

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 4, 2019**

**CHERRY HILL MORTGAGE
INVESTMENT CORPORATION**

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

001-36099
(Commission File Number)

46-1315605
(IRS Employer Identification No.)

1451 Route 34, Suite 303
Farmingdale, NJ 07727
(Address of Principal Executive Offices) (Zip Code)

877.870.7005
(Registrants' telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 3.03. Material Modification to Rights of Security Holders

On February 8, 2019, Cherry Hill Mortgage Investment Corporation (the “Company”) filed Articles Supplementary (“Articles Supplementary”) with the Maryland State Department of Assessments and Taxation to designate 2,070,000 shares of the Company’s authorized but unissued preferred stock, par value \$0.01 per share, as shares of 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, with the powers, designations, preferences and other rights as set forth therein (the “Series B Preferred Stock”). The Articles Supplementary became effective on February 8, 2019.

The Articles Supplementary provide that the Company will pay, when, as and if authorized by the board of directors of the Company and declared by the Company, cumulative cash dividends (i) from, and including, February 11, 2019 (the anticipated date of original issuance of the Series B Preferred Stock) to, but excluding, April 15, 2024, at a fixed rate equal to 8.250% per annum of the \$25.00 per share liquidation preference (equivalent to \$2.0625 per annum per share) and (ii) from, and including, April 15, 2024, at a floating rate equal to the Three-Month LIBOR Rate (as defined in the Articles Supplementary) plus a spread of 5.631% per annum, quarterly in arrears, on the 15th day of January, April, July and October of each year (provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on such dividend payment date may be paid on the next succeeding business day).

The Series B Preferred Stock is not redeemable by the Company prior to April 15, 2024, except under circumstances intended to preserve the Company’s qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes and except upon the occurrence of a Change of Control (as defined in the Articles Supplementary). On and after April 15, 2024, the Company may, at its option, redeem the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption, without interest.

In addition, upon the occurrence of a Change of Control, the Company may, at its option, redeem the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date fixed for redemption.

The Series B Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by the Company or converted into the Company’s common stock in connection with a Change of Control by the holders of Series B Preferred Stock.

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (unless the Company has exercised its right to redeem the Series B Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined in the Articles Supplementary)) to convert some or all of the Series B Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of the Company’s common stock per share of Series B Preferred Stock determined by a formula, in each case, on the terms and subject to the conditions described in the Articles Supplementary, including provisions for the receipt, under specified circumstances, of alternative consideration.

There are restrictions on ownership of the Series B Preferred Stock intended to preserve the Company’s qualification as a REIT for U.S. federal income tax purposes. Except under limited circumstances, holders of the Series B Preferred Stock generally have no voting rights.

A copy of the Articles Supplementary is filed as Exhibit 3.3 to the Company’s Registration Statement on Form 8-A filed with the Securities and Exchange Commission on February 8, 2019, and the information in the Articles Supplementary is incorporated into this Item 3.03 by reference. The description of the terms of the Articles Supplementary in this Item 3.03 is qualified in its entirety by reference to Exhibit 3.1.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

The information set forth above under Item 3.03 of this report is hereby incorporated by reference into this Item 5.03.

Item 8.01. Other Events.

On February 4, 2019, the Company and Cherry Hill Mortgage Management, LLC, the Company’s external manager, entered into an Underwriting Agreement (the “Underwriting Agreement”) with Morgan Stanley & Co. LLC and RBC Capital Markets, LLC, as the representatives of the several underwriters named in Schedule I to the Underwriting Agreement (the “Underwriters”), relating to the issuance and sale of 1,800,000 shares of the Company’s Series B Preferred Stock, at a public offering price of \$25.00 per share. Pursuant to the Underwriting Agreement, the Company granted the Underwriters an option for 30 days to purchase up to 270,000 additional shares of Series B Preferred Stock on the same terms and conditions. The closing of the offering of the Series B Preferred Stock, which is subject to customary closing conditions, is expected to occur on February 11, 2019.

The shares of Series B Preferred Stock were offered pursuant to the Company’s shelf registration statement on Form S-3 (File No. 333-221725), which became effective on December 4, 2017.

The Underwriting Agreement is filed as Exhibit 1.1 to this Current Report on Form 8-K, and the description of the material terms of the Underwriting Agreement is qualified in its entirety by reference to such exhibit. In connection with the filing of the Underwriting Agreement, the Company is filing an opinion of its special Maryland counsel, Venable LLP, as Exhibit 5.1.

In connection with the anticipated closing of the offering of the Series B Preferred Stock, the Agreement of Limited Partnership of Cherry Hill Operating Partnership, LP (the “Operating Partnership”) is being amended to provide for the issuance of up to 2,070,000 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Units (liquidation preference \$25.00 per unit) (the “Series B Preferred Units”). Such amendment is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference herein. The Company expects to contribute the net proceeds from the sale of the Series B Preferred Stock to the Operating Partnership in exchange for the same number of Series B Preferred Units. The Series B Preferred Units have economic terms that mirror the terms of the Series B Preferred Stock. The issuance of the Series B Preferred Units will be exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|-------------|---|
| 1.1 | Underwriting Agreement, dated February 4, 2019, by and among Cherry Hill Mortgage Investment Corporation, Cherry Hill Mortgage Management, LLC and Morgan Stanley & Co. LLC and RBC Capital Markets, LLC, as representatives of the underwriters named therein |
| 3.1 | Articles Supplementary designating 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form 8-A filed by the Company with the Securities and Exchange Commission on February 8, 2019) |
| 5.1 | Opinion of Venable LLP with respect to the legality of the shares |
| 10.1 | Third Amendment to Agreement of Limited Partnership of Cherry Hill Operating Partnership, LP |
| 23.1 | Consent of Venable LLP (included in Exhibit 5.1) |

EXHIBIT INDEX

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| 23.1 | Consent of Venable LLP (included in Exhibit 5.1) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHERRY HILL MORTGAGE INVESTMENT CORPORATION

By: /s/ Martin J. Levine

Name: Martin J. Levine

Title: Chief Financial Officer

Date: February 8, 2019

CHERRY HILL MORTGAGE INVESTMENT CORPORATION
1,800,000 SHARES OF 8.250% SERIES B FIXED-TO-FLOATING RATE
CUMULATIVE REDEEMABLE PREFERRED STOCK

LIQUIDATION PREFERENCE \$25.00 PER SHARE

UNDERWRITING AGREEMENT

February 4, 2019

Morgan Stanley & Co. LLC
RBC Capital Markets, LLC

As representatives (the “**Representatives**”) of the Underwriters named in Schedule I hereto

c/o

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

RBC Capital Markets, LLC
200 Vesey Street
New York, New York 10281

Ladies and Gentlemen:

Cherry Hill Mortgage Investment Corporation, a Maryland corporation (the “**Company**”), proposes to issue and sell to the several underwriters named in Schedule I hereto (the “**Underwriters**”) the number of shares of its 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share (the “**Series B Preferred Stock**”), a series of the Company’s preferred stock, \$0.01 par value per share (the “**Preferred Stock**”), as set forth in Schedule I hereto (the “**Firm Shares**”). The Company also proposes to issue and sell to the several Underwriters not more than the number of additional shares of its Series B Preferred Stock set forth in Schedule II (the “**Additional Shares**”) to cover over-allotments made in connection with the offering of the Firm Shares, upon the terms and conditions set forth in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the “**Shares**.”

The Company has filed with the Securities and Exchange Commission (the “**Commission**”) a registration statement, including a prospectus, on Form S-3 (the file number of which is set forth in Schedule II) relating to securities (the “**Shelf Securities**”), including the Shares, to be issued from time to time by the Company. The registration statement as amended to the date of this Agreement, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430B under the Securities Act of 1933, as amended (the “**Securities Act**”), is hereinafter referred to as the “**Registration Statement**,” and the related prospectus covering the Shelf Securities dated December 4, 2017 in the form first used to confirm sales of the Shares (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the “**Basic Prospectus**.” The Basic Prospectus as supplemented by the prospectus supplement specifically relating to the Shares in the form first used to confirm sales of the Shares (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the “**Prospectus**” and the term “**preliminary prospectus**” means any preliminary form of the Prospectus.

For purposes of this Agreement, “**free writing prospectus**” has the meaning set forth in Rule 405 under the Securities Act, “**Time of Sale Prospectus**” means the documents and information set forth in Schedule II hereto next to the heading “Time of Sale Prospectus,” and “**broadly available road show**” means a “bona fide electronic road show” as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person. As used herein, the terms “Registration Statement,” “Basic Prospectus,” “preliminary prospectus,” “Time of Sale Prospectus” and “Prospectus” shall include the documents, if any, incorporated by reference therein as of the date hereof pursuant to Item 12 of Form S-3 under the Securities Act. The terms “**supplement**,” “**amendment**,” and “**amend**” as used herein with respect to the Registration Statement, the Basic Prospectus, the Time of Sale Prospectus, any preliminary prospectus or the Prospectus shall include all documents subsequently filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), that are deemed to be incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act.

1. Representations and Warranties.

(a) The Company represents and warrants to and agrees with each of the Underwriters that:

(i) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the knowledge of the Company, threatened by the Commission.

(ii) (A) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Time of Sale Prospectus or the Prospectus complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (B) each part of the Registration Statement, when such part became effective, did not contain, and each such part, as amended or supplemented, if applicable, will not contain any 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, (C) the Registration Statement as of the date hereof does not contain any 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, (D) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, (E) the Time of Sale Prospectus does not, and at the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 4) and as of each Option Closing Date (as defined in Section 2), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (F) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (G) the Prospectus does not contain and as of the Closing Date and as of each Option Closing Date, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, each broadly available road show or the Prospectus, and any amendment or supplement thereto, based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein, it being understood that the only such information is the information referred to in the last sentence of Section 8(b) of this Agreement.

(iii) The Company is not an “ineligible issuer” in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule II hereto, and electronic road shows, if any, each furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any free writing prospectus.

(iv) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect, or any development that could reasonably be expected to have a material adverse effect, on the financial condition, business, properties, results of operations or prospects, whether or not owing from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (a “**Material Adverse Effect**”).

(v) Each subsidiary of the Company has been duly incorporated or formed, is validly existing as a corporation, limited partnership or limited liability company in good standing under the laws of the jurisdiction of its incorporation or formation, has the corporate, limited partnership or limited liability company power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; all of the issued shares of capital stock or other ownership interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned by the Company, directly or indirectly, free and clear of all liens, encumbrances, equities or claims.

(vi) This Agreement has been duly authorized, executed and delivered by the Company.

(vii) The authorized capital stock, including the Shares and the shares of Common Stock (as hereinafter defined), of the Company conforms as to legal matters, in all material respects, to the description thereof contained in each of the Time of Sale Prospectus and the Prospectus.

(viii) The shares of the Company’s common stock, \$0.01 par value per share (the “**Common Stock**”), issuable upon conversion of the Shares have been duly authorized and, when issued in accordance with articles supplementary setting forth the rights and preferences of the Series B Preferred Stock (the “**Articles Supplementary**”), will be validly issued, fully paid and non-assessable, and the issuance of such shares of Common Stock will not be subject to any preemptive or similar rights. The Company has reserved for future issuance a sufficient number of shares of Common Stock to be issued upon conversion of the Shares.

(ix) The Shares have been duly authorized and, upon filing of the Articles Supplementary with the Maryland State Department of Assessments and Taxation (the “**SDAT**”) and the acceptance of record thereof by the SDAT and when issued, delivered and paid for in accordance with the terms of this Agreement, the Shares will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights.

(x) The 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Partnership Units (the “**Series B Preferred Units**”) of Cherry Hill Operating Partnership, LP, a Delaware limited partnership (the “**Operating Partnership**”), have been duly authorized and, when the proceeds from the sale of the Shares have been contributed by the Company to the Operating Partnership, the Series B Preferred Units will be validly issued, fully paid and non-assessable, and the issuance of such Series B Preferred Units will not be subject to any preemptive or similar rights.

(xi) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement and the Amended and Restated Management Agreement, dated September 24, 2013, as amended to the date of this Agreement (the “**Management Agreement**”), between the Company and Cherry Hill Mortgage Management, LLC, a Delaware limited liability company (the “**Manager**”), will not contravene any provision of applicable law or the charter or bylaws of the Company or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, that is material to the Company and its subsidiaries, taken as a whole, and no consent, approval, authorization or order of, or qualification with, any governmental body or government agency is required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares and the acceptance of record of the Articles Supplementary by the SDAT upon the filing thereof.

(xii) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus.

(xiii) There are no legal or governmental proceedings pending or, to the Company’s knowledge, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject (A) other than proceedings accurately described in all material respects in the Time of Sale Prospectus, proceedings that, if resolved adversely to the Company or any of its subsidiaries, would not, individually or in the aggregate, have a Material Adverse Effect and proceedings that, if resolved adversely to the Company or any of its subsidiaries, would not reasonably be expected to materially and adversely affect the power or ability of the Company to perform its obligations under this Agreement or the Management Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus or (B) that are required to be described in the Registration Statement or the Prospectus and are not so described; and there are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(xiv) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder.

(xv) The Company and its subsidiaries are not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(xvi) The Company and its subsidiaries (A) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“**Environmental Laws**”), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect.

(xvii) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a Material Adverse Effect.

(xviii) Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement.

(xix) Neither the Company nor any of its subsidiaries or affiliates, nor any director, officer, or employee, nor, to the Company's knowledge, any agent or representative of the Company or of any of its subsidiaries or affiliates, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and the Company and its subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

(xx) The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(xxi) (A) Neither the Company nor any of its subsidiaries, nor any director, officer, or employee thereof, nor, to the Company's knowledge, any agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity ("**Person**") that is, or is owned or controlled by a Person that is:

(1) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), nor

(2) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

(B) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(1) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(2) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(C) The Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(xxii) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (A) the Company and its subsidiaries have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (B) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (C) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, except in each case as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, respectively.

(xxiii) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its subsidiaries, taken as a whole, in each case free and clear of all liens, encumbrances and defects except such as are described in the Time of Sale Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries, in each case except as described in the Time of Sale Prospectus.

(xxiv) The Company and its subsidiaries own or possess, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by them in connection with the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(xxv) No material labor dispute with the employees of the Company or any of its subsidiaries exists, except as described in the Time of Sale Prospectus, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that could have a Material Adverse Effect.

(xxvi) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any of its subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew any existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(xxvii) The Company and its subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(xxviii) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (C) access to assets is permitted only in accordance with management's general or specific authorization; (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (E) the interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement is accurate in all material respects. Except as described in the Time of Sale Prospectus, since the date of the Company's most recent audited balance sheet in the Registration Statement, there has been (i) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (ii) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company and each of its subsidiaries maintain an effective system of disclosure controls and procedures (as defined in Rule 13a-15 and Rule 15d-15 under the Exchange Act) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, as appropriate, to allow timely decisions regarding disclosure.

(xxix) The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(xxx) The shares of Common Stock outstanding prior to the issuance of the Shares are listed on the New York Stock Exchange (the "NYSE") and the Company is currently in compliance in all material respects with all continued listing standards and corporate governance standards of the NYSE and the Company has no knowledge of any proceeding intended to suspend or terminate listing of the Common Stock on the NYSE. The Common Stock is registered under Section 12(b) of the Exchange Act.

(xxxi) The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, individually or in the aggregate, have a Material Adverse Effect) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not have a Material Adverse Effect, or, except as currently being contested in good faith and for which reserves required by U.S. generally accepted accounting principles have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a Material Adverse Effect.

(xxxii) As of the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers, neither the Time of Sale Prospectus nor any free writing prospectus, when considered together with the Time of Sale Prospectus, 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.

(xxxiii) The Management Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and by general principles of equity.

(xxxiv) The statements in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2017 filed with the Commission on March 16, 2018 under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations—Management Agreement" and "Legal Proceedings" and in the Company's definitive proxy statement on Schedule 14A filed with the Commission on April 27, 2018 under the heading "Certain Relationships and Related Party Transactions—Management Agreement", insofar as such statements constitute summaries of legal proceedings, agreements or documents discussed therein are correct in all material respects and fairly summarize such legal proceedings, agreements or documents.

(xxxv) Commencing with its short taxable year ending December 31, 2013, the Company has been organized and operated in conformity with the requirements for qualification and taxation as a "real estate investment trust" (a "**REIT**") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and the treasury regulations thereunder (the "**Code**"), and the Company's current and proposed method of operation as described in the Time of Sale Prospectus and the Prospectus will enable the Company to continue to meet the requirements for qualification and taxation as a REIT under the Code, and no actions have been taken (or not taken which are required to be taken) which would reasonably be expected to cause such qualification and taxation to be lost. The Company currently intends to continue to operate in a manner which would permit it to qualify and be taxed as a REIT under the Code. The Company has no current intention of changing its operations or engaging in activities which would reasonably be expected to cause it to fail to qualify, or make economically undesirable its continued qualification, as a REIT under the Code.

(xxxvi) The Company's and its subsidiaries' conflicts of interest, investment allocation and operating policies and investment guidelines described in the Time of Sale Prospectus and the Prospectus accurately reflect in all material respects the current intentions of the Company and its subsidiaries with respect to the operation of its business.

(b) The Manager represents and warrants to and agrees with each of the Underwriters that:

(i) The information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus regarding the Manager is true and correct in all material respects.

(ii) The Manager has been duly formed, is validly existing as a limited liability company in good standing under the laws of the jurisdiction of its incorporation, has the limited liability company power and authority to own its property and conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, individually or in the aggregate, have a material adverse effect, or any development that could reasonably be expected to have a material adverse effect on the financial condition, business, properties, results of operations or prospects, whether or not arising in the ordinary course of business, of the Manager (or "**Manager Material Adverse Effect**"). The Manager does not own or control, directly or indirectly, any subsidiaries.

(iii) The execution and delivery by the Manager of, and the performance by the Manager of its obligations under, this Agreement and the performance of the Management Agreement and the Services Agreement, dated May 1, 2013 (the “**Services Agreement**”), between the Manager and Freedom Mortgage Corporation, by the Manager will not contravene any provision of applicable law or the certificate of formation or operating agreement of the Manager or any agreement or other instrument binding upon the Manager that is material to the Manager, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Manager that is material to the Manager, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Manager of its obligations under this Agreement.

(iv) This Agreement has been duly authorized, executed and delivered by the Manager.

(v) Each of the Management Agreement and the Services Agreement has been duly authorized, executed and delivered by the Manager and constitutes a legal, valid and binding agreement of the Manager enforceable against the Manager in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors’ rights generally, and by general principles of equity.

(vi) The Manager possesses all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct its business, and the Manager has not received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Manager Material Adverse Effect.

(vii) The Manager owns or possesses, or can acquire on reasonable terms, all material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by it in connection with the business now operated by it, and the Manager has not received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Manager Material Adverse Effect.

(viii) Except as otherwise stated therein, since the date as of which information is given in the Registration Statement and the Time of Sale Prospectus, there has been no change, nor any development involving a prospective change, in the condition, financial or otherwise, business or operations of the Manager that is material and adverse to the Company or the Manager or that would prevent the Manager from carrying out its obligations under the Management Agreement.

(ix) There are no legal or governmental proceedings pending or threatened to which the Manager is a party or to which any of the properties of the Manager is subject (A) other than proceedings accurately described in all material respects in the Time of Sale Prospectus, proceedings that, if resolved adversely to the Manager, would not have a Manager Material Adverse Effect and proceedings that, if resolved adversely to the Manager, would not reasonably be expected to materially and adversely affect the power or ability of the Manager to perform its obligations under this Agreement, the Management Agreement or the Services Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus or (B) that are required to be described in the Registration Statement or the Prospectus and are not so described.

(x) The Manager is not prohibited by the Investment Advisers Act of 1940, as amended, or the rules and regulations thereunder, from performing its obligations under the Management Agreement and as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(xi) The Manager maintains a system of internal controls in place sufficient to provide that (A) the transactions that may be effectuated by the Manager under the Management Agreement are executed in accordance with its management's general or specific authorization and (B) access to the Company's assets is permitted only in accordance with management's general or specific authorization.

(xii) The Manager has not been notified that (A) any officer of the Company or (B) any key personnel of the Manager plans to terminate its or their employment with the Manager (collectively, the "**Manager Key Personnel**"). Neither the Manager, nor any officer of the Company or Manager Key Personnel is subject to any noncompete, nondisclosure, confidentiality, employment, consulting or similar agreement that would be violated by the present or proposed business activities of the Company or the Manager as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, except where such violation would not have a Manager Material Adverse Effect.

2. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective numbers of Firm Shares set forth in Schedule I hereto opposite its name at the purchase price set forth in Schedule II hereto (the "**Purchase Price**").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Additional Shares, and the Underwriters shall have the right to purchase, severally and not jointly, up to the number of Additional Shares set forth in Schedule II hereto at the Purchase Price, provided, however, that the amount paid by the Underwriters for any Additional Shares shall be reduced by an amount per share equal to any dividends declared by the Company and payable on the Firm Shares but not payable on such Additional Shares. You may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Unless otherwise agreed to by the Company, each purchase date must be at least one business day after the written notice is given and may not be earlier than the closing date for the Firm Shares nor later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Additional Shares are to be purchased (an "**Option Closing Date**"), each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) that bears the same proportion to the total number of Additional Shares to be purchased on such Option Closing Date as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

3. *Terms of Public Offering.* The Company is advised by you that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the Shares are to be offered to the public upon the terms set forth in the Prospectus.

4. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters on the closing date and time set forth in Schedule II hereto, or at such other time on the same or such other date, not later than the tenth business day thereafter, as may be designated in writing by you and the Company. The time and date of such payment are hereinafter referred to as the "**Closing Date.**"

Payment for any Additional Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Additional Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 2 or at such other time on the same or on such other date, in any event not later than the tenth business day thereafter, as may be designated in writing by you and the Company.

The Firm Shares and the Additional Shares shall be registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Additional Shares shall be delivered to you in book-entry form through the facilities of The Depository Trust Company on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

5. Conditions to the Underwriters' Obligations.

The several obligations of the Underwriters hereunder are subject to the accuracy of the respective representations and warranties on the part of the Company and the Manager on the date hereof, at the Closing Date and at any Option Closing Date, the performance by the Company and the Manager of their respective obligations hereunder and to the following additional conditions precedent:

(a) The Registration Statement has become effective under the Securities Act and at the Closing Date and at any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued by the Commission under the Securities Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission to the Company for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. Each of the Preliminary Prospectus and the Prospectus shall have been filed with the Commission in the manner and within the applicable period specified in Rule 424(b) under the Securities Act without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed and become effective in accordance with the requirements of Rule 430B of the Securities Act.

(b) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date or any Option Closing Date, as applicable:

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the securities of the Company or any of its subsidiaries by any "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Exchange Act (it being understood, however, that as of the date hereof, the Company has not been accorded any such rating); and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus.

(c) The Underwriters shall have received on the Closing Date or any Option Closing Date, as applicable, a certificate, dated the Closing Date or such Option Closing Date, as applicable, and signed by an executive officer of the Company, to the effect set forth in Section 5(b) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date or such Option Closing Date, as applicable, and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date or such Option Closing Date, as applicable.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(d) The Underwriters shall have received on the Closing Date or any Option Closing Date, as applicable, a certificate, dated the Closing Date or such Option Closing Date, as applicable, and signed by an executive officer of the Manager, to the effect that the representations and warranties of the Manager contained in this Agreement are true and correct as of the Closing Date or such Option Closing Date, as applicable.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(e) The Underwriters shall have received on the Closing Date or any Option Closing Date, as applicable, an opinion and negative assurance letter of Vinson & Elkins LLP, outside counsel for the Company, dated the Closing Date or such Option Closing Date, as applicable, in the forms attached hereto as Annex B-1 and Annex B-2, respectively, and an opinion of Vinson & Elkins LLP, outside tax counsel for the Company, dated the Closing Date or such Option Closing Date, as applicable, in the form attached hereto as Annex C.

(f) The Underwriters shall have received on the Closing Date or any Option Closing Date, as applicable, an opinion of Venable LLP, Maryland counsel for the Company, dated the Closing Date or such Option Closing Date, as applicable, in the form attached hereto as Annex D.

(g) The Underwriters shall have received on the Closing Date or any Option Closing Date, as applicable, an opinion and negative assurance letter of Ropes & Gray LLP, counsel for the Underwriters, dated the Closing Date or such Option Closing Date, as applicable, covering such matters as the Underwriters may require.

The opinions of Vinson & Elkins LLP and Venable LLP, described in Sections 5(e) and 5(f) above, respectively, shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(h) The Underwriters shall have received, on each of the date hereof, the Closing Date and any Option Closing Date, as applicable, a letter dated the date hereof, the Closing Date or such Option Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from Ernst & Young LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(i) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, the Company shall have (i) filed the Articles Supplementary with the SDAT, which Articles Supplementary shall comply with all applicable requirements of the Maryland General Corporation Law (the "MGCL") and shall be in full force and effect upon the acceptance of record thereof by the SDAT, (ii) submitted an application to the NYSE to list the Shares on the NYSE and (iii) filed with the Commission a registration statement on Form 8-A covering the registration of the Series B Preferred Stock under the Exchange Act.

The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to you on the applicable Option Closing Date of the documents indicated in this Section 5 and such other documents as you may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Additional Shares.

6. *Covenants of the Company.* The Company covenants with each Underwriter as follows:

(a) To furnish to you, without charge, a signed copy of the Registration Statement (including exhibits thereto and documents incorporated by reference therein) during the period mentioned in Section 6(e) or 6(f) below, as many copies of the Time of Sale Prospectus, the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) To furnish to you a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which you reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law.

(g) To use its reasonable best efforts to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request, provided that the Company shall not be required to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(h) To make generally available to the Company's security holders and to you as soon as practicable an earning statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the reasonable cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(g) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the Financial Industry Regulatory Authority, Inc., (v) all costs and expenses incident to listing the Shares on the NYSE, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, (ix) the document production charges and expenses associated with printing this Agreement and (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section; provided, however, the aggregate amount of fees and disbursements to counsel for the Underwriters to be paid by the Company pursuant to clause (iii) and clause (iv) of this Section 6(i), when taken together, shall not exceed \$10,000. It is understood, however, that except as provided in this Section, Section 8 and the last paragraph of Section 10 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

(j) If the third anniversary of the initial effective date of the Registration Statement occurs before all the Shares have been sold by the Underwriters, prior to the third anniversary to file a new shelf registration statement and to take any other action necessary to permit the public offering of the Shares to continue without interruption; references herein to the Registration Statement shall include the new registration statement declared effective by the Commission; provided, however, for the avoidance of doubt, this clause (j) shall not apply unless the Representatives notify the Company that not all of the Shares have been sold by the Underwriters at least 60 days prior to the third anniversary of the initial effective date of the Registration Statement.

(k) To prepare a pricing term sheet (the "**Pricing Term Sheet**") reflecting the final terms of the Shares, in substantially the form attached hereto as Annex A and otherwise in form and substance satisfactory to the Representatives, and to file the Pricing Term Sheet within the period required by Rule 433(d)(5)(ii) under the Securities Act following the date the final terms have been established for the offering of the Shares.

(l) To use its best efforts to effect and maintain the listing of the Shares on the NYSE.

(m) For so long as any shares of Series B Preferred Stock are outstanding, the Company will continue to hold in reserve a sufficient number of shares of Common Stock to satisfy the conversion of such number of shares of Series B Preferred Stock into shares of Common Stock in accordance with the terms of the Articles Supplementary.

(n) On or after the date of this Agreement and prior to the Closing Date, the Company will use its best efforts to list the Shares for trading on the NYSE within the time period specified in the Time of Sale Prospectus and the Prospectus.

The Company also covenants with each Underwriter that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the restricted period set forth in Schedule II hereto (the “**Restricted Period**”), (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 Series B Preferred Stock or other preferred stock or any securities convertible into or exercisable or exchangeable for Series B Preferred Stock or other preferred stock or (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 Series B Preferred Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Series B Preferred Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any shares of Series B Preferred Stock or other preferred stock or any securities convertible into or exercisable or exchangeable for Series B Preferred Stock or other preferred stock. The restrictions contained in the preceding sentence shall not apply to the Shares to be sold hereunder.

7. *Covenants of the Underwriters.* Each Underwriter severally covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

8. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, its directors, officers and employees and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus or any amendment or supplement thereto, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act, any “issuer information” that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any road show as defined in Rule 433(h) under the Securities Act (a “road show”), the Prospectus or any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein, it being understood that the only such information is the information referred to in the last sentence of Section 8(b) of this Agreement.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter set forth in Section 8(a), but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through you expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus, road show or the Prospectus or any amendment or supplement thereto, such information being limited to the third and ninth paragraphs under the caption “Underwriting” in each of the Time of Sale Prospectus and the Prospectus.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Representatives, in the case of parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) To the extent the indemnification provided for in Section 8(a) or 8(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 8(d)(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 8(d)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, 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 hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters bear to the aggregate public offering price of the Shares set forth in the Prospectus. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, in the case of the Company, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, and in the case of the Underwriters, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Underwriters, and in each case the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 8 were 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 account of the equitable considerations referred to in Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 8(d) shall be deemed to include, subject to the limitations set forth above, 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 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged 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. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 8 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter, by or on behalf of the Company or its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

9. *Termination.* The Underwriters may terminate this Agreement by notice given by you to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date or any Option Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the NYSE, the NYSE MKT LLC, the NASDAQ Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in your judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in your judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

10. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 10 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased on such date, and arrangements satisfactory to you and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Additional Shares to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement (which, for the purposes of this Section 10, shall not include termination by the Underwriters under clauses (i), (iii), (iv) or (v) of Section 9), the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder. If this Agreement is terminated by reason of the default of one or more Underwriters, the Company shall not be obligated to reimburse any such defaulting Underwriter for its out-of-pocket expenses.

11. *Entire Agreement.* (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Shares, represents the entire agreement between the Company and the Underwriters with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the Shares.

(b) The Company acknowledges that in connection with the offering of the Shares: (i) the Underwriters have acted at arm's length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) the Underwriters owe the Company only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

12. *Research Analyst Independence.* The Company acknowledges that the Underwriters' research analysts and research departments are required to be independent from their respective investment banking divisions and are subject to certain regulations and internal policies, and that such Underwriters' research analysts may hold views and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the offering that differ from the views of their respective investment banking divisions. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriters with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by such Underwriters' investment banking divisions. The Company acknowledges that each of the Underwriters is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short positions in debt or equity securities of the companies that may be the subject of the transactions contemplated by this Agreement.

13. *Recognition of the U.S. Special Resolution Regimes.* (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section, a "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k); "**Covered Entity**" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b); "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable; "**U.S. Special Resolution Regime**" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

14. *Counterparts.* This Agreement may be signed in two or more counterparts, including by PDF, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

16. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

17. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to you at the address set forth in Schedule II hereto; and if to the Company shall be delivered, mailed or sent to the address set forth in Schedule II hereto.

[Remainder of page intentionally left blank]

Very truly yours,

CHERRY HILL MORTGAGE
INVESTMENT CORPORATION

By: /s/ Martin J. Levine

Name: Martin J. Levine

Title: Chief Financial Officer, Treasurer and Secretary

CHERRY HILL MORTGAGE
MANAGEMENT, LLC

By: /s/ Jeffrey B. Lown II

Name: Jeffrey B. Lown II

Title: President and Chief Executive Officer

[Signature Page to Underwriting Agreement]

Accepted as of the date hereof

MORGAN STANLEY & CO. LLC
RBC CAPITAL MARKETS, LLC

Acting severally on behalf of themselves
and the Underwriters named in Schedule I hereto

By: MORGAN STANLEY & CO. LLC

By: /s/ Hector Vazquez

Name: Hector Vazquez

Title: Vice President

By: RBC CAPITAL MARKETS, LLC

By: /s/ Watson Tanlamai

Name: Watson Tanlamai

Title: Director

[Signature Page to Underwriting Agreement]

| Underwriter | Number of Firm Shares To Be Purchased |
|-------------------------------|--|
| Morgan Stanley & Co. LLC | 810,000 |
| RBC Capital Markets, LLC | 720,000 |
| Citigroup Global Markets Inc. | 270,000 |
| Total: | <u>1,800,000</u> |

| | |
|----------------------------------|---|
| Registration Statement File No.: | 333-221725 |
| Time of Sale Prospectus | <ol style="list-style-type: none">1. Basic Prospectus dated December 4, 2017 relating to the Shelf Securities2. The preliminary prospectus supplement dated February 4, 2019 relating to the Shares3. Pricing Term Sheet, dated February 4, 2019 filed by the Company under Rule 433(d) of the Securities Act |
| Lock-up Restricted Period: | 30 days |
| Title of Shares to be Purchased: | 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (liquidation preference \$25.00 per share), \$0.01 par value per share (“ Series B Preferred Stock ”) |
| Dividend Rate | Holders of Series B Preferred Stock will be entitled to receive cumulative cash dividends (i) from and including the original issue date to, but excluding, April 15, 2024, at a fixed rate equal to 8.250% per annum of the \$25.00 per share liquidation preference (equivalent to \$2.0625 per annum per share) and (ii) from and including April 15, 2024, at a floating rate equal to three-month LIBOR plus a spread of 5.631% per annum of the \$25.00 per share liquidation preference. |
| Number of Firm Shares: | 1,800,000 |
| Number of Additional Shares | 270,000 |
| Purchase Price: | \$24.2125 per share |
| Public Offering Price: | \$25.00 per share |

Selling Concession: \$0.50 per share

Reallowance: \$0.45 per share

Closing Date and Time: February 11, 2019, 10:00 a.m.

Closing Location: Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036

Address for Notices to the Underwriters: Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
Attention: Equity Syndicate Desk, with a copy to the Legal Department

RBC Capital Markets, LLC
200 Vesey Street
New York, New York 10281

Address for Notices to the Company: Cherry Hill Mortgage Investment Corporation
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727
Attention: Martin J. Levine, Chief Financial Officer
Fax: (877) 870-7005

Cherry Hill Mortgage Investment Corporation

8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock

Final Pricing Term Sheet

February 4, 2019

| | |
|---|--|
| Issuer: | Cherry Hill Mortgage Investment Corporation |
| Securities Offered: | 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (“ Series B Preferred Stock ”) |
| Shares Offered: | 1,800,000 shares |
| Over-Allotment Option: | 270,000 shares |
| Trade Date: | February 4, 2019 |
| Settlement and Delivery Date: | February 11, 2019 (T + 5) |
| Public Offering Price: | \$25.00 liquidation preference per share; \$45,000,000 in aggregate liquidation preference (assuming the over-allotment option is not exercised) |
| Underwriting Discount: | \$0.7875 per share; \$1,417,500 total (assuming the over-allotment option is not exercised) |
| Net Proceeds to the Issuer, Before Expenses: | \$24.2125 per share; \$43,582,500 total (assuming the over-allotment option is not exercised) |
| Dividend Rate: | From and including the original issue date to, but excluding, April 15, 2024, at a fixed rate equal to 8.250% per annum of the \$25.00 liquidation preference (\$2.0625 per annum per share), and from and including April 15, 2024, at a floating rate equal to three-month LIBOR plus a spread of 5.631% per annum of the \$25.00 per share liquidation preference |
| Dividend Payment Date: | Quarterly cumulative dividends, in arrears, on January 15, April 15, July 15 and October 15 (provided that if any dividend payment date is not a business day, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day). The first dividend will be payable on or about April 15, 2019 (short first dividend period) in the amount of \$0.36667 per share and will be paid to the persons who are the holders of record of the Series B Preferred Stock on the corresponding dividend record date fixed by the board of directors. |

| | |
|---|---|
| Dividend Record Date: | The date no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the board of directors |
| Liquidation Preference: | \$25.00 per share |
| Optional Redemption Date: | April 15, 2024 |
| Conversion Rights: | <u>Share Cap:</u> 2.68962 <u>Exchange Cap:</u> Subject to certain adjustments, the Exchange Cap will not exceed 4,841,316 shares of the Issuer's common stock (or equivalent Alternative Conversion Consideration, as applicable), subject to proportionate increase to the extent the underwriters' over-allotment option to purchase additional shares of Series B Preferred Stock is exercised, not to exceed 5,567,513 shares of the Issuer's common stock in total (or equivalent Alternative Conversion Consideration, as applicable). If the Common Stock Price is less than \$9.295 (which is 50% of the per share closing price of the Issuer's common stock reported on the NYSE on February 1, 2019), subject to adjustment in certain circumstances, the holders of the Series B Preferred Stock will receive a maximum of 4,841,316 shares of the Issuer's common stock per share of Series B Preferred Stock (assuming the over-allotment option is not exercised). |
| Proposed New York Stock Exchange Listing Symbol: | CHMI-PRB |
| CUSIP: | 164651 309 |
| ISIN: | US1646513093 |
| Joint Book-Running Managers: | Morgan Stanley & Co. LLC RBC Capital Markets, LLC |
| Lead Manager: | Citigroup Global Markets Inc. |

The Issuer has filed a registration statement (including a base prospectus dated December 4, 2017) and a preliminary prospectus supplement, dated February 4, 2019 with the Securities and Exchange Commission ("SEC") for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and the preliminary prospectus supplement and other documents the Issuer has filed with the SEC for more complete information about the Issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, the Issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus and related preliminary prospectus supplement if you request them from Morgan Stanley & Co. LLC by calling toll-free (800) 584-6837 or by email at prospectus@morganstanley.com, or RBC Capital Markets, LLC by calling (866) 375-6829 or by email at rbcnyfixedincomeprospectus@rbccm.com.

[Form of opinion of Vinson & Elkins LLP]

[Form of negative assurance letter of Vinson & Elkins LLP]

[Form of tax opinion of Vinson & Elkins LLP]

[Form of Maryland opinion of Venable LLP]



750 E. PRATT STREET SUITE 900 BALTIMORE, MD 21202
T 410.244.7400 F 410.244.7742 www.Venable.com

February 8, 2019

Cherry Hill Mortgage Investment Corporation
1451 Route 34, Suite 303
Farmingdale, New Jersey 07727

Re: Registration Statement on Form S-3 (File No. 333-221725)

Ladies and Gentlemen:

We have served as Maryland counsel to Cherry Hill Mortgage Investment Corporation, a Maryland corporation (the "Company"), in connection with certain matters of Maryland law relating to the registration of up to 2,070,000 shares (the "Shares") of the 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, of the Company (including up to 270,000 Shares issuable pursuant to an option granted to the underwriters in the offering of the Shares), in an underwritten public offering covered by the above-referenced Registration Statement on Form S-3, and all amendments thereto (the "Registration Statement"), filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act").

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement and the related form of prospectus included therein and the supplement thereto, each substantially in the form in which it was transmitted to the Commission under the Securities Act;
2. The charter of the Company (the "Charter"), certified by the State Department of Assessments and Taxation of Maryland (the "SDAT");
3. The Amended and Restated Bylaws of the Company, certified as of the date hereof by an officer of the Company;
4. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;
5. Resolutions adopted by the Board of Directors of the Company (the "Board"), or by a duly authorized committee of the Board (the "Resolutions"), relating to, among other matters, the registration, classification and issuance of the Shares, certified as of the date hereof by an officer of the Company;

6. A certificate executed by an officer of the Company, dated as of the date hereof; and

7. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or another person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. The Shares will not be issued or transferred in violation of the restrictions on transfer and ownership contained in Article VII of the Charter.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and validly existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. The issuance of the Shares has been duly authorized and, when and if delivered against payment therefor in accordance with the Registration Statement and the Resolutions, the Shares will be validly issued, fully paid and nonassessable.

The foregoing opinion is limited to the laws of the State of Maryland and we do not express any opinion herein concerning any other law. We express no opinion as to the applicability or effect of federal or state securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by the laws of any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of any judicial decision which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Company's Current Report on Form 8-K (the "Current Report"), which is incorporated by reference in the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Current Report and the said incorporation by reference and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act.

Very truly yours,

/s/ Venable LLP

**THIRD AMENDMENT TO THE
AGREEMENT OF LIMITED PARTNERSHIP OF
CHERRY HILL OPERATING PARTNERSHIP, L.P.**

**DESIGNATION OF 8.250% SERIES B FIXED-TO-FLOATING RATE
CUMULATIVE REDEEMABLE PREFERRED UNITS**

February 8, 2019

Pursuant to Sections 4.02 and 11.01 of the Agreement of Limited Partnership of Cherry Hill Operating Partnership, L.P. (the "**Partnership Agreement**"), the General Partner hereby amends the Partnership Agreement as follows in connection with the issuance of up to 2,070,000 shares of 8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share (the "**Series B Preferred Stock**") of the General Partner and the issuance to the General Partner of Series B Preferred Units (as defined below) in exchange for the contribution by the General Partner of the net proceeds from the issuance and sale of the Series B Preferred Stock:

1. **Designation and Number.** A series of Preferred Units (as defined below), designated the "8.250% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Units" (the "**Series B Preferred Units**"), is hereby established. The number of authorized Series B Preferred Units shall be 2,070,000.

2. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Partnership Agreement. The following defined terms used in this Amendment to the Partnership Agreement shall have the meanings specified below:

"**Articles Supplementary**" means the Articles Supplementary of the General Partner filed with the State Department of Assessments and Taxation of the State of Maryland, designating the terms, rights and preferences of the Series B Preferred Stock.

"**Base Liquidation Preference**" shall have the meaning provided in Section 6.

"**Business Day**" shall have the meaning provided in the Articles Supplementary.

"**Calculation Agent**" shall have the meaning provided in the Articles Supplementary.

"**Common Stock**" means shares of the General Partner's common stock, par value \$0.01 per share.

"**Common Stock Price**" shall have the meaning provided in the Articles Supplementary.

"**Common Stock Conversion Consideration**" shall have the meaning provided in the Articles Supplementary.

"**Common Units**" shall have the meaning provided in the Partnership Agreement.

"**Common Unit Economic Balance**" shall have the meaning provided in Section 10(g).

“**Economic Capital Account Balance**” shall have the meaning provided in Section 10(g).

“**Junior Units**” shall have the meaning provided in Section 4.

“**Liquidating Gains**” shall have the meaning provided in Section 10(g).

“**London Business Day**” shall have the meaning provided in the Articles Supplementary.

“**Loss**” shall have the meaning provided in Section 10(h).

“**Net Operating Income**” shall have the meaning provided in Section 10(f).

“**Original Issue Date**” shall have the meaning provided in the Articles Supplementary.

“**Parity Preferred Units**” shall have the meaning provided in Section 4.

“**Partnership Agreement**” shall have the meaning provided in the recital above.

“**Preferred Units**” means all Partnership Interests designated as preferred units by the General Partner from time to time in accordance with Section 4.02 of the Partnership Agreement.

“**Profit**” shall have the meaning provided in Section 10(h).

“**Reuters Page LIBOR 01**” shall have the meaning provided in the Articles Supplementary.

“**Series B Preferred Distribution Determination Date**” means the London Business Day immediately preceding the first date of the applicable Series B Preferred Distribution Period.

“**Series B Preferred Distribution Payment Date**” shall have the meaning provided in Section 5(a).

“**Series B Preferred Distribution Period**” means the period from, and including, a Series B Preferred Distribution Payment Date to, but excluding, the next succeeding Series B Preferred Distribution Payment Date, except for the initial Series B Preferred Distribution Period, which will be the period from, and including, the Original Issue Date of the Series B Preferred Units to, but excluding, April 15, 2019.

“**Series B Preferred Distribution Record Date**” shall have the meaning provided in Section 5(a).

“**Series B Preferred Return**” shall have the meaning provided in Section 5(a).

“**Series B Preferred Stock**” shall have the meaning provided in the recital above.

“**Series B Preferred Units**” shall have the meaning provided in Section 1.

“**Set apart for payment**” shall be deemed to include (without limitation), without any action other than the following: the recording by the Partnership in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to an authorization by the General Partner and a declaration of distribution by the Partnership, the allocation of funds to be so paid on any series or class of units of the Partnership; *provided, however*, that if any funds for any Junior Units or Parity Preferred Units are placed in a separate account of the Partnership or delivered to a disbursing, paying or other similar agent, then “set apart for payment” with respect to the Series B Preferred Units shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

“**Three-Month LIBOR Rate**” shall have the meaning provided in Section 5(b).

3. **Maturity.** The Series B Preferred Units have no stated maturity and are not subject to any sinking fund or mandatory redemption.

4. **Rank.** The Series B Preferred Units rank, with respect to rights to the payment of distributions and the distribution of assets upon the liquidation, dissolution or winding up of the Partnership, (a) senior to all classes or series of Common Units and LTIP Units of the Partnership and to all classes or series of units of the Partnership other than the units of the Partnership referred to in clauses (b) and (c) of this Section 4 (together with the Common Units and the LTIP Units, the “**Junior Units**”); (b) on parity with the Partnership’s 8.20% Series A Cumulative Redeemable Preferred Units (the “**Series A Preferred Units**”) and all other classes or series of units of the Partnership with terms specifically providing that such units rank on parity with the Series B Preferred Units with respect to rights to the payment of distributions and the distribution of assets upon the liquidation, dissolution or winding up of the Partnership (the “**Parity Preferred Units**”); and (c) junior to all classes or series of units of the Partnership with terms specifically providing that such units rank senior to the Series B Preferred Units with respect to rights to the payment of distributions and the distribution of assets upon the liquidation, dissolution or winding up of the Partnership. The term “units” shall not include convertible or exchangeable debt securities of the Partnership.

5. **Distributions.**

(a) Holders of Series B Preferred Units are entitled to receive, when, as and if authorized by the General Partner and declared by the Partnership, out of funds of the Partnership legally available for the payment of distributions, cumulative cash distributions (i) from, and including, the Original Issue Date to, but excluding, April 15, 2024 (the “**Fixed Rate Period**”), at a fixed rate equal to 8.250% per annum of the Base Liquidation Preference per unit (equivalent to \$2.0625 per annum per unit) and (ii) from, and including, April 15, 2024 (the “**Floating Rate Period**”), at a floating rate equal to the Three-Month LIBOR Rate plus a spread of 5.631% per annum (the “**Series B Preferred Return**”). Distributions on the Series B Preferred Units shall accumulate daily and shall be cumulative from, and including, the Original Issue Date and shall be payable quarterly in arrears on the 15th day of each January, April, July and October (each, as may be modified as provided below, a “**Series B Preferred Distribution Payment Date**”); *provided*, that if any Series B Preferred Distribution Payment Date is not a Business Day, then the distribution which would otherwise have been payable on such Distribution Payment Date may be paid on the next succeeding Business Day with the same force and effect as if paid on such Series B Preferred Distribution Payment Date and no interest, additional distributions or other sums will accumulate on the amount so payable for the period from and after such Series B Preferred Distribution Payment Date, to such next succeeding Business Day. Distributions payable on the Series B Preferred Units for the Fixed Rate Period, including distributions payable for any partial Series B Preferred Distribution Period, will be computed on the basis of a 360-day year consisting of twelve 30-day months (it being understood that the distribution payable on April 15, 2019 will be for less than the full quarterly period). Distributions payable on the Series B Preferred Units for the Floating Rate Period, including distributions payable for any partial Series B Preferred Distribution Period, will be computed based on the actual number of days in a Series B Preferred Distribution Period and a 360-day year. Distributions will be payable to holders of record of the Series B Preferred Units as they appear in the records of the Partnership for the Series B Preferred Units at the close of business on the applicable record date, which will be no fewer than ten days and no more than 35 days prior to the applicable Series B Preferred Distribution Payment Date, as shall be fixed by the General Partner (each, a “**Series B Preferred Distribution Record Date**”). The distributions payable on any Series B Preferred Distribution Payment Date shall include distributions accumulated to, but not including, such Series B Preferred Distribution Payment Date. No holder of any Series B Preferred Units shall be entitled to receive any distributions paid or payable on the Series B Preferred Units with a Series B Preferred Distribution Record Date before the date such Series B Preferred Units are issued.

(b) For each Series B Preferred Distribution Period during the Floating Rate Period, LIBOR (the London interbank offered rate) (the “**Three-Month LIBOR Rate**”) will be determined by the General Partner, as of the applicable Series B Preferred Distribution Determination Date, in accordance with the following provisions:

- (i) LIBOR will be the rate (expressed as a percentage per year) for deposits in U.S. dollars having an index maturity of three months, in amounts of at least \$1,000,000, as such rate appears on “Reuters Page LIBOR01” at approximately 9:00 a.m. (New York City time) on the relevant Series B Preferred Distribution Determination Date; or
- (ii) if no such rate appears on “Reuters Page LIBOR01” or if the “Reuters Page LIBOR01” is not available at approximately 9:00 a.m. (New York City time) on the relevant Series B Preferred Distribution Determination Date, then the General Partner will select four nationally-recognized banks in the London interbank market and request that the principal London offices of those four selected banks provide the General Partner with their offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of the applicable Series B Preferred Distribution Period, to prime banks in the London interbank market at approximately 9:00 a.m. (New York City time) on that Series B Preferred Distribution Determination Date for the applicable Series B Preferred Distribution Period. Offered quotations must be based on a principal amount equal to an amount that, in the General Partner’s discretion, is representative of a single transaction in U.S. dollars in the London interbank market at that time. If at least two quotations are provided, the Three-Month LIBOR Rate for such Series B Preferred Distribution Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of those quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate for such Series B Preferred Distribution Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of the rates quoted at approximately 11:00 a.m. (New York City time) on that Series B Preferred Distribution Determination Date for such Series B Preferred Distribution Period by three nationally-recognized banks in New York, New York selected by the General Partner, for loans in U.S. dollars to nationally-recognized European banks (as selected by the General Partner), for a period of three months commencing on the first day of such Series B Preferred Distribution Period. The rates quoted must be based on an amount that, in the General Partner’s discretion, is representative of a single transaction in U.S. dollars in that market at that time. If no quotation is provided as described above, then if a Calculation Agent has not been appointed at such time, the General Partner will appoint a Calculation Agent who shall, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate LIBOR or any of the foregoing lending rates, shall determine LIBOR for the second London Business Day immediately preceding the first day of such Series B Preferred Distribution Period in its sole discretion. If the Calculation Agent is unable or unwilling to determine LIBOR as provided in the immediately preceding sentence, then LIBOR will be equal to the Three-Month LIBOR Rate for the then current Series B Preferred Distribution Period, or, in the case of the first Series B Preferred Distribution Period in the Floating Rate Period, the most recent Series B Preferred Distribution Rate that would have been determined based on the last available Reuters Page LIBOR01 had the Floating Rate Period been applicable prior to the first Series B Preferred Distribution Period in the Floating Rate Period.

Notwithstanding the foregoing, if the General Partner determines, on the relevant Series B Preferred Distribution Determination Date, that the LIBOR base rate has been discontinued, then the General Partner will appoint a Calculation Agent and the Calculation Agent will consult with an investment bank of national standing to determine whether there is an industry accepted substitute or successor base rate to Three-Month LIBOR Rate. If, after such consultation, the Calculation Agent determines that there is an industry accepted substitute or successor base rate, the Calculation Agent shall use such substitute or successor base rate. In such case, the Calculation Agent in its sole discretion may (without implying a corresponding obligation to do so) also implement changes to the business day convention, the definition of business day, the Series B Preferred Distribution Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant Business Day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless the Calculation Agent determines that there is an industry accepted substitute or successor base rate as so provided above, the Calculation Agent will, in consultation with the General Partner, follow the steps specified in the second bullet point in the immediately preceding paragraph in order to determine Three-Month LIBOR Rate for the applicable Series B Preferred Distribution Period. Notwithstanding the foregoing, the Series B Preferred Return shall at all times equal the dividend rate for the Series B Preferred Stock.

(c) No distributions on Series B Preferred Units shall be authorized by the General Partner or paid or set apart for payment by the Partnership at any time when the terms and provisions of any agreement of the General Partner or the Partnership, including any agreement relating to any indebtedness of either of them, prohibit the authorization, payment or setting apart for payment thereof or provide that payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law.

(d) Notwithstanding anything to the contrary contained herein, distributions on the Series B Preferred Units will accumulate whether or not the terms and provisions of any laws or agreements referred to in Section 5(c) hereof at any time prohibit the current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of those distributions and whether or not those distributions are declared. No interest, or sum in lieu of interest, will be payable in respect of any distribution payment or payments on the Series B Preferred Units which may be in arrears, and holders of Series B Preferred Units will not be entitled to any distributions in excess of full cumulative distributions described in Section 5(a). Any distribution payment made on the Series B Preferred Units will first be credited against the earliest accumulated but unpaid distribution due with respect to the Series B Preferred Units.

(e) Except as provided in Section 5(f), unless full cumulative distributions on the Series B Preferred Units have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Series B Preferred Distribution Periods, (i) no distributions (other than a distribution in Junior Units) shall be declared and paid set apart for payment upon Junior Units, (ii) no other distribution shall be declared or made upon the Junior Units or the Parity Preferred Units, and (iii) Junior Units or Parity Preferred Units shall not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such securities) by the Partnership (except by conversion into or exchange for Junior Units or options, warrants or rights to purchase or subscribe for Junior Units pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series B Preferred Units and Parity Preferred Units); *provided, however*, that the foregoing shall not prevent the redemption, purchase or acquisition by the General Partner of shares of any class or series of the General Partner's stock pursuant to the provisions of Article VII of the Articles of Amendment and Restatement of the General Partner, including in order to preserve the General Partner's qualification as a real estate investment trust for U.S. federal income tax purposes, or the redemption, purchase or acquisition by the General Partner of Common Stock for purposes of and in compliance with any incentive or benefit plan of the General Partner.

(f) When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Units and any Parity Preferred Units, all distributions declared upon the Series B Preferred Units and all other such units shall be declared *pro rata* so that the amount of distributions declared per Series B Preferred Unit and all other such units shall in all cases bear to each other the same ratio that accumulated distributions per Series B Preferred Unit and all other such units (which shall not include any accrual in respect of unpaid distributions for prior Series B Preferred Distribution Periods if any such units do not have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on the Series B Preferred Units which may be in arrears.

(g) For the avoidance of doubt, in determining whether a distribution (other than upon voluntary or involuntary liquidation) by distribution, redemption or other acquisition of the Partnership Units is permitted under Delaware law, no effect shall be given to the amounts that would be needed, if the Partnership were to be dissolved at the time of the distribution, to satisfy the preferential rights upon distribution of holders of Partnership Units whose preferential rights are superior to those receiving the distribution.

6. Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Partnership, the holders of Series B Preferred Units are entitled to be paid out of the assets of the Partnership legally available for distribution to its partners, after payment of or provision for the Partnership's debts and other liabilities, a liquidation preference of \$25.00 per unit (the "**Base Liquidation Preference**"), plus an amount equal to any accrued but unpaid distributions (whether or not authorized or declared) thereon to, but not including, the date of payment, but without interest, before any distribution of assets is made to holders of Junior Units. If the assets of the Partnership legally available for distribution to partners are insufficient to pay in full the liquidation preference on the Series B Preferred Units and the liquidation preference on any Parity Preferred Units, all assets distributed to the holders of the Series B Preferred Units and any Parity Preferred Units shall be distributed pro rata so that the amount of assets distributed per Series B Preferred Units and such Parity Preferred Units shall in all cases bear to each other the same ratio that the liquidation preference per Series B Preferred Unit and such Parity Preferred Units bear to each other. Notice of any distribution in connection with any such liquidation, dissolution or winding up of the affairs of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given not less than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series B Preferred Units at the respective addresses of such holders as the same shall appear on the records of the Partnership. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series B Preferred Units will have no right or claim to any of the remaining assets of the Partnership. The consolidation or merger of the Partnership with or into another entity, a merger of another entity with or into the Partnership, a statutory exchange by the Partnership or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's property or business shall not be deemed to constitute a liquidation, dissolution or winding up of the affairs of the Partnership.

7. Redemption.

(a) The Series B Preferred Units are not redeemable except as otherwise provided in this Section 7.

(b) In connection with any redemption by the General Partner of any shares of Series B Preferred Stock pursuant to Section 6 of the Articles Supplementary, the Partnership shall redeem, on the date of such redemption, an equal number of Series B Preferred Units held by the General Partner. As consideration for the redemption of such Series B Preferred Units, the Partnership shall deliver to the General Partner an amount of cash equal to the amount of cash paid by the General Partner to the holder of such shares of Series B Preferred Stock in connection with the redemption thereof.

8. Voting Rights. Holders of the Series B Preferred Units will not have any voting rights.

9. Conversion.

(a) The Series B Preferred Units are not convertible or exchangeable for any other property or securities except as otherwise provided in this Section 9.

(b) In the event that a holder of Series B Preferred Stock of the General Partner exercises its right to convert the Series B Preferred Stock into Common Stock of the General Partner in accordance with the terms of the Articles Supplementary, then, concurrently therewith, an equivalent number of Series B Preferred Units of the Partnership held by the General Partner shall be automatically converted into a number of Common Units of the Partnership equal to the number of shares of Common Stock issued upon conversion of such Series B Preferred Shares; provided, however, that if a holder of Series B Preferred Stock of the General Partner receives cash or other consideration in addition to or in lieu of Common Stock in connection with such conversion, then the General Partner, as the holder of the Series B Preferred Units, shall be entitled to receive cash or such other consideration equal (in amount and form) to the cash or other consideration to be paid by the General Partner to such holder of the Series B Preferred Stock. Any such conversion will be effective at the same time the conversion of Series B Preferred Stock into Common Stock is effective.

(c) No fractional units will be issued in connection with the conversion of Series B Preferred Units into Common Units. In lieu of fractional Common Units, the General Partner shall be entitled to receive a cash payment in respect of any fractional unit in an amount equal to the fractional interest multiplied by the Common Stock Price used in determining the Common Stock Conversion Consideration under the Articles Supplementary.

10. Allocation of Profit and Loss.

Section 5.01 of the Partnership Agreement is hereby deleted in its entirety and the following new Section 5.01 is inserted in its place:

(a) Profit. After giving effect to the special allocations set forth in Section 5.01(c), (d), and (e) hereof, and subject to Section 5.01(f), Profit of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(b) Loss. After giving effect to the special allocations set forth in Section 5.01(c), (d), and (e) hereof, and subject to Section 5.01(f), Loss of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(c) Minimum Gain Chargeback. Notwithstanding any provision to the contrary, (i) any expense of the Partnership that is a “nonrecourse deduction” within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners’ respective Percentage Interests, (ii) any expense of the Partnership that is a “partner nonrecourse deduction” within the meaning of Regulations Section 1.704-2(i)(2) shall be allocated to the Partner that bears the “economic risk of loss” of such deduction in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(f)(2),(3), (4) and (5), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations Section 1.704-2(i)(4) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(g), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). The manner in which it is reasonably expected that the deductions attributable to nonrecourse liabilities will be allocated for purposes of determining a Partner’s share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a) (3) shall be in accordance with a Partner’s Percentage Interest.

(d) Qualified Income Offset. If a Partner receives in any taxable year an adjustment, allocation or distribution described in subparagraphs (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a deficit balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such deficit Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). After the occurrence of an allocation of income or gain to a Partner in accordance with this Section 5.01(d), to the extent permitted by Regulations Section 1.704-1(b), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(d).

(e) Capital Account Deficits. Loss shall not be allocated to a Limited Partner to the extent that such allocation would cause a deficit in such Partner's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain. Any Loss in excess of that limitation shall be allocated to the General Partner. After the occurrence of an allocation of Loss to the General Partner in accordance with this Section 5.01(e), to the extent permitted by Regulations Section 1.704-1(b), Profit shall be allocated to such Partner in an amount necessary to offset the Loss previously allocated to each Partner under this Section 5.01(e).

(f) Priority Allocations With Respect To Preferred Units. After giving effect to the allocations set forth in Sections 5.01(c), (d), and (e) hereof, but before giving effect to the allocations set forth in Sections 5.01(a) and 5.01(b), Net Operating Income shall be allocated to the General Partner until the aggregate amount of Net Operating Income allocated to the General Partner under this Section 5.01(f) for the current and all prior years equals the aggregate amount of the Series A Preferred Return and the Series B Preferred Return paid to the General Partner for the current and all prior years; *provided, however*, that the General Partner may, in its discretion, allocate Net Operating Income based on accrued Series A Preferred Return with respect to the January Series A Preferred Distribution Payment Date, or Series A Preferred Distribution Payment Date if the General Partner sets the Series A Preferred Distribution Record Date for such Series A Preferred Distribution Payment Date on or prior to December 31 of the previous year; *provided, further*, that the General Partner may, in its discretion, allocate Net Operating Income based on accrued Series B Preferred Return with respect to the January Series B Preferred Distribution Payment Date if the General Partner sets the Series B Preferred Distribution Record Date for such Series B Preferred Distribution Payment Date on or prior to December 31 of the previous year. For purposes of this Section 5.01(f), "Net Operating Income" means the excess, if any, of the Partnership's gross income over its expenses (but not taking into account depreciation, amortization, or any other noncash expenses of the Partnership), calculated in accordance with the principles of Section 5.01(h) hereof.

(g) Special Allocations Regarding LTIP Units. Notwithstanding the provisions of Sections 5.01(a) and (b) hereof, Liquidating Gains shall first be allocated to the LTIP Unitholders until their Economic Capital Account Balances, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Common Unit Economic Balance, multiplied by (ii) the number of their LTIP Units. For this purpose, "Liquidating Gains" means net capital gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the value of Partnership assets under Section 704(b) of the Code. The "Economic Capital Account Balances" of the LTIP Unitholders will be equal to their Capital Account balances plus shares of Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to the extent attributable to their ownership of LTIP Units. Similarly, the "Common Unit Economic Balance" shall mean (i) the Capital Account balance of the General Partner, plus the amount of the General Partner's share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)), in either case to the extent attributable to the General Partner's direct or indirect ownership of Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this Section 5.01(g), divided by (ii) the number of Common Units directly or indirectly owned by the General Partner. Any such allocations shall be made among the LTIP Unitholders in proportion to the amounts required to be allocated to each under this Section 5.01(g). The parties agree that the intent of this Section 5.01(g) is to make the Capital Account balance associated with each LTIP Unit to be economically equivalent to the Capital Account balance associated with Common Units directly or indirectly owned by the General Partner (on a per-Unit basis).

(h) Definition of Profit and Loss. "Profit" and "Loss" and any items of income, gain, expense or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Sections 5.01(c), 5.01(d), 5.01(e), or 5.01(f) hereof. All allocations of income, Profit, gain, Loss and expense (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). With respect to properties acquired by the Partnership, the General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income, gain and expense as required by Section 704(c) of the Code with respect to such properties, and such election shall be binding on all Partners.

(i) Allocations Between Transferor and Transferee. If a Partner transfers any part or all of its Partnership Interest, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the transferee Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer, or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profit and Loss between the transferor and the transferee Partner.

11. Except as modified herein, all terms and conditions of the Partnership Agreement shall remain in full force and effect, which terms and conditions the General Partner hereby ratifies and confirms.

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first set forth above.

GENERAL PARTNER:

CHERRY HILL MORTGAGE INVESTMENT
CORPORATION, a Maryland corporation

By: /s/ Martin J. Levine

Name: Martin J. Levine

Title: Chief Financial Officer, Treasurer and Secretary

[Signature page for Third Amendment to Partnership Agreement — February 2019]
