. THE GUARANTORS WAIVE TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART AND THE DEFENSE OR THE ENFORCEMENT OF ANY OF THE LENDER'S RIGHTS AND REMEDIES. THE GUARANTORS ACKNOWLEDGE THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH THEIR ATTORNEY.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE FOLLOWS

The Guarantors have executed this Agreement on the date first above written.

Signed, sealed and delivered in the presence of (as to all):

/s/ Philip Parks

/s/ Scott Gerard

GUARANTORS:

/s/ John Villano
John Villano, individually

/s/ Jeffrey Villano
Jeffrey Villano, individually

JJV, LLC,
a Connecticut limited liability company

By: /s/ Jeffrey Villano
Jeffrey Villano
Manager

By: /s/ John Villano
John Villano
Manager

Exhibit 10.4.4

SECOND REAFFIRMATION OF GUARANTY AGREEMENT

The undersigned ("Guarantors") have executed and delivered to **BANKWELL BANK** (the "Lender") one or more guaranty agreement(s) pursuant to the Unlimited Guaranty of Guarantors dated December 18, 2014 as reaffirmed by Reaffirmation of and Amendment to Guaranty Agreement dated _____ (the "Guaranty") pursuant to which Guarantors absolutely and unconditionally, jointly and severally, guaranty the repayment of all of the obligations and liabilities of **Sachem Capital Partners, LLC** (the "Existing Borrower") to Lender as described in the Guaranty, which obligations and liabilities have now been assumed by Sachem Capital Corp. (formerly known as HML Capital Corp.) (the "Borrower") pursuant to the Second Amended and Restated Commercial Revolving Loan and Security Agreement, of even date herewith (the "Loan Agreement").

On the date hereof, pursuant to the Second Amended and Restated Commercial Revolving Loan and Security Agreement of even date herewith, Lender has agreed to continue to make additional loans, advances or credit facilities (collectively, the "Obligations") available to Borrower on the condition that Guarantors reaffirm their absolute and unconditional joint and several guaranty of the existing liabilities and obligations as described in the Guaranty and agrees to guaranty such Obligations of Borrower to Lender.

In consideration for Lender's agreement to provide the Obligations, the undersigned Guarantors acknowledge and agree as follows:

(i) All of the obligations of Guarantors to Lender as described in that certain Guaranty remain in full force and effect and the obligations of Guarantors under the Guaranty shall include, without limitation, the repayment of all Obligations of Borrower to Lender. All such obligations of Borrower will be absolutely and unconditionally guaranteed by Guarantors in accordance with the terms of the Guaranty.

(ii) Guarantors hereby make for the benefit of Lender each of the representations and warranties set forth in the Guaranty on the date hereof.

(iii) Guarantors consent to the execution and delivery of any Loan Documents (as defined in the Loan Agreement) entered into by and between Borrower and Lender relating to the Obligations.

(iv) Guarantors confirm that any collateral provided, if any, to secure their guaranteed obligations shall continue unimpaired and in full force and effect, and shall cover and secure Guarantors' existing and future guaranteed obligations to Lender.

(v) At any time and from time to time, promptly upon the request of Lender, each Guarantor shall furnish to Lender all information requested by Lender and relating to any Guarantor or the business, operations, assets, affairs or condition of any Guarantor, including, without limitation, verification of liquidity on an ongoing basis.

(vi) Guarantors hereby reaffirm and restate their absolute and unconditional joint and several guaranty of, and agreement to become surety for, the full and prompt payment and performance of the obligations and liabilities of Borrower described in the Guaranty as if it were primarily liable and obligated thereunder, as well as any and all Obligations of Borrower to Lender, whether now existing or hereafter arising.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the undersigned has executed and delivered this Reaffirmation of and Amendment to Guaranty Agreement on the _____ day of December 2016.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

GUARANTORS:

Name:

John L. Villano, Individually

Jeffrey Villano, Individually

Name:

JJV, LLC,
a Connecticut limited liability company

By:
Name: Jeffrey Villano
Its: Manager

By:
Name: John L. Villano
Its: Manager

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 1 to the registration statement on Form S-11 of our report dated August 9, 2016, relating to the financial statements of Sachem Capital Partners, LLC as of December 31, 2015 and 2014, and for the years then ended (which report expresses an unqualified opinion on the financial statements) appearing in the prospectus, which is part of this registration statement. We also consent to the reference to us under the heading "Experts" in such prospectus.

Hoberman & Lesser, CPAs, LLP
December 22, 2016