**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

# FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2020**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934**

For the transition period from _____ to _____

**Commission File Number: 001-36615**

# GWG HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **26-2222607** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**325 North St. Paul Street, Suite 2650**
**Dallas, TX 75201**
(Address of principal executive offices, including zip code)

**(612) 746-1944**
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock | GWGH | Nasdaq Capital Market |

**Securities registered pursuant to Section 12(g) of the Act**
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | 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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was $24,297,105 as of June 30, 2020 (the last business day of the registrant's most recently completed second fiscal quarter), based on a total of 3,167,810 shares of common stock held by non-affiliates and a closing price of $7.67 as reported on the Nasdaq Capital Market on June 30, 2020. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors or 10% beneficial owners, are or were, in fact, affiliates of the registrant.

As of September 30, 2021, GWG Holdings, Inc. had 33,097,118 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

None.

**GWG HOLDINGS, INC.**

**Index to Form 10-K**
**for the Fiscal Year Ended December 31, 2020**

## Explanatory Note

**Restatement Overview**

In this Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"), GWG Holdings, Inc. is restating its previously issued (i) consolidated balance sheet as of December 31, 2019, (ii) the consolidated statement of operations, (iii) the consolidated statement of changes in stockholders' equity, and (iv) the consolidated statement of cash flows for the year ended December 31, 2019, included in its Annual Report on Form 10-K for the year ended December 31, 2019, (the "Restatement"). The Restatement also impacted each of the quarters for the periods beginning with GWG Holdings, Inc.'s consolidation with The Beneficient Company Group, L.P. ("Ben LP," including all of the subsidiaries it may have from time to time — "Beneficient") as of December 31, 2019 through the quarter ended September 30, 2020. We do not plan to file an amended version of any previously filed reports on Forms 10-K or 10-Q in connection with the Restatement, and, as such, the financial statements included in such previously filed periodic reports should not be relied upon.

In this 2020 Form 10-K, the annual and interim periods from GWG Holdings, Inc.'s consolidation with Beneficient as of December 31, 2019 through the quarter ended September 30, 2020 are collectively referred to as the "Restatement Period." References to the "Company," "we," "our" and "us" in this 2020 Form 10- K refer to GWG Holdings, Inc. together, in each case, with its subsidiaries unless the context suggests otherwise.

The impact of the Restatement is included in this 2020 Form 10-K, and is more specifically described below in this Explanatory Note and in Notes 21 and 22 of the notes to the accompanying audited consolidated financial statements and "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations". All references to prior periods included below in the Management's Discussion and Analysis of Financial Condition and Results of Operations have been revised to reflect the effects of the Restatement. Additionally, the impacts of the Restatement have been reflected throughout the financial statements, including the applicable footnotes.

As previously reported on Form 8-K filed with the Securities and Exchange Commission ("SEC") on July 7, 2021, and as discussed throughout this 2020 Form 10-K, as part of the preparation of its 2020 Form 10-K, the Company voluntarily submitted two questions to the SEC's Office of the Chief Accountant ("OCA") on February 15, 2021. The questions submitted by the Company to OCA were (1) whether a December 31, 2019 transaction resulted in GWG Holdings, Inc. obtaining control of Ben LP in a transaction that constituted a change-in-control of Beneficient by entities not under common control, and (2) whether Ben LP was required to consolidate any of the trusts created through Beneficient's ExAlt Plan™ (as defined in Item 1. Business) established in connection with its business of providing liquidity to holders of alternative assets. On July 26, 2021, the Company and OCA staff held a conference call in which OCA's staff notified the Company of its conclusions on the two accounting questions that were the subject of the consultation. During that call, OCA expressed that it would object to a conclusion that Ben LP not consolidate the Custody Trusts, Collective Trusts, LiquidTrusts and Funding Trusts, (collectively, the "ExAlt Trusts") as of December 31, 2019. Consistent with the conclusions communicated by OCA on July 26, 2021, the Company determined that it was necessary to restate the consolidated financial statements as of and for the year ended December 31, 2019 in response to the conclusion on question (2). Regarding question (1), OCA did not conclude on the common control aspect of the transaction in question. However, after further analysis, including, among other things, consulting with legal counsel to conclude that the common stock of GWG Holdings held by Beneficient were not voteable under Delaware law, the Company confirmed its original conclusion that the entities were not under common control.

Prior to December 31, 2019, only certain trusts created through Beneficient's ExAlt Plan™ were considered variable interest entities for which Ben LP had a variable interest and was considered the primary beneficiary. Thus, Ben LP was required to consolidate certain of such trusts. Due to changes to both the governance structure and the underlying economics of the trust and other agreements pertaining to certain of the ExAlt Trusts and the execution of new loan agreements between a subsidiary of Ben LP and certain of such trusts as of December 31, 2019, it was initially concluded that Ben LP no longer had the power to direct the activities that most significantly impact the economic performance of any of the ExAlt Trusts and therefore could no longer consolidate any of such trusts as of December 31, 2019, including those previously consolidated. However, we have since determined that such conclusion was incorrect, and that the proper application of generally accepted accounting principles is for Ben LP to consolidate the ExAlt Trusts. As a result of consolidating such trusts, Ben LP's primary tangible asset, which was acquired through loans a subsidiary of Ben LP made to certain of the ExAlt Trusts, was previously reported as a loan receivable as of December 31, 2019, but is now being reported as an investment in alternative assets held by certain of the ExAlt Trusts.

**Impact of Restatement**

Notes 21 and 22 of the accompanying consolidated financial statements present the impact of the Restatement to our Consolidated Balance Sheets, Consolidated Statements of Operations, Consolidated Statements of Changes in Stockholders' Equity, and Consolidated Statements of Cash Flows for the annual and quarterly periods affected, each as compared with the amounts presented in the originally filed Annual Report on Form 10-K for the year ended December 31, 2019, and the original Quarterly Reports on Form 10-Q for the periods ended March 31, 2020, June 30, 2020, and September 30, 2020, previously filed with the SEC.

**Other Corrections**

In addition to the Restatement items, the Company has corrected other items, which had been previously identified and determined to be immaterial pursuant to Accounting Standards Codification ("ASC") Topic 250, *Accounting Changes and Error Corrections* and Staff Accounting Bulletin ("SAB") No. 99, *Materiality*. While these other adjustments are both quantitatively and qualitatively immaterial, individually and in the aggregate, because we are correcting for the Restatement items, we have decided to correct these other adjustments as well.

Specifically, the Company reassessed its valuation allowance against its deferred tax assets and determined it will no longer utilize the reversal of a temporary difference related to the Company's preferred equity ownership in Beneficient, until such time as the preferred equity is no longer constrained, as a source of income to realize existing deferred tax assets related to the net operating loss and Section 163(j) limitations. The net deferred tax liability presented in the Company's consolidated balance sheets is specifically related to GWG Life's investment in the Preferred Series A Subclass 1 Unit Accounts resulting from the Investment Agreement described in Note 1. The disposition of this investment is constrained by the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. As such, the timing of recognition of the necessary taxable income related to this investment and the future reversal of this temporary difference cannot be predicted. The changes in the valuation allowance are reflected in the restatement tables presented in Notes 21 and 22.

**Internal Control over Financial Reporting and Disclosure Controls and Procedures**

In connection with matters related to the Restatement, we have determined that a material weakness existed in our internal control over financial reporting for all periods from December 31, 2019 to December 31, 2020. As of December 31, 2020, the design and operating effectiveness of controls over the selection, application and review of the implementation of accounting policies were not sufficient to ensure amounts recorded and disclosed were fairly stated in accordance with GAAP. This material weakness resulted in the Restatement. In addition, not solely as a result of this material weakness, GWG Holdings, Inc.'s Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective for the year ended December 31, 2020. Notwithstanding this material weakness and others identified, our management, based upon the substantial work performed during the Restatement process, has concluded that the Company's consolidated financial statements for the periods covered by and included in this 2020 Form 10-K are prepared in accordance with GAAP and fairly present, in all material respects, our financial position, results of operation and cash flows for each of the periods presented herein. For more information see "Part II – Item 9A – Controls and Procedures."

## FORWARD-LOOKING INFORMATION; RISK FACTOR SUMMARY

This 2020 Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which involve certain known and unknown risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and portfolio management and the performance of our investments. These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “estimate,” “expect,” “project,” “projections,” “plans,” “seeks,” “anticipates,” “will,” “should,” “could,” “may,” “designed to,” “foreseeable future,” “believe,” “scheduled” and similar expressions. Our actual results or outcomes may differ materially from those anticipated. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Our actual results may differ significantly from any results expressed or implied by these forward-looking statements. A summary of the principal risk factors that make investing in our securities risky and might cause our actual results to differ is set forth below. The following is only a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. This summary should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth in the section entitled “Risk Factors” in this report. Defined terms used below are defined elsewhere in this 2020 Form 10-K.

**Risks Related to Our Operations and Organizational Structure**

- Our current inability to raise capital, recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and potential negative implications of the ongoing SEC non-public, fact-finding investigation raise substantial doubt regarding our ability to continue as a going concern. The report from our independent registered public accounting firm for the year ended December 31, 2020, includes an explanatory paragraph stating that these factors raise substantial doubt about our ability to continue as a going concern.
- We have a relatively limited history of operations and a history of net losses.
- Our operations and financial results may be adversely affected by the ongoing COVID-19 pandemic.
- We may be unable to capitalize on the anticipated benefits of the Beneficient Transactions.
- GWG Holdings’ ability to control the activities of Beneficient is subject to certain rights of others set forth in the limited liability company agreement for the general partner of Ben LP, and GWG Holdings has entered into a non-binding term sheet to relinquish certain rights with respect to Beneficient, including GWG Holdings’ ability to appoint a majority of the board of directors of the general partner of Ben LP and control the activities of Beneficient.
- Ben LP’s partnership agreement eliminates fiduciary duties that might otherwise be owed to GWG Holdings under Delaware law.
- If certain events occur, GWG Holdings will lose its right to appoint a majority of the board of directors of the general partner of Ben LP and therefore its ability to exercise control over Ben LP and consolidate its financial results.
- GWG Holdings’ percentage ownership in Ben LP may be diluted significantly.
- A failure to establish and maintain effective internal controls over financial reporting, including our identified material weaknesses, could adversely affect our financial results.
- We may not realize a return on GWG Holdings’ investment in FOXO Technologies Inc.
- The resale of GWG Holdings’ common stock issued in the Exchange Transaction could result in a reduction to the market price of GWG Holdings’ common stock and result in a destabilized trading market for GWG Holdings’ common stock.
- The Seller Trusts, collectively, have the power to control the vote of a majority of GWG Holdings’ outstanding common stock.
- We are currently relying on the “controlled company” exemption under Nasdaq Stock Market Listing Rules.

**Risks Related to Our Liquidity Products Business**

- Beneficient may be unable to operate its business successfully.
- Beneficient has experienced significant delays in obtaining, and may not obtain, its TEFFI trust company charter.
- Beneficient may not be able to grow, effectively manage its growth, or achieve profitability.
- Beneficient is subject to repayment risk in connection with its liquidity transactions.
- Beneficient may incur significant losses as a result of ineffective risk management processes and strategies.
- Difficult market conditions can cause investors to reduce or suspend their investments in alternative assets or their desire to liquidate alternative assets they hold, which could adversely affect Beneficient’s business.

- Beneficient's business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, the ExAlt Trusts that owe Beneficient money, securities or other assets or whose obligations collateralizes the loans made by certain of Beneficient's operating subsidiaries to certain of the ExAlt Trusts.
- Beneficient uses hedging transactions to manage certain market risks; Beneficient's business, profitability and liquidity may be adversely affected by unanticipated market conditions including interest rates, currency exchange rates, equity market behavior, and other relevant market factors that generate losses not covered or offset by a hedge.
- Beneficient's fair value estimates of illiquid assets may not accurately estimate prices obtained at the time of sale.
- Notwithstanding its diversification strategies, Beneficient's liquidity, profitability and business may be adversely affected by concentrations of assets.
- The due diligence process that Beneficient undertakes in connection with liquidity transactions may or may not reveal all facts that may be relevant in connection with such liquidity transaction.

**Risks Related to Our Secondary Life Insurance Business**

- The valuation of our life insurance policy assets requires us to make material assumptions that may ultimately prove to be incorrect.
- Actual results from our life insurance portfolio may not match our projected results.
- Our investments in life insurance policies have inherent risks, including fraud and legal challenges to the validity of the policies.
- If actuarial assumptions related to our investments in life insurance policies change, our operating results and cash flow could be adversely affected, as well as the value of our collateral and our ability to service our debt obligations.
- We rely on estimated rates of mortality when valuing life insurance policies and forecasting the performance of our life insurance portfolio.
- Cost-of-insurance (premium) increases could materially and adversely affect our profitability and financial condition.

**Risks Related to Our Proposed Insurance Business**

- We have no experience in operating an insurance business and our entry into the insurance market may not be successful.
- We may not be able to obtain or maintain approval of insurance regulators and other regulatory authorities.
- The operation of our proposed insurance business will subject us to additional costs and economic, political, currency, and other risks.

**Risks Related to Our Indebtedness and Financing Arrangements**

- Our indebtedness could adversely affect our financial condition and may otherwise adversely impact our business operations.
- We critically rely on debt financing for our business.
- We may not be able to raise the capital that we are seeking from our securities offerings.
- GWG Holdings depends upon cash distributions from its subsidiaries, and contractual restrictions on distributions to it or adverse events at one of its operating subsidiaries could materially and adversely affect its ability to pay its debts.
- The collateral granted as security for our obligations under our various debt obligations may be insufficient to repay all such debt obligations.
- If a significant number of holders of GWG Holdings' L Bonds demand repayment of those instruments upon maturity instead of renewing them, GWG Holdings may be forced to liquidate some of its life insurance policies, investments in Beneficient or other assets. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.
- Subordination provisions contained in the indenture governing the L Bonds, including any supplemental indentures, will place restrictions on the ability of the trustee or the L Bond holders to enforce certain rights against us under the indenture.
- A failure to maintain compliance with our debt covenants, including the indenture governing the L Bonds, may have a material adverse effect on our ability to continue our business operations.

**Legal and Regulatory Risks**

- A determination that we are an unregistered investment company would have material adverse consequences.
- We will be subject to comprehensive governmental regulation and supervision.
- Our life insurance business will be subject to state or foreign government regulation.

- We are currently subject to a non-public, fact-finding investigation into the Company by the SEC, and we are unable to predict the outcome of this matter.

**General Risk Factors**

- Our success depends on certain key executives and the ability to attract, retain, and develop new professionals.
- Business disruptions and interruptions and adverse economic conditions due to natural disasters and other external events beyond our control can adversely affect our business, financial condition and results of operations.
- Changes in general economic conditions could adversely impact our business.
- A failure in our operational systems as well as human error or malfeasance could impair our liquidity, disrupt our business, result in the disclosure of confidential information, damage our reputation, and cause losses.
- We rely on other companies to provide key components of our business infrastructure.

## PART I

### ITEM 1. BUSINESS.

**Organizational Structure**

Our business was originally organized in February 2006. We added our parent holding company, GWG Holdings, Inc. ("GWG Holdings"), in March 2008, and in September 2014 we consummated an initial public offering of GWG Holdings' common stock on The Nasdaq Capital Market where the stock trades under the ticker symbol "GWGH."

GWG Holdings conducts its life insurance secondary market business through a wholly-owned subsidiary, GWG Life, LLC ("GWG Life"), and GWG Life's wholly-owned subsidiaries, GWG Life Trust, GWG DLP Funding IV, LLC ("DLP IV"), GWG DLP Funding V Holdings, LLC ("DLP V Holdings"), and GWG DLP Funding Holdings VI, LLC ("DLP VI Holdings"). DLP V Holdings is the sole member of GWG DLP Funding V, LLC ("DLP V"). DLP VI Holdings is the sole member of GWG DLP Funding VI, LLC ("DLP VI").

In addition, GWG Holdings has exposure to indirect interests in loans collateralized by cash flows from alternative assets. Such loans are made and held by certain of the operating subsidiaries of Ben LP. These loans are made to certain of the ExAlt Trusts, which are consolidated subsidiaries of Ben LP and thus, such loans are eliminated upon consolidation for financial reporting purposes. Ben LP's general partner is Beneficient Management, L.L.C. ("Beneficient Management"). Prior to December 31, 2019, GWG Holdings' investment in Beneficient was accounted for as an equity method investment. On December 31, 2019, as more fully described below, Beneficient became a consolidated subsidiary of GWG Holdings. As also described below, on August 13, 2021, GWG Holdings entered into a non-binding term sheet with Ben LP and Beneficient Company Holdings, L.P. ("BCH"), that outlines a series of transactions which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the Board of Directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings. The term sheet is part of ongoing efforts by management and the Board of Directors of the Company to maximize the value of GWG Holdings' and GWG Life's investment in Beneficient.

GWG Holdings also has a financial interest in FOXO Technologies Inc. ("FOXO", formerly FOXO BioScience LLC), which, through its wholly-owned subsidiaries FOXO Labs Inc. ("FOXO Labs", formerly, Life Epigenetics Inc.) and FOXO Life LLC ("FOXO Life", formerly, youSurance General Agency, LLC), seeks to commercialize epigenetic technology for the longevity industry and offer life insurance directly to customers utilizing epigenetic technology. Although we have a financial interest in FOXO, we do not have a controlling financial interest because another party is the majority shareholder of the voting class of securities. Therefore, we account for our ownership interest in FOXO as an equity method investment. FOXO Labs was formed to commercialize epigenetic technology for the longevity industry. FOXO Life seeks to offer life insurance directly to customers utilizing epigenetic technology.

All of the aforementioned entities are legally organized in the state of Delaware, other than GWG Life Trust, which was formed under the laws of the state of Utah, and certain of the ExAlt Trusts, which were formed under the laws of the State of Texas. Unless the context otherwise requires or we specifically so indicate, all references in this report to "we," "us," "our," "our Company," "GWG," or the "Company" refer to GWG Holdings together, in each case, with its subsidiaries. Our headquarters are located at 325 N. St. Paul Street, Suite 2560, Dallas, Texas 75201.

**Our Company**

We are an innovative financial services company that is a leader in providing unique liquidity solutions and services for the owners of illiquid investments. In 2018 and 2019, GWG Holdings consummated a series of transactions (as more fully described below) with Beneficient that has resulted in a significant reorientation of our business and capital allocation strategy towards an expansive and diverse exposure to alternative assets. As part of this reorientation, GWG Holdings also changed its Board of Directors and executive management team.

While we are continuing our work to maximize the value of our secondary life insurance business, based on recent developments in the capital markets, including the availability of financing on favorable terms, we have begun exploring the feasibility of purchasing additional life insurance policies through the secondary market and establishing a life insurance subsidiary to operate in the life insurance industry. These operations are in addition to allocating capital to provide liquidity to holders of a broader range of alternative assets, which GWG Holdings currently provides through investments in Beneficient.

We completed the transactions with Beneficient to provide the Company with a significant increase in assets and common stockholders' equity as well as with the opportunity for a diversified source of future earnings from our exposure to the alternative asset industry. We believe the Beneficient transactions and the other strategies we are pursuing, including continuing to pursue opportunities in the life insurance industry, will transform GWG Holdings from a niche provider of liquidity to owners of life insurance to a diversified provider of financial products and services with exposure to a broad range of alternative assets.

Beneficient is a financial services company based in Dallas, Texas, that markets an array of liquidity and trust administration products to alternative asset investors primarily comprised of mid-to-high-net-worth individuals having a net worth between $5 million and $30 million ("MHNW") and small-to-midsize institutional investors and family offices with less than $1 billion in investable assets ("STMIs"). One of Beneficient's founders, Brad K. Heppner ("Ben Founder"), serves as Chairman and Chief Executive Officer of Beneficient and previously served as Chairman of GWG Holdings from April 26, 2019 to June 14, 2021. Ben LP plans to offer its products and services through its five operating subsidiaries, which include (i) Ben Liquidity, (ii) Ben Custody Admin, (iii) Ben Insurance, (iv) Ben Markets and (v) Beneficient USA (each operating subsidiary is further defined below). Ben Liquidity plans to operate a trust company that is a Kansas Technology Enabled Fiduciary Financial Institutions ("TEFFI") authorized to serve as an alternative asset custodian, trustee and lender with statutory powers granted for each of these activities and permitting Ben Liquidity to provide fiduciary financing for certain of its customer liquidity transactions. Ben Custody Admin plans to operate a Texas trust company that is being organized to provide its customers with certain administrative, custodial and trustee products and specialized services focused on alternative asset investors. Ben Insurance has been chartered as a Bermuda based insurance company that plans to offer certain customized insurance products and services covering risks relating to owning, managing and transferring alternative assets. Ben Markets is in the regulatory process for acquiring a captive registered broker-dealer that would conduct certain of its activities attendant to offering a suite of products and services from the Beneficient family of companies. Certain of Ben LP's operating subsidiary products and services involve or are offered to certain of the ExAlt Trusts (defined below), which are consolidated subsidiaries of Ben LP for financial reporting purposes (such trusts are and may individually be referred to as Custody Trusts, Collective Trusts, LiquidTrusts, and Funding Trusts). Beneficient USA employs a substantial majority of the executives and staff for Beneficient's operating subsidiaries to which Beneficient USA provides administrative and technical services.

Beneficient's primary operations, which commenced on September 1, 2017, consist of offering its liquidity and trust administration services to its customers, primarily through certain of Ben LP's operating subsidiaries, Ben Liquidity, L.L.C. ("Ben Liquidity") and Ben Custody, L.L.C. ("Ben Custody Admin"), respectively. Ben Liquidity offers simple, rapid and cost-effective liquidity products to its customers through the use of customized trust vehicles, (such trusts, the "ExAlt Trusts"), that facilitate the exchange of a customer's alternative assets for consideration using a unique financing structure (such structure and process, the "ExAlt Plan™"). The ExAlt Plan trademark was developed by Beneficient as a brand of liquidity and trust administration services designed for alternative asset investors, specifically MHNW and STMIs to "Ex"it "Alt"ernatives. A subsidiary of Ben Liquidity makes loans (each, an "ExAlt Loan") to certain of the ExAlt Trusts which employ the loan proceeds to acquire agreed upon consideration, which certain of the ExAlt Trusts deliver to customers in exchange for their alternative assets. Ben Liquidity generates interest and fee income earned in connection with the ExAlt Loans, which are collateralized by a portion of the cash flows from the exchanged alternative assets (the "Collateral"). Ben Custody Admin currently provides trust administration services to the trustees of certain of the ExAlt Trusts that own the exchanged alternative asset following liquidity transactions for fees payable quarterly. The Collateral supports the repayment of the ExAlt Loans plus any related interest and fees and trust administration service fees. Under the applicable trust and other agreements, certain charities are the ultimate beneficiaries of the ExAlt Trusts (the "Non-Controlling Interest Holders"). As ultimate beneficiaries of prior transactions, for every $0.95 paid to the lender (e.g., subsidiaries of Ben LP) on the ExAlt Loans, $0.05 is also paid to certain of the Non-Controlling Interest Holders. For periods following 2020, future Non-Controlling Interest Holders are structured to be paid $0.025 for every $0.975 paid to the fiduciary financial lender (e.g., subsidiaries of Ben LP) of the ExAlt Loans. Since Ben LP consolidates the ExAlt Trusts, Ben LP's operating subsidiary's ExAlt Loans and related interest and fee income are eliminated in the presentation of our consolidated financial statements.

Prior to January 1, 2021, Ben LP operated primarily through certain of its subsidiaries that included, (i) Beneficient Capital Company, L.L.C. ("BCC"), which offered liquidity products; (ii) Beneficient Administration and Clearing Company, L.L.C. ("BACC"), which provided services for private fund and trust administration; and (iii) other entities, including the ExAlt Trusts.

On December 31, 2020, a series of restructuring transactions occurred to better position certain of Ben LP's subsidiaries for ongoing operations and future products and services, to capitalize Pen and to meet certain requirements of the Texas

Department of Banking. In connection with these transactions, BCC transferred all of its assets, which included, among other assets, its ExAlt Loans receivable, liabilities, which included, among other liabilities, loans payable with respect to secured loans with HCLP Nominees, L.L.C., held as of December 31, 2020, to BCH. In order to capitalize Pen and enable it to offer insurance products and services to cover risks attendant to owning and managing alternative assets following approval from the Bermuda Monetary Authority (the "BMA"), BCH contributed to Pen certain of such ExAlt Loans receivable with an aggregate carrying value equal to $129.2 million. Likewise, BACC transferred all of its assets, which included its rights to perform fund trust administration services under certain trust and other agreements, and liabilities to BCH, which will perform such services until a Texas trust company charter is issued or the Kansas TEFFI trust company becomes operational.

Subsequent to December 31, 2020, Ben LP operates primarily through its business line operating subsidiaries, which provide, or will provide, Beneficient's existing and planned products and services. These subsidiaries include (i) Ben Liquidity, which offers liquidity products; (ii) Ben Custody Admin, which provides services for fund and trust administration; (iii) Ben Insurance L.L.C., including its subsidiaries ("Ben Insurance"), which intends to offer insurance products and services covering risks attendant to owning, managing and transferring alternative assets; (iv) Ben Markets, L.L.C., including its subsidiaries ("Ben Markets"), which intends to provide broker-dealer services in connection with offering Beneficient's liquidity products and services; and (vi) other entities, including the ExAlt Trusts, which operate for the benefit of the Non-Controlling Interest Holder. Beneficient's financial products and services are presently offered through Ben Liquidity and Ben Custody Admin, and Beneficient plans to expand its capabilities under Ben Custody Admin and provide products and services through Ben Insurance and Ben Markets in the future.

Beneficient's existing and planned products and services are designed to provide liquidity and trust solutions, support the tax and estate planning objectives of its MHNW customers, facilitate asset diversification or provide administrative management and reporting solutions tailored to the goals of investors of alternative investments.

Following several enhancements to its business practices, on March 6, 2020, Beneficient submitted updated trust company charter applications for two trust companies (one for liquidity products and the other for custodian and trustee services) to the Texas Department of Banking. On November 25, 2020, Beneficient withdrew one of its Texas charter applications.

In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as TEFFIs, that provide fiduciary financing (e.g., lending to the Exalt Trusts), custodian and trustee services in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021, and designates an operating subsidiary of Ben LP, Beneficient Fiduciary Financial, L.L.C. ("BFF"), as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to BFF on July 1, 2021. Under the pilot program, Beneficient will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021. The bill also permits the Kansas Bank Commissioner to request a six-month extension of the pilot program period, which could delay Beneficient's permission to exercise fiduciary powers under the charter until July 1, 2022. In order to devote their time to serving as directors of the Beneficient TEFFI trust company, the directors of GWG Holdings who serve on the new TEFFI trust company Board of Directors resigned their membership, effective June 14, 2021, on GWG Holdings' Board of Directors, which the Company believes is the highest and best use of their available time and skills and will support the development of the Beneficient TEFFI trust company and the successful execution of Beneficient's business plan.

Additionally, Beneficient's charter application for custodian and trustee services remains in process at the Texas Department of Banking. If the charter is issued, the trust company would serve as custodian and trustee to one or more of the ExAlt Trusts. Similar or the same services may also be provided by Beneficient's Kansas trust company TEFFI. Also, a subsidiary of Ben Insurance, PEN Indemnity Insurance Company, Ltd. ("Pen"), has applied for regulatory approval from the BMA to write fiduciary liability policies for managers and investors in alternative asset funds to cover losses from contractual indemnification and exculpation provisions arising under the governing documents of such funds. Further, on March 26, 2021, a Ben LP subsidiary, Beneficient Capital Markets, L.L.C ("Beneficient Capital Markets") filed a Form BD with the Securities and Exchange Commission ("SEC") to commence its application for broker-dealer registration. Upon registration and admittance as a Financial Industry Regulatory Authority ("FINRA") member, Beneficient Capital Markets will conduct its activities attendant to offering Beneficient's products and services.

When the Kansas TEFFI trust company is authorized to exercise its fiduciary powers, Beneficient expects to be able to expand its operations and close an increased number of liquidity transactions. Additionally, once BMA regulatory approval is

obtained and Beneficient Capital Markets is admitted as a FINRA member, Beneficient anticipates being able to offer its full suite of Beneficient's Current and Future Products and Services.

**The Beneficient Transactions**

*The Exchange Transaction*

On December 28, 2018 (the "Final Closing Date"), we completed a series of strategic exchanges of assets among GWG Holdings, GWG Life, Ben LP and certain trusts, each identified as an Exchange Trust formed during 2017 and 2018 (such trusts collectively, the "Seller Trusts", which are a related party but not among Ben LP's consolidated trusts), pursuant to a Master Exchange Agreement among the parties (the "Exchange Transaction"). As a result of the Exchange Transaction, a number of securities were exchanged between the parties, including the following securities as of the Final Closing Date: the Seller Trusts acquired GWG L Bonds due 2023 (the "Seller Trust L Bonds") in the aggregate principal amount of $366.9 million; the Seller Trusts acquired 27,013,516 shares of GWG Holdings' common stock; GWG Holdings acquired 40,505,279 common units of Ben LP (the "Common Units"); and GWG Holdings acquired the right to obtain additional Common Units or other property that would be received by a holder of Preferred Series A Subclass 1 Unit Accounts of BCH pursuant to an option issued by Ben LP (the "Option Agreement"). In addition, in connection with the Exchange Transaction, Ben LP, as borrower, entered into a commercial loan agreement (the "Commercial Loan Agreement") with GWG Life, as lender, providing for a loan in a principal amount of $192.5 million as of the Final Closing Date (the "Commercial Loan").

*The Investment and Exchange Agreements*

On December 31, 2019, GWG Holdings obtained control over Ben LP pursuant to a Preferred Series A Unit Account and Common Unit Investment Agreement by and among GWG Holdings, Ben LP, BCH, and Beneficient Management (the "Investment Agreement"), which resulted in the consolidation of GWG Holdings and Ben LP for accounting and financial reporting purposes.

Pursuant to the Investment Agreement, GWG Holdings transferred $79.0 million to Ben LP in return for 666,667 Common Units and a Preferred Series A Subclass 1 Unit Account of BCH.

In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP and began reporting the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. GWG Holdings' right to appoint a majority of the Board of Directors of Beneficient Management will terminate in the event (i) GWG Holdings' ownership of the fully diluted equity of Ben LP (excluding equity issued upon the conversion or exchange of Preferred Series A Unit Accounts of BCH held as of December 31, 2019 by parties other than GWG Holdings) is less than 25%, (ii) the Continuing Directors of GWG Holdings cease to constitute a majority of the Board of Directors of GWG Holdings, or (iii) certain bankruptcy events occur with respect to GWG Holdings. The term "Continuing Directors" means, as of any date of determination, any member of the Board of Directors of GWG Holdings who: (1) was a member of the Board of Directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the Board of Directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the Board of Directors of GWG Holdings at the time of such nomination or election.

Following the transaction, and as agreed upon in the Investment Agreement, GWG Holdings was issued an initial capital account balance for the Preferred Series A Subclass 1 Unit Account of $319.0 million. The other holders of the Preferred Series A Subclass 1 Unit Accounts are an entity related to Beneficient's initial investors (the "Ben Initial Investors") and an entity related to one of Beneficient's directors who is also a former director of GWG Holdings (the "Related Account Holders"). The parties to the Investment Agreement agreed that the aggregate capital accounts of all holders of the Preferred Series A Subclass 1 Unit Accounts after giving effect to the investment by GWG Holdings is $1.6 billion. GWG Holdings' Preferred Series A Subclass 1 Unit Account is the same class of preferred security as held by the Related Account Holders. In the event the Related Account Holders exchange their Preferred Series A Subclass 1 Unit Account for securities of GWG Holdings, the Preferred Series A Subclass 1 Unit Account of GWG Holdings would be converted into Common Units (so neither GWG Holdings nor the founders would hold Preferred Series A Subclass 1 Unit Accounts).

Also, on December 31, 2019, in a transaction related to the Investment Agreement, GWG Holdings transferred its interest in the Preferred Series A Subclass 1 Unit Account to its wholly owned subsidiary, GWG Life.

In addition, on December 31, 2019, GWG Holdings, Ben LP and the holders of Common Units entered into an Exchange Agreement (the "Exchange Agreement") pursuant to which the holders of Common Units from time to time have the right, on a quarterly basis, to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of GWG Holdings' common stock based on the volume weighted average price of GWG Holdings' common stock for the five consecutive trading days prior to the quarterly exchange date. The Exchange Agreement is intended to facilitate the marketing of Ben LP's products to holders of alternative assets.

*Preferred Series C Unit Purchase Agreement*

On July 15, 2020, GWG Holdings entered into a Preferred Series C Unit Purchase Agreement ("UPA") with Ben LP and BCH. The UPA was reviewed and approved by the then constituted Special Committee of the Board of Directors of GWG Holdings.

Pursuant to the UPA, and provided it has adequate liquidity, GWG Holdings has agreed to make capital contributions from time to time to BCH in exchange for Preferred Series C Unit Accounts of BCH during a purchasing period commencing on the date of the UPA and continuing until the earlier of (i) the occurrence of a Change of Control Event (as defined below) and (ii) the mutual agreement of the parties (the "Purchasing Period"). A "Change of Control Event" shall mean (A) the occurrence of an event that results in GWG Holdings' ownership of the fully diluted equity of Ben LP is less than 25%, the Continuing Directors (as defined below) of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or certain bankruptcy events occur with respect to GWG Holdings, and (B) the listing of Common Units on a national securities exchange (a "Public Listing"). The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the Board of Directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the Board of Directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the Board of Directors of GWG Holdings at the time of such nomination or election.

If, on or prior to the end of the Purchasing Period, a Public Listing occurs, the BCH Purchased Units shall be automatically exchanged for Common Units, or another unit of Ben LP, as the parties may mutually agree (the "Beneficient Units"), at the lower of (i) the volume-weighted average of the Beneficient Units for the 20 trading days following the Public Listing, and (ii) $12.75.

In addition, at any time following the Effective Date, all or some of the Preferred Series C Unit Accounts purchased under the UPA may be exchanged for Beneficient Units at the option of GWG Holdings (exercised by a special committee of the Board of Directors or, if such committee is no longer in place, the appropriate governing body of the Company); provided that, if GWG Holdings exchanges less than all of the Preferred Series C Unit Accounts purchased under the UPA, then, immediately after giving effect to such exchange, GWG Holdings shall be required to continue to hold Preferred Series C Unit Accounts with a capital account that is at least $10.0 million. The exchange price for such Beneficient Units shall be determined by third-party valuation agents selected by GWG Holdings and Beneficient.

*Contribution and Exchange Agreement*

On September 30, 2020, certain of the ExAlt Trusts (collectively, the "Participating ExAlt Trusts") at the sole direction of John A. Stahl, independent trustee of each such trust, with the intention of protecting the value of certain assets of the Participating ExAlt Trusts underlying part of the Collateral portfolio, the Participating ExAlt Trusts entered into that certain Contribution and Exchange Agreement with certain of the Seller Trusts, (collectively, the "Participating Exchange Trusts"), each of which entered into such agreement at the direction of its applicable trust advisor and by and through its applicable corporate trustee (the "Contribution and Exchange Agreement). Under the Contribution and Exchange Agreement, the Participating Exchange Trusts agreed to exchange 9,837,264 shares of GWG Holdings' common stock valued at $84.6 million, 543,874 shares of Common Units valued at $6.8 million, and GWG Holdings' L Bonds due 2023 in the aggregate principal amount of $94.8 million to the Participating ExAlt Trusts for $94.3 million in net asset value of the alternative asset investments held by the Participating ExAlt Trusts. This transaction (the "Collateral Swap") resulted in GWG Holdings, after the effects of eliminations upon consolidation, recognizing an additional $42.9 million of treasury stock, $3.4 million of additional noncontrolling interest, and $46.8 million of a deemed capital contribution from a related party.

The Exchange Transaction, the Investment and Exchange Agreements, the UPA, and the Collateral Swap are referred to collectively as the "Beneficient Transactions."

*Term Sheet*

On August 13, 2021, GWG Holdings entered into a non-binding term sheet (the "Term Sheet") with its non-wholly owned subsidiaries Ben LP and BCH that outlines a series of transactions which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the Board of Directors of Beneficient Management; and (iii) Ben LP no longer being a consolidated subsidiary of GWG Holdings. The Term Sheet is a part of ongoing efforts by management and the Board of Directors of GWG Holdings to maximize the value of its investments in Beneficient.

GWG Holdings believes that returning control of Beneficient is a necessary step for Ben LP to establish one of its operating subsidiaries as a TEFFI under the Kansas Technology-Enabled Fiduciary Financial Institutions Act (the "TEFFI Act"), which is important to Beneficient's long-term business objective of providing liquidity and other services to holders of alternative assets.

Until the definitive documentation is finalized and executed, each of the provisions of the Term Sheet is non-binding and is subject to change in all respects, including as a result of additional diligence, the further discharge of fiduciary duties, and the negotiation of definitive documentation. GWG Holdings has begun working on definitive documentation to implement the Term Sheet with Ben LP and is working to complete such definitive documentation during the fourth quarter of 2021, although there can be no assurance definitive documentation will be completed by then, or at all.

If Ben LP becomes an independent company pursuant to the terms of the Term Sheet, GWG Holdings expects that Ben LP would reduce its reliance on GWG Holdings to fund its operations and would raise future capital from other sources. Beneficient's capital raising efforts may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities are expected to be dilutive to GWG Holdings' and GWG Life's percentage ownership in Ben LP and BCH and may include preferential terms relative to GWG Holdings' and GWG Life's investments in Ben LP and BCH, as applicable. GWG Holdings would still retain a substantial investment in Beneficient.

**Segment Financial Information**

We have two reportable segments: 1) Secondary Life Insurance and 2) Beneficient.

GWG Holdings' segment information is included in Note 16, Segment Reporting, to the consolidated financial statements included in Item 8 of Part II of this 2020 Form 10-K.

**Market Opportunity**

*Alternative Asset Liquidity Products and Services*

The market demand for liquidity from owners of alternative assets is generally correlated to the outstanding net asset value of illiquid alternative assets ("NAV") held by U.S. investors. Using data from various published industry reports from 2017 to 2020, certain widely accepted commercial private-equity databases, and applying its own proprietary assumptions and calculations ("Ben Estimates"), Beneficient estimates that total outstanding NAV held by U.S. investors exceeded $5.8 trillion in 2019 (up from an estimated $5.3 trillion in 2018).

According to at least one industry report from Preqin, the leading provider of data on alternative assets, from 2020, total outstanding NAV in the hands of U.S. investors grew at a 17.4% compound annual growth rate (CAGR) from 2017-2020, the highest CAGR of all investment classes.

According to Ben Estimates, the large U.S. institutions representing approximately 62% of the NAV have consistently sought liquidity on approximately 1.85% to 2.25% of their outstanding NAV on an annual basis. Based on Ben Estimates, this has led to an annual demand for liquidity of nearly $55.0 billion in recent years.

A primary group not included in this demand is the MHNW investor who holds investments of $5 million to $30 million compared to a large institution's holdings in the hundreds of millions or billions of dollars. Intermediary brokers will often not represent the MHNW individuals (or STM institutional investors). Of the $5.8 trillion of investments in alternative assets, approximately $785.0 billion were held by MHNW investors, and over $890.0 billion were held in the portfolios of STM investors, both segments of investors who we believe have little to no access to the highly competitive large institutional

market for alternative asset liquidity, as reported by Preqin, Setter Capital and Ben Estimates. According to Ben Estimates, MHNW investors have only been able to access liquidity representing less than 0.5% of the NAV held by them each year, compared to the average 2% annually achieved by the large institutional owners, representing 62% of the market.

Based on these amounts, Beneficient estimates that MHNW investors would seek liquidity of at least 3% of their outstanding NAV each year if liquidity was made available to them, or a slightly greater percentage than that of large U.S. institutions. As a result, and according to Ben Estimates, the estimated market demand for liquidity by MHNW individuals would have exceeded $23.0 billion in 2020.

In addition to providing liquidity to owners of alternative assets, Beneficient, through Ben Custody Admin, seeks to address the administrative and regulatory burden of holding alternative assets by offering bespoke administrative support services to trustees and custodians. While Beneficient's conditional Kansas TEFFI charter, once operational, would allow Beneficient to provide custodial and trustee services, Beneficient has also submitted a trust company charter to the Texas Department of Banking to conduct custodial and trustee services in the future. Upon issuance of a trust company charter from Kansas or Texas, Beneficient intends to expand its services to provide its customers and others with comprehensive qualified custodial, trustee, accounting, tax, compliance, reporting and other back-office administrative services for their alternative assets. Ben Custody Admin's trust administrative support services to trustees and custodians are currently only offered to certain of the ExAlt Trusts, which are consolidated subsidiaries of Beneficient.

*Primary Life Insurance Market and Technology ("insurtech")*

The opportunity to apply technology to transform the insurance industry is significant. The application of technology to the insurance industry, commonly referred to as "insurtech", provides opportunities for new entrants into the traditional insurance marketplace that have the potential to significantly disrupt the insurance industry's historical approach to assessing and selecting acceptable underwriting risks. GWG Holdings' involvement in the insurtech space is limited to its investments in FOXO, as discussed in the Organizational Structure section above. GWG Holdings has contributed $16.2 million in cash to FOXO to date through December 31, 2020, and is committed to contribute an additional $3.8 million to the entity through October 2021, all of which was contributed by such date.

**Business Strategies**

*1. Liquidity for Alternative Assets*

As a result of the Beneficient Transactions, we are now uniquely positioned to provide liquidity and related services to investors holding a full range of illiquid alternative assets. We will continue to work to create the most value for holders of alternative assets, the financial professionals who advise them, and for our shareholders.

Beneficient provides private trust solutions, including a unique suite of lending and liquidity products focused on bringing liquidity to owners of alternative assets. Beneficient's innovative liquidity solutions are designed to serve MHNW individuals, STM institutions, and asset managers who have historically possessed few attractive options to access early liquidity from their alternative assets. Beneficient targets MHNW individual customers with $5 million to $30 million in investments and institutional customers typically holding less than $1 billion in assets.

Beneficient's products can also support tax and estate planning objectives, facilitate a diversification of assets or provide administrative management and reporting solutions tailored to the goals of the investor.

Our life insurance secondary market business is designed to serve consumers 65 years or older who own life insurance policies. We seek to earn non-correlated yield from life insurance policies that we purchased and may purchase in the secondary market. Since inception, we have purchased over $3.2 billion in face value of policy benefits from consumers for over $620 million, as compared to the $52 million in surrender value offered by insurance carriers on those same policies. Our products provide unique and valuable services to the senior consumers whom we serve.

The goal of our secondary life insurance business has been to build a profitable, large and well-diversified portfolio of life insurance assets. We have not made additional investments in the life settlements portfolio since 2018. However, because of the changes in the capital markets landscape, including the availability of favorable financing terms, we have begun exploring the feasibility of additional future investments in the life settlement portfolio as well as the form such investments might take.

*2. Insurance Products and Services*

Through Ben Insurance, Beneficient intends to offer customized insurance services covering risks attendant to owning, managing, and transferring alternative assets. These services would provide tailored solutions to customers that enable them to mitigate many of the risks associated with alternative asset ownership, management and divestment. We are also exploring opportunities to provide life insurance products related to our life insurance business.

*3. Developing a World Class Financial Services Distribution Platform*

GWG Holdings has developed a large and sophisticated financial services product distribution platform. Today, this platform consists of approximately 145 independent broker-dealers and almost five thousand independent financial advisors ("Retail Distribution") who sell the Company's investment products. "Independent" in this context refers to broker-dealers that accommodate financial advisors who carry securities licenses and need back-office support for services, such as compliance and trade execution, but allow their advisors wide latitude in how they conduct business. Since inception, GWG Holdings has raised approximately $2.6 billion of debt and equity capital, including renewals but excluding Seller Trust L Bonds, to support our business activities.

We believe that we are well positioned to continue to grow our Retail Distribution for several reasons:

- Newly independent financial professionals and their clients demand a high level of customer service and access to innovative and value added products;
- The significant demand for liquidity from owners of alternative assets by US investors;
- GWG Holdings' relationship with Beneficient will attract more and larger broker dealers to our platform due to our increased size and market capitalization as well as the increase in products offered; and
- By using capital to provide liquidity products to our current customers, and as they begin to realize the benefit of these products, we will able to raise more capital and attract additional broker dealers into our selling group.

**Competitive and Regulatory Framework**

*Competition*

We encounter significant competition from numerous companies in the products and services we provide and seek to develop in the alternative assets industry. Many of these competitors may have greater resources and significantly lower cost of funds than we do because, for example, they have access to insured deposits or greater access to the capital markets. They may also have greater market share in the markets in which we operate. These factors could adversely affect our business, results of operations and financial condition and our ability to implement our growth strategies.

In addition, as we enter new markets, we expect to experience significant competition from incumbent market participants. Our ability to compete in these markets will depend on our ability to deliver value-added products and services to the customers we serve. These factors could also adversely affect our business, results of operations and financial condition and our ability to implement our growth strategies.

*Government Regulation*

Our life insurance secondary market business is highly regulated at the state level. We hold a license to purchase life insurance policies in one state and can also purchase in seven unregulated states. We have also historically purchased life insurance policies from other secondary market participants. States generally subject us to laws and regulations requiring us to obtain specific licenses or approvals to purchase life insurance policies in those states. State statutes typically provide state regulatory agencies with significant powers to interpret, administer and enforce the laws relating to the life insurance industry. Under this authority, state regulators have broad discretionary power and may impose new licensing and other requirements, and interpret or enforce existing regulatory requirements in new and different ways. Any of these new requirements, interpretations or enforcement directives could be materially adverse to our industry.

Although the federal securities laws and regulations do not directly affect life insurance, in some cases the purchase of a variable life insurance policy may constitute a transaction involving a "security" that is governed by federal securities laws. While we presently hold few variable life insurance policies, our holding of a significant amount of such policies in the future could cause our Company or one of our subsidiaries to be characterized as an "investment company" under the federal

Investment Company Act of 1940. The application of that law to all or part of our businesses — whether due to our purchase of life insurance policies, GWG Holdings' and GWG Life's investments in Beneficient, or to the expansion of the definition of "securities" under federal securities laws — could require us to comply with detailed and complex regulatory requirements, and cause us to fall out of compliance with certain covenants under the second amended and restated senior credit facility with LNV Corporation (as amended from time to time, "LNV Credit Facility"), the credit facility (the "NF Credit Facility") with National Founders, L.P. ("National Founders"), the credit agreements governing Beneficient's secured loans from HCLP Nominees, L.L.C., and the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. Such an outcome could negatively affect our business, results of operations and financial condition and our ability to implement our growth strategies.

Beneficient has applied for a trust company charter from the Texas Department of Banking, received a conditional Kansas TEFFI charter from the Kansas Office of the State Bank Commissioner, and intends to carry on a significant portion its business through its subsidiary, BFF, as a Kansas TEFFI. Because Beneficient's current business plans are based in part on obtaining the unconditional Kansas TEFFI charter to operate as regulated Kansas TEFFI, a failure to obtain such unconditional Kansas TEFFI charter may materially and adversely impact its financial performance and prospects, which would likely diminish our ability to effect certain parts of our business plan and growth strategies. Furthermore, a failure to obtain the unconditional Kansas TEFFI charter may trigger an impairment assessment related to the assets of Beneficient, including goodwill recognized in connection with the Investment and Exchange Agreements (see Note 4 to our accompanying audited consolidated financial statements for further details of the accounting for the change in control). Additionally, in connection with the receipt of a Kansas TEFFI charter, BFF will become subject to further regulation by the Kansas Office of the State Bank Commissioner, including new rules and regulations that it will be expected to adopt as a part of and following the TEFFI pilot program. Such regulations could prove to be burdensome on Beneficient's business and could adversely impact its financial condition and results of operations.

In addition, Beneficient has applied for regulatory approval to commence offering insurance policies through its Ben Insurance subsidiary, Pen, in Bermuda as a Class 3 insurer. Bermuda insurance statutes and regulations, and the policies of the BMA, require that Pen, among other things, maintain a minimum level of capital and surplus, satisfy solvency standards, restrict dividends and distributions, obtain prior approval or provide notification to the BMA of certain transactions, maintain a head office in Bermuda, have a representative, secretary or a director resident in Bermuda, appoint and maintain a principal representative in Bermuda and provide for the performance of certain periodic examinations of itself and its financial conditions. A failure to meet these conditions may result in the failure to obtain the required regulatory approvals or, if obtained, a suspension or revocation of Pen's authority to do business as an insurance company in Bermuda, which would mean that Pen would not be able to provide the planned insurance products until the approvals are obtained or any suspension or revocation of the required approvals is resolved.

The state regulatory landscape for the use of genetic and epigenetic testing in life insurance underwriting is such that genetic and epigenetic testing is generally permitted. A few states require informed consent for use of genetic testing in life insurance underwriting. Epigenetic testing is distinguishable from genetic testing and we believe epigenetic testing does not raise the ethical issue found with genetic testing of denying insurance coverage to applicants based on immutable inherited characteristics. While well-informed policymakers and regulators should have little reason to consider expanding current definitions of genetic testing to include epigenetic testing, or to increase restrictions on life insurance underwriting using epigenetic test results, we can provide no such assurances.

Other changes to the current genetic and epigenetic regulatory framework, including the imposition of additional or new regulations, could arise at any time during the development or marketing of FOXO's epigenetic based products. This may negatively affect the ability of FOXO to obtain or maintain applicable regulatory clearance or approval of its products. In addition, regulatory authorities, such as the Food and Drug Administration ("FDA"), may introduce new requirements that may change the regulatory requirements for FOXO or its customers, or both.

On March 26, 2021, Beneficient Capital Markets filed a Form BD with the SEC to commence its application for broker-dealer registration. If and when Beneficient Capital Markets is registered and admitted as a FINRA member, it will become subject to the various rules and regulations governing broker-dealers.

Much of the regulation of broker-dealers has been delegated by the SEC to self-regulatory organizations such as FINRA. FINRA adopts rules (which are subject to approval by the SEC) for governing its members and the industry. Broker-dealers are also subject to federal securities laws and SEC rules, as well as the laws and rules of the states in which a broker-dealer conducts business. The laws and regulations to which broker-dealers are subject cover all aspects of its securities business, including, but not limited to, sales and trading practices, net capital requirements, record keeping and reporting procedures,

relationships and conflicts with customers, restrictions on new business lines without regulatory approval, restrictions on cash withdrawals and distributions, investment banking activities, experience and training requirements for certain employees, and the conduct and supervision of registered persons, officers and employees. Broker-dealers are also subject to privacy, disaster recovery and anti-money laundering laws and regulations.

The principal purpose of regulation, oversight and discipline of broker-dealers is the protection of customers and the securities markets rather than protection of creditors and stockholders of broker-dealers. Additional legislation, changes in rules promulgated by the SEC, securities exchanges, self-regulatory organizations such as FINRA or states, or changes in the interpretation or enforcement of existing laws and rules, often directly affect the method of operation and profitability of broker-dealers. These governmental and self-regulatory organizations may conduct routine examinations, for-cause examinations, investigations and administrative and enforcement proceedings that can result in censure, fine, profit disgorgement, monetary penalties, suspension, revocation of registration or expulsion of broker-dealers, their registered persons, officers or employees.

*Health Insurance Portability and Accountability Act (HIPAA)*

HIPAA requires that holders of medical records maintain such records and implement procedures designed to assure the privacy of patient records. In order to carry out our secondary life insurance business, we receive medical records and obtain a release to share such records with a defined group of persons, take on the responsibility for preserving the privacy of that information, and use the information only for purposes related to the life insurance policies we own.

*The Genetic Information Nondiscrimination Act of 2008 (GINA)*

GINA is a federal law that protects people from genetic discrimination in health insurance and employment. GINA prohibits health insurers from: (i) requesting, requiring, or using genetic information to make decisions about eligibility for health insurance; or (ii) making decisions on the health insurance premiums, contribution amounts, or coverage terms they offer to consumers. In addition, GINA makes it against the law for health insurers to consider family history or a genetic test result, a preexisting condition, require a genetic test, or use any genetic information, to discriminate coverage, even if the health insurance company did not mean to collect such genetic information.

GINA does not apply to the life insurance, long-term care or annuity industries. The life insurance, long-term care or annuity industries operate on medical-evidenced underwriting principles in which specific medical conditions are taken into account when assessing and pricing risk. The regulation of genomic data is relatively new, and we believe it is likely that regulation will increase and grow more complex in the foreseeable future. We cannot, however, predict what any new law or regulation would specifically involve or how it might affect our industry, our business, or our future plans.

**Patents, trademarks, licenses**

Beneficient has registered trademarks for its liquidity products and its Ben Markets portal described in the “Our Company” section above. Beneficient also has trademarks pending registration on a number of its other liquidity products and trust services and other operating subsidiaries.

Beneficient filed provisional patent applications pending on certain of its systems and processes underlying its liquidity products and trust services. These patent applications cover the liquidity structure, underwriting, and risk assessment and reduction aspects of Beneficient's business.

**Employees**

We, primarily through Beneficient, employed approximately 160 employees as of the date of the filing of this Form 10-K. These employees are aligned to our vision and values – Trust, Trailblazing and Teamwork. The values inform our behaviors, how we pursue performance excellence and engage a thriving culture focused on collegiality. Our exceptional culture, career progression opportunities, and training and development have been instrumental in the retention of our talented employees. Our most important asset are the talented employees we are fortunate to have on our team. We will continue to grow our business leveraging their capabilities within an exceptional culture.

Our success depends upon the contributions of our employees, and our ability to provide employees with the resources they need to perform their roles and to develop and excel in their careers. Our senior management provides oversight for benefits and compensation of our workforce in a variety of ways, including periodic compensation benchmarking, implementation

and adaptation of various employee benefit programs, primarily health and other related benefits, review of certain employee post-retirement benefits and accessibility of employee assistance programs. Our human resources department oversees these programs to ensure our benefits and compensation are competitive.

**Company Website Access and SEC Filings**

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the SEC. We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements and other information with the SEC.

GWG Holdings general website address is *www.gwgh.com*. GWG Holdings website has additional information about our Company, its mission and our business. Our website also has tools that could be used by our customers and potential customers, financial advisors and investors. Beneficient's website address is *www.trustben.com* and has additional information about Beneficient, its mission and its business. We maintain the website *www.gwglife.com* for consumers and life insurance professionals seeking our life insurance secondary market products and services. The information contained on or accessible through the foregoing websites is not part of this 2020 Form 10-K.

**ITEM 1A. RISK FACTORS.**

Our business involves a number of challenges and risks. In addition to the other information in this report, you should consider carefully the following risk factors in evaluating us and our business. The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also affect our business, financial condition, operating results, or prospects.

**Risks Related to Our Operations and Organizational Structure**

***Our current inability to raise capital, recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and potential negative implications of the ongoing SEC non-public, fact-finding investigation raise substantial doubt regarding our ability to continue as a going concern. The report from our independent registered public accounting firm for the year ended December 31, 2020, includes an explanatory paragraph stating that these factors raise substantial doubt about our ability to continue as a going concern.***

We heavily rely on debt financing through our L Bonds to raise sufficient capital to meet our obligations. We temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this 2020 Form 10-K. Our inability to meet the applicable NASDAQ listing requirements in a timely manner may result in the delisting of our common stock and our L Bonds no longer being "covered securities" for federal securities law purposes, which would subject the offer and sale of L Bonds to potentially extensive state "blue sky" securities law requirements.

The potential NASDAQ delisting, in combination with significant recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and any potential negative outcome from the ongoing SEC investigation discussed elsewhere in this Form 10-K, raise substantial doubt about our ability to continue as a going concern. In that regard, the audit report issued by our independent registered public accounting firm for the audit of our 2020 consolidated financial statements includes an explanatory paragraph describing the existence of conditions that raise substantial doubt about our ability to continue as a going concern.

If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our audited financial statements, and it is likely that investors would lose part or all of their investment. Future reports from our independent registered public accounting firm may also contain statements expressing substantial doubt about our ability to continue as a going concern. If there remains substantial doubt about our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding to us on commercially reasonable terms, or at all, and our business may be harmed.

***We have a relatively limited history of operations, a history of net losses, and our future earnings, if any, and cash flows may be volatile, resulting in uncertainty about our ability to service and repay our debt when it comes due, redeem preferred stock when requested and uncertainty about our prospects generally.***

We are a company with a relatively limited operating history, which makes it difficult to accurately forecast our earnings and cash flows. We incurred a net loss attributable to common shareholders of $168.5 million in the year ended December 31, 2020. We had net income attributable to common shareholders of $70.5 million in the year ended December 31, 2019. Net income attributable to common shareholders in 2019 includes a gain on the consolidation of Beneficient of $243.0 million. We incurred a net loss attributable to common shareholders of $136.1 million in the year ended December 31, 2018. Our lack of a significant history and the evolving nature of the markets in which we operate make it likely that there are risks inherent to our business that are yet to be recognized by us or others, or not fully appreciated, and that could result in us suffering further losses. As a result of the foregoing, an investment in our securities necessarily involves uncertainty about the stability of our operating results, cash flows and, ultimately, our ability to service and repay our debt and our prospects generally. If we are unable to pay our debt when it becomes due, the trustee for the L Bonds or our other secured lenders may foreclose on the collateral securing such debt, which collateral may be worth less than the debt it secures, and investors in our securities could lose all or a portion of their investment. In addition, any volatility in our operating results we experience may adversely affect the market price of GWG Holdings' common stock.

***Our operations and financial results may be adversely affected by the ongoing COVID-19 pandemic.***

The COVID-19 coronavirus outbreak has impacted many countries around the world, including the United States. There have been numerous reports of the virus outbreak disrupting or restricting supply chains, facility closures, voluntary and mandatory quarantines, and federal, state and local governments and foreign governments requiring business to temporarily close or severely curtail commercial activity. It is also possible that the spread of the coronavirus may have direct effects on

our operations, such as high levels of employee sickness and absences, limiting employee travel or increasing telecommuting arrangements. In addition, recent developments and reports indicate the coronavirus has coincided with heightened volatility in financial markets in the U.S. and worldwide. If the coronavirus adversely affects our business operations or leads to a significant or prolonged impact on global markets or economic growth, our financial conditions and results of operations could be adversely affected. We and other financial institutions generally must resume operations promptly following any interruption. If we were to suffer a disruption or interruption and were not able to resume normal operations within a period consistent with industry standards, our business, financial condition or results of operations could be adversely affected in a material manner. In addition, depending on the nature and duration of the disruption or interruption, we might become vulnerable to fraud, additional expense or other losses, or to a loss of business and customers.

***We may be unable to capitalize on the anticipated benefits of the Beneficient Transactions.***

We entered into the Beneficient Transactions anticipating that such transactions would provide significant financial and strategic benefits, including, significantly increasing our common equity, significantly reducing our leverage ratio, the introduction of new opportunities to lower our cost of funds (an important driver of stockholder value), diversifying our revenue and cash flow sources resulting in more consistent earnings, and increasing GWG Holdings' public float and the liquidity in its common stock, thereby increasing GWG Holdings' common stockholder base and potentially attracting additional equity analyst coverage (both of which are important factors in maximizing share valuation). In addition, certain terms of the Beneficient Transactions may be required to be revised to satisfy the requirements of the regulatory authorities from which Beneficient is seeking approvals or authorizations. There is no assurance that we will realize the anticipated benefits from the Beneficient Transactions. Failure to realize these benefits will likely have a material negative impact the results of our operations, our business prospects, the ultimate success of our strategic relationship and the value of GWG Holdings' common stock.

***GWG Holdings' ability to control the activities of Beneficient is subject to certain rights of others set forth in the limited liability company agreement for the general partner of Ben LP and GWG Holdings has entered into the Term Sheet that provides for it to relinquish certain rights with respect to Beneficient, including GWG Holdings' ability to appoint a majority of the board of directs of the general partner of Ben LP and control the activities of Beneficient.***

Beneficient Management, the general partner of Ben LP, has an executive committee, a nominating committee and a community reinvestment committee. The board of directors of Beneficient Management has the right to appoint two members of these committees, and an entity affiliated with Brad K. Heppner, former Chairman of GWG Holdings from April 26, 2019 to June 14, 2021, has the right to appoint the other two members of these committees. The entity affiliated with Mr. Heppner also has the right to appoint the chairman of the board of each of the committees. The Beneficient Management executive committee has the right to approve certain transactions on behalf of Beneficient Management and Ben LP and its subsidiaries, including the incurrence of debt, the issuance of equity interests of Ben LP or any subsidiary of Ben LP except in connection with any trust instrument or product offered by Ben LP or its affiliates, changes to or creation of employee incentive or benefit plans of Ben LP or its subsidiaries, certain changes to management of Beneficient Management or Ben LP or its subsidiaries, approval of mergers or acquisitions of Ben LP or liens on all or substantially all of its assets, and any change in the general partner of Ben LP. These rights may have the effect of limiting the power of GWG Holdings' board of directors to exercise control over certain business activities of Beneficient. In addition, GWG Holdings has entered into the Term Sheet which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the board of directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings. Until the definitive documentation regarding the proposed transactions is finalized and executed, each of the provisions contemplated in the Term Sheet is non-binding and is subject to change in all respects, including as a result of additional diligence, the further discharge of fiduciary duties, and the negotiation of definitive documentation. The parties have begun working on definitive documentation to implement the Term Sheet and are working to complete such definitive documentation during the fourth quarter of 2021, but there can be no assurance definitive documentation will be completed by then, or at all.

***Ben LP's partnership agreement eliminates fiduciary duties that might otherwise be owed to GWG Holdings under Delaware law.***

Ben LP's partnership agreement eliminates the fiduciary duties that might otherwise be owed by Beneficient Management under Delaware law and replaces them with the duties expressly set forth in such agreement. Ben LP's partnership agreement provides that, when the general partner is permitted or required to make a decision in its "discretion" or pursuant to a provision not subject to an express standard of "good faith," in making such decision, the general partner has no duty to give any consideration to any interest of or factors affecting Beneficient or any other person. If a decision under Ben LP's partnership agreement is subject to an express standard of "good faith," such decision will not constitute a breach of the

agreement if the decision is approved by (i) a majority of the members of the conflicts committee of the board of directors of the general partner of Ben LP, (ii) holders of a majority of the voting power of the Ben LP's Common Units entitled to vote (excluding voting Common Units owned by the general partner and its affiliates), or (iii) the general partner acting without a subjective belief that such decision was adverse to the interests of Ben LP. Potential conflicts of interest may arise among the general partner and its affiliates, on the one hand, and Beneficient, on the other hand, and the general partner may be able to favor its own interest to the detriment of Beneficient and the holders of the Ben LP common units.

***If certain events occur, GWG Holdings will lose its right to appoint a majority of the board of directors of the general partner of Ben LP and therefore its ability to exercise control over Ben LP and consolidate its financial results. In addition, GWG Holdings has entered into the Term Sheet that provides for it to relinquish certain rights with respect to Beneficient, including GWG Holdings' ability to appoint a majority of the board of directors of the general partner of Ben LP and control the activities of Beneficient.***

In connection with the Investment Agreement, GWG Holdings acquired the right to appoint a majority of the board of directors of Beneficient Management. As a result, GWG Holdings reports the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. GWG Holdings' right to appoint a majority of the board of directors of Beneficient Management will terminate in the event (i) GWG Holdings' ownership of the fully diluted equity of Ben LP (excluding equity issued upon the conversion or exchange of Preferred Series A Unit Accounts of BCH held as of December 31, 2019 by parties other than GWG Holdings) is less than 25%, (ii) the Continuing Directors of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or (iii) certain bankruptcy events occur with respect to GWG Holdings. The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the Board of Directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the Board of Directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the Board of Directors of GWG Holdings at the time of such nomination or election. In addition, GWG Holdings entered into the Term Sheet that provides for GWG Holdings no longer having the right to appoint directors of the board of directors of Beneficient Management and Beneficient no longer being a consolidated subsidiary of GWG Holdings. If any such events occur, GWG Holdings may no longer have the right to control Ben LP and consolidate its financial results, which could have a material negative effect on our financial condition.

***GWG Holdings' percentage ownership in Ben LP may be diluted significantly.***

GWG Holdings currently owns approximately 96% of the issued and outstanding common units in Ben LP. This percentage ownership does not take into account (i) limited partner interests that may be issued upon the conversion of outstanding securities issued by Ben LP or its affiliates, or (ii) additional limited partner interests that may be issued, and Ben LP is currently seeking to raise capital through the issuance of limited partner interests. Taking these issuances into account, as well as potential payments in Ben LP common units under the Seller Trust L Bonds, GWG Holdings' ownership interest in Ben LP common units could be reduced significantly below 25%. In addition, Beneficient Management has discretion to cause Ben LP to issue additional limited partner interests from time to time, and Ben LP's partnership agreement contains no meaningful restrictions on this authority. Moreover, the Beneficient organizational structure permits the future issuance of additional securities that can, upon certain circumstances or at the discretion of their holders, be converted into additional limited partner interests in Ben LP. Should any of these actions be taken, GWG Holdings' percentage ownership in Ben LP will be diluted.

***A failure to establish and maintain effective internal controls over financial reporting could adversely affect our financial results.***

A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. GWG Holdings identified a material weakness in internal controls over financial reporting in the quarterly income tax provision process, which included the measurement of the valuation allowance against our deferred tax assets, which was reported in GWG Holdings' Quarterly Report on Form 10-Q for the quarter ended September 30, 2020. In addition, in connection with matters related to the Restatement, we have determined that a material weakness existed in our internal control over financial reporting for all periods from December 31, 2019 to December 31, 2020. As of December 31, 2020, the design and operating effectiveness of controls over the selection, application and review of the implementation of accounting policies were not sufficient to ensure amounts recorded and disclosed were fairly stated in accordance with GAAP. This material weakness resulted in the Restatement. As a result of these material weaknesses, GWG Holdings' Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective for the year ended December 31, 2020.

We continue to evaluate, design and implement controls and procedures under a remediation plan designed to address these material weaknesses. If our remedial measures are insufficient to address the material weaknesses, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, our financial results could be adversely affected.

GWG Holdings is a smaller reporting company for SEC reporting purposes and has historically had limited accounting and financial reporting resources. Prior to the December 31, 2019 consolidation with GWG Holdings, Beneficient was not subject to the reporting obligations required under the Sarbanes-Oxley ("SOX") Act of 2002. The consolidation of Beneficient and GWG Holdings resulted in increased accounting, reporting and internal controls complexity as the companies integrate systems and processes.

Effective internal controls are necessary for GWG Holdings and Beneficient to provide reliable financial reports, prevent fraud and operate successfully. If either GWG Holdings or Beneficient, or both, cannot provide reliable financial reports or prevent fraud, our ability to accurately report financial results could be adversely affected and our reputation and operating results would be harmed. While GWG Holdings and Beneficient believe they have increased their accounting and financial reporting resources, GWG Holdings and Beneficient cannot be certain that their efforts to further establish and maintain internal controls over financial reporting will be successful. Any failure to further develop, as necessary, or to maintain effective internal controls could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information. Refer to *Item 9A. Control and Procedures* for additional information regarding the material weaknesses identified.

***We may not realize a return on GWG Holdings' investment in FOXO Technologies Inc.***

Under the FOXO subscription agreement, GWG Holdings is obligated to invest $20.0 million in FOXO over a two-year period ending in October 2021, of which $16.2 million was funded as of December 31, 2020. The success of FOXO is dependent, in part, on new and unproven technology as part of its life insurance policy underwriting process. If the mortality predictions FOXO obtains through use of this technology proves inaccurate, FOXO may not generate sufficient cash flows to satisfy the terms of the distributions to us as provided in its operating agreement. Furthermore, any failure by FOXO to protect its intellectual property rights could impair its ability to protect its proprietary technology and the value of GWG Holdings' investment. As such, GWG Holdings may not realize the return contemplated in the FOXO subscription agreement, and our results of operations and financial condition could be materially and adversely affected.

***The resale of GWG Holdings' common stock issued in the Exchange Transaction could result in a reduction in the market price of GWG Holdings' common stock and result in a destabilized trading market for GWG Holdings' common stock.***

Upon the Final Closing Date, GWG Holdings issued 27,013,516 shares of its common stock to the Seller Trusts, which in the aggregate represented approximately 83% of the outstanding common stock on that date. On September 30, 2020, the ownership of 9,837,264 shares transferred to certain of the ExAlt Trusts in connection with the Collateral Swap, as discussed in *Item 1. Business*. The remaining shares issued in the Exchange Transaction are subject to resale restrictions applicable to "restricted securities" under applicable federal securities laws. The Master Exchange Agreement and related ancillary agreements require that GWG Holdings register the resale of the shares of common stock issued in the Exchange Transaction to the Seller Trusts to the extent permitted by applicable SEC rules and regulations. Upon the effectiveness of any such registration, or the lapse of applicable resale restrictions under applicable securities laws, the shares of GWG Holdings' common stock issued in the Exchange Transaction will be available for resale in the public equity markets. We cannot predict the effect, if any, that future sales of these shares or the availability of these shares for future sale could have on the market price of GWG Holdings' common stock.

***The Seller Trusts, collectively, have the power to control the vote of a majority of GWG Holdings' outstanding common stock, enabling them to exert significant influence over our operations, which may affect the trading price of GWG Holdings' common stock.***

According to their most recent Schedule 13D/A filing, the Seller Trusts own approximately 48.6% of GWG Holdings' outstanding common stock. The Seller Trusts are a group of individual common law trusts that received shares of such common stock in the Exchange Transaction. The trustee of each of the Seller Trusts is Delaware Trust Company. The trust advisors of each trust are two individuals unrelated to each other, Murray T. Holland (GWG Holdings' President and Chief Executive Officer) and James E. Turvey, a Beneficient employee, who have sole decision-making authority with respect to each Seller Trust. The beneficiary of each of the Seller Trusts is MHT Financial, LLC. The current members of MHT Financial, LLC include Murray T. Holland and an entity owned by Shawn T. Terry and Mike McGill. The Seller Trusts are entitled to full voting rights with respect to the shares of Common Stock they own. Because the Seller Trusts, collectively,

own a substantial portion of GWG Holdings' outstanding voting securities and certain ExAlt Trusts, holding approximately 29.7% of GWG Holdings' outstanding common stock according to their latest Schedule 13D/A filing have agreed to vote their shares in proportion to the votes cast by all other holders of GWG Holdings' voting securities, the Seller Trusts are entitled to cast a majority of the votes on all matters requiring stockholder votes, including, if a stockholder vote is required: the election of directors; mergers, consolidations, acquisitions and other strategic transactions; the sale of all or substantially all of our assets and other decisions affecting our capital structure; amendments to GWG Holdings' Certificate of Incorporation or bylaws; and our winding up and dissolution. This concentrated ownership enables the Seller Trusts to exert significant influence over all of our corporate activities, including the election of directors to GWG Holdings' Board of Directors, and may delay, deter or prevent acts that would be favored by our other stockholders. The interests of the Seller Trusts may not always coincide with our interests or the interests of our other stockholders. This concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of the Company. Also, the Seller Trusts may seek to cause us to take courses of action that, in their judgments, could enhance their investments in us, but which might involve risks to our other stockholders or adversely affect us or our other stockholders. As a result, the market price of GWG Holdings' shares could decline or stockholders might not receive a premium over the then-current market price of GWG Holdings' shares upon a change in control. In addition, this continued concentration of share ownership may adversely affect the trading price of GWG Holdings' shares because prospective investors may perceive disadvantages in owning shares in a company with such significant stockholders.

***We are currently relying on the "controlled company" exemption under Nasdaq Stock Market Listing Rules, pursuant to which "controlled companies" are exempt from certain corporate governance requirements otherwise applicable under Nasdaq Stock Market Listing Rules.***

The Nasdaq Stock Market Listing Rules exempt "controlled companies," or companies of which more than 50% of the voting power is held by an individual, a group or another company, from certain corporate governance requirements, including those requirements that:

- A majority of the board of directors consist of independent directors;
- Compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee comprised solely of independent directors; and
- Director nominees be selected or recommended to the board of directors by a majority of its independent directors or by a nominating committee that is composed entirely of independent directors.

The Seller Trusts that acquired GWG Holdings' shares in the Beneficient Transactions own approximately 48.6% of our common stock and are considered a group for purposes of the Nasdaq controlled company listing rule, based on the most recent Schedule 13D/A filed by the Seller Trusts and its trust advisors with the SEC, and certain of the ExAlt Trusts, holding approximately 29.7% of GWG Holdings' outstanding common stock according to their latest Schedule 13D/A filing have agreed to vote their shares in proportion to the votes cast by all other holders of GWG Holdings' voting securities. As a result, we are currently a "controlled company" and are relying on the controlled company exemption for certain of the above requirements, including those related to director nomination. Accordingly, should the interests of the Seller Trusts differ from those of other stockholders, the other stockholders do not have the same protections generally as stockholders of other Nasdaq-listed companies with respect to corporate governance for so long as we rely on the controlled company exemption from the specified corporate governance requirements. GWG Holdings' status as a controlled company could make GWG Holdings' common stock less attractive to some investors or otherwise harm GWG Holdings' stock price.

**Risks Related to Our Liquidity Products Business**

***Beneficient may be unable to operate its business successfully, which would negatively impact its ability to generate distributable cash flow and increase the value of GWG Holdings' and GWG Life's investments in Beneficient.***

We operate our liquidity products business through our consolidated subsidiary Ben LP and its subsidiaries. The success of our liquidity products business will depend primarily on Beneficient's ability to operate its business successfully, generate distributable cash flow, and increase the value of GWG Holdings' and GWG Life's investments in Beneficient. If Beneficient is unable to do so, such inability will negatively impact our operations and liquidity and may result in an impairment of goodwill. Beneficient does not have significant operating history under its current business plan. Additionally, Ben LP's proposed trust company subsidiary has no operating history. In general, companies that seek to implement these kinds of business plans present substantial business and financial risks and uncertainties. Furthermore, to date, Ben LP's originations of liquidity products have been transacted primarily with a limited number of family offices, fund-of-funds and institutions. These types of customers, specifically fund-of-funds and institutions, may not represent the target market of Beneficient's liquidity products in the future, and Beneficient has only recently begun transactions with individual investors.

Because Beneficient represents a significant percentage of our consolidated assets, the impact on our consolidated financial statements of Beneficient's financial performance is likely to be material.

***Beneficient may not obtain an unconditional Kansas TEFFI charter and has experienced significant delays in obtaining a trust company charter, which outcome would hinder Beneficient's ability to successfully pursue its current business plan and could adversely affect the value of GWG Holdings' and GWG Life's investments in Beneficient.***

Beneficient's liquidity products are designed to facilitate the delivery, at a customer's election, of cash, equity securities or debt securities, or a combination of cash and equity or debt securities for their alternative assets. In order to further grow these businesses, BFF is seeking to obtain an unconditional TEFFI charter in Kansas and a non-depository trust company charter in Texas. Each of those proposed institutions may not commence operations until it receives its respective unconditional charter.

In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas TEFFI trust companies that provide fiduciary financing, custodian and trustee services to participants in the alternative assets market known as TEFFIs, as well as the establishment of alternative asset trusts. The legislation, which names BFF as the pilot TEFFI, became effective on July 1, 2021. As part of the pilot program, BFF received a conditional charter on July 1, 2021, and has applied for a final operational charter. Upon issuance of a final operational charter, Beneficient expects to conduct its liquidity business through BFF as a Kansas TEFFI. While Beneficient expects that it will establish an operational Kansas TEFFI trust company with a permanent unconditional charter, its ability to do so is not assured, in part because BFF's initial charter will be a part of a pilot program that could last until July 1, 2022 during which it will not be authorized to conduct operations. Until that time, BFF will not be authorized to conduct operations as a TEFFI. There can be no assurance that BFF will receive an unconditional TEFFI charter following the pilot program. Further, in connection with the expected receipt of a Kansas TEFFI charter, BFF is anticipated to become subject to regulation by the Kansas Office of the State Bank Commissioner and new rules and regulations that it would be expected to promulgate throughout and following the pilot program. Such regulations could prove to be burdensome on Beneficient's business and could adversely impact its financial condition and results of operations. Beneficient filed limited trust association charter applications for two proposed trust companies (one to offer liquidity products and the other to offer custodial and trustee services) with the Texas Department of Banking in September of 2018 and submitted revised charter applications on March 6, 2020. During the fourth quarter of 2020, the Texas Department of Banking delivered guidance to Beneficient that it does not require a trust company charter for Beneficient to offer its liquidity products to customers, and, as a result, on November 25, 2020, Beneficient withdrew its charter application with respect to the liquidity products. However, Beneficient is exploring whether it would be advantageous to continue pursuing a trust company charter to provide its liquidity products. Beneficient's charter application with respect to offering custodial and trustee services remains under review by Texas Department of Banking. Approval of this application is not assured.

Because Beneficient's current business plans are based in part on obtaining regulatory approval to operate a regulated trust company, a failure to do so may materially and adversely impact its financial performance and prospects, which would likely negatively impact our results of operations and may result in impairment of goodwill.

Even if the Kansas TEFFI is established or the Texas charter application is approved, Beneficient expects that the approval will be subject to certain conditions including, among others, that each proposed entity satisfies certain minimum restricted capital requirements. There is no assurance that Beneficient will be able to satisfy all the conditions imposed by the Kansas Office of the State Bank Commissioner or the Texas Department of Banking in connection with its approval. In addition, such conditions could delay the anticipated time for commencement of fiduciary operations.

***Beneficient may not be able to grow, effectively manage its growth, or achieve profitability.***

A principal focus of Beneficient's liquidity products strategy is to expand the number of Beneficient's product offerings and grow Beneficient's trust administration products and services. Beneficient's future growth depends upon a number of factors, many of which are beyond Beneficient's ability to control. These factors include Beneficient's ability to:

- accurately assess the demand for and sell the products and offerings that Beneficient has developed and expects to develop to meet demand;
- compete against other customer solutions and vendors;
- maintain the quality of Beneficient's trust administration products and services;
- effectively manage Beneficient's financing underwriting and risk criteria and manage diversification, including with effective risk management discipline;

- update Beneficient's products and offerings and develop new products and offerings for which its customers will be willing to exchange their alternative assets;
- properly scale its internal organization and infrastructure to accommodate the development and commercialization of its existing products and products in development; and
- hire, train and retain qualified personnel to manage and operate Beneficient's business as it is expected to grow.

A deficiency in any of these factors could adversely affect Beneficient's ability to achieve or manage growth or profitability.

***Beneficient is subject to repayment risk in connection with its liquidity transactions.***

Beneficient's liquidity transactions include making ExAlt Loans, which are collateralized by the Collateral. ExAlt Loans do not require repayment prior to maturity and are subject to a risk of default. Because the trusts that borrow from the lending operating subsidiary of Ben Liquidity under such ExAlt Loans are controlled by an unaffiliated third-party trust advisor with investment discretion over the Collateral, any such borrower trusts may default on an ExAlt Loan even if the cash flow from alternative assets comprising the Collateral supporting any such ExAlt Loan is sufficient to otherwise repay interest and principal.

***Beneficient may incur significant losses as a result of ineffective risk management processes and strategies.***

Beneficient seeks to monitor and control its risk exposure by developing an effective risk and control framework, which encompasses a variety of separate but complementary financial, credit, operational, compliance, and legal reporting systems; internal controls; management review processes; and other mechanisms. While Beneficient employs and will continue to develop and deploy risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application may not be effective and may not anticipate every risk event in all market environments or the specific nature of the impact and timing of such outcomes. Beneficient's failure to manage risk effectively could have an adverse effect on its business and results of operations.

***Beneficient may be able to offer only a limited number of products and solutions.***

Beneficient may be able to offer only a limited number of products and solutions due to regulatory, capital or other restrictions. Accordingly, the prospects for Beneficient's success may be solely dependent upon the performance of a single or limited products or solutions, or dependent upon the development or market acceptance of a single or limited number of products or solutions. A lack of diversification in its offerings may make Beneficient's results of operations susceptible to numerous economic, competitive and regulatory conditions, any or all of which may have a substantial adverse impact upon Beneficient's ability to operate its business and/or grow its business in the future. Further, Beneficient would not be able to diversify its operations or benefit from the possible spreading of risks or offsetting of losses that offering a comprehensive suite of solutions could provide.

***Beneficient depends on the accuracy and completeness of information from and about customers.***

In making an assessment regarding the alternative assets underlying a potential liquidity transaction, Beneficient may rely on information furnished to it by or on behalf of customers, including financial statements and other financial information. Beneficient also may rely on representations of customers as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in connection with liquidity transactions, Beneficient may rely on information provided by a customer such as net asset value of an underlying alternative asset. Beneficient also relies, and will continue to rely, on customer representations and certifications, or other audit or accountants' reports, with respect to the business and financial condition of the assets underlying the liquidity transaction. While Beneficient believes that its underwriting process is thorough and robust, its necessary reliance on customers may not reveal or highlight all relevant facts (including bribery, fraud or other illegal activities) or risks that are necessary or helpful in evaluating such transaction opportunity. Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect and may be more widespread in certain jurisdictions. Beneficient's financial condition, results of operations, financial reporting and reputation could be negatively affected if Beneficient relies on materially misleading, false, inaccurate or fraudulent information.

***Difficult market conditions can cause investors to reduce or suspend their investments in alternative assets or their desire to liquidate alternative assets they hold, which could adversely affect Beneficient's business.***

Beneficient's business depends upon the health of the market for investments in alternative assets. During economic downturns, alternative asset owners may suffer from decreasing returns (including negative returns and loss of principal investment), liquidity pressure, increased volatility and difficulty maintaining targeted asset allocations, and investors may

decrease or suspend making new fund investments during and after such periods. As the economy begins to recover from these periods, investors may elect to reduce their exposure to alternative investments, resulting in a smaller overall pool of potential customers in the industry and customers for Beneficient's products and services in the future. In the event all or part of this occurs, when trying to find new customers Beneficient will be competing for fewer available alternative assets to administer in an increasingly competitive environment, which could lead to terms less favorable to Beneficient as well as difficulty in reaching new customers. Such changes would adversely affect Beneficient's revenues and profitability.

***Beneficient is dependent on the continued success of the alternative asset industry.***

Beneficient's success depends, in part, on the continued success of alternative asset managers and the alternative asset industry that has enjoyed a prolonged period of expansion and profitability. Such expansion and profitability is subject to market conditions and other factors outside of Beneficient's control (and the control of managers of alternative assets). There is no assurance that such expansion and profitability will continue. Beyond business and financial success, the alternative asset industry may also become subject to greater governmental regulation and investigation, which could have a negative effect on Beneficient.

***A failure of Beneficient to appropriately identify and address potential conflicts of interest could adversely affect Beneficient's business.***

Beneficient has developed procedures and controls designed to identify and address conflicts of interest relevant to its business operations. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and Beneficient's reputation could be damaged, and the willingness of customers to enter into transactions with Beneficient may be affected, if Beneficient fails, or appears to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

***Transfer restrictions applicable to alternative assets may prevent Beneficient from being able to attract a sufficient number of customers to achieve Beneficient's business goals.***

Many alternative assets contain stringent transfer restrictions imposed by the issuing entity, which may prevent Beneficient from entering into liquidity transactions or providing trust administration services with respect to such assets. Such restrictions may result in Beneficient not being able to attract a sufficient number of customers or liquidity transactions and, as a result, its revenues and profitability could be adversely affected.

***Beneficient's business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, the ExAlt Trusts that owe Ben Liquidity money, securities or other assets or obligations collateralizing the ExAlt Loans held by Ben Liquidity.***

Beneficient is exposed to the risk that the ExAlt Trusts that owe Ben Liquidity money, securities or other assets will not perform their obligations. These parties may default on their obligations to Ben Liquidity due to bankruptcy, lack of liquidity, operational failure or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect Ben Liquidity.

***Beneficient uses hedging transactions to manage certain market risks; Beneficient's business, profitability and liquidity may be adversely affected by unanticipated market conditions including interest rates, currency exchange rates, equity market behavior, and other relevant market factors that generate losses not covered or offset by a hedge.***

When managing its exposure to market risks, Beneficient may make use of forward contracts, options, swaps, caps, collars and floors and may pursue other strategies or use other forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates. On July 17, 2020, Ben LP, through its subsidiary CT Risk Management, L.L.C., made aggregate payments of $14.8 million to purchase put options against a decrease in the S&P 500 Index. The options have an aggregate notional amount of $300.0 million and are designed to protect the net asset value of the interests in alternative assets that generate the collateral to Beneficient's loan portfolio against market risk. One-half of the put options expire in July 2022 with the remaining put options expiring in July 2023.

The use of hedging transactions and other derivative instruments to reduce the effects of changes in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines. However, such activities can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of the position. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally

anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price. Although Beneficient has entered into and may continue to enter into hedging transactions in order to reduce its exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, Beneficient may not be successful in establishing a sufficient correlation or a sufficient matching of cash flows between the instruments used in a hedging or other derivative transaction and the position being hedged. An insufficient correlation could prevent Beneficient from achieving the intended result and create new risks of loss. In addition, Beneficient will not be able to fully limit exposure against all changes in the values of the alternative assets underlying its liquidity transactions, because the values of such assets are likely to fluctuate as a result of a number of factors, some of which will be beyond Beneficient's control, and it may not be able to respond to such fluctuations in a timely manner or at all.

***Beneficient's fair value estimates of illiquid assets may not accurately estimate prices obtained at the time of sale and Beneficient cannot provide assurance that the values of the alternative assets underlying the liquidity transactions that it reports from time to time will be realized.***

Asset valuations for which there is no readily available market, such as the illiquid assets comprising the Collateral, require estimates and assumptions about matters that are inherently uncertain. Given this uncertainty, the fair values of such assets as reflected in estimated net asset value may not reflect the prices that would actually be obtained if and when such assets were sold.

Under Beneficient's valuation policy, Beneficient bases its estimates of the fair value of the alternative assets in the Collateral on the fund reported net asset value provided to it by the underlying fund managers. Because alternative asset managers generally hold a high proportion of their investments in assets for which market prices are not readily available, fund reported net asset value will necessarily incorporate estimates of fair value made by the fund managers. As there is no single method for determining fair value, there may be significant variations in the valuation policies used by different fund managers in the Collateral.

In addition, due to time lags in receiving valuation information from fund managers, Beneficient typically does not and will not have up-to-date information from all underlying funds at the time it calculates the fair value of the alternative assets underlying the liquidity transactions. Beneficient typically is not and will not be aware of all material developments at a fund or its underlying portfolio companies that could adversely affect the value of the funds in the Collateral.

Even if market quotations are available for the alternative assets underlying the liquidity transactions, such quotations may not reflect the value that could actually be realized because of various factors, including the possible illiquidity associated with a large ownership position, subsequent illiquidity in the market for a company's securities, future market price volatility or the potential for a future loss in market value. Realizations at values significantly lower than the fair values recorded in Beneficient's financial statements could have a material adverse effect on the net asset value of the alternative asset, and therefore the value of the beneficial interests and the corresponding liquidity transactions.

Furthermore, a substantial majority of the net assets of Beneficient, and a significant portion of the net assets of GWG Holdings on a consolidated basis, are currently represented by intangible assets and goodwill. Management performs goodwill and intangible asset impairment testing annually, during the fourth quarter, or when events occur, or circumstances change that would more likely than not indicate impairment has occurred. For 2020, the annual goodwill impairment analysis did not result in any impairment charges. Our evaluation utilized multiple assumptions, including estimated discounted cash flows and other estimates that may change over time. While our assumption reflects management's best estimates of future performance, the estimates assume Beneficient capturing a significant market share of liquidity transactions during the next five years leading to a substantial rate of growth of new service offerings and products, revenues and assets over the next five years ending December 31, 2025. These estimations are uncertain to occur, and to the extent the Company falls short of achieving our expected growth in revenues and assets over the next four years, material impairments of our goodwill may occur in the near term. Moreover, in light of Beneficient's significant recurring losses from operations, negative cash flows from operations, and delays in executing its business plans, there could be potential triggering events identified and resulting impairment of goodwill recorded during the annual impairment test during the fourth quarter of 2021. While management can and has implemented strategies to address these events, changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of the reporting unit's goodwill balance. Goodwill impairment exists when the carrying value of goodwill exceeds its implied fair value. If management concludes that a portion of goodwill is impaired, we would be required to write down the value of such goodwill, which may adversely affect our results of operations.

***Notwithstanding its diversification strategies, Beneficient's liquidity, profitability and business may be adversely affected by concentrations of assets comprising the Collateral.***

Although Beneficient monitors the diversity of its collateral portfolio through the use of concentration guidelines, the Collateral may be concentrated in certain issuers, funds, sectors, geographic regions, countries, or asset types, which could negatively affect performance as well as Beneficient's financial results, including Beneficient's capital position, earnings, cash flows, and growth.

Similarly, Beneficient may have significant exposures to certain issuers, industries, or asset classes. As a result, Beneficient's net cash flows and asset valuations (e.g., net asset value) may exhibit greater volatility due to idiosyncratic factors specific to companies, industries, regions, and asset classes. Moreover, because of such concentrations, Beneficient may suffer losses even when economic and market conditions are generally favorable for Beneficient's competitors.

In the case of Beneficient's exposure to investments in publicly traded companies, its operating results would be impacted by volatility in the public markets generally and in the stock prices of such companies.

***The due diligence process that Beneficient undertakes in connection with liquidity transactions may or may not reveal all facts that may be relevant in connection with such liquidity transaction, and even if Beneficient receives complete and accurate information it may not translate to identifying the appropriate underwriting criteria.***

Before offering liquidity solutions to customers, Beneficient conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each transaction. When conducting due diligence, Beneficient may be required to evaluate important and complex business, financial, tax, accounting, technological, environmental, social, governance and legal and regulatory issues. In addition to Beneficient's own employees, outside consultants, legal advisors and accountants may be involved in the due diligence process in varying degrees depending on the type of investment and the parties involved. Nevertheless, when conducting due diligence and making an assessment regarding the alternative assets behind a potential liquidity transaction, Beneficient relies on the resources available to it, including information provided by the potential customer of the liquidity transaction, the general partners and managers of the alternative assets the customer holds, and, in some circumstances, third-party investigations, and such an investigation will not necessarily result in the investment ultimately being successful. Moreover, even in the event that Beneficient receives complete and accurate information in the due diligence process, it may not translate to identifying the appropriate underwriting criteria, which could result in negative reputational effects, and/or otherwise materially and adversely affect our business, financial condition and results of operations.

***Restrictions on Beneficient's ability to collect and analyze data regarding its customers' alternative assets investments could adversely affect its business.***

The Collateral is generated by interests in alternative assets. Beneficient depends on the continuation of its relationships with the general partners and sponsors of the underlying funds and investments in order to maintain current data on these alternative assets. The termination of such relationships or the imposition of restrictions on its ability to use the data it obtains for its reporting and monitoring services could adversely affect our business, financial condition and results of operations. Beneficient's monitoring is also dependent on the statements and conduct of personnel at investment managers of the general partners of these alternative asset firms. To the extent that the beliefs and expectations of these managers turn out to be inaccurate, Beneficient's expectations as part of its monitoring process may be materially impacted.

**Risks Related to Our Secondary Life Insurance Business**

***The valuation of our life insurance policy assets on our balance sheet requires us to make material assumptions that may ultimately prove to be incorrect. If our assumptions prove incorrect, we could suffer significant losses that materially and adversely affect our results of operations.***

One of our principal assets is a portfolio of life insurance policies purchased in the secondary market, comprising approximately 64% and 62% of our total assets, excluding goodwill, as of December 31, 2020 and 2019, respectively. Those assets are considered "Level 3" fair value measurements under Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820"), as there is currently no active market where we are able to observe quoted prices for identical assets. As a result, our determination of fair value for those assets on our balance sheet incorporates significant inputs that are not observable. A sale of the portfolio or a portion of the portfolio in an other than orderly transaction would likely occur at less than the fair value of the respective life insurance policies.

A Level 3 fair value measurement is inherently uncertain and could create additional volatility in our financial statements that is not necessarily related to the performance of our underlying assets. As of both December 31, 2020 and 2019, we estimated

the fair value discount rate for our life insurance portfolio to be 8.25%. Life expectancy estimates are also a significant component within our fair value measurement. If in the future we determine that a higher discount rate is required to ascribe fair value to a similarly situated portfolio of life insurance policies or that life expectancy estimates materially differ from actuarial estimates and/or our projections, we could experience significant losses materially affecting our results of operations. In addition, significant losses of this nature would likely at some point cause us to be out of compliance with borrowing covenants contained in our various borrowing agreements as well as cause our common stock to decline in value. This could in turn result in acceleration of the LNV Credit Facility, the NF Credit Facility, and GWG Holdings' L Bonds (including the Seller Trust L Bonds and Liquidity Bonds issued in connection with Beneficient liquidity transactions), which we may not be able to repay. As a result, we may be forced to seek additional debt or equity financing to repay such debt amounts, and additional financing may not be available on terms acceptable to us, if at all.

If we are unable to repay our debt when it comes due, then our senior lender or the holders of GWG Holdings' L Bonds, or both, would have the right to foreclose on our assets, and investors in our securities could lose all or a portion of their investment.

***Actual results from our life insurance portfolio may not match our projected results, which could adversely affect our ability to service our existing portfolio and meet our debt obligations.***

Our business partially relies on achieving actual results that are materially in line with the results we expect to attain from our investments in life insurance policy assets. In this regard, we believe that the larger the portfolio of life insurance we own, the greater the likelihood that we will achieve our expected results. To our knowledge, rating agencies generally suggest that portfolios of life insurance policies contain enough policies on individual lives to achieve actuarial stability in receiving expected cash flows. For instance, in a life insurance securitization methodology published in 2016, A.M. Best Company concluded that at least 300 lives are necessary to achieve actuarial stability, while Standard & Poor's has indicated that stability is unlikely to be achieved with less than 1,000 lives. As of December 31, 2020, we owned $1.9 billion in face value of life insurance policies covering 978 unique lives. Based on recent changes in the capital markets, specifically the availability of financing on favorable terms, we have begun exploring the feasibility of additional future purchases of life insurance policies through the secondary market. These operations are in addition to allocating capital to provide liquidity to a broader range of alternative assets, which GWG Holdings currently provides through investments in Beneficient. In the absence of purchasing additional life insurance policies, the number of life insurance policies that comprise our portfolio will decrease over time as policies mature, which may negatively impact the actuarial stability of our portfolio.

However, even if our life insurance portfolio is actuarially stable, we still may experience differences between the projection models we use and actual mortalities. Differences between our expectations and actual mortality results could have a materially adverse effect on our operating results and cash flows. In such a case, we may face liquidity problems, including difficulties servicing our remaining portfolio of policies and servicing our outstanding debt obligations. Continued or material failures to meet our expected results could decrease the attractiveness of our securities in the eyes of potential investors, thereby making it even more difficult to obtain capital needed meet our capital needs. Failure to meet our capital needs could materially and adversely affect the Company's financial position and may lead to our security holders losing all or a portion of their investment in the Company.

***Our investments in life insurance policies have inherent risks, including fraud and legal challenges to the validity of the policies, which we will be unable to eliminate and which may adversely affect our results of operations.***

We face certain risks associated with insurance fraud and other legal challenges to the validity of the policy. For example, to the extent the insured is not aware of the existence of the policy, the insured does not exist, or the insurance company does not recognize the policy, the insurance company may cancel or rescind the policy thereby causing the loss of an investment in that policy. In addition, if an insured's medical records have been altered in such a way as to shorten a life expectancy as reported, this may cause us to overpay for the related policy. Finally, we may experience legal challenges from insurance companies claiming that the insured failed to have an insurable interest at the time the policy was originally purchased or that the policy owner made fraudulent disclosures to the insurer at the time the policy was purchased (e.g., disclosures pertaining to the health status of the insured or the existence or sources of premium financing), or challenges from the beneficiaries of an insurance policy claiming that the sale of the policy to us was invalid.

To mitigate these risks, our origination practices and underwriting procedures, when we were purchasing policies, included a current verification of coverage from the insurance company, a complete due-diligence investigation of the insured and accompanying medical records, a review of the life insurance policy application, and a requirement that the policy has been in force for at least two years. We also conducted a legal review of any premium financing associated with the policy to determine if an insurable interest existed at the time of its issuance. Nevertheless, these steps will not eliminate the risk of fraud or legal challenges to the life insurance policies we own. Furthermore, changes in laws or regulations or the

interpretation of existing laws or regulations, may prove our due-diligence and risk-mitigation efforts inadequate. If a significant face amount of policies were invalidated for reasons of fraud or any other reason, our results of operations would be materially adversely affected.

***Our ownership of life insurance policies issued by insurers that are unable to pay claims presented to them could have a materially adverse effect on our results of operation and our financial condition.***

We currently rely on the payment of policy claims by insurers as our most significant source of revenue collection. In essence, the life insurance assets we own represent the obligations of insurers to pay the benefit amount under the relevant policy upon the mortality of the insured. As a result, in our business, we face the "credit risk" that a particular insurer will be financially unable to pay claims when and as they become due. Depending on how many policies we own that are issued by insurers having financial difficulties at the time a claim is presented for payment, this risk could be significant enough to have a materially adverse effect on our results of operation, our financial condition, or even our overall prospects.

To mitigate this credit risk, we generally purchased policies issued only by insurers with an investment-grade credit rating from one or more of Standard & Poor's, Moody's, or A.M. Best Company. As of December 31, 2020, 96.3% of the face value benefits of our life insurance policies were issued by insurers having an investment-grade credit rating (BBB or better) by Standard & Poor's. We also review our exposure to credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' credit risk, we consider items such as insurance company solvency, credit risk indicators, and general economic conditions. Notwithstanding our efforts to mitigate credit risk exposure and to reflect this risk in our portfolio valuation, we cannot predict with any certainty whether a particular insurer will be in a financial position to satisfy amounts that it owes under life insurance policies it has issued when a claim for payment is presented or whether a particular credit rating accurately reflects the risks associated with such life insurance policies.

***We have relied materially on information provided or obtained by third parties in the acquisition of life insurance policies. Any misinformation or negligence in the course of obtaining information could materially and adversely affect the value of the policies we own, our results of operation and the value of our securities.***

Our acquisition of each life insurance policy was negotiated based on variables and particular facts unique to the policy itself and the health of the insured. The facts we obtained about the policies and the insured at the time when the policy was applied for and obtained were based on the insured's factual representations to the insurance company, and the facts the insurance company separately obtained in the course of its own due-diligence examination, such as facts concerning the health of the insured and whether or not there is an insurable interest present when the policy was issued. Any misinformation or negligence in the course of obtaining information relating to a policy or insured could materially and adversely impact the value of the policies we own and could in turn adversely affect our results of operations and the value of our securities.

***If actuarial assumptions related to our investments in life insurance policies change, our operating results and cash flow could be adversely affected, as well as the value of our collateral and our ability to service our debt obligations.***

When we were acquiring life insurance policies, the expected internal rates of return we calculated were based upon the probability of an insured's mortality over an actuarial life expectancy estimate. We obtained these estimates from third-party medical-actuarial underwriting companies. In addition to actuarial life expectancies, we relied on a pricing and premium forecasting software model developed by a third-party actuarial firm for the valuation of policies we purchased, future mortality revenues, and the calculation of anticipated internal rates of return. These pricing models forecast the estimated future premiums due as well the future mortalities of insureds.

All actuarial life expectancies (and related forecasting software) are subject to interpretation and change based on evolving medical technology, actuarial data, and analytical techniques. Additionally, we were required under the LNV Credit Facility to update life expectancy estimates for pledged life insurance policies with face amounts greater than $750,000 by December 18, 2020, and obtain updated life expectancy updates no less frequently than once every five years. Additionally, we are required, under the NF Credit Facility, to use commercially reasonable efforts to update life expectancies on a biannual basis. Our prior experience in updating life expectancies has generally resulted in longer life expectancies for most, but not all, of the insureds within our portfolio. Adverse impacts on the value of our life insurance policy portfolio or our cash flow could in turn impair the value of the collateral we have pledged to our creditors and our ability to service our debt and obligations as they come due.

***Inaccuracies in the life expectancy estimates we used for small face policies at the time of purchase could have a material and adverse effect on our results of operation and financial condition.***

As of December 31, 2020, we owned 633 "small face" life insurance policies (i.e., those policies with $1 million in face value of benefits or less) having $364.6 million in aggregate face value of benefits.

The underwriting processes we used to evaluate, price and purchase small face policies were different from, and may not have been as reliable as, the processes we used for life insurance policies with larger face values of benefits. In particular, the processes we used to develop or obtain life expectancy estimates and the related mortality curves for small face policies were less extensive than traditional methods. These processes included obtaining either a single fully underwritten or simplified report as opposed to two fully underwritten reports. A simplified third-party underwriting report is based on a self-reported medical interview and may be supplemented with additional information obtained from a pharmacy benefit manager database that is provided to one or more medical-actuarial underwriting firms to obtain a simplified life expectancy report. Although we obtained professional actuarial guidance regarding these processes, our simplified underwriting methodology may not have been as reliable as the processes we use for policies with larger (i.e., greater than $1 million) face value of benefits.

Any shortcomings in the process we used to evaluate, price, purchase and value our small face policies, or significant inaccuracies in the life expectancy estimates relating to those policies, could have a material and adverse effect on our results of operations and financial condition. Any such outcomes could have a negative and possibly material effect on our ability to satisfy our debts.

***We rely on estimated rates of mortality when valuing life insurance policies and forecasting the performance of our life insurance portfolio, and we also rely on other estimates derived from statistical methodologies for projecting our future cash flows. If any of our estimates prove to be incorrect, it could materially and adversely affect our financial condition and ability to satisfy our capital needs including debt service and repayment obligations.***

If we project we will receive cash inflows from policies sooner than we actually do, we may not be able to make payment on our debt obligations in a timely manner, or at all. Moreover, a significant medical discovery or advance that results in mortality improvements among seniors could have a material adverse effect on the value of our life insurance investments.

We use a modeling practice for projecting cash flows known as the “probabilistic method”. This is an actuarial method that uses the probability of an insured’s mortality over time (a mortality curve) to project the flow of policy benefits to us and to project premiums that must be paid by us. This method requires the input of life expectancy assumptions. These inputs are then used to estimate the discounted cash flows from the life insurance portfolio using the ClariNet LS probabilistic and stochastic portfolio pricing model from ClearLife Limited, which estimates the expected cash flows using various mortality probabilities and scenarios.

Our Longest Life Expectancy valuation methodology uses the Longest Life Expectancy report result at the time of purchase combined with a multiplier factor applied for variance in our portfolio of actual to expected experience using the Longest Life Expectancy results. Our methodology uses a static portfolio multiplier we must recalculate anytime the six-month moving average of the difference between actual portfolio performance and projected performance of cumulative face value maturities deviates by more than one standard deviation from the mean and such deviation persists for three consecutive months and continues as of the current quarter-end month. As of December 31, 2020, the six-month moving average of the difference between actual portfolio performance and projected performance of cumulative face value of maturities was within one standard deviation from the mean. As such, our valuation methodology did not require an update to our portfolio mortality multiplier (“PMM”).

We use the current future cash flow projection to generate our expected internal rate of return on the life insurance policy portfolio we own. Any change to these projections, pricing models, methodology, premium forecasting assumptions, cash flow projections, or mortality assumptions accompanied therewith that increase the projected cost-of-insurance premiums or decrease the probability of mortality could have a material and adverse impact on our cash flows and financial condition. Ultimately, this could adversely affect our ability to meet our debt service and repayment obligations and could materially and adversely affect our profitability.

***Cost-of-insurance (premium) increases could materially and adversely affect our profitability and financial condition.***

We are subject to the risk of increased cost-of-insurance (“COI”) charges (i.e., premium charges) for the universal life insurance policies we own in our portfolio. As of December 31, 2020, approximately 31% of the policies in our life insurance portfolio have premium levels that are guaranteed under the terms of the policy to keep the policy’s death benefit in force even in a situation where the policy’s cash account has been wholly depleted. On the remaining approximately 69% of our policies, we pay “non-guaranteed COI charges” and are subject to the risk that the insurer could increase the COI charges for the policy. In all cases, the amount of increase is subject to any limits that may be set forth in the insurance policy and must be approved by the applicable state regulator. Because very few of the policies we own have significant cash account value balances, any COI increase will require us to use more cash to satisfy the minimum premium amount required to keep the related policy in force, and this could materially and adversely affect our profitability.

A COI increase can also be expected to impair the value of the affected policy because extra expense (i.e., additional premium amounts) will be required to keep the policy in force, and such extra expense will diminish the economic value, or return, of the policy realized upon the mortality of the insured. As a result, any widespread COI increases in policies we own would likely have a material and adverse effect on the value of our life insurance portfolio, which in turn would materially and adversely affect our profitability and financial condition.

***Our business and prospects may be adversely affected by changes, lack of growth, or increased competition in the life insurance secondary market.***

The growth of the secondary life insurance policy market may be negatively affected by a variety of factors beyond our control, including: negative publicity about the life insurance secondary market based on actual or perceived abuses; and the adoption of additional governmental regulation.

The relatively new and evolving nature of the market in which we operate makes the related risks difficult to identify and quantify. Nevertheless, contractions in the secondary market for life insurance policies, whether resulting from general economic conditions, regulatory or legal pressures, or otherwise (including regulatory pressures exerted on us or others involved in the secondary market for life insurance), could make participation in the market generally less desirable. This could in turn depress the prices at which life insurance policies on the secondary market are bought and sold and have a negative impact on the estimated value of the policies we own. If the value of the policies we own decreases, our results of operation and financial condition could suffer.

**Risks Related to Our Proposed Insurance Business**

***We have no experience in operating an insurance business and our entry into the insurance market may not be successful.***

Beneficient's business plan involves, through Ben Insurance, entering into the business of providing insurance policies to managers of, and investors in, alternative asset funds, such as private equity funds, for specified losses arising from indemnification and related obligations to the funds. GWG Holdings is also exploring opportunities to provide life insurance products related to its life insurance business. Entering the insurance business will subject us to additional laws and regulations and involve additional risks, including risks relating to regulatory oversight and examinations, risks related to compliance with capital maintenance requirements, and increased risks of litigation. Although certain of our directors and management have experience operating insurance businesses, we have no experience in operating an insurance business, which will enhance these risks. Attempts to expand our business involve a number of risks, including the required investment of capital and other resources, increasing demands on operational and management systems and controls, the diversion of management's attention from our core business, and the ability to implement an effective marketing strategy to promote awareness of our insurance products. The insurance industry is highly competitive and there can be no assurance that our plans to enter the insurance market will be successful. If our proposed insurance business does not generate sufficient revenue or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected.

***Beneficient's failure to obtain or maintain approval of insurance regulators and other regulatory authorities as required for the operations of an insurance subsidiary may have a material adverse effect on our future business, financial condition, results of operations and prospects.***

As a part of Beneficient's business plan, through Ben Insurance, Beneficient may seek to obtain a license to offer insurance products from the Kansas Insurance Department. If and when Beneficient receives the necessary regulatory approvals, Beneficient intends to offer certain insurance products, including, but not limited to, insurance policies to managers of, and investors in, alternative asset funds, such as private equity funds, for specified losses arising from indemnification and related obligations related to the funds and transfer and assignment policies to buyers and sellers of interests in funds to cover risks attendant transfers pursuant to transactions such as the liquidity transactions. Kansas insurance statutes and regulations and the policies of the Kansas Insurance Department may require Beneficient to, among other things, maintain a minimum level of capital and surplus, satisfy solvency standards, restrict dividends and distributions, obtain prior approval or provide notification of certain transactions, have at least one director or manager be a resident of Kansas, maintain a principal place of business in Kansas and hold at least one meeting in Kansas annually, and provide for the performance of certain periodic examinations of our insurance subsidiary and its financial conditions.

In addition, Beneficient has applied for regulatory approval to commence offering insurance policies through Pen, as a Bermuda Class 3 insurer. Subject to receiving the necessary regulatory approvals, Beneficient would intend to offer the same insurance policies noted above through Pen. Bermuda insurance statutes and regulations, and the policies of the BMA require that Pen, among other things, maintain a minimum level of capital and surplus, satisfy solvency standards, restrict dividends

and distributions, obtain prior approval or provide notification to the BMA of certain transactions, maintain a head office in Bermuda, have a representative, secretary or director resident in Bermuda, appoint and maintain a principal representative in Bermuda and provide for the performance of certain periodic examinations of itself and its financial conditions.

A failure to meet these conditions may result in the failure to obtain the required regulatory approvals or, if obtained, a suspension or revocation of Ben Insurance's authority to do business as an insurance company, which would mean that Beneficient would not be able to provide the planned insurance products until the approvals are obtained or any suspension or revocation of the required approvals is resolved. If obtained, any suspension or revocation of regulatory approvals would negatively impact Beneficient's reputation in the marketplace and could have a material adverse effect on our ability to grow our exposure to alternative assets.

***The operation of Beneficient's proposed international insurance business, for which it has no prior experience, will subject Beneficient to additional costs and economic, political, currency and other risks that could adversely affect its revenues or financial position.***

Beneficient has no experience in operating its business internationally, which increases the risk that its proposed insurance business and any potential future expansion efforts that it may undertake may not be successful. Beneficient's operation of its proposed insurance business may face adverse financial consequences and operational problems due to political or economic changes, such as changes in political or economic conditions in Bermuda and the surrounding region, laws and regulations that restrict repatriation of earnings or other funds or that could subject repatriated earnings or other funds to additional taxes, or changes in foreign currency exchange rates. If Beneficient invests substantial time and resources to grow its proposed insurance business and is unable to manage these risks effectively, its business, results of operations and financial condition could be adversely affected. In addition, international expansion may increase its risks in complying with various laws and standards in Bermuda, including with respect to anti-corruption, anti-bribery, anti-money laundering, export controls, and trade and economic sanctions. Expansion into new markets abroad will require additional investments by Beneficient in both regulatory approvals and marketing. These incremental costs may include hiring additional personnel, as well as engaging third-party service providers and other research and development costs. If Beneficient fails to grow its international insurance business or if growth occurs at a slower rate than expected, its business, its results of operations and financial condition could be adversely affected.

**Risks Related to Beneficient's Proposed Broker-Dealer Business**

***Beneficient has no experience in operating a broker-dealer business, and its entry into this market may not be successful.***

Beneficient's proposed business plan involves offering broker-dealer services to its subsidiaries and affiliates through Ben Markets and its subsidiaries, including Beneficient Capital Markets and through Ben Market's acquisition of MHT Securities, L.P. ("MHT"). MHT is an SEC-registered broker dealer and FINRA member that is authorized to engage in private placements of securities. On July 14, 2021, an operating subsidiary of Ben LP, Ben Markets Management Holdings, L.P. ("Buyer") entered into a Transaction Agreement (the "Transaction Agreement") with MHT, MHT GP Securities, LLC, a Texas limited liability company (the "MHT GP"), and MHT Partners, L.P., a Texas limited partnership ("MHT LP" and, together with MHT GP, the "Sellers" and, together with Buyer, the "Transaction Parties"). Pursuant to the terms and conditions of the Transaction Agreement, the Buyer (i) purchased 20% of the limited partnership interests of MHT from MHT LP for an amount equal to $10,000, and (ii) agreed to (a) purchase the remaining 80% limited partnership interests of MHT from MHT LP, and (b) purchase 100% of the general partnership interests in MHT from MHT GP, in both cases for an aggregate amount equal to $40,000 (the "Subsequent Closing"). In addition to customary closing conditions applicable to transactions such as the ones contemplated by the Transaction Agreement, the Subsequent Closing is conditioned upon receipt from FINRA of approval of the Sellers' application for Continuing Membership Application under FINRA Rule 1017 for the remaining change in ownership (the "FINRA Application") (provided that such condition is waivable by the Transaction Parties if, on the date which is forty-five (45) days after the application was submitted, the Transaction Parties have not received a material objection from FINRA to the FINRA Application or in regard to FINRA approval which is disagreeable to the Transaction Parties). Until the Subsequent Closing, MHT is not controlled by or under common control with Beneficient and is not an affiliate of Beneficient.

Beneficient expects that operational efficiencies created by having an in-house broker-dealer will allow it to streamline its ExAlt Plan™ liquidity transactions, increase control of product distribution and reduce transaction costs. Entering into the broker-dealer business will subject Beneficient to additional laws and regulations and involve additional risks, including risks relating to regulatory oversight and examinations and increased risks of litigation. Although certain of Beneficient's directors and management have experience operating and advising broker-dealer businesses, Beneficient has no experience in operating a broker-dealer business, which will enhance these risks. Attempts to expand Beneficient's business involve a

number of risks, including the required investment of capital and other resources, increasing demands on its operational and management systems and controls, the diversion of management's attention from its core business, and our ability to implement an effective marketing strategy to promote awareness of our broker-dealer products. The broker-dealer industry is highly competitive and there can be no assurance that Beneficient's plans to enter the broker-dealer market will be successful. If Beneficient's proposed broker-dealer business does not generate sufficient revenue, provide expected efficiencies or if Beneficient is unable to efficiently manage its expanded operations, Beneficient's results of operations will be adversely affected.

***Beneficient's failure to obtain or maintain approval of regulatory authorities as required for the operations of its broker-dealer subsidiaries may have a material adverse effect on its future business, financial condition, results of operations and prospects.***

As a part of Beneficient's business plan, a subsidiary of Ben Markets, Beneficient Capital Markets, may seek to register as a broker-dealer with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, and become a member of FINRA, and on July 14, 2021, a subsidiary of Ben Markets acquired a 20% interest in MHT pursuant to the Transaction Agreement and, following FINRA approval, will acquire the remaining 80% upon the Subsequent Closing (and following, MHT shall be renamed "Ben Securities Company, L.L.C."). If and when Beneficient receives the necessary regulatory approvals, Beneficient Capital Markets and MHT will be subject to regulations that cover all aspects of its business, including sales methods, trade practices, use and safekeeping of customers' funds and securities, the capital structure of Beneficient Capital Markets and MHT, recordkeeping, the financing of customers' purchases and the conduct of directors, officers and employees. Beneficient Capital Markets and MHT will also be subject to routine periodic examination by the staff of FINRA. In addition, as a registered broker-dealer and member of a self-regulatory organization, Beneficient Capital Markets and MHT will be subject to the SEC's uniform net capital rule. Rule 15c3-1 of the Exchange Act specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer's assets be kept in relatively liquid form. The SEC and FINRA impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the SEC's uniform net capital rule imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital. MHT is already subject to such requirements. Any failure to meet these conditions may result in the failure to obtain the required regulatory approvals or, if obtained, a suspension or revocation of Beneficient Capital Markets' or MHT's broker-dealer license, which would mean that Beneficient would not be able to provide the planned broker-dealer products until the approvals are obtained or any suspension or revocation of the required approvals is resolved. If obtained, any suspension or revocation of regulatory approvals would negatively impact Beneficient's reputation in the marketplace and could have a material adverse effect on its ability to grow its exposure to alternative assets.

**Risks Related to Our Indebtedness and Financing Arrangements**

***Our indebtedness could adversely affect our financial condition and may otherwise adversely impact our business operations. We may incur additional indebtedness, including secured indebtedness.***

As of December 31, 2020, we had $1.8 billion of debt including the LNV Credit Facility, GWG Holdings' L Bonds (including its Seller Trust L Bonds and Liquidity Bonds issued in connection with Beneficient's liquidity transactions), and Beneficient's debt due to related parties. Beneficient's debt to HCLP Nominees, L.L.C. is due in 2022. In 2021, GWG Holdings also incurred indebtedness under the NF Credit Facility, which is due in 2031. Our indebtedness could have significant effects on our business and the holders of our debt.

For example, it could:

- require us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund acquisitions of alternative assets, working capital and other general corporate purposes;
- require payments of principal and interest that may be greater than our cash flow from operations;
- force us to dispose of life insurance policies or other investments, possibly on disadvantageous terms, to make payments on our debt;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- restrict us from exploiting other business opportunities;

- make it more difficult for us to satisfy our obligations; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, the LNV Credit Facility, NF Credit Facility, and Beneficient's secured loans with HCLP Nominees L.L.C. bear interest at variable rates. If interest rates increase significantly, our ability to borrow additional funds may be reduced and the risk related to our indebtedness would intensify.

In addition, most of our current debt is, and we anticipate that much of our future debt will be, non-amortizing and payable in balloon payments. Therefore, we will likely need to refinance most of that debt as it matures. There is a risk that we may not be able to refinance debt as it matures or that the terms of any refinancing will not be as favorable as the terms of the then-existing debt. If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new debt, equity capital or sales of assets, our cash flow may not be sufficient to repay all maturing debt in years when significant balloon payments come due. In the event we are unable to refinance debt as it becomes due, this could force us to liquidate and/or file for bankruptcy, and the collateral securing such debt may be worth less than the debt it secures, which would lead to material losses for our security holders as it relates to their investments in the Company. Additionally, we may incur significant penalties if we choose to prepay the debt.

***We critically rely on debt financing for our business. Any inability to borrow could adversely affect our business operations, our ability to satisfy our debt-payment obligations and, ultimately, our prospects and viability.***

To date, we have chosen to finance our business principally through the issuance of debt, including debt incurred by our subsidiary DLP IV under the LNV Credit Facility (see Note 10 to our accompanying audited consolidated financial statements), DLP VI under the NF Credit Facility, GWG Holdings' L Bonds and Beneficient's secured loans. The LNV Credit Facility is secured by all of the assets of DLP IV, has a maximum amount of $300.0 million, and the outstanding balance at December 31, 2020 was $193.7 million. The NF Credit Facility is secured by all assets of DLP VI and is fully drawn with $107.6 million outstanding as of August 31, 2021.

Obligations under the LNV Credit Facility and NF Credit Facility have maturity dates of September 27, 2029 and August 11, 2031, respectively. GWG Holdings' L Bonds have scheduled maturities as set forth below in the risk factor "*If a significant number of holders of GWG Holdings' L Bonds demand repayment of those instruments upon maturity instead of renewing them, and at such time we do not have sufficient capital on hand to fund those repayments (and do not otherwise have access to sufficient capital), we may be forced to liquidate some of our life insurance policies, investments in Beneficient or other assets, which could have a material and adverse impact on our results of operations and financial condition.*" Our debt facilities and offerings have been the most important sources of financing on which our business continues to critically rely to grow and maintain our exposure to alternative assets — which include our portfolio of life insurance policies and GWG Holdings' and GWG Life's investments in Beneficient — as well as service existing debt and preferred stock obligations, maintaining premium payments on our life settlements portfolio and paying for operations.

Our business model is based on increasing our exposure to alternative assets financed primarily through debt and preferred stock financing. These alternative assets are typically long-term and may not produce cash flows for an extended period of time. For example, we do not receive cash in respect of acquired life insurance policies until the insured individual dies, and Ben Liquidity may not receive payments on its ExAlt Loans until the assets underlying the Collateral have been sold by the asset manager and the unaffiliated third-party trust advisor that controls such borrower trusts elects to make a loan payment to Ben Liquidity prior to term, which is generally 12 years after the origination of any such ExAlt Loan. The resulting asset/liability mismatch can result in a liquidity shortage if we are unable to renew maturing short-term debt or secure suitable additional financing. In such a situation, we could be forced to sell assets at less than optimal (distressed) prices, or, in the event additional debt or other financings are not available, we could have to liquidate or file for bankruptcy, which would lead to material losses for our security holders as it relates to their investments in the Company. We thus rely on continued access to financing to enable us to grow our exposure to alternative assets and to pay the premiums and costs of maintaining our life insurance portfolio, all while satisfying our current interest, principal and dividend payment obligations under our debt and equity arrangements. Proceeds from life insurance policies that have been pledged under both the LNV Credit Facility and NF Credit Facility will first be applied to the repayment of our obligations under each respective credit facility according to a waterfall amortization formula that is largely controlled by each lender, respectively. Therefore, we may not receive all of the proceeds from matured life insurance policies. Accordingly, until we achieve sufficient cash flows derived from our portfolio of life insurance policies and investments in Beneficient, we expect to rely on proceeds from GWG Holdings' L Bond and preferred stock offerings to satisfy our ongoing financing and liquidity needs. Continued access to financing and liquidity under the LNV Credit Facility (other than premium payments on existing policies pledged pursuant thereto), from the offering of GWG Holdings' L Bonds, or otherwise is not guaranteed.

As part of the preparation of its 2020 10-K, the Company voluntarily submitted two questions to the SEC's Office of the Chief Accountant ("OCA") on February 15, 2021. OCA is responsible for accounting and auditing matters arising in the SEC's administration of the federal securities laws, particularly with respect to accounting policy determinations. In this role, OCA consults with registrants on the application of accounting standards and financial disclosure requirements. Its website indicates that registrants can expect consultations to take approximately three weeks, although that time may vary depending on various factors. The questions submitted by the Company to OCA were (1) whether the December 31, 2019 transaction resulted in GWG Holdings obtaining control of Ben LP in a transaction by entities not under common control, and (2) whether Ben LP was required to consolidate any of the ExAlt Trusts. On July 26, 2021, the Company and OCA staff held a conference call in which OCA's staff notified the Company of its conclusions on the two accounting questions that were the subject of the consultation. During that call, OCA expressed that it would object to a conclusion that Beneficient not consolidate the ExAlt Trusts as of December 31, 2019. Consistent with the conclusions communicated by OCA, on August 1, 2021, the Board of Directors of GWG Holdings determined that it is necessary to restate prior period financial statements for the year ended December 31, 2019, and quarterly financial statements for the first three quarters of the year ended December 31, 2020, to consolidate all of the ExAlt Trusts into Beneficient's financial statements beginning on December 31, 2019, and consequently into the Company's consolidated financial statements on that same date.

We temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this 2020 Form 10-K. We anticipate recommencing the offering of GWG Holdings' L Bonds when we regain compliance with SEC filing requirements. Additionally, due to our failure to deliver GWG Life audited financial statements for 2020 to LNV Corporation within 90 days after the end of the year, we were in violation of our reporting obligations under the LNV Credit Facility. CLMG Corp., as administrative agent for LNV Corporation, issued a limited deferral extending the delivery of these reports to May 17, 2021. We regained compliance on May 17, 2021, when the audited annual financial statements of GWG Life were delivered to LNV Corporation.

During the time period between April 16, 2021 and when we re-commence GWG Holdings' L Bond offering, we have financed, and will continue to finance, our business using cash on hand and additional financings from creditors to meet our cash needs, including cash needs for premiums on our life settlements portfolio, interest expense on outstanding bonds, bond maturities, preferred stock redemptions, preferred stock dividends, operating costs, professional fees and miscellaneous expenses. In the event that L Bond sales and/or preferred stock sales do no recover to expected levels, we may have to sell assets or find additional financing options. In such event, the terms of such sale or financings may be on less favorable terms than we have sold assets or borrowed in the past

In addition, general economic conditions could limit our access to financing, as could regulatory or legal pressures exerted on us, our financiers, or those involved in the procurement of financing such as brokers, dealers, and registered investment advisors. If we are unable to borrow under either the LNV Credit Facility or the NF Credit Facility or otherwise for any reason, or to renew or replace the LNV Credit Facility or NF Credit Facility when it comes due, or if we are forced to discontinue GWG Holdings' L Bond offering for any significant length of time and for any reason, our business would be adversely impacted and our ability to service and repay our debt obligations would be compromised, thereby negatively affecting our business prospects, the value of our common stock and perhaps our viability. As such, investors in our securities could lose all or a portion of their investment.

***We may not be able to raise the capital that we are seeking from our securities offerings and may be unable to meet our overall business objective of growing and diversifying our alternative asset exposure.***

The offer and sale of GWG Holdings' L Bonds and preferred stock are a principal means by which we intend to raise funds needed to meet our business and financial goals. However, if we are unable to continue to do so for any reason, we may be unable to meet our goals. If actual cash flows from our portfolio of life insurance policies do not occur as we have forecasted we could be forced to sell our investments in life insurance policies in order to service or satisfy our debt-related obligations. Likewise, if GWG Holdings' and GWG Life's investments in Beneficient do not perform as we have projected, we could be forced to sell such investments in order to service or satisfy such debt-related obligations. Presently, none of GWG Holdings' material investments (life insurance policies and investments in Beneficient) are supported by liquid secondary markets and GWG Holdings' and GWG Life's investments in Beneficient contain transfer restrictions. If we are forced to sell any material amount of these investments, we may be unable to sell them at prices we believe are optimal or at or above the carrying value of such investments, particularly if our sale of assets occurs at a time when we are (or are perceived to be) in distress. In any such event, our business and the value of our securities would likely be materially and adversely impacted.

***GWG Holdings depends upon cash distributions from its subsidiaries, and contractual restrictions on distributions to GWG Holdings or adverse events at one of its operating subsidiaries could materially and adversely affect its ability to pay its debts, redeem preferred stock when requested and continue operating our business.***

GWG Holdings, Inc. is a holding company. As a holding company, GWG Holdings conducts its operations through operating subsidiaries, and as such its most significant assets are cash and its ownership interests in its subsidiaries, controlled affiliates and equity investees. Accordingly, GWG Holdings' ability to meet its obligations, including its debt-related and dividend-payment obligations, materially depends upon the ability of its subsidiaries to distribute cash to it. In this regard, the ability of GWG Holdings' subsidiaries to distribute cash to it is, and will continue to be, restricted by certain negative covenants in the agreement governing the LNV Credit Facility, the NF Credit Facility, and the credit agreements governing Beneficient's secured loans from HCLP Nominees, L.L.C. If any of these limitations were to materially impede the flow of cash to GWG Holdings, its ability to service and repay its debt, including obligations under the L Bonds, and make cash dividend payments to holders of GWG Holdings' preferred stock would be materially and adversely affected. In addition, any adverse corporate event at the subsidiary level, such as a declaration of bankruptcy, liquidation or reorganization or an event of default under the LNV Credit Facility, the NF Credit Facility, or the credit agreements governing Beneficient's secured loans from HCLP Nominees, L.L.C., could adversely affect the ability of GWG Holdings' subsidiaries to distribute cash to it, and thereby materially and adversely affect its ability to service and repay its debt and make cash dividend payments, and negatively impact GWG Holdings ability to continue operations.

***The collateral granted as security for our obligations under our various debt obligations may be insufficient to repay all such debt obligations upon an event of default.***

GWG Holdings and GWG Life have each granted a security interest in substantially all of their respective assets, which include GWG Holdings' and GWG Life's investments in Beneficient and GWG Life's investments in DLP IV Holdings and DLP VI Holdings, to serve as collateral security for obligations under the L Bonds. Importantly, DLP IV, a wholly owned subsidiary of GWG Life, owns approximately 78% of the face value of our life insurance portfolio as of December 31, 2020, and is the borrower under the LNV Credit Facility. As the borrower under the LNV Credit Facility, all of the assets of DLP IV — including all of its life insurance policy assets — serve as collateral for our obligations under the facility. DLP VI, a wholly owned subsidiary of DLP Holdings VI, which itself is a wholly owned subsidiary of GWG Life, owns the remainder of our life insurance portfolio, approximately 22% of the face value of our life insurance portfolio, as of August 31, 2021, and is the borrower under the NF Credit Facility. As the borrower under the NF Credit Facility, all of the assets of DLP VI — including all of its life insurance policy assets — serve as collateral for our obligations under the facility.

Because of the fact that substantially all of our life insurance policies are held in our DLP IV and DLP VI subsidiaries, and all of those life insurance assets serve as collateral security for our obligations under the LNV Credit Facility and NF Credit Facility, respectively, holders of L Bonds risk the possibility that the collateral security to secure our obligations under the L Bonds may be insufficient to repay holders upon an event of default. Furthermore, while the indenture governing the L Bonds limits the amount of debt relative to a measure of asset coverage we can incur, the indenture permits us to incur additional secured debt (subject to a debt coverage ratio) that may be senior to the L Bonds.

Furthermore, most of the assets that secure our obligations under the L Bonds, including GWG Holdings' and GWG Life's investments in Beneficient and GWG Life's ownership interests in the holding companies that own DLP IV and DLP VI, which own substantially all of the life insurance portfolio, are illiquid assets. Although GWG Holdings and GWG Life own debt and equity securities of Beneficient, a substantial majority of the net assets of Beneficient are currently represented by goodwill, an intangible asset. The calculation of Beneficient's goodwill required the utilization of significant estimates and management judgment, as discussed elsewhere in this 2020 Form 10-K. As a result, the carrying value of those assets as reflected in our consolidated financial statements may not necessarily reflect the current market price for those assets, especially in the event of a bulk or distressed sale. Proceeds from L Bond sales will be primarily used for the repayment of L Bond maturities, interest payments and other operating expenses of GWG Holdings, and as otherwise specified in the prospectus for the L Bonds. GWG Holdings may also continue to use a portion of proceeds from L Bond sales to make investments in Beneficient. Because advances from GWG Holdings to Beneficient may be used by Beneficient for working capital purposes, such investments may not increase the tangible assets securing the L Bonds. If the trustee for the L Bonds were forced to sell all or a portion of the collateral securing them, there can be no assurance that the trustee would be able to sell them for the prices at which we have recorded them in our consolidated financial statements, and the trustee might be forced to sell them at significantly lower prices.

***If a significant number of holders of GWG Holdings' L Bonds demand repayment of those instruments upon maturity instead of renewing them, and at such time we do not have sufficient capital on hand to fund those repayments (and do not otherwise have access to sufficient capital), we may be forced to liquidate some of GWG Holdings' life insurance***

***policies, GWG Holdings' or GWG Life's investments in Beneficient or other assets, which could have a material and adverse impact on our results of operations and financial condition. In addition, substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.***

As of December 31, 2020, we had approximately $1.3 billion in principal amount of L Bonds outstanding (including Liquidity Bonds issued in connection with Beneficient's liquidity transactions, but excluding Seller Trust L Bonds). Since we first issued GWG Holdings' L Bonds, we have experienced $768.7 million in maturities, of which $406.3 million has renewed for an additional term, as of December 31, 2020. This has provided us with a cumulative historical renewal rate of approximately 53% for investments in GWG Holdings' L Bonds.

Future contractual maturities of L Bonds (including Liquidity Bonds issued in connection with Beneficient's liquidity transactions, but excluding Seller Trust L Bonds) as of December 31, 2020 are as follows:

| **Years Ending December 31,** | **L Bonds (in thousands)** |
|---|---|
| 2021 | $ 191,582 |
| 2022 | 293,038 |
| 2023 | 191,446 |
| 2024 | 121,105 |
| 2025 | 167,433 |
| Thereafter | 313,277 |
| | $ 1,277,881 |

As of December 31, 2020, we had approximately $366.9 million in principal amount of Seller Trust L Bonds outstanding, of which $94.8 million are held by the ExAlt Trusts and are eliminated in consolidation. The Seller Trust L Bonds have a contractual maturity in August 2023; however, the holders have the ability to exercise a put to require redemption beginning in 2021. This option has not been exercised as of the date of the filing of this 2020 Form 10-K. Under that certain Supplemental Indenture ("L Bond Supplemental Indenture") to the Amended and Restated Indenture dated as of October 23, 2017 (the "Amended and Restated Indenture"), by and among GWG Holdings, GWG Life and Bank of Utah, as trustee, in the event of a redemption request, including maturity, by the holders of the Seller Trust L Bonds, GWG Holdings in its sole discretion has the ability to satisfy the principal in the form of cash, a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan Agreement and (ii) Common Units, or a combination of cash and such property.

The terms of the Liquidity Bonds issued in connection with Beneficient's liquidity transactions also require payment of principal and interest in cash subject to certain exceptions, and we expect to substantially increase the principal amount of Liquidity Bonds we issue as we seek to grow our exposure to alternative assets.

If investors holding existing indebtedness that matures do not elect to renew their investments and we do not at such time have or have access to sufficient capital to repay the indebtedness, then we may need to liquidate some of our life insurance policies or other assets earlier than anticipated. In such an event, we may be unable to sell those policies or other assets at prices we believe are fair or otherwise appropriate and such sales could have a material and adverse impact on our results of operations and financial condition. In addition, substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.

***Subordination provisions contained in the indenture governing the L Bonds, including any supplemental indentures, will restrict the ability of the trustee or the L Bond holders to enforce their rights against us under the indenture, including the right to payment on the L Bonds, if a default then exists under a senior credit facility.***

The L Bonds are subordinate in right of payment to any claims of our senior lender under the LNV Credit Facility and NF Credit Facility. In this regard, subordination provisions limiting the right of L Bond holders to enforce their rights are contained in the indenture. These provisions include:

- a prohibition on challenging any enforcement action taken by a senior lender, or interfering with any legal action or suits undertaken by a senior lender, against us and our affiliates;

- a 180-day standstill period during which there may not be brought any action against us or our affiliates to enforce rights respecting collateral unless the LNV Credit Facility and the NF Credit Facility has been repaid in full, which period may be extended if the senior lender takes action during such standstill period; and
- a prohibition on filing a bankruptcy or insolvency case against us or our affiliates for at least one year plus one day after any senior lender has been paid in full.

In the event of a default on a senior credit facility, the indenture prohibits us from making any payment, direct or indirect (whether for interest, principal, as a result of any redemption or repayment at maturity, on default, or otherwise), on the L Bonds and any other indebtedness unless and until: (i) the default respecting the senior credit facility has been cured or waived or has ceased to exist; or (ii) in the case of a non-payment default that permits a senior lender to declare as due and payable all amounts owing under a senior credit facility (but where that senior lender has not yet so declared amounts as being due and payable), until the end of the period commencing on the date the trustee receives written notice of default from the senior lender and ending on the earliest of (1) our discharge of the default (or other cure), (2) the trustee's receipt of a valid waiver of default from the senior lender, or (3) a written notice from the senior lender terminating the payment prohibition.

During any payment prohibition period, neither the holders of the L Bonds nor the trustee will have the right, directly or indirectly, to sue to enforce the indenture or the L Bonds. Other provisions of the indenture do permit the trustee to take action to enforce the payment rights of L Bond holders after 179 days have passed since the trustee's receipt of notice of default from a senior lender, but in such case any funds paid as a result of any such suit or enforcement action shall be applied toward the senior credit facility until the facility is indefeasibly paid in full before being applied to the L Bonds.

These subordination provisions present the risk that, upon any default by us on obligations owed to our senior lender, the holders of the L Bonds will be unable to enforce their rights to payment.

If the 180-day standstill period noted above, or any other limitation on the rights of the trustee or L Bond holders to assert their rights to payment of principal or interest under the indenture, is ultimately determined to conflict with provisions of the Trust Indenture Act of 1939 (most notably sections 316(b) and 317(a) of that Act), then the trustee, as well as any holder who shall not have earlier consented to such subordination provisions, will (notwithstanding such provision contained in the indenture) be authorized to institute a lawsuit for the enforcement of any payment of principal or interest after their respective due dates.

***A failure to maintain compliance with the covenants under the LNV Credit Facility and the NF Credit Facility and the indenture governing the L Bonds may have a material adverse effect on our ability to continue our business operations.***

We are subject to various covenants under both the LNV Credit Facility and NF Credit Facility, including requirements to timely deliver financial statements to LNV Corporation (our senior lender under the LNV Credit Facility) and National Founders (the administrative agent under the NF Credit Facility). Due to our failure to deliver GWG Life audited financial statements for 2020 to LNV Corporation within 90 days after the end of the year, we were in violation of our reporting obligations. CLMG Corp., as administrative agent for LNV Corporation, issued a limited deferral extending the delivery of this report to May 17, 2021. We regained compliance on May 17, 2021, when the audited annual financial statements of GWG Life were delivered to LNV Corporation. If we fail to remain in compliance with our debt covenants, we may not be permitted to request, nor will we be entitled to receive, advances under the LNV Credit Facility, and we will not be entitled to any excess amounts received from policies pledged under the LNV Credit Facility. A failure to deliver required financial statements to LNV Corporation or National Founders in the future may result in termination of the applicable credit facility absent an extension of such period. We may be unable to repay outstanding amounts under our credit facilities unless we are able to replace it with another facility or otherwise obtain capital from other sources, in which case LNV Corporation or National Founders could elect to foreclose on the life insurance assets held in DLP IV or DLP VI, respectively, that serve as collateral security.

Under the indenture, including any supplemental indentures, governing the L Bonds, we are subject to various financial and non-financial covenants, including a maximum debt coverage ratio. As of December 31, 2020, we were in compliance with all of our covenants; however, there can be no assurance that we will be able to comply with all of our financial and non-financial covenants in the future. A failure to comply with these covenants could cause us to be in default of the indenture governing the L Bonds and the indenture trustee, acting on behalf of the holders of GWG Holdings' L Bonds, would be within its rights to accelerate the maturity dates of any amounts owed on GWG Holdings' L Bonds. If we were unable to repay outstanding amounts, either using current cash reserves or another source of capital, the indenture trustee would have the right, subject to the subordination provisions in the indenture, to foreclose on our assets and the assets of GWG Life (including GWG Life's equity in DLP IV and DLP Holdings VI), which serve as collateral for GWG Holdings' L Bonds. If

we are required to seek other sources of financing in order to satisfy our obligations under the LNV Credit Facility, the NF Credit Facility or GWG Holdings' L Bonds, such other sources of capital may be unavailable to us on terms acceptable to us or at all. As a result, failure to comply with the covenants under our debt arrangements would have a material and adverse impact on our ability to continue our business operations and may result in our investors losing all or a portion of their investment.

***The debt coverage ratio in our indenture, designed to provide some assurance to the holders of the L Bonds that the value of our total assets exceeds our total interest-bearing obligations, values our life insurance policy assets, which represent 66% of our total assets (excluding goodwill) as of December 31, 2020, in a manner that may not be representative of the amount we would actually receive upon a sale of those assets.***

Under the indenture governing the L Bonds, the maximum amount of L Bonds we may issue at any time, and certain other debt, is limited to an amount such that our debt coverage ratio does not exceed 90%. This limitation is designed to provide a limit on the aggregate amount of certain debt of the Company. The "net present value" of our life insurance assets used in the debt coverage ratio is not the same as the GAAP "fair value" of those assets on our balance sheet. Accordingly, the debt coverage ratio is not necessarily indicative of the amount we and holders of L Bonds would actually receive if we were forced to sell or liquidate our life insurance related assets. Furthermore, any sale or liquidation of all or a significant portion of GWG Holdings' life insurance policies or investments in Beneficient would include significant transactional costs. As a result, our mere compliance with the debt coverage ratio in the indenture will not guarantee that the value of GWG Holdings' life insurance assets plus the value of GWG Holdings' and GWG Life's investments in Beneficient, if sold or liquidated, would in all cases exceed the amount of GWG Holdings' obligations to the holders of L Bonds and other creditors.

***The interest rates under our credit agreements and other agreements may be impacted by the phase-out of the London Interbank Offered Rate ("LIBOR").***

LIBOR is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rates on loans globally. LIBOR is used as a reference rate to calculate interest under certain of our borrowings and receivables. In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, identified the Secured Overnight Financing Rate ("SOFR") as the preferred alternative reference rate to U.S. dollar LIBOR and recommended a paced transition plan that involves the creation of a reference rate based on SOFR by the end of 2021. SOFR is a more generic measure than LIBOR and considers the cost of borrowing cash overnight, collateralized by U.S. Treasury securities. Given the inherent differences between LIBOR and SOFR or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR. Certain of our borrowing and receivable agreements contain fallback provisions providing for alternative rate calculations in the event LIBOR is unavailable, prior to any LIBOR rate transition. As a result, our level of interest payments we incur or receive may change and the new rates we incur may not be as favorable to us as those in effect prior to any LIBOR phase-out.

***We have the discretion to purchase assets through different subsidiaries, and to transfer assets among GWG Holdings' subsidiaries. Any decision to purchase or hold title to assets in one subsidiary, as opposed to a different subsidiary, may affect the value of collateral security for our debts.***

We may at our discretion direct GWG Holdings' and GWG Life's investments in Beneficient, purchases of additional life insurance policies, if any, and other assets by, and the sale of life insurance policies and other assets among, different subsidiaries of GWG Holdings. Purchases of assets in, or movements of assets amongst, different subsidiaries could affect the value of the collateral security for obligations under the L Bonds. For example, purchases through, or transfers of life insurance policies to, DLP IV would cause the policies acquired or transferred to become collateral for the LNV Credit Facility, and purchases through, or transfers of life insurance policies to, DLP VI would cause the policies acquired or transferred to become collateral for the NF Credit Facility, whereas purchases through, or transfers of life insurance policies to, GWG Life would cause the policies acquired by GWG Life to become collateral for the L Bonds. Accordingly, purchases of assets through, or transfers of assets to, different subsidiaries may affect the value of collateral security for different classes of holders of our debt.

**Legal and Regulatory Risks**

***A determination that we are an unregistered investment company would have material adverse consequences.***

A determination that we are an unregistered investment company under the Investment Company Act of 1940 (the "1940 Act") would have serious adverse consequences. We do not believe we could operate our business effectively as a registered

investment company. As a result, we would have to change our operations so as not to be an investment company. Changes could include refraining from raising capital, changing the types of products and services that Beneficient provides, and changing the nature of the Collateral. Furthermore, if at any time it were established that we had been operating as an investment company in violation of the registration requirements of the 1940 Act, there would be a risk, among other material adverse consequences, that such company: (i) could become subject to SEC investigation and enforcement actions, including monetary penalties and injunctive relief, (ii) would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with such company undertaken during the period in which it was established that such company was an unregistered investment company, and (iii) would face adverse action from the Texas Department of Banking, either in relation to Beneficient's pending application for a trust company charter, or if such charter is granted, in connection with such charter, the Kansas Office of the State Bank Commissioner, in relation to the Kansas TEFFI trust company charter. Such developments would be likely to have material and adverse consequences for us and the value of GWG Holdings' and GWG Life's investments in Beneficient and result in a breach under our credit facilities and GWG Holdings' L Bonds, which would likely adversely affect our liquidity and increase our cost of capital and operational expenses. In addition, if Ben LP were treated as an investment company, it would not be eligible to be taxed as a partnership and instead would be taxable as a corporation for U.S. federal income tax purposes, which could result in a material and adverse impact on the value of GWG Holdings' and GWG Life's investments in Beneficient.

On occasion, the SEC has attempted to regulate the purchase of non-variable universal life insurance policies as transactions in securities under federal securities laws. In July 2010, the SEC issued a Staff Report of its Life Settlement Task Force. In that report, the Staff recommended that certain types of purchased insurance policies be classified as securities. The SEC has not taken any position on the Staff Report, and there is no indication if the SEC will take any action to implement the recommendations of the Staff Report. In addition, there have been several federal court cases in which transactions involving the purchase and fractionalization of life insurance policies have been held to be transactions in securities under the federal Securities Act of 1933.

We believe that the matters discussed in the Staff Report and existing case law do not impact our current business model because our life insurance policies are distinguishable from those cases that have been held by courts, and advocated by the Staff Report, to be transactions in securities. For example, neither we nor any of our affiliates are involved in the fractionalization of life insurance policies, and we presently do not purchase variable life insurance policies. As a practical matter, if all or a majority of our life insurance policies were deemed to be "securities" under federal securities laws, either through an expansion of the definition of what constitutes a "security," the expansion of the types of transactions in life insurance policies that would constitute transactions in "securities," or the elimination or limitation of available exemptions and exceptions (whether by statutory change, regulatory change, or administrative or court interpretation), then we or one or more of our affiliated entities could become subject to the 1940 Act.

***Beneficient will be subject to comprehensive governmental regulation and supervision.***

Ben LP and its subsidiaries operate in a highly regulated environment and will be subject to supervision and regulation by several governmental agencies. Ben LP and its subsidiaries are subject to changes in federal and state laws, regulations, governmental policies, tax laws and accounting principles. As Beneficient's business grows, Ben LP and its subsidiaries expect to become subject to additional regulatory agencies' regulation, including offshore insurance regulatory requirements in Bermuda and broker-dealer regulatory requirements in the United States. Changes in regulations or the regulatory environment could adversely affect Beneficient's business and the value of GWG Holdings' and GWG Life's investments in Beneficient.

***Beneficient faces a risk of noncompliance with and enforcement actions under the Bank Secrecy Act and other anti-money laundering statutes and regulations.***

The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service (the "IRS"). Beneficient is also subject to increased scrutiny of compliance with the rules enforced by the OFAC and compliance with the Foreign Corrupt Practices Act. If Beneficient's policies, procedures and systems are deemed deficient, Beneficient will be subject to liability, including fines and regulatory actions, which may include restrictions on Beneficient's ability to make distributions to its unitholders, including GWG, and the necessity to obtain regulatory approvals to proceed with certain aspects of Beneficient's business plan. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for

Beneficient. Any of these results could materially and adversely affect Beneficient's business, financial condition and results of operations and the value of GWG Holdings' and GWG Life's investments in Beneficient.

***The failure of our trust subsidiaries to maintain certain minimum amounts of capital may result in regulatory sanctions or restrictions, limitations on their respective activities and operations, or require them to raise additional capital.***

As regulated entities, Beneficient's Kansas TEFFI and Texas trust company would be required to maintain minimum levels of capital under a framework determined by the Kansas State Banking Commissioner or Texas Banking Commissioner, as applicable. Except under certain specific and limited circumstances, in the event that Beneficient's Texas trust company failed to maintain at least such minimum capital amount, it would be unable to pay dividends to Beneficient or engage in capital repurchases, which could impair its ability to provide liquidity to Beneficient. In addition, the failure of Beneficient's trust companies to maintain minimum required levels of capital could subject them to administrative action, which could include restrictive constraints on operations, management, and activities, monetary sanctions, orders to raise additional capital, or, under certain limited circumstances, in the commencement of receivership or conservatorship proceedings. Any of these actions could have a material adverse effect on Beneficient's financial condition, results of operations or prospects, which could affect the value of GWG Holdings' and GWG Life's investments in Beneficient.

***If a subsidiary of Ben LP receives a trust company charter in Texas or an unconditional TEFFI charter in Kansas, the Texas Banking Commissioner or the Kansas State Banking Commissioner, as applicable, would have the authority to increase the minimum amount of capital required to be maintained by such subsidiaries under certain circumstances, which may result in lower returns on equity.***

The Texas Banking Commissioner has the authority to increase the minimum amount of capital required to be maintained by a Texas trust company, under a framework set forth in the Texas Finance Code, if the Commissioner finds that the condition and operations of the Company require additional capital to promote the safety and soundness of the trust company. Factors to be considered include the nature and type of business in which the trust company engages, the nature and decree of liquidity in trust company assets, the amount and type of fiduciary assets managed by the trust company, the complexity of the business, the adequacy of insurance held by the trust company and the extent and adequacy of its internal controls, among other things.

The Kansas State Banking Commissioner does not have the same discretionary authority under the TEFFI Act to increase a TEFFI's minimum capital so long as: (i) the TEFFI does not accept deposits, other than alternative asset custody accounts; (ii) the TEFFI maintains no third-party debt except debts owed to its members or its affiliates; and (iii) the TEFFI has secured an agreement from its members whereby such members agree to contribute additional capital to the TEFFI on if needed to ensure the safety and soundness of the fiduciary financial institution. However, if those requirements are not satisfied, the Kansas State Banking Commissioner may have the authority to require the TEFFI to maintain additional capital.

Any increase in the minimum amount of capital required for Beneficient's Kansas TEFFI or Texas trust company will further limit its ability to direct the allocation of those capital resources in the most optimal manner, including through cash distributions to Beneficient. In addition, a requirement to maintain higher minimum levels of capital at those entities may result in lower returns on equity, which could affect the value of GWG Holdings' and GWG Life's investments in Beneficient.

***Beneficient may be impacted adversely by claims or litigation, including claims or litigation relating to its fiduciary responsibilities.***

Beneficient's business involves the risk that customers or others may sue Beneficient, claiming that Beneficient has failed to perform under a contract or otherwise failed to carry out a duty perceived to be owed to them. This risk would be heightened when Beneficient's trust company begins serving as a fiduciary for its customers if the Texas state trust company charter is issued or when the Kansas TEFFI charter becomes unconditional. Specifically, Beneficient's trust company would be required to (i) adhere to the fiduciary standard of care required under the terms of the governing documents or applicable law, and (ii) properly discharge its fiduciary duties. If Beneficient fails to comply with these fiduciary obligations, it could incur significant costs and possibly liability, which could materially and adversely affect Beneficient's business, financial condition or results of operations. Liability for breach of fiduciary duty may be difficult to assess or quantify and its existence and magnitude may remain unknown for a substantial period of time. Additionally, an alleged breach of fiduciary duty, regardless of the merits of such alleged breach, could significantly damage Beneficient's reputation and cause it to incur legal and other costs. Claims made or actions brought against Beneficient, whether founded or unfounded, may result in injunctions, settlements, damages, fines or penalties, which could have a material adverse effect on Beneficient's financial condition and results of operations, could adversely affect Beneficient's ability to raise additional funding or attract new customers, and could require changes to Beneficient's business. Even if Beneficient defends itself successfully, the cost of litigation is often

substantial, and public reports regarding claims made against Beneficient may cause damage to its reputation among existing and prospective customers or negatively impact the confidence of counterparties, rating agencies, and equity holders, consequently affecting Beneficient's earnings negatively.

***A change in Beneficient's tax treatment could adversely affect Beneficient.***

Beneficient is subject to a variety of tax laws and tax regulations by national, regional and local governments and its Ben Insurance subsidiary, Pen, will be subject to foreign tax laws and tax regulations. Ben LP, and most of its subsidiaries, are pass through entities that are generally not subject to taxation. Rather, Beneficient passes on the distributive share of income to its investors who bear the burden of any tax liability that may be generated by such income. These tax laws and regulations (including the applicable tax rates), and their interpretation and application, may change from time to time and those changes could have a material adverse effect on the results of operations or Beneficient's financial position.

In addition, without the consent of Ben LP's unitholders, Ben LP's general partner may elect to convert Ben LP into a corporation or be taxed as a corporation for U.S. federal income tax purposes if certain conditions have been met. Such a conversion could be a taxable event to Ben LP's unitholders where gain or loss is recognized. In addition, a conversion would subject all of Ben LP's future net income to a level of corporate tax, which may reduce the amount of cash available for distribution or reinvestment.

***Our life insurance business is subject to state regulation and changes in those laws and regulations, or changes in their interpretation, could negatively affect our results of operation and financial condition.***

When we purchase a life insurance policy, we are subject to state insurance regulations. Over the past number of years, we have seen a dramatic increase in the number of states that have adopted legislation and regulations from model laws promulgated by either the National Association of Insurance Commissioners ("NAIC") or by the National Conference of Insurance Legislators (NCOIL). These laws are essentially consumer protection statutes responding to abuses that arose early in the development of the industry, some of which may persist. Today, almost every state has adopted some version of either the NAIC or NCOIL model laws, which generally require the licensing of purchasers of and brokers for life insurance policies, the filing and approval of purchase agreements, and the disclosure of transaction fees. These laws also require various periodic reporting requirements and prohibit certain business practices deemed to be abusive. State statutes typically provide state regulatory agencies with significant powers to interpret, administer, and enforce the laws relating to the purchase of life insurance policies. Under statutory authority, state regulators have broad discretionary power and may impose new licensing requirements, interpret or enforce existing regulatory requirements in different ways, or issue new administrative rules, any of which could be generally adverse to the industry and potentially the value of our life insurance policy assets.

***We may incur fines, penalties and other negative consequences from regulatory violations.***

We may fail to comply with applicable laws and regulations and be held accountable for such violations, even if such violations are inadvertent. Some legal/regulatory frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there were systems and procedures designed to ensure compliance in place at the time. For example, Beneficient is subject to regulations issued by the Office of Foreign Assets Control, or "OFAC," that prohibit financial institutions from participating in the transfer of property belonging to the governments of certain foreign countries and designated nationals of those countries. OFAC may impose penalties for inadvertent or unintentional violations even if reasonable processes are in place to prevent the violations. There may be other negative consequences resulting from a finding of noncompliance, including restrictions on certain activities.

On April 1, 2021, we filed with the SEC a Notification of Late Filing pursuant to Rule 12b-25 of the Securities Exchange Act of 1934 indicating that we were unable to complete our financial statements as of and for the year ended December 31, 2020 within the time period required to timely file this 2020 Form 10-K for the year ended December 31, 2020. We indicated at the time that we expected to file this Report no later than April 15, 2021, which is the fifteenth calendar day filing extension period afforded registrants under Rule 12b-25 of the Securities Exchange Act of 1934. As of April 15, 2020, however, we remained unable to file this Report. As such, we temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing this annual report with the SEC. Additionally, we were unable to timely file our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, which was due on or before May 17, 2021, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, which was due on or before August 17, 2021.

As part of the preparation of this 2020 Form 10-K, the Company voluntarily submitted two questions to the SEC's OCA on February 15, 2021. OCA is responsible for accounting and auditing matters arising in the SEC's administration of the federal securities laws, particularly with respect to accounting policy determinations. The questions submitted by the Company to OCA were (1) whether the December 31, 2019 transaction resulted in GWG Holdings obtaining control of Ben LP in a transaction by entities not under common control, and (2) whether Ben LP was required to consolidate any of the ExAlt Trusts. On July 26, 2021, the Company and OCA staff held a conference call in which OCA's staff notified the Company of its conclusions on the two accounting questions that were the subject of the consultation. During that call, OCA expressed that it would object to a conclusion that Ben LP not consolidate the ExAlt Trusts as of December 31, 2019. Consistent with the conclusions communicated by OCA, on August 1, 2021, the Board of Directors of GWG Holdings determined that it is necessary to restate prior period financial statements for the year ended December 31, 2019, and quarterly financial statements for the first three quarters of the year ended December 31, 2020, to consolidate the ExAlt Trusts into Beneficient's financial statements beginning on December 31, 2019, and consequently into the Company's consolidated financial statements on that same date.

We anticipate recommencing the offering of GWG Holdings' L Bonds when we regain compliance with SEC filing requirements. To regain compliance, we must (i) prepare and file all applicable late filings, including this 2020 Form 10-K and the Quarterly Reports on Form 10-Q for the first and second quarters of 2021, by October 31, 2021, and (ii) hold an annual shareholder meeting by December 31, 2021. If GWG Holdings is unable to regain compliance with Nasdaq's filing requirements for continued listing, we expect GWG Holdings to be delisted, in which case our business and the value of our securities would likely be materially and adversely impacted. While we have not filed the filings required by October 31, 2021, as of the date of this filings, we have communicated with Nasdaq regarding the status of the filings and have not yet received notice from Nasdaq regarding delisting.

***We face risks from regulatory investigations and proceedings and from private actions.***

From time to time, we may be named as a defendant or otherwise become involved in various legal proceedings, including class actions and other litigation or disputes with third parties. Future actions against us may result in judgments, settlements, fines, penalties or other results adverse to us, which could materially adversely affect our business, financial condition or results of operations, or cause serious reputational harm to us.

Beneficient's businesses and operations are also subject to increasing regulatory oversight and scrutiny, which may lead to additional regulatory investigations or enforcement actions. These and other initiatives from federal and state officials may subject Beneficient to judgments, settlements, fines or penalties, or cause Beneficient to be required to restructure its operations and activities, all of which could lead to reputational issues, or higher operational costs, thereby reducing Beneficient's profitability.

While we seek to insure against potential risks, we may not be able to obtain insurance to cover certain risks, or obtain coverage on favorable terms, and the insurance that we have may be inadequate to cover certain civil or criminal proceedings or regulatory investigations and associated costs.

***We are currently subject to a non-public, fact-finding investigation into GWG Holdings by the SEC, and we are unable to predict the outcome of this matter.***

On October 6, 2020, GWG Holdings received a subpoena to produce documents from the Chicago office of the SEC's Division of Enforcement, informing the Company of the existence of a non-public, fact-finding investigation into GWG Holdings. Since the initial subpoena, the Company has received subsequent subpoenas from the SEC for additional information. The requested information from the SEC has primarily related to GWG Holdings' investment products, including its L Bonds, as well as various accounting matters, among them, the consolidation for financial reporting purposes of Beneficient by GWG Holdings, goodwill valuation, and the accounting related to the ExAlt Trusts, related party transactions, life insurance policies, and the calculation of the debt-coverage ratio. We are cooperating fully with the SEC in connection with its investigation. Investigations of this nature are inherently uncertain, and their results cannot be predicted. Regardless of the outcome, the SEC investigation may have an adverse impact on us because of fines, legal costs, other expenses, diversion of management resources, and other factors. The investigation could also result in reputational harm to the Company and may have a material adverse effect on the Company's current and future business activities and its ability to

raise capital through the sale of L Bonds and equity securities. As a result, the failure to raise enough capital to meet our cash needs could have a material adverse effect on our operations and the value of our securities.

**General Risk Factors**

***Our success depends on certain key executives and the ability to attract, retain, and develop new professionals.***

Our success depends in large part upon the skills, experience, personal reputations and network of business contacts of certain key executives. These individuals' reputations, business relationships and expertise are critical elements in the successful implementation of our business strategy. Accordingly, the loss of any of the key executives could materially harm our business.

Our key executives are directly responsible for setting our strategic direction, operating our business, maintaining and expanding business and other critical relationships, clients and business partners and identifying expansion opportunities. Should we lose one of these key executives, we may have to search externally for a qualified replacement, which search may be prolonged, and we cannot provide assurance that we will be able to hire such a replacement on a timely basis or at all.

Most of our employees are employed by Beneficient, who provide services to GWG Holdings pursuant to the terms and conditions of an administrative shared services agreement, by and between GWG Holdings and Ben LP (the "Shared Services Agreement"). GWG Holdings and Ben LP have entered into a non-binding term sheet under which GWG Holdings would lose its ability to appoint a majority of the board of directors of the general partner of Ben LP and control the activities of Beneficient. If GWG Holdings is no longer able to control the activities of Beneficient, GWG Holdings will be relying on contractual obligations, including those under the Shared Services Agreement, to meet its human capital needs.

Additionally, competition for qualified personnel in the financial services industry is intense. Thus, the loss of any of these key personnel, by resignation, termination, death or disability, or our inability to recruit and retain qualified replacements, could cause disruption in our business and could prevent us from fully implementing our business strategy, which could materially and adversely affect our business, growth and profitability.

***Our business faces substantial competition from a variety of financial solution companies and other liquidity providers to owners of alternative assets.***

We face substantial competition in all areas of its operations from a variety of competitors, many of which are larger, have an established track record and reputation, and may have more financial resources. Our business competes with other providers of financial and trust administration such as bank holding companies, commercial and savings banks, savings and loan associations, credit unions, asset managers and their private equity affiliates, insurance companies and a growing list of other local, regional and national institutions that offer financial and trust administration services. Our business also competes with other providers of liquidity for alternative assets, which may hinder our ability to offer liquidity transactions to the market. If we are unable to compete effectively, we will not be able to grow our exposure to alternative assets and our operating results and financial condition will be adversely affected. While we believe regulatory approval to operate certain of our subsidiaries as a Texas trust company, Kansas TEFFI trust company and Bermuda Class 3 insurer will give us competitive advantages, any such advantages are not certain and we may never receive such approvals.

***Our results of operations likely will fluctuate from period to period, which may adversely affect the market price of our securities.***

We expect that the results of our operations will vary significantly from period to period for a variety of reasons, many of which are outside of our control and difficult to predict, including demand for Beneficient's liquidity products and trust administration services, changes in the fair value of the alternative assets held by certain of the ExAlt Trusts, performance of the ExAlt Loans against alternative assets interests underlying the Collateral and concentration of risk in the loan portfolios, and the performance of our life insurance portfolio. Because our results of operations may vary significantly from quarter to quarter, the results of any one period should not be relied upon as an indication of future performance and such fluctuations may make it harder for us to market and sell our securities or otherwise obtain necessary financing to maintain and grow our business.

***Business disruptions and interruptions and adverse economic conditions due to natural disasters and other external events beyond our control can adversely affect our business, financial condition and results of operations.***

Our operations can be subject to natural disasters and other external events beyond our control, such as the effects of earthquakes, fires, floods, severe weather, public health issues such as the outbreak of the coronavirus or other pandemic diseases, power failures, telecommunication loss, major accidents, terrorist attacks, acts of war, and other natural and man-made events, some of which may be intensified by the effects of a government response to the event or climate change and

changing weather patterns. For example, our corporate headquarters and critical business offices are located in north Texas, which is geographically located in “tornado alley”, an area known for high instances of tornadoes, and which recently experienced catastrophic tornadic activity and blackouts. A tornado or other disaster could cause severe destruction, disruption or interruption to our operations or property and significantly impact our employees.

Although we have implemented a business continuity management program that we continue to enhance on an ongoing basis, there can be no assurance that the program will adequately mitigate the risks of such business disruptions and interruptions. Additionally, natural disasters and external events, including those occurring in and around Texas, could affect the business and operations of our clients, which could impair their ability to satisfy obligations to us, impair the value of underlying collateral or otherwise adversely affect their business dealings with us, any of which could have a material adverse effect on our business, financial condition or results of operations.

***Changes in general economic conditions could adversely impact our business.***

Changes in general economic conditions, including, for example, interest rates, foreign exchange rates, short term funding markets, investor sentiment, changes specifically affecting competition, technological developments, political and diplomatic events, tax laws, and other factors, can substantially and adversely affect our business and prospects. For example, an increase in interest rates would increase our cost of capital and may limit our ability to raise capital and have a corresponding adverse impact on our operating results. The financial markets and businesses operating in the securities industry are highly volatile and are affected by, among other factors, domestic and foreign economic conditions, geopolitics and general trends in business and finance, all of which are beyond our control. While we have engaged and may continue to engage in certain hedging activities to mitigate the impact of fluctuating interest rates and foreign exchange rates, none of these risks are or will be within our control. Declines in the financial markets or a lack of sustained growth may result in a corresponding decline in Beneficient’s performance and may adversely affect the assets comprising the Collateral and the ExAlt Loans against the assets comprising the Collateral.

***A failure in our operational systems as well as human error or malfeasance, including cyber-attacks, could impair our liquidity, disrupt our business, result in the disclosure of confidential information, damage our reputation, and cause losses.***

Our financial, accounting, data processing or other operational systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control. We must continuously update systems to support our operations and growth and to respond to changes in regulations and markets, and invest in systemic controls and training to ensure that such transactions do not violate applicable rules and regulations or, due to errors in processing such transactions, adversely affect markets, our clients or us. Enhancements and updates to systems, as well as the requisite training, including in connection with the integration of new businesses, entail significant costs and create risks associated with implementing new systems and integrating them with existing ones.

The use of computing devices and phones is critical to the work done by our employees and the operation of our systems and business and those of our clients and its third-party service providers and vendors. Additionally, computing devices may be vulnerable to cyber-attacks or have other inherent weaknesses.

Cybersecurity attacks and security breaches of our technology systems, and those of our clients and third-party vendors, may subject us to liability and harm our business operations and overall reputation. Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Threats to information technology systems associated with cybersecurity risks and cyber incidents continue to grow, and there have been a number of highly publicized cases involving financial services companies, consumer-based companies and other organizations reporting the unauthorized disclosure of client, customer or other confidential information in recent years. Cybersecurity risks could disrupt our operations, negatively impact our ability to compete and result in injury to our reputation, result in system downtime and loss of revenue, and increase costs to prevent, respond to or mitigate cybersecurity events. Our security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions that could result in unauthorized disclosure or loss of sensitive information; damage to our reputation; the incurrence of additional expenses; additional regulatory scrutiny or penalties; or our exposure to civil or criminal litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition and results of operations.

Third parties upon whom we rely face similar threats, which could directly or indirectly impact our business and operations. The occurrence of a cybersecurity-incident or attack on our third-party vendors could have a material adverse effect on our reputation and on our business, financial condition and results of operations.

Notwithstanding the proliferation of technology and technology-based risk and control systems, our business relies on individuals that may make mistakes or engage in violations of applicable policies, laws, rules or procedures that are not always identified immediately by our technological processes or by our controls and other procedures. These errors or violations can include calculation errors, mistakes in addressing emails, errors in software or model development or implementation, or errors in judgment, as well as intentional efforts to ignore or circumvent applicable policies, laws, rules or procedures. Human errors and malfeasance, even if promptly discovered and remediated, can result in material losses and liabilities for us.

***We rely on other companies to provide key components of our business infrastructure.***

Third-party vendors provide and are expected to continue to provide key components of our business infrastructure. Any problems caused by these third parties, including as a result of their not providing us their services for any reason or their performing their services poorly, could adversely affect our ability to deliver products and services to our clients, impair our ability to conduct our business efficiently and effectively, and/or result in regulatory action, financial loss, litigation, and loss of reputation. Replacing these third-party vendors could also entail significant delay and expense.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

Not applicable.

**ITEM 2. PROPERTIES.**

Our principal executive offices are currently located at 325 North St. Paul Street, Dallas, Texas 75201. GWG Holdings and Beneficient collectively lease 33,652 square feet of space for a lease term which expired on July 31, 2021. GWG Holdings also retains the lease of its legacy executive offices located at 220 South Sixth Street, Suite 1200, Minneapolis, Minnesota 55402. At that location, GWG Holdings is the primary lessee for 17,687 square feet of space for a lease term expiring in 2025. GWG Holdings no longer occupies the Minneapolis office space, but the lease of the space has been retained for use by FOXO. We believe these facilities are adequate for our current needs and that suitable additional space will be available as needed.

**ITEM 3. LEGAL PROCEEDINGS**

We are a party from time to time to what we believe are routine litigation and proceedings considered part of the ordinary course of our business. We believe that the outcome of such existing proceedings would not have a material adverse effect on our financial position, results of operations or cash flows.

*U.S. Securities and Exchange Commission Subpoena*

On October 6, 2020, GWG Holdings received a subpoena to produce documents from the Chicago office of the SEC's Division of Enforcement, informing the Company of the existence of a non-public, fact-finding investigation into GWG Holdings. Since the initial subpoena, the Company has received subsequent subpoenas from the SEC for additional information. The requested information from the SEC has primarily related to GWG Holdings' investment products, including its L Bonds, as well as various accounting matters, among them, the consolidation for financial reporting purposes of Beneficient by GWG Holdings, goodwill valuation, and the accounting related to the ExAlt Trusts, related party transactions, life insurance policies, and the calculation of the debt-coverage ratio.

Until receipt of the initial subpoena on October 6, 2020, the Company had no previous communication with the SEC related to these issues and was unaware of this investigation. The Company is fully cooperating with the SEC in this investigation. The Company is unable to predict when this matter will be resolved or what further action, if any, the SEC may take in connection with it.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

GWG Holdings common stock is listed on The Nasdaq Capital Market under the ticker symbol "GWGH."

As of December 31, 2020, there were 112 record holders of GWG Holdings' common stock, one of which was Cede & Co., a nominee for The Depository Trust Company, or DTC. Shares of common stock that are held by financial institutions as nominees for beneficial owners are deposited into participant accounts at DTC, and are considered to be held of record by Cede & Co. as one stockholder.

### ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

*The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes and the information contained in other sections of this report. This discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management.*

*Unless the context otherwise indicates, all references in this Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, to the "Company," "we," "us," "our" or "ours" or similar words are to GWG Holdings Inc. and its direct and indirect wholly-owned and consolidated subsidiaries, references to "GWG Holdings" refer to GWG Holdings Inc., references to "GWG Life" refer to GWG Life, LLC (a wholly-owned subsidiary of GWG Holdings), references to "DLP IV" refer to GWG DLP Funding IV, LLC (a wholly-owned subsidiary of GWG Life), references to "DLP V Holdings" refer to GWG DLP Funding V Holdings, LLC (a wholly-owned subsidiary of GWG Life), references to "DLP V" refer to GWG DLP Funding V, LLC (a wholly-owned subsidiary of DLP V Holdings), references to "DLP VI Holdings" refer to GWG DLP Funding Holdings VI, LLC (a wholly-owned subsidiary of GWG Life), references to "DLP VI" refer to GWG DLP Funding VI, LLC (a wholly-owned subsidiary of DLP VI Holdings), references to "Ben LP" refer to The Beneficient Company Group, L.P. (a consolidated subsidiary of GWG Holdings), references to "Beneficient" refer to Ben LP and all of its consolidated subsidiaries, references to "BCH" refer to Beneficient Company Holdings, L.P. (of which Ben LP is the general partner), references to "Beneficient Management" refer to Beneficient Management, L.L.C. (the general partner of Ben LP), references to "BCC" refer to Beneficient Capital Company, L.L.C. (a subsidiary of Ben LP), references to "BACC" refer to Beneficient Administrative and Clearing Company, L.L.C. (a subsidiary of Ben LP), references to "Pen" refer to Pen Indemnity Insurance Company, LTD (a subsidiary of Ben LP), references to "Ben Markets" refer to Ben Markets L.L.C. (a subsidiary of Ben LP), references to "FOXO" refer to FOXO Technologies Inc. (formerly, FOXO BioScience LLC, an equity investee of GWG Holdings), references to "FOXO Labs" refer to FOXO Labs Inc. (formerly, Life Epigenetics Inc., a wholly-owned subsidiary of FOXO), references to "FOXO Life" refer to FOXO Life LLC (formerly, youSurance General Agency, LLC, a wholly-owned subsidiary of FOXO); references to the "ExAlt Plan™ ", refer to a trust structure comprising customized trust vehicles (the "ExAlt Trusts", and each, an "ExAlt Trust").*

**Overview**

We are an innovative financial services firm based in Dallas, Texas, that is a leader in providing unique liquidity solutions and services for the owners of illiquid investments. In 2018 and 2019, GWG Holdings and GWG Life consummated a series of transactions (as more fully described in Item 1. *Business*) with The Beneficient Company Group, L.P. ("Ben LP," including all of the subsidiaries it may have from time to time — "Beneficient"). On December 31, 2019, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management. As a result of this change-of-control event, GWG Holdings reported the results of Beneficient on a consolidated basis beginning on the transaction date of December 31, 2019. As further described in Note 23 to the consolidated financial statements, on August 13, 2021, GWG Holdings and Ben LP, and BCH (as defined below) entered into a non-binding term sheet (the "Term Sheet") which, if completed, is expected to result in, among other things, the deconsolidation of Beneficient from GWG Holdings.

Beneficient is a financial services company, based in Dallas, Texas, that markets an array of liquidity and trust administration products to alternative asset investors primarily comprised of mid-to-high-net-worth individuals having a net worth between

$5 million and $30 million (“MHNW”) and small-to-midsize institutional investors and family offices with less than $1 billion in investable assets (“STMIs”). Ben LP plans to offer its products and services through its five operating subsidiaries, which include (i) Ben Liquidity, L.L.C. and its subsidiaries (collectively, “Ben Liquidity”), (ii) Ben Custody, L.L.C. and its subsidiaries (collectively, “Ben Custody Admin”), (iii) Ben Insurance, L.L.C. and its subsidiaries (collectively, “Ben Insurance”), (iv) Ben Markets, L.L.C., and its subsidiaries (collectively, “Ben Markets”) and (v) The Beneficient Company Group (USA), L.L.C (“Beneficient USA”). Ben Liquidity plans to operate a trust company that is a Kansas Technology Enabled Fiduciary Financial Institutions (“TEFFI”) authorized to serve as an alternative asset custodian, trustee and lender with statutory powers granted for each of these activities and permitting Ben Liquidity to provide fiduciary financing for certain of its customer liquidity transactions. Ben Custody Admin plans to operate a Texas trust company that is being organized to provide its customers with certain administrative, custodial and trustee products and specialized services focused on alternative asset investors. Ben Insurance has been chartered as a Bermuda based insurance company that plans to offer certain customized insurance products and services covering risks relating to owning, managing and transferring alternative assets. Ben Markets is in the regulatory process for acquiring a captive registered broker-dealer that would conduct certain of its activities attendant to offering a suite of products and services from the Beneficient family of companies. Certain of Ben LP’s operating subsidiary products and services involve or are offered to certain of the ExAlt Trusts, which operate for the benefit of the Non-Controlling Interest Holders, and are consolidated subsidiaries of Ben LP for financial reporting purposes (such trusts are and may individually be referred to as Custody Trusts, Collective Trusts, LiquidTrusts, and Funding Trusts). Beneficient USA employs a substantial majority of the executives and staff for Beneficient’s operating subsidiaries to which Beneficient USA provides administrative and technical services.

We believe that Beneficient’s operations will generally produce higher risk-adjusted returns than those we can achieve from life insurance policies acquired in the secondary market; however, returns on equity in life settlements, especially with the current availability of financings on favorable terms, appear to be an attractive option to diversify our exposure to alternative assets, and we have begun exploring the feasibility of acquiring such policies. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a growing diversified alternative asset portfolio, we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing, recapitalization, partnership, reinsurance guarantees, life insurance operations or other transactions involving of our life insurance portfolio, as well as pursuing other alternatives to increase our exposure to alternative assets. These operations are in addition to allocating capital to provide liquidity to holders of a broader range of alternative assets, which we currently provide through GWG Holdings’ and GWG Life’s investments in Beneficient.

GWG Holdings completed the transactions with Beneficient, in part, to provide the Company with a significant increase in assets and common stockholders’ equity. In addition, the transactions with Beneficient may provide us with the opportunity for a diversified source of future earnings within the alternative asset industry. We believe the Beneficient transactions and the other strategies we are pursuing will transform GWG Holdings from a niche provider of liquidity to owners of life insurance to a diversified provider of financial products and services with exposure to a broad range of alternative assets.

**Critical Accounting Policies**

***Critical Accounting Estimates***

The preparation of our consolidated financial statements in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) requires us to make significant judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our judgments, estimates, and assumptions on historical experience and on various other factors believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. We evaluate our judgments, estimates, and assumptions on a regular basis and make changes accordingly.

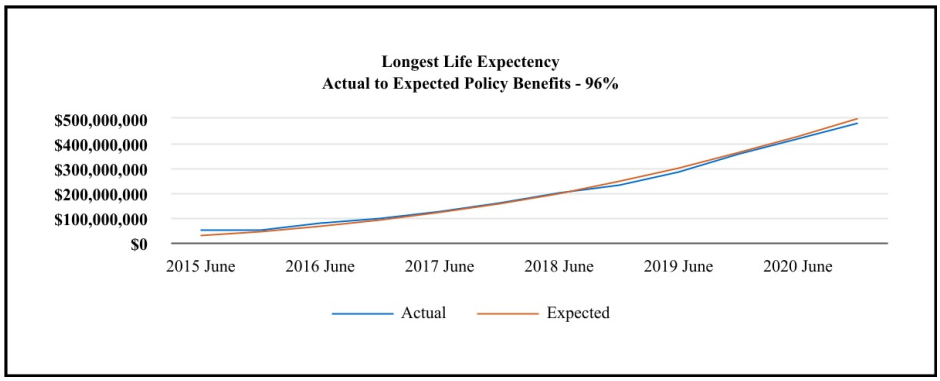
Material estimates that are particularly susceptible to change, in the near term, relate to: determining the assumptions used in estimating the fair value of our investments in life insurance policies; determining the grant date fair value for equity-based compensation awards; determining the allowance for loan losses as an input to the allocation of income (loss) to Beneficient’s equity holders; and evaluation of potential impairment of goodwill and other intangibles. We believe these estimates are likely to have the greatest potential impact on our consolidated financial statements and accordingly believe these to be our critical accounting estimates. Below we discuss the critical accounting policies associated with these estimates.

***Valuation of Life Insurance Policies***

We account for the purchase of life insurance policies in accordance with ASC 325-30, *Investments in Insurance Contracts*, which requires us to use either the investment method or the fair value method. We have elected to account for all of our life insurance policies using the fair value method.

We initially record our purchase of life insurance policies at the transaction price, which is the amount paid for the policy, inclusive of all external fees and costs associated with the acquisition. At each subsequent reporting period, we remeasure the investment at fair value in its entirety and recognize the change in fair value as unrealized gain (loss) in the current period, net of premiums paid. Changes in the fair value of our life insurance portfolio are based on periodic evaluations and are recorded in our consolidated statements of operations as changes in fair value of life insurance policies.

The fair value of our life insurance policies is determined as the net present value of the life insurance portfolio's future expected cash flows (policy benefits received and required premium payments) that incorporates life expectancy estimates obtained when the policy was purchased and current discount rate assumptions. We refer to our valuation methodology as the Longest Life Expectancy methodology. This methodology utilizes a portfolio mortality multiplier ("PMM") that allows us to "fit" projections to actual results, which provides a basis to forecast future performance more accurately. The table below compares the actual-to-expected ("A2E") mortality cash flow experience of our life insurance portfolio using this methodology. We have achieved expected mortality cash flow experience accuracy of 96% under the Longest Life Expectancy methodology through December 31, 2020.




Should performance sufficiently deviate in the future from these projections, the A2E analysis will be re-examined to determine if the resultant PMM still results in the most accurate fitting of the projections to actual results. Adjustments to the PMM would then be made based on that analysis if warranted.

A discount rate is used to calculate the net present value of the expected cash flows. The discount rate used to calculate fair value of our portfolio incorporates the guidance provided by ASC 820, *Fair Value Measurements and Disclosures*. We utilized an 8.25% discount rate to estimate the fair value of our portfolio of life insurance policies at both December 31, 2020 and 2019.

As we have ceased acquiring insurance policies, we no longer have direct access market-based factors that previously served as a key input to our discount rate. However, we engaged a third-party firm to provide recent market data on comparable assets to support our discount rate as of December 31, 2020. We also continue to use fixed income market interest rates, credit exposure to the issuing insurance companies and our estimate of the operational risk yield premium a purchaser would apply to the future cash flows derived from our portfolio of life insurance policies as inputs to our discount rate.

The determination of the discount rate used in the valuation of the Company's life insurance policies requires management judgment and incorporates information that is reasonably available to management as of the date of the valuation. The discount rate we utilize assumes an orderly and arms-length transaction (i.e., a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction), which is consistent with related GAAP guidance. The carrying

value of policies held at the end of each quarterly reporting period is adjusted to current fair value using the fair value discount rate applied to the entire portfolio as of that reporting date.

We engaged ClearLife Limited, owner of the ClariNet LS actuarial portfolio pricing software we use, to prepare a net present value calculation of our life insurance portfolio as of December 31, 2020. ClearLife Limited processed policy data, future premium data, life expectancy estimate data, and other actuarial information to calculate a net present value for our portfolio using the specified discount rate of 8.25%. ClearLife Limited independently calculated the net present value of our portfolio of 1,058 policies to be $791.9 million and furnished us with a letter documenting its calculation. A copy of such letter is filed as Exhibit 99.1 to this report.

Life expectancy estimates and market discount rates for a portfolio of life insurance policies are inherently uncertain and the effect of changes in estimates may be significant. For example, if the life expectancy estimates were increased or decreased by four and eight months on each outstanding policy, and the discount rates were increased or decreased by 1% and 2%, with all other variables held constant, the fair value of our investment in life insurance policies would increase or decrease as summarized below (in thousands):

| | Change in Life Expectancy Estimates | | | |
|---|---|---|---|---|
| | Minus 8 Months | Minus 4 Months | Plus 4 Months | Plus 8 Months |
| December 31, 2020 | $ 97,837 | $ 45,536 | $ (61,713) | $ (114,099) |
| December 31, 2019 | $ 113,812 | $ 57,753 | $ (55,905) | $ (111,340) |

| | Change in Discount Rate | | | |
|---|---|---|---|---|
| | Minus 2% | Minus 1% | Plus 1% | Plus 2% |
| December 31, 2020 | $ 82,983 | $ 39,560 | $ (36,151) | $ (69,284) |
| December 31, 2019 | $ 91,890 | $ 43,713 | $ (39,790) | $ (76,118) |

See Note 5 - Investment in Life Insurance Policies and Note 7 - Fair Value Measurements in the notes to the accompanying audited consolidated financial statements for additional information related to our valuation of life insurance policies.

***Equity-Based Compensation***

The Company measures and recognizes compensation expense for all equity-based payments at fair value on the grant date over the requisite service period. GWG Holdings uses the Black-Scholes option pricing model to determine the fair value of stock options and stock appreciation rights. For restricted stock grants (including restricted stock units), if any, fair value is determined as of the closing price of GWG Holdings' common stock on the date of grant. As it is not publicly traded, Beneficient uses various methods to determine the grant date fair value of its equity-based compensation awards.

The fair value of the Beneficient Management Partners, L.P. ("BMP") Equity Units is determined on the grant date using a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The resultant probability-weighted cash flows are then discounted using a rate that reflects the uncertainty surrounding the expected outcomes, which the Company believes is appropriate and representative of a market participant assumption.

The fair value of Ben LP's restricted equity units ("REUs") was determined for substantially all of the awards granted in 2020, by using the valuation techniques consistent with those utilized to determine the acquisition date equity values arising from GWG Holdings obtaining a controlling financial interest in Beneficient. These valuation techniques relied upon the OPM Backsolve approach under the market method as more fully described in Note 4 to the consolidated financial statements. For the REUs granted in the latter portion of 2020, which is a *de minimis* amount of the total 2020 REUs, we utilized valuation techniques consisting of the income approach and market approach. For awards granted in 2019, the fair value of the REUs was estimated using recent equity transactions involving third parties, which provided the Company with observable fair value information sufficient for estimating the grant date fair value.

***Beneficient's Income Allocation***

Net income (loss) attributable to noncontrolling interest holders is subject to Beneficient's income allocation in accordance with the governing limited partnership agreement of BCH as more fully described in Note 11.

The consolidated financial statements of Beneficient reflect the assets, liabilities, revenues, expenses, investment income and cash flows of Beneficient, including, after December 31, 2019, all of the trusts in the ExAlt Plan™ on a gross basis, and a portion of the economic interests certain of the ExAlt Trusts, held by the residual beneficiaries, are attributed to noncontrolling interests in the accompanying consolidated financial statements. Interest income earned by Beneficient from the ExAlt Trusts is eliminated in its consolidation. However, because the eliminated amounts are earned from, and funded by, its noncontrolling interests, Beneficient's attributable share of the net income from the ExAlt Trusts is increased by the amounts eliminated. Accordingly, the elimination in consolidation of interest income and, for periods after December 31, 2019, certain fee revenue has no effect on net income (loss) attributable to Beneficient or holders of Common Units.

For purposes of income allocation to Beneficient's equity holders, interest income is generally comprised of contractual interest, which is computed at a variable rate compounding monthly, interest recognized on certain of the ExAlt Loans through the effective yield method, and an amortized discount that is recognized ratably over the life of the ExAlt Loan.

As a result of the change-of-control event discussed in Note 9 to the accompanying audited consolidated financial statements on December 31, 2019 and the resulting valuation performed under ASC 805, the existing loan portfolio between Ben and the ExAlt Trusts was evaluated as of December 31, 2019, for credit deterioration based on the intentions of all parties that the income allocations provisions of Ben operate under US GAAP as if the ExAlt Trusts were not consolidated for financial reporting purposes. Further, as required under ASC 805, each ExAlt Loans between Beneficient and the ExAlt Trusts was evaluated and classified as either purchased credit impaired ("PCI") or non purchased credit impaired ("non-PCI"). For PCI loans, expected cash flows as of the date of valuation in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows is reasonably estimable. Subsequently, increases in cash flows over those expected at the acquisition date are recognized prospectively as interest income. Decreases in expected cash flows due to credit deterioration are recognized by recording an allowance for loan loss. For non-PCI loans, the difference between the fair value and unpaid principal balance of the loan as of the date of valuation is amortized or accreted to interest income over the contractual life of the loans using the effective interest method. In the event of prepayment, the remaining unamortized amount is recognized in interest income, which is eliminated upon the consolidation of the ExAlt Trusts for financial reporting purposes.

Allowance for Loan Losses

The allowance for loan losses, which is eliminated in consolidation, is an input to Beneficient's allocation of income to equity holders of Ben LP. The allowance for loan losses is a valuation allowance for probable incurred credit losses in the portfolio. Management's determination of the allowance is based upon an evaluation of the loan portfolio, impaired loans, economic conditions, volume, growth and composition of the collateral to the loan portfolio, and other risks inherent in the portfolio. Currently, management individually reviews all ExAlt Loans due to the low volume and non-homogenous nature of the current portfolio. Management relies heavily on statistical analysis, current NAV and distribution performance of the underlying alternative asset interests and industry trends related to alternative asset investments to estimate losses. Management evaluates the adequacy of the allowance by reviewing relevant internal and external factors that affect credit quality. The cash flows from the underlying alternative assets interests are the sole source of repayment for the ExAlt Loans and related interest. Beneficient recognizes any charge-off in the period in which it is confirmed. Therefore, impaired ExAlt Loans are written down to their estimated net present value.

Interest income, for purposes of determining income allocations to Beneficient's equity holders, is adjusted for any allowance for loan losses, which was approximately $5.4 million for the year ended December 31, 2020.

***Goodwill and Identifiable Intangible Assets***

Goodwill and other identifiable intangible assets are initially recorded at their estimated fair values at the date of acquisition. Goodwill and other intangible assets having an indefinite useful life are not amortized for financial statement purposes. In the event that facts and circumstances indicate that the goodwill or other identifiable intangible assets may be impaired, an interim impairment test would be required. Intangible assets with finite lives are amortized over their useful lives. We perform required annual impairment tests of our goodwill and other intangible assets as of October 1 for our reporting units.

The goodwill impairment test requires us to make judgments and assumptions. The test consists of estimating the fair value of each reporting unit based on valuation techniques, including a discounted cash flow model using revenue and profit forecasts and recent industry transaction and trading multiples of our peers. We then compare those estimated fair values with the carrying values of the assets and liabilities of each reporting unit, which includes the allocated goodwill. If the estimated fair value is less than the carrying value, we will recognize an impairment charge for the amount by which the carrying amount

exceeds the reporting unit's fair value; however, any loss recognized will not exceed the total amount of goodwill allocated to that reporting unit.

For 2020, the annual goodwill impairment analysis did not result in any impairment charges. Our impairment evaluation included a qualitative assessment, which considered whether there were indicators of potential impairment following the recent completion of the business combination accounting. In addition, our evaluation included a quantitative analysis, which included multiple assumptions, including estimated discounted cash flows and other estimates that may change over time. For example, a key assumption in determining the fair value of our reporting units is forecasting free cash flow generated by our business over the next five years and includes assumptions regarding expected growth of new service offerings and products. While our assumption reflects management's best estimates of future performance, the estimates assume Beneficient capturing a significant market share of liquidity transactions during the next five years leading to a substantial rate of growth of new service offerings and products, revenues and assets over the next five years ending December 31, 2025. These estimations are uncertain to occur, and to the extent the Company falls short of achieving our expected growth in revenues and assets over the next four years, material impairments of our goodwill may occur in the near term. For example, a 15% decline in our annual projected volume of liquidity transactions reflected in the Company's forecasts would require impairments to begin to be recorded assuming all other assumptions on which the forecasts are built remain constant. Because the Company's forecasts are predicated on estimating future volume for new service offerings and products, the Company's actual future volume of liquidity transactions reflected in the Company's forecasts may fall short of management's forecasts by 15% or greater and may result in a partial or full write down of our goodwill balance, which totaled $2.4 billion at December 31, 2020. In light of Beneficient's significant recurring losses from operations, negative cash flows from operations, and delays in executing its business plans, there could be potential triggering events identified and resulting impairment of goodwill recorded during the annual impairment test during the fourth quarter of 2021. While management can and has implemented strategies to address these events, changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of the reporting unit's goodwill balance.

In addition, as reflected in Note 23 to the accompanying audited consolidated financial statements, the Company is evaluating potential strategic transactions that, if consummated, may result in the deconsolidation of Beneficient as GWG Holdings will no longer own a controlling financial interest in Beneficient. As we evaluate various strategic changes for the investment in Beneficient, we may make further changes to the Company's forecasted cash flows and such changes could result in losses upon deconsolidation of our subsidiary or may result in increased risk of future goodwill impairment charges. If future discounted cash flows become less than those projected by us, future impairment charges may become necessary that could have a materially adverse impact on our results of operations and financial condition in the period in which the write-off occurs.

**Recent Developments**

We define "recent developments" as material transactions or matters that occurred in the most recent fiscal quarter or in the period between the end of the fiscal quarter and the filing of the quarterly or annual financial statements with the SEC. The following recent developments are described in more detail in the notes to the accompanying audited consolidated financial statements. A reference to the corresponding note is included below:

- The amendment of Beneficient's Credit Agreements (Note 23).
- On December 31, 2020, GWG Holdings, GWG Life and Bank of Utah entered into a supplemental indenture (the "Liquidity Bond Supplemental Indenture") providing for the issuance of up to $1.0 billion in aggregate principal amount of two new series of L Bonds known as "Liquidity Bonds" (Note 10).
- During the fourth quarter of 2020, Beneficient executed 9 liquidity transactions pursuant to which customers sold interests in private equity funds with an aggregate net asset value of $15.1 million to certain of the ExAlt Trusts in exchange for agreed upon consideration. In connection with these transactions, GWG Life issued $0.5 million of principal in Liquidity Bonds on December 31, 2020.
- Subsequent to December 31, 2020 and through the date of this filing, Beneficient executed 10 liquidity transactions pursuant to which customers sold interests in private equity funds with an aggregate net asset value of $5.6 million to certain of the ExAlt Trusts in exchange for agreed upon consideration. In connection with certain of these transactions, GWG Life issued an aggregate of $0.3 million of principal in Liquidity Bonds on January 8, 2021 and January 15, 2021.

- In addition, on March 25, 2021, Beneficient filed provisional patent applications pending on certain of its systems and processes underlying its liquidity products and trust services. These patent applications cover the following aspects of Beneficient's business:
  - *Ben ExAlt Plan™ Patent Application*.
    - **ExAlt Plan**. System and process for providing liquidity to customers for their alternative assets.
  - *Underwriting Systems Patent Applications*.
    - **AltScore**. Alternative asset quality scoring system.
    - **ValueAlt**. Method to value interests in alternative asset funds.
    - **AltRating**. Method to assign credit ratings to structured debt that is backed by alternative assets.
  - *Risk Assessment and Risk Reduction Patent Applications*.
    - **AltC**. Tool to measure portfolio concentration relative to an established limit or target.
    - **OptimumAlt**. Portfolio optimization and allocation tool specifically designed for alternative asset funds.
    - **AlphaAlt**. Proprietary forecast of expected returns and cash flows for alternative asset fund types.
    - **AltQuote**. Real-time indicator of liquidity solutions for holders of alternative assets.
- In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as Technology Enabled Fiduciary Financial Institutions ("TEFFIs"), that provide fiduciary financing (e.g., lending to ExAlt Trusts), custodian and trustee services in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021 and designates an operating subsidiary of Ben LP, Beneficient Fiduciary Financial, L.L.C. ("BFF") as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to a subsidiary of Ben LP on July 1, 2021. Under the pilot program, BFF will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021. The bill also permits the Kansas Bank Commissioner to request a six-month extension of the pilot program period, which could delay Beneficient's permission to exercise its fiduciary powers under the charter until July 1, 2022. As a result, the directors of GWG Holdings who serve on the new TEFFI trust company Board of Directors resigned their membership, effective June 14, 2021, on GWG Holdings' Board of Directors to devote their time to serving as directors of the Beneficient TEFFI trust company, which the Company believes is the highest and best use of their available time and skills and will support the development of the Beneficient TEFFI trust company and the successful execution of Beneficient's business plan (Note 23).
- On June 28, 2021, DLP IV entered into a Third Amended and Restated Loan and Security Agreement with LNV Corporation (the "Third Amended Facility") that resulted in a $52.5 million advance from LNV Corporation, or $51.2 million including certain fees and expenses incurred in connection with the entry into the Third Amended Facility (Note 23).
- On August 11, 2021, GWG DLP Funding VI, LLC, a Delaware limited liability company ("DLP VI"), entered into a Credit Agreement (the "NF Credit Agreement") with each lender from time to time party thereto and National Founders LP, a Delaware limited partnership, as the administrative agent (the credit facility evidenced by such NF Credit Agreement, the "NF Credit Facility") that resulted in a one-time $107.6 million advance with a scheduled maturity date of August 11, 2031 (Note 23). Approximately $56.7 million of such advanced amount was used to pay off the remaining amount due under the Third Amended Facility.
- On August 13, 2021, GWG Holdings, Ben LP, and BCH entered into a Term Sheet that contemplates a series of transactions which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the board of directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings (Note 23).

- On September 7, 2021, DLP IV entered into a Fourth Amended and Restated Loan and Security Agreement with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement (the "Fourth Amended Facility") that resulted in a $30.3 million advance from LNV Corporation, with such advance including amounts to cover certain fees and expenses incurred in connection with the entry into the Fourth Amended Facility (Note 23).
- An update on the current state of the Company and potential impact of the COVID-19 pandemic (Note 23).

**Asset Diversification**

As of December 31, 2020, we held a combined portfolio of assets consisting of 78% of fair value secondary life insurance policies and 22% of indirect interests in alternative assets held by certain of the ExAlt Trusts. The table presented below reflects classifications based on GWG Holdings' and Beneficient's current exposure types as of December 31, 2020 (dollar amounts in thousands). Additional information regarding the Collateral portfolio is available on its website at *www.trustben.com*. The information on Beneficient's website is not part of, or incorporated by reference in, this report.

| Exposure Type | Value | Percent of Total |
|---|---|---|
| Near-Duration Life Insurance Policies [1] | $ 329,277 | 32.5 % |
| Intermediate-Duration Life Insurance Policies [1] | 299,812 | 29.6 % |
| Long-Duration Life Insurance Policies [1] | 162,823 | 16.1 % |
| Growth Stage Private [2] | 72,887 | 7.2 % |
| Late Stage Venture Backed [2] | 54,144 | 5.3 % |
| Corporate Buyouts [2] | 34,235 | 3.4 % |
| Early Stage Venture Backed [2] | 31,483 | 3.1 % |
| Other [2] | 29,145 | 2.8 % |
| **Total** | $ 1,013,806 | 100.0 % |

(1) Represents fair value of life insurance policies.
(2) Represents the net asset value ("NAV") of the interests in alternative assets that provide cash flows, which comprise the Collateral of the ExAlt Loans, excluding the collateral exchanged in the Collateral Swap, which is eliminated in consolidation. These ExAlt Loans eliminate upon consolidation in the presentation of our consolidated financial statements NAV calculation reflects the most current report of NAV and other data received from firm/fund sponsors. If no such report has been received, Beneficient estimates NAV based upon the last NAV calculation reported by the investment manager and adjusts it for capital calls and distributions made in the intervening time frame.

The underlying exposure data represents GWG Holdings' exposure to life insurance policies included in its portfolio and its exposure to the underlying Collateral of Beneficient's loan portfolio to the ExAlt Trusts. Exposure type reflects classifications based on each company's portfolio as determined by management. Figures are based on third-party information and other relevant information as determined by management. "Other" includes private debt strategies, natural resources strategies, and hedge funds. "Near-Term", "Intermediate-Term", and "Long-Term" life insurance policies represent policies with life expectancies between 0 – 47 months, 48 – 95 months, and 96 – 240 months, respectively.

The following sections contain information on each of the secondary life insurance assets and the interests in alternative assets held by certain of the ExAlt Trusts separately.

***Secondary Life Insurance Assets***

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of December 31, 2020, is summarized below:

**Life Insurance Portfolio Summary**

| | | |
|---|---|---|
| Total life insurance portfolio face value of policy benefits (in thousands) | $ | 1,900,715 |
| Average face value per policy (in thousands) | $ | 1,797 |
| Average face value per insured life (in thousands) | $ | 1,943 |
| Weighted average age of insured (years) | | 83.1 |
| Weighted average life expectancy (LE) estimate (years) | | 6.9 |
| Total number of policies | | 1,058 |
| Number of unique lives | | 978 |
| Demographics | | 74% Male; 26% Female |
| Number of smokers | | 40 |
| Largest policy as % of total portfolio face value | | 0.7 % |
| Average policy as % of total portfolio | | 0.1 % |
| Average annual premium as % of face value | | 3.8 % |

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of December 31, 2020, organized by the insured's current age and the associated number of policies and policy benefits, is summarized below:

**Distribution of Policies and Policy Benefits by Current Age of Insured**

| | | | | Percentage of Total | | |
|---|---|---|---|---|---|---|
| **Min Age** | **Max Age** | **Number of Policies** | **Policy Benefits (in thousands)** | **Number of Policies** | **Policy Benefits** | **Weighted Average LE (Years)** |
| 63 | 69 | 42 | $ 49,535 | 4.0 % | 2.6 % | 10.21 |
| 70 | 74 | 191 | 222,761 | 18.1 % | 11.7 % | 10.6 |
| 75 | 79 | 206 | 349,467 | 19.5 % | 18.4 % | 9.44 |
| 80 | 84 | 213 | 375,926 | 20.0 % | 19.7 % | 7.54 |
| 85 | 89 | 229 | 556,339 | 21.6 % | 29.3 % | 4.84 |
| 90 | 94 | 153 | 296,310 | 14.5 % | 15.6 % | 2.99 |
| 95 | 100 | 24 | 50,377 | 2.3 % | 2.7 % | 2.09 |
| **Total** | | 1,058 | $ 1,900,715 | 100.0 % | 100.0 % | 6.92 |

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of December 31, 2020, organized by the insured's estimated life expectancy estimates and associated policy benefits, is summarized below:

**Distribution of Policies by Current Life Expectancies of Insured**

| Min LE (Months) | Max LE (Months) | Number of Policies | Policy Benefits (in thousands) | Percentage of Total | |
|---|---|---|---|---|---|
| | | | | Number of Policies | Policy Benefits |
| 0 | 47 | 300 | $ 518,044 | 28.4 % | 27.3 % |
| 48 | 71 | 225 | 421,774 | 21.3 % | 22.2 % |
| 72 | 95 | 192 | 318,497 | 18.1 % | 16.8 % |
| 96 | 119 | 150 | 283,899 | 14.2 % | 14.9 % |
| 120 | 143 | 109 | 167,195 | 10.3 % | 8.8 % |
| 144 | 179 | 71 | 145,581 | 6.7 % | 7.7 % |
| 180 | 240 | 11 | 45,725 | 1.0 % | 2.3 % |
| **Total** | | 1,058 | $ 1,900,715 | 100.0 % | 100.0 % |

We rely on the payment of policy benefit claims by life insurance companies as a significant source of cash inflow. The life insurance assets we own represent obligations of third-party life insurance companies to pay the benefit amount under the policy upon the mortality of the insured. As a result, we manage this credit risk exposure by generally purchasing policies issued by insurance companies with investment-grade credit ratings from Standard & Poor's, and diversifying our life insurance portfolio among a number of insurance companies.

The yield to maturity on bonds issued by life insurance carriers reflects, among other things, the credit risk (risk of default) of such insurance carrier. We follow the yields on certain publicly traded life insurance company bonds because this information is part of the data we consider when valuing our portfolio of life insurance policies for our financial statements.

The average yield to maturity of publicly traded life insurance company bonds data we consider as inputs to our life insurance portfolio valuation process was 1.15% as of December 31, 2020. We believe this average yield to maturity reflects, in part, the financial market's judgment that credit risk is low with regard to these carriers' financial obligations. The obligations of life insurance carriers to pay life insurance policy benefits ranks senior to all of their other financial obligations, including the senior bonds they issue. As of December 31, 2020, 96.3% of the face value benefits of our life insurance policies were issued by insurers having an investment-grade credit rating (BBB or better) by Standard & Poor's.

As of December 31, 2020, our ten largest life insurance company credit exposures and the Standard & Poor's credit rating of their respective financial strength and claims-paying ability is set forth below:

**Distribution of Policy Benefits by Top 10 Insurance Companies**

| Rank | Policy Benefits (in thousands) | Percentage of Policy Benefit Amount | Insurance Company | Ins. Co. S&P Rating |
|---|---|---|---|---|
| 1 | $ 279,792 | 14.7 % | John Hancock Life Insurance Company | AA- |
| 2 | 212,879 | 11.2 % | Lincoln National Life Insurance Company | AA- |
| 3 | 200,936 | 10.6 % | Equitable Life Insurance Company | A+ |
| 4 | 164,391 | 8.6 % | Transamerica Life Insurance Company | A+ |
| 5 | 157,755 | 8.3 % | Brighthouse Life Insurance Company | AA- |
| 6 | 87,339 | 4.6 % | American General Life Insurance Company | A+ |
| 7 | 84,998 | 4.5 % | Pacific Life Insurance Company | AA- |
| 8 | 67,376 | 3.5 % | ReliaStar Life Insurance Company | A+ |
| 9 | 59,808 | 3.1 % | Security Life of Denver Insurance Company | A+ |
| 10 | 57,153 | 3.0 % | Protective Life Insurance Company | AA- |
| | **$ 1,372,427** | **72.1 %** | | |

***ExAlt Trusts' Investment in Alternative Assets***

Beneficient's primary operations, which commenced on September 1, 2017, consist of offering its liquidity and trust administration services to its customers, primarily through certain of Ben LP's operating subsidiaries, Ben Liquidity (as defined below) and Ben Custody Admin (as defined below), respectively. Ben Liquidity offers simple, rapid and cost-effective liquidity products to its customers through the use of customized trust vehicles, the ExAlt Trusts, that facilitate the exchange of a customer's alternative assets for consideration using a unique financing structure. A subsidiary of Ben Liquidity makes ExAlt Loans to certain of the ExAlt Trusts. Ben Liquidity generates interest and fee income earned in connection with such ExAlt Loans to certain of the ExAlt Trusts, which are collateralized by the cash flows from the exchanged alternative assets (the "Collateral"). Ben Custody Admin provides trust administration services to the trustees of certain of the ExAlt Trusts that own the exchanged alternative asset following a liquidity transaction for fees payable quarterly. The Collateral supports the repayment of the loans plus any related interest and fees. Since the ExAlt Trusts are consolidated, Ben LP's operating subsidiary ExAlt Loans and interest and fee income are eliminated in the presentation of our consolidated financial statements.

The ExAlt Trusts' investments in alternative assets are the source of the Collateral supporting the ExAlt Loans. These assets consist primarily of limited partnership interests in various alternative investments, including private equity funds. These alternative investments are valued using NAV as a practical expedient. Changes in the NAV of these investments are recorded in investment income, net in our consolidated statements of operations. The ExAlt Trusts' investments in alternative assets provide the economic value creating the Collateral to the ExAlt Loans made in connection with each liquidity transaction.

The ExAlt Trusts held interests in alternative assets with a net asset value of $221.9 million and $342.0 million at December 31, 2020 and December 31, 2019, respectively. As of December 31, 2020, the ExAlt Trusts' portfolio had exposure to 117 professionally managed alternative investment funds, comprised of 327 underlying investments, 91 percent of which are investments in private companies.

The portfolio of alternative assets, excluding the collateral exchanged in the Collateral Swap, which is eliminated in consolidation, covers the following industry sectors and geographic regions as of the dates shown below (dollar amounts in thousands):

| | | | *(As Restated)* | |
|---|---|---|---|---|
| | **December 31, 2020** | | **December 31, 2019** | |
| **Industry Sector** | **Value** | **Percent of Total** | **Value** | **Percent of Total** |
| Diversified Financials | $ 28,462 | 12.8 % | $ 27,418 | 8.0 % |
| Telecommunication Services | 27,401 | 12.3 % | 27,059 | 7.9 % |
| Food and Staples Retailing | 24,450 | 11.0 % | 20,507 | 6.0 % |
| Software and Services | 23,310 | 10.5 % | 22,573 | 6.6 % |
| Utilities | 21,740 | 9.8 % | 15,733 | 4.6 % |
| Semiconductors and Semiconductor Equipment | 21,271 | 9.6 % | 14,658 | 4.3 % |
| Not Applicable (e.g., Escrow, Earnouts) | 18,138 | 8.2 % | 26,569 | 7.7 % |
| Health Care Equipment and Services | 14,682 | 6.6 % | 92,418 | 27.0 % |
| Pharmaceuticals, Biotechnology and Life Sciences[(1)] | 3,415 | 1.5 % | 52,202 | 15.3 % |
| Other[(1)] | 39,025 | 17.7 % | 42,875 | 12.6 % |
| **Total** | $ 221,894 | 100.0 % | $ 342,012 | 100.0 % |

| Geography | December 31, 2020 | | (As Restated) December 31, 2019 | |
|---|---|---|---|---|
| | Value | Percent of Total | Value | Percent of Total |
| North America | $ 95,569 | 43.1 % | $ 211,722 | 61.9 % |
| Western Europe | 50,219 | 22.6 % | 46,719 | 13.7 % |
| Asia | 36,436 | 16.4 % | 29,144 | 8.5 % |
| Latin & South America | 25,255 | 11.4 % | 22,377 | 6.5 % |
| Other[2] | 14,415 | 6.5 % | 32,050 | 9.4 % |
| **Total** | $ 221,894 | 100.0 % | $ 342,012 | 100.0 % |

(1) Industries in this category each comprise less than 5 percent as of December 31, 2020. Pharmaceuticals, Biotechnology and Life Sciences is shown separately as it comprised greater than 5 percent as of December 31, 2019.
(2) Locations in this category each comprise less than 5 percent.

Assets in the portfolio consist primarily of interests in alternative investment vehicles (also referred to as “funds”) that are managed by a group of U.S. and non-U.S. based alternative asset management firms that invest in a variety of financial markets and utilize a variety of investment strategies. The vintages of the funds in the portfolio as of December 31, 2020 ranged from 1993 to 2018.

As the ExAlt Trusts grow its portfolio, it will monitor the diversity of the portfolio through the use of concentration guidelines. These guidelines were established, and will be periodically updated, through a data driven approach based on asset type, fund manager, vintage of fund, industry segment and geography to manage portfolio risk. Beneficient will refer to these guidelines when making decisions about new financing opportunities; however, these guidelines will not restrict Beneficient from entering into financing opportunities that would result in Beneficient having exposure outside of its concentration guidelines. In addition, changes to the ExAlt Trusts’ portfolio may lag changes to the concentration guidelines. As such, the ExAlt Trusts’ portfolio may, at any given time, have exposures that are outside of its concentration guidelines to reflect, among other things, attractive financing opportunities, limited availability of assets, or other business reasons. Given the ExAlt Trusts’ limited operating history, the portfolio as of December 31, 2020 had exposure to certain alternative investment vehicles and investments in private companies that were outside of those guidelines.

Classifications by industry sector, exposure type and geography reflect classification of investments held in funds or companies held directly in the portfolio. Investments reflect the assets listed by the general partner of a fund as held by the fund and have a positive or negative net asset value. Typical assets include portfolio companies, limited partnership interests in other funds, and net other assets, which are a fund’s cash and other current assets minus liabilities. The underlying interests in alternative assets are primarily limited partnership interests, and the limited partnership agreements governing those interests generally include restrictions on disclosure of fund-level information, including fund names and company names in the funds.

Industry sector is based on Global Industry Classification Standard (GICS®) Level 2 classification (also known as “Industry Group”) of companies held in the portfolio by funds or directly, subject to certain adjustments by us. “Other” classification is not a GICS® classification. “Other” classification reflects companies in the GICS® classification categories of Automobiles & Components, Banks, Capital Goods, Commercial & Professional Services, Consumer Durables & Apparel, Consumer Services, Energy, Food, Beverage & Tobacco, Household & Personal Products, Insurance, Materials, Media & Entertainment, Real Estate, Retailing, Tech Hardware & Equipment, and Transportation. N/A includes investments assets that we have determined do not have an applicable GICS® Level 2 classification, such as Net Other Assets and investments that are not operating companies.

Investment exposure type reflects classifications based on each fund’s current investment strategy stage as determined by us. “Other” includes private debt strategies, natural resources strategies and hedge funds.

Geography reflects classifications determined by us based on each underlying investment. “Other” geography classification includes Israel, Australia, Northern Europe, and Eastern Europe.

**Principal Revenue and Expense Items**

During the years ended December 31, 2020 and 2019, we earned revenues from the following primary sources:

- *Revenue Realized from Maturities of Life Insurance Policies.* We recognize the difference between the face value of the policy benefits and carrying value when an insured event has occurred and determine that collection of the policy benefits is realizable and reasonably assured. Revenue from a transaction must meet both criteria in order to be recognized. We generally collect the face value of the life insurance policy from the insurance company within 45 days of our notification of the insured's mortality, but this collection time varies depending on the insurance company and individual policy.

- *Change in Fair Value of Life Insurance Policies.* We value our life insurance portfolio investments for each reporting period in accordance with the fair value principles discussed herein, which reflects the expected receipt of policy benefits in future periods, net of premium costs, as shown in our consolidated financial statements.

- *Investment Income*. Includes the change in net asset value of the alternative assets held by certain of the ExAlt Trusts as well as the change in fair value of repurchase options issued by certain of the ExAlt Trusts.

- *Interest Income.* During the year ended December 31, 2019, and thus prior to the consolidation of Beneficient. interest income primarily included interest income on the Promissory Note and Commercial Loan Agreement. Interest earned on the Promissory Note and the Commercial Loan Agreement was eliminated in consolidation with Beneficient beginning January 1, 2020. As such, interest income during the year ended December 31, 2020 only includes interest earned from policy benefits receivable and cash held in banks.

- *Other Income.* Includes changes in the fair value of Beneficient's investment in put options, L Bond redemption fees, and other miscellaneous income. Additionally, includes income totaling $36.3 million recognized during the second quarter of 2020 by Beneficient as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficient.

During the years ended December 31, 2020 and 2019, our main components of expense are summarized below:

- *Interest Expense*. Includes interest incurred under the second amended and restated senior credit facility with LNV Corporation (as amended from time to time, "LNV Credit Facility"), as well as interest on GWG Holdings' L Bonds, Seller Trust L Bonds and other outstanding indebtedness, including Beneficient's debt due to related parties. When we issue debt, we amortize the financing costs (commissions and other fees) associated with such indebtedness over the outstanding term of the financing and classify it as interest expense.

- *Employee Compensation and Benefits*. Employee compensation and benefits includes salaries, bonuses and other incentives and costs of employee benefits. Also included are significant non-cash compensation expenses totaling $110.7 million related to Beneficient's equity incentive plans for the year ended December 31, 2020.

- *Selling, General and Administrative Expenses*. We recognize and record expenses incurred in our business operations, including operations related to the purchasing and servicing of life insurance policies, the origination and servicing of ExAlt Loans and costs associated with trust administration. These expenses include legal and professional fees, sales, marketing, occupancy and other expenditures.

Additional components of our net earnings include:

- *Earnings (Loss) from Equity Method Investment.* Prior to the Investment and Exchange Agreements on December 31, 2019, we accounted for GWG Holdings' investment in the common units of Ben LP ("Common Units") using the equity method. Under this method, we recorded our share of the net earnings or losses attributable to holders of Common Units, on a one quarter lag, as a separate line on our consolidated statements of operations. We also account for GWG Holdings' investment in FOXO as an equity method investment, which is also included in earnings (loss) from equity method investment in our consolidated statements of operations. We had losses of $7.3 million and $4.1 million from equity method investments during the years ended December 31, 2020 and 2019, respectively.

- *Gain on Consolidation of Equity Method Investment.* In conjunction with the consolidation of Beneficient on December 31, 2019, we remeasured our preexisting equity method investment to fair value, resulting in a gain due to

the increase in the estimated fair value compared to our existing book value. The gain on consolidation of Beneficient on December 31, 2019 was $243.0 million. Refer to Note 4 to the consolidated financial statements for further information.

**Results of Operations — 2020 Compared to 2019**

The following is our analysis of the results of operations for the periods indicated below. This analysis should be read in conjunction with our consolidated financial statements and related notes (dollar values in thousands).

*Net Income (Loss) Attributable to Common Shareholders*

Net loss attributable to common shareholders was $168.5 million for 2020 compared to net income attributable to common shareholders of $70.5 million for 2019. The results of operations for 2020 reflect the consolidation of Beneficient compared to an equity method investment in 2019. The year ended December 31, 2020 includes significant non-cash equity based compensation expense of $110.7 million related to Beneficient's equity incentive plans. The net income for 2019 was primarily driven by the net gain of $243.0 million realized upon consolidation of Beneficient. More details regarding revenue and expenses in 2020 compared to 2019 are included in the discussion below.

*Revenue from Secondary Life Insurance*

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Revenue realized from maturities of life insurance policies | $ 86,923 | $ 91,882 |
| Revenue recognized from change in fair value of life insurance policies | 34,114 | 49,015 |
| Premiums and other annual fees | (71,439) | (65,577) |
| Gain on life insurance policies, net | $ 49,598 | $ 75,320 |
| | | |
| Attribution of gain on life insurance policies, net: | | |
| Change in estimated probabilistic cash flows, net of premium and other annual fees paid | $ (7,976) | $ 1,609 |
| Net revenue recognized at maturity | 57,574 | 69,122 |
| Unrealized gain on acquisitions | — | 6,921 |
| Change in life expectancy evaluation | — | (2,332) |
| Gain on life insurance policies, net | $ 49,598 | $ 75,320 |
| | | |
| Number of policies acquired | — | 83 |
| Face value of purchases | $ — | $ 97,316 |
| Purchases (initial cost basis) | $ — | $ 32,356 |
| Unrealized gain on acquisition (% of face value) | — % | 7.1 % |
| | | |
| Number of policies matured | 92 | 78 |
| Face value of matured policies | $ 125,109 | $ 125,148 |
| Net revenue recognized at maturity event (% of face value matured) | 46.0 % | 55.2 % |

Revenue from changes in estimated probabilistic cash flows, net of premiums paid, was a charge of $8.0 million in 2020 compared to a credit of $1.6 million in 2019. The decrease of $25.7 million in gain on life insurance policies for the year ended December 31, 2020, over the comparable prior year period, was driven by a combination of no gain on policy acquisitions, maturities of life insurance policies with a higher cumulative cost basis, and higher premiums paid.

The Company did not purchase any life insurance policies during 2020. The face value of policies purchased in 2019 was $97.3 million. The resulting unrealized gain on acquisition was $6.9 million in 2019. The absence of an unrealized gain on acquisition in the current period is the result of a strategic decision to significantly reduce capital allocated to purchasing additional life insurance policies through the secondary market and to increase capital allocated toward providing liquidity to a broader range of alternative assets, primarily through additional investments in Beneficient. On December 31, 2019, GWG

Holdings obtained the right to appoint a majority of the board of directors of the general partner of Ben LP. As a result of this change-of-control event, we reported the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. We believe that Beneficient's operations will generally produce higher risk-adjusted returns than those we can achieve from life insurance policies acquired in the secondary market; however, returns on equity in life settlements, especially with the current availability of financings on favorable terms, appear to be an attractive option to diversify our exposure to alternative assets, and we have begun exploring the feasibility of acquiring such policies. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a growing diversified alternative asset portfolio, we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing, recapitalization, partnership, reinsurance guarantees, life insurance operations or other transactions involving of our life insurance portfolio, as well as pursuing other alternatives to increase our exposure to alternative assets.

The face value of matured policies was $125.1 million for each period presented. The net revenue recognized at maturity was $57.6 million and $69.1 million, respectively, reflecting a decrease in revenue attributable to maturity events of $11.5 million primarily from maturities of policies with a higher cumulative cost basis in 2020 compared to 2019.

There were no net revenue charges from change in life expectancy evaluation in 2020 compared to a charge of $2.3 million in 2019. The resulting net revenue increase of $2.3 million primarily resulted from refinement of life expectancy data that occurred during 2019 that were nonrecurring in 2020.

*Investment Income, Interest Income and Other Income (in thousands)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2020** | **2019** | **Increase/(Decrease)** |
| Investment income | $ 44,106 | $ — | $ 44,106 |
| Interest income | 1,594 | 15,646 | (14,052) |
| Other income | 29,073 | 1,310 | 27,763 |
| Total | $ 74,773 | $ 16,956 | $ 57,817 |

Investment income was added as result of the consolidation of Beneficient on December 31, 2019. Investment income was $44.1 million during the year ended December 31, 2020, and is comprised of $17.6 million decrease in net asset value of the alternative assets held by certain of the ExAlt Trusts and $61.7 million increase in fair value of repurchase options issued by certain of the ExAlt Trusts.

Interest income decreased $14.1 million during the year ended December 31, 2020, compared to the same period in 2019, primarily due to the consolidation of Beneficient, which eliminated interest earned on the Promissory Note and Commercial Loan Agreement beginning January 1, 2020. Interest income on the Promissory Note entered into on May 31, 2019, was $2.2 million during 2019. Interest income earned on the commercial loan between GWG Life and Beneficient was $11.3 million during the year ended December 31, 2019. Interest income recognized during the year ended December 31, 2020 and 2019, also includes interest earned from policy benefits receivable and cash held in banks, which in the aggregate was $1.3 million and $2.1 million, respectively. The decrease was driven by lower average cash balances and slightly lower interest rates in 2020 compared to 2019.

Other income increased during the year ended December 31, 2020 compared to the same period in 2019. Other income for the year ended 2020 includes $36.3 million of income recognized during the second quarter of 2020 by Beneficient as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficient. A substantial majority of the former director's equity-based compensation units were fully vested, and the related expense was recorded in prior periods. This income was offset by a $7.8 million decrease to the fair value of Beneficient's put options during 2020. Other income during the year ended December 31, 2019, includes L Bond early redemption fees and other miscellaneous income from legacy initiatives of GWG Holdings.

*Interest and Operating Expenses (in thousands)*

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2020 | 2019 | Increase/ (Decrease) |
| Interest expense (including amortization of deferred financing costs) | $ 154,616 | $ 114,844 | $ 39,772 |
| Employee compensation and benefits | 146,363 | 28,309 | 118,054 |
| Legal and professional fees | 30,075 | 12,824 | 17,251 |
| Other expenses | 18,227 | 15,896 | 2,331 |
| Total expenses | $ 349,281 | $ 171,873 | $ 177,408 |

Interest expense, including amortization of deferred financing costs, increased $39.8 million during the year ended December 31, 2020 compared to the same period in 2019. The increase in interest expense was primarily due to the increase in the average outstanding L Bonds in 2020 compared to 2019, contributing $26.5 million of increased interest expense, including amortization of deferred financing costs. Also, the consolidation of Beneficient beginning December 31, 2019, increased interest expense by $11.3 million for the year ended December 31, 2020 compared to the same period in 2019, related to Beneficient's debt due to related parties. Additionally, $3.8 million of increased interest expense, including amortization of deferred financing costs, during the year ended December 31, 2020, compared to the same period in 2019, was due to increased interest paid on the LNV Credit Facility associated with a higher average principal balance outstanding. Finally, these increases were partially offset by a $1.8 million decrease in interest expense on Seller Trusts L Bonds related to the portion of Seller Trust L Bonds eliminated as of September 30, 2020 as a result of the Collateral Swap discussed in Note 1 to the consolidated financial statements.

The increase in employee compensation and benefits in 2020 compared to 2019 was primarily related to the consolidation of Beneficient on December 31, 2019. Specifically, the Company recognized $110.7 million of equity-based compensation expense during the year ended December 31, 2020, related to Beneficient's equity incentive plans. Beneficient's Board of Directors adopted the equity incentive plans in 2018 and 2019 and approved the granting of equity incentive awards during the second quarter of 2019 to certain directors and in the first quarter of 2020 to certain employees. Awards are generally subject to service-based vesting over a multi-year period from the recipient's date of hire, though some awards fully vested upon the grant date. As of December 31, 2020, over 78% of the awards granted under Beneficient's equity incentive plans had vested.

Expense associated with these awards is based on the fair value of the equity on the date of grant. As Ben LP's equity is not publicly traded, the fair value of the equity awards is estimated on the grant date using the most recent valuation received from a reputable third-party valuation firm, which provides the Company with observable fair value information sufficient for estimating the grant date fair value.

In addition to Beneficient's equity-based compensation expense, we recognized additional retention, severance and other costs in the first quarter of 2020 related to the relocation of GWG Holdings' principal offices from Minneapolis to Dallas in late 2019.

The increase in legal and professional fees in 2020 compared to 2019 is primarily the result of the consolidation of Beneficient on December 31, 2019, which added $19.0 million of legal and professional fees during the year ended December 31, 2020. The increase attributable to the consolidation of Beneficient was partially offset by lower consulting fees during 2020, compared to 2019.

The increase in other expenses during the year ended December 31, 2020 compared to the same period of 2019, is primarily the result of the consolidation of Beneficient on December 31, 2019, which added $7.6 million of other expenses during 2020. These increases were partially offset by lower business insurance, contract labor and other operating expenses of GWG Holdings and subsidiaries during the comparable periods.

*FOXO Initiatives*

During 2019, we incurred $5.5 million of expenses related to the development of intellectual property surrounding advanced epigenetic testing technology. These expenses were included in the loss from our equity method investment in FOXO during 2020.

On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. GWG's previous membership interest in the LLC converted to preferred equity in FOXO. We believe that as a separate entity (rather than as a small subsidiary of a large financial services holding company), the FOXO businesses can reach their maximum potential in terms of marketing and branding, attraction of talent, appropriate peer group comparisons and, ultimately, return to its owners. We expect FOXO's costs to increase in the future, which will affect our consolidated earnings through our earnings (loss) from equity method investment. Under GWG Holdings' subscription agreement with FOXO, we are obligated to invest approximately $20.0 million in FOXO over a two year period ending in October 2021, of which $16.2 million has been funded through December 31, 2020.

*Income Taxes*

We realized $16.4 million in income tax benefit and $71.9 million in income tax expense for the years ended December 31, 2020 and 2019, respectively, which resulted in effective tax rates of 7.9% and 34.8%, compared to the statutory federal income tax rate of 21.0% for both periods.

The following table provides a reconciliation of our income tax expense (benefit) at the statutory federal income tax rate to our actual income tax expense (in thousands):

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | | | *(As Restated)* | |
| Statutory federal income tax (benefit) | $ (43,339) | 21.0 % | $ 33,449 | 21.0 % |
| State income taxes (benefit), net of federal benefit | (2,995) | 1.5 % | 12,962 | 8.1 % |
| Change in valuation allowance | 20,688 | (10.0) % | 25,547 | 5.8 % |
| Noncontrolling interest | 7,718 | (3.7) % | — | — % |
| Other permanent differences, net | 1,538 | (0.9) % | (93) | (0.1) % |
| **Total income tax expense (benefit)** | **$ (16,390)** | **7.9 %** | **$ 71,865** | **34.8 %** |

The most significant temporary differences between GAAP net income (loss) and taxable net income (loss) are the treatment of interest costs, policy premiums and servicing costs with respect to the acquisition and maintenance of the life insurance policies and revenue recognition with respect to the fair value of the life insurance portfolio.

As of both December 31, 2020 and 2019, valuation allowances were recorded against the total amount of non-permanent deferred tax assets. Indefinite-lived deferred tax assets of $2.8 million in 2020 were comprised of an interest expense limitation under Internal Revenue Code Section 163(j) and the tax-effected net operating loss ("NOL") created beginning in 2019.

At December 31, 2020, we had federal NOL carryforwards of $58.0 million resulting in related deferred tax assets of $12.2 million, and state NOL carryforwards of $24.3 million resulting in related deferred tax assets of $1.9 million. At December 31, 2019, we had federal NOL carryforwards of $29.7 million resulting in related deferred tax assets of $6.2 million, and state NOL carryforwards of $29.6 million resulting in related deferred tax assets of $2.3 million. The NOL carryforwards subject to expiration (i.e., those generated prior to 2018) will begin to expire in 2031. Future utilization of NOL carryforwards is subject to limitations under Section 382 of the Internal Revenue Code. This section generally relates to a more than 50 percent change in ownership over a three-year period. As a result of the Exchange Transaction, a change in ownership for tax purposes only has occurred as of December 28, 2018. As such, the annual utilization of our net operating losses generated prior to the ownership change is limited. However, net unrealized built-in gains on our life insurance policies result in an increase in the Section 382 limit over the five-year recognition period, which resulted in $0.5 million of current tax liability in 2020 and a nominal amount in 2019.

After the change-of-control transaction with Ben LP on December 31, 2019, GWG Holdings moved its headquarters from Minnesota to Texas. This move resulted in a change in the state deferred tax rate from 9.8% to 0%. In the third quarter 2020, GWG Holdings was allocated a gain from its investment in Ben LP. The tax effects of these items were recorded as discrete items.

The Company currently records a valuation allowance against its deferred tax assets that cannot be realized by the future reversal of existing temporary differences. Due to the uncertain timing of the reversal of certain of these temporary differences associated with the constraint described below, they cannot be considered as a source of future taxable income for

purposes of determining a valuation allowance; therefore, the vast majority of the deferred tax liability cannot be utilized in determining the realizability of the deferred tax assets. Due to a prior deemed ownership change, net operating loss carryforwards are subject to Section 382 of the Internal Revenue Code.

The Company reassessed its valuation allowance during the third quarter of 2020 and determined it will no longer utilize the reversal of a temporary difference related to GWG Holdings' preferred equity ownership in Ben LP, until such time as the preferred equity is no longer constrained, as a source of income to realize existing deferred tax assets related to the net operating loss and Internal Revenue Code Section 163(j) limitations. As a result, we recorded a large net deferred tax liability as of December 31, 2020. The effects of the reassessment of the valuation allowance on the deferred tax liability as of December 31, 2019 are reflected in Note 21 to the consolidated financial statements. The net deferred tax liability as of December 31, 2020 is specifically related to GWG Life's investment in the Preferred Series A Subclass 1 Unit Accounts described in Note 1 to the consolidated financial statements. The disposition of this investment is constrained by the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. As such, the timing of recognition of the necessary taxable income related to this investment and the future reversal of this temporary difference cannot be predicted.

We continue to monitor and evaluate the rationale for recording a full valuation allowance for the net amount of the deferred tax assets in excess of the deferred tax liabilities that are not constrained. We intend to continue maintaining a full valuation allowance on these net deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change on the basis of the level of profitability that we are able to actually achieve.

On March 27, 2020, Congress passed and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which included significant changes to U.S. Federal income tax law. However, the only change that is expected to affect the Company is the modification to Section 163(j), which increased the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income.

**Revenue and Earnings before Tax by Reportable Segment — 2020 Compared to 2019**

We have two reportable segments: 1) Beneficient and 2) Secondary Life Insurance. Corporate & Other includes certain activities not allocated to specific business segments. These activities include holding company financing and investing activities, and management and administrative services to support the overall operations of the Company and GWG Holdings' equity method investment in FOXO.

Comparison of revenue by reportable segment for the periods indicated (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| **Revenue:** | **2020** | **2019** | **Increase/ (Decrease)** |
| Secondary Life Insurance | $ 51,359 | $ 78,002 | $ (26,643) |
| Beneficient | 72,950 | 13,738 | 59,212 |
| Corporate & Other | 62 | 536 | (474) |
| Total | $ 124,371 | $ 92,276 | $ 32,095 |

The primary drivers of the changes from 2019 to 2020 were as follows:

- Secondary Life Insurance revenue decreased by $26.6 million for the year ended December 31, 2020, over the comparable period in 2019 primarily as a result of a $25.7 million decrease in gain on life insurance policies driven by a combination of no gain on policy acquisitions, maturities of life insurance policies with a higher cumulative cost basis, and higher premiums paid. Also contributing to the decrease in the Secondary Life Insurance segment revenues was a decrease of $0.9 million in interest and other miscellaneous income during 2020 compared to 2019.

- Beneficient segment revenue for the year ended December 31, 2020, represents the consolidated operations of Beneficient, compared to an equity method investment in Beneficient during the same period in 2019. As such, the year ended 2020 includes $61.7 million of investment income recognized related to repurchase options issued by certain of the ExAlt Trusts and a $17.6 million downward adjustment to NAV of alternative assets held by certain of the ExAlt Trusts, which are consolidated subsidiaries of Ben LP, whereas the year ended 2019 primarily includes

$11.3 million of interest income on the Commercial Loan between GWG Life and Ben LP and $2.2 million of interest income on the Promissory Note between GWG Life and the ExAlt Trusts, both of which were eliminated in consolidation beginning December 31, 2019. Additionally, there was $36.3 million of income recognized during the second quarter by Beneficient as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficient. A substantial majority of the former director's equity-based compensation units were fully vested, and the related expense was recorded in prior periods. Finally, this was offset by a $7.8 million decrease to the fair value of Beneficient's put options during 2020.

- Corporate & Other revenue was *de minimis* during the year ended December 31, 2020. The year ended 2019 includes minimal revenue related to a legacy merchant cash advance subsidiary of GWG Holdings. GWG Holdings no longer participates in the merchant cash advance industry.

Comparison of earnings (loss) before tax by reportable segment for the periods indicated (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| **Segment Earnings (Loss) Before Tax[1]** | **2020** | **2019** | **Increase/ (Decrease)** |
| | | *(As Restated)* | |
| Secondary Life Insurance | $ (59,684) | $ (27,694) | $ (31,990) |
| Beneficient[1] | (139,575) | 222,443 | (362,018) |
| Corporate & Other[2] | (32,970) | (35,470) | 2,500 |
| Total | $ (232,229) | $ 159,279 | $ (391,508) |

(1) Includes earnings from equity method investments and gain on consolidation of equity method investments for the year ended December 31, 2019, as presented in our consolidated statements of operations, related to GWG Holdings' equity method investment in Beneficient prior to December 31, 2019.

(2) Includes loss from equity method investments for the year ended December 31, 2020, as presented in our consolidated statements of operations, related to GWG Holdings' investment in FOXO.

The primary drivers of the changes in earnings (loss) before tax for the year ended December 31, 2020, compared to the same period of 2019 were as follows:

- Secondary Life Insurance loss before tax increased by $32.0 million as a result of the following:
  - $25.7 million decrease in the gain on life insurance policies, net as described above in the revenue discussion; and
  - $14.2 million increase in interest expense as a result of higher average debt outstanding; partially offset by
  - A decrease in operating expenses of $8.9 million, primarily resulting from lower employee compensation and benefits, lower business insurance costs, and lower legal fees.
- Beneficient segment experienced a net loss of $139.6 million in 2020 compared to earnings of $222.4 million in 2019, primarily due to the consolidation of Beneficient on December 31, 2019. During 2019, we accounted for Beneficient using the equity method on a one-quarter lag, and the amount reported represents our proportionate share of the losses of Beneficient for the period presented. The one-quarter lag was discontinued with the consolidation of Beneficient on December 31, 2019. The consolidation of Beneficient resulted in a net gain of $243.0 million related to the remeasurement to fair value of GWG Holdings' preexisting equity method investment in Beneficient. The loss of Beneficient for the year ended December 31, 2020, was primarily driven by $107.8 million of non-cash charges for equity incentive compensation. During the year ended December 31, 2020, Beneficient's losses were partially offset by $36.3 million of income recognized as a result of the forfeiture of vested equity-based compensation related to one former director of Beneficient as described in the revenue comparison discussion above.
- Corporate and Other operating loss was lower during December 31, 2020, compared to 2019, primarily due to lower legal and consulting fees as we incurred higher fees in 2019 as a result of the Beneficient transactions.

**Liquidity and Capital Resources**

As of December 31, 2020 and 2019, we had approximately $124.2 million and $115.8 million, respectively, in combined available cash, cash equivalents, and restricted cash. We generated net losses from operations for the years ended December 31, 2020 and 2019 totaling $208.5 million and $151.5 million. As of October 15, 2021, we had approximately $54.3 million in combined available cash, cash equivalents, and restricted cash. Besides funding operating expenditures, we are obligated to pay other items such as interest payments and debt maturities, and preferred stock dividends and redemptions.

We have historically financed our businesses primarily through a combination of L Bond sales, preferred stock sales, the LNV Credit Facility, and the NF Credit Facility. We have also financed our business through proceeds from life insurance policy benefit receipts, cash distributions from the ExAlt Trusts' alternative asset portfolio, dividends and interest on investments, and Beneficient's debt due to related parties. We have traditionally used proceeds from these sources for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends. We have also used proceeds to allocate capital to Beneficient; however, if Ben LP becomes an independent company per the Term Sheet discussed in the "Recent Developments" section above, the Company expects that Ben LP would reduce its reliance on GWG Holdings to fund its operations and would raise future capital from other sources. Ben LP's capital raising efforts and participation in liquidity transactions may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities may be dilutive to GWG Holdings' and GWG Life's investments in Ben LP and BCH and may include preferential terms relative to GWG Holdings' and GWG Life's investments in Ben LP and BCH, as applicable.

We currently fund our business primarily with debt that generally has a shorter duration than the duration of our long-term assets. The resulting asset/liability mismatch can result in a liquidity shortfall if we are unable to renew maturing short term debt or secure suitable additional financing. In such a situation, we could be forced to sell assets at less than optimal (distressed) prices. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities. We heavily rely on GWG Holdings' L Bond offering to fund our business operations, including, among other things, interest and principal payments on the existing L Bonds and capital allocations to Beneficient. We temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this 2020 Form 10-K, and were required to seek alternative sources of capital.

As a result of the suspension of GWG Holdings' L Bond offering, on June 28, 2021 (as described in more detail above), we pledged additional life insurance policies as collateral and received an additional advance of $51.2 million under the Third Amended Facility. Subsequently, on August 11 2021, we entered into the NF Credit Agreement (as described in more detail above and in Note 23 to the accompanying audited consolidated financial statements) and received a one-time advance of $107.6 million. Approximately $56.7 million of such advanced amount was used to pay off the remaining amount due, including interest and penalties, under the Third Amended Facility and the additional pledged life insurance policies used as collateral for the Third Amended Facility were released and pledged under the NF Credit Facility. Further, on September 7, 2021, DLP IV entered into the Fourth Amended Facility, that replaced the aforementioned Third Amended Facility. The Fourth Amended Facility resulted in an additional advance of $30.3 million from LNV Corporation, with no additional pledged collateral.

Primarily due to the current suspension of GWG Holdings' L Bond offering, the Company may require additional capital to continue its operations over the next twelve months if our ability to sell L Bonds dissipates, or if we are forced to suspend the L Bond offering. However, the Company may not be able to obtain additional borrowings under existing debt facilities or new borrowings with other third-party lenders. To the extent that GWG Holdings or its subsidiaries raise additional capital through the future issuance of debt, the terms of those debt securities may include terms that adversely affect the rights of our existing debt and/or equity holders or involve negative covenants that restrict GWG Holdings' ability to take specific actions, such as incurring additional debt or making additional investments in growing the operations of the Company. If GWG Holdings is unable to fund its operations and other obligations, or defaults on its debt, then the Company will be required to either i) sell assets to provide sufficient funding, ii) exercise our right to decline requests for early L Bond redemptions or redemptions of preferred stock, or iii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.

We anticipate recommencing the offering of GWG Holdings' L Bonds once we become current with our filing obligations and satisfy applicable NASDAQ listing requirements. Once we become current with our filing obligations with respect to the L Bonds, we may be limited in the origination channels in which we sell our L Bonds in the event that we are unable to meet the applicable NASDAQ listing requirements in a timely manner, which could result in the L Bonds no longer being "covered securities" for federal securities law purposes which would subject the offer and sale of L Bonds to potentially extensive state "blue sky" securities law requirements. If for any reason we are forced to suspend GWG Holdings' L Bond offering, are limited in our origination channels in which we sell our L Bonds, or demand for GWG Holdings' L bonds dissipates, our business would be adversely impacted and our ability to service and repay our debt obligations, much of which is short term, would be compromised, thereby negatively affecting our business prospects and viability.

We had $97.4 million borrowing base capacity, excluding any potential capacity for premiums and servicing costs, under the LNV Credit Facility as of December 31, 2020. Additional future borrowing base capacity for premiums and servicing costs, created as the premiums and servicing costs of pledged life insurance policies become due and by additional policy pledges to the facility, if any, exists under the LNV Credit Facility at the sole discretion of the lender. The LNV Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these debt covenants as of December 31, 2020, and December 31, 2019, and continue to be so as of the filing date of this report. Subsequent to December 31, 2020, we received additional advances through amendments to the LNV Credit Facility and entered in to the NF Credit Facility (as described in more detail above and in Note 23 to the accompanying audited consolidated financial statements).

Beneficient is obligated to make debt payments totaling $74.5 million on certain outstanding borrowings through May 30, 2022 under the terms of the Amendment No. 1 to the Second Amended and Restated Credit Agreements as discussed further in Note 23 to the accompanying audited consolidated financial statements. Primarily due to both the forthcoming debt payments under the Credit Agreement and Second Lien Credit Agreement and the anticipated deconsolidation of Beneficient from GWG Holdings, as discussed previously and in Note 23 to the accompanying audited consolidated financial statements, which is expected to result in reduced reliance by Beneficient on GWG Holdings to fund its operations, Beneficient will require additional liquidity to continue its operations over the next twelve months. We expect Beneficient to satisfy these obligations and fund its operations through anticipated operating cash flows, proceeds from distributions on the alternative assets portfolio, additional investments into Beneficient by GWG Holdings and/or other parties and, potentially refinancing with other third-party lenders some or all of the existing borrowings due prior to their maturity. Beneficient is currently in the process of raising additional equity, which is anticipated to close during the fourth quarter of 2021 and/or the first quarter of 2022.

Beneficient may not be able to refinance or obtain additional financing on terms favorable to the Company, or at all. To the extent that Beneficient raises additional capital through the future sale of equity or debt, the ownership interest of its existing equity holders may be diluted. The terms of these future equity or debt securities may include liquidation or other preferences that adversely affect the rights of its existing equity unitholders or involve negative covenants that restrict Beneficient's ability to take specific actions, such as incurring additional debt or making additional investments in growing its operations. If Beneficient defaults on these borrowings, then it will be required to either i) sell assets to repay these loans or ii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Moreover, if Beneficient were to sell assets to avoid a default of these borrowings, then the price at which Beneficient sold such assets may not reflect the carrying value of those assets as reflected in our consolidated financial statements, especially in the event of a bulk or distressed sale.

As noted in the "Results of Operations" section above, on November 11, 2019, GWG Holdings contributed the common stock and membership interests of its then wholly-owned FOXO Labs and FOXO Life subsidiaries to FOXO in exchange for a membership interest in the entity. On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. With the corporate conversion, GWG Holdings' previous membership interest in the LLC converted to preferred equity. GWG Holdings has contributed $16.2 million in cash to FOXO through December 31, 2020, and is committed to contribute an additional $3.8 million to the entity through October 2021, all of which was contributed by such date.

The potential NASDAQ delisting and our current inability to sell L Bonds as discussed above, in combination with significant recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and any potential negative outcome from the ongoing SEC investigation discussed elsewhere in this Form 10-K, raise substantial doubt about our ability to continue as a going concern for the next 12 months following the filing of this Form 10-K.

***Financings Summary***

We had the following outstanding debt balances as of December 31, 2020 and 2019, with the following weighted average interest rate as calculated for the years ended December 31, 2020 and 2019 (dollars in thousands):

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| **Issuer/Borrower** | **Principal Amount Outstanding** | **Weighted Average Interest Rate** | **Principal Amount Outstanding** | **Weighted Average Interest Rate** |
| GWG DLP Funding IV, LLC – LNV senior credit facility | $ 202,611 | 9.12 % | $ 184,586 | 9.57 % |
| GWG Holdings, Inc. – L Bonds | 1,277,881 | 7.21 % | 948,128 | 7.15 % |
| GWG Holdings, Inc. – Seller Trust L Bonds | 272,104 | 7.50 % | 366,892 | 7.50 % |
| Beneficient – Debt due to related parties | 77,176 | 6.50 % | 152,199 | 4.59 % |
| **Total** | $ 1,829,772 | 7.43 % | $ 1,651,805 | 7.26 % |

The table below reconciles the face amount of our outstanding debt to the carrying value shown on our balance sheets (dollars in thousands):

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| **Senior credit facility with LNV Corporation** | | |
| Face amount outstanding | $ 202,611 | $ 184,586 |
| Unamortized deferred financing costs | (8,881) | (10,196) |
| Carrying amount | $ 193,730 | $ 174,390 |
| | | |
| **L Bonds and Seller Trust L Bonds:** | | |
| Face amount outstanding | $ 1,549,985 | $ 1,315,020 |
| Subscriptions in process | 17,978 | 15,839 |
| Unamortized selling costs | (48,957) | (37,329) |
| Carrying amount | $ 1,519,006 | $ 1,293,530 |
| | | |
| **Debt due to related parties:** | | |
| Face amount outstanding | $ 77,176 | $ 152,199 |
| Unamortized premium (discount) | (916) | 887 |
| Carrying amount | $ 76,260 | $ 153,086 |

In January 2015, GWG Holdings began publicly offering up to $1.0 billion of L Bonds as a follow-on to our earlier $250.0 million public debt offering. In January 2018, GWG Holdings began publicly offering up to $1.0 billion L Bonds as a follow-on to GWG Holdings' earlier L Bond offering.

On June 3, 2020, a registration statement relating to an additional public offering was declared effective permitting us to sell up to $2.0 billion in principal amount of L Bonds on a continuous basis through June 2023. These bonds contain the same terms and features as our previous offerings. We have raised $231.2 million under this offering since it was declared effective.

Through December 31, 2020, the total amount of L Bonds sold under all offerings, including renewals, was $2.1 billion. As of December 31, 2020 and 2019, we had approximately $1.3 billion and $0.9 billion, respectively, in principal amount of L Bonds outstanding (exclusive of Seller Trust L Bonds).

On August 10, 2018, GWG Holdings, GWG Life and the Bank of Utah, as trustee, entered into the L Bond Supplemental Indenture to the Amended and Restated Indenture. GWG Holdings entered into the L Bond Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Seller Trust L Bonds. GWG Holdings issued Seller Trust L Bonds in the amount of $366.9 million to the Seller Trusts in connection with the Exchange Transaction. As a result of the Collateral Swap discussed in Note 1 to the consolidated financial statements, $94.8 million of the Seller Trust L Bonds are eliminated upon consolidation. The maturity date of the Seller Trust

L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.5% per annum. Interest is payable monthly in cash (see Note 10 to the accompanying audited consolidated financial statements). The Amended and Restated Indenture was subsequently amended on December 31, 2019, primarily to modify the calculation of the Debt Coverage Ratio in the Indenture to provide GWG Holdings with the ability to incur indebtedness (directly or through a subsidiary of GWG Holdings) that is payable in capital stock of GWG Holdings or mandatorily convertible into or exchangeable for capital stock of GWG Holdings that would be excluded from the calculation of the Debt Coverage Ratio. On December 31, 2020, we entered into the Liquidity Bond Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Liquidity Bonds in a principal amount of up to $1.0 billion.

The weighted-average interest rate of GWG Holdings' outstanding L Bonds (excluding the Seller Trust L Bonds) as of December 31, 2020 and 2019, was 7.21% and 7.15%, respectively, and the weighted-average maturity at those dates was 3.19 and 3.21 years, respectively. GWG Holdings' L Bonds (other than the Seller Trust L Bonds and the Liquidity Bonds) have renewal features. Since we first issued GWG Holdings' L Bonds, we have experienced $768.7 million in maturities, of which $406.3 million has renewed through December 31, 2020, for an additional term. This renewal activity has provided us with an aggregate renewal rate of approximately 52.9% for investments in these securities.

Future contractual maturities of L Bonds (including the Seller Trust L Bonds and Liquidity Bonds) at December 31, 2020 are as follows (in thousands):

| **Years Ending December 31,** | |
|---|---|
| 2021[(1)] | $ 463,686 |
| 2022 | 293,038 |
| 2023 | 191,446 |
| 2024 | 121,105 |
| 2025 | 167,433 |
| Thereafter | 313,277 |
| | $ 1,549,985 |

(1) As of December 31, 2020, we had approximately $366.9 million in principal amount of Seller Trust L Bonds outstanding, of which $94.8 million are held by the ExAlt Trusts and are eliminated in consolidation. Accordingly, the net of these amounts, $272.1 million, is presented in the table above. As the second anniversary of the Final Closing Date has passed, the holders of the Seller Trust L Bonds now have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder within 45 days. As such, while the maturity date of the Seller Trust L Bonds is in August 2023, their contractual maturity is reflected in 2021, as that is the period in which they could become payable. The repurchase may be paid, at GWG Holdings' option, in the form of cash, and/or a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan Agreement, and (ii) Common Units, or a combination of cash and such property.

The L Bonds (including the Seller Trust L Bonds and Liquidity Bonds) are secured by all of our assets and are subordinate to the LNV Credit Facility and the NF Credit Facility.

On September 27, 2017, we entered into a $300 million amended and restated senior credit facility with LNV Corporation in which DLP IV is the borrower. As of December 31, 2020, we had approximately $202.6 million outstanding under the senior credit facility. On November 1, 2019, we entered into the LNV Credit Facility, which replaced the prior agreement governing the facility. A description of the agreement governing the LNV Credit Facility is set forth below under the caption "Amendment of Credit Facility with LNV Corporation." We intend to use the proceeds from this facility to maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes.

Beneficient had borrowings with an aggregate carrying value of $76.3 million and $153.1 million as of December 31, 2020, and December 31, 2019, respectively. This aggregate outstanding balance includes a first lien credit agreement and a second lien credit agreement with respective balances, including accrued interest, of $2.3 million and $72.3 million at December 31, 2020, and $77.5 million and $72.2 million as of December 31, 2019, respectively. These amounts exclude an unamortized discount of $0.9 million as of December 31, 2020, and an unamortized premium of $0.9 million as of December 31, 2019. Both credit agreements were amended and restated on August 13, 2020, which extended the maturity for both to April 10,

2021, as discussed in detail in Note 10 to the consolidated financial statements. In accordance with the terms of the Second Amendments, both loans accrue interest at a rate of 1-month LIBOR plus 8.0%, with a maximum rate of 9.5%. Prior to the Second Amendments, both loans accrued interest at a rate of 1-month LIBOR plus 3.95%, compounded daily. On March 10, 2021, and again on June 28, 2021, Beneficient executed amendments to both credit agreements that, among other items, extended the maturity for both agreements to May 30, 2022, as discussed in more detail in Note 23 to the consolidated financial statements. These loans are not currently guaranteed by GWG Holdings or GWG Life.

Beneficient has additional borrowings maturing in 2023 and 2024 with an aggregate principal balance outstanding, including accrued interest, of $2.6 million and $2.5 million as of December 31, 2020 and December 31, 2019, respectively.

Future contractual maturities of Beneficient's debt due to related parties as of December 31, 2020 are as follows (in thousands):

| **Years Ending December 31,** | | |
|---|---|---|
| 2021 | $ | 74,548 |
| 2022 | | — |
| 2023 | | 750 |
| 2024 | | 1,856 |
| 2025 | | — |
| Thereafter | | — |
| | $ | 77,154 |

We expect to meet our ongoing operational capital needs for, among other things, GWG Holdings' and GWG Life's investments in Beneficient, alternative asset investments, policy premiums and servicing costs, exploring opportunities to establish a life insurance company, working capital and financing expenditures including paying principal, interest and dividends through a combination of the receipt of policy benefits from our portfolio of life insurance policies, net proceeds from GWG Holdings' L Bond offering, dividends and interest from investments, distributions from the alternative assets held by certain of the ExAlt Trusts, future preferred and common equity offerings, and funding available from the LNV Credit Facility. We estimate that our liquidity and capital resources are sufficient for our current and projected financial needs for at least the next twelve months given current assumptions. However, if we are unable to continue GWG Holdings' L Bond offering for any reason, and we are unable to obtain capital from other sources, our business will be materially and adversely affected. In addition, our business will be materially and adversely affected if we do not receive the policy benefits we forecast and if holders of GWG Holdings' L Bonds fail to renew with the frequency we have historically experienced. In such a case, we could be forced to sell our investments in life insurance policies to service or satisfy our debt-related and other obligations. A sale under such circumstances may result in significant impairment of the recognized value of our portfolio.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures in 2021.

***Alternative Assets and Secured Indebtedness***

The following information is specifically related to GWG Holdings, Inc. and its subsidiaries (not including the assets and liabilities held by Beneficient or any eliminations in consolidation).

The following table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets (at various discount rates, including the discount rate used to value our portfolio at December 31, 2020), and the realization of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH (a substantial majority of the net assets of which are currently represented by intangible assets and goodwill), and the Commercial Loan Agreement (in each case, at their respective carrying amounts and assuming no discount for lack of marketability or transaction costs, which could be substantial) would have on our ability to satisfy our debt obligations as of December 31, 2020. The investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH, and Commercial Loan Agreement are discussed in detail in Note 1 and other applicable notes to the accompanying audited consolidated financial statements. The amounts in the table below do not include the consolidation of the assets and liabilities of Beneficient and related eliminations as of December 31, 2020. In all cases, the sale of the life insurance assets owned by DLP IV will be used first to satisfy all amounts owing under the LNV Credit Facility. The net sale proceeds remaining after satisfying all obligations

under the LNV Credit Facility would be applied to the L Bonds and Seller Trust L Bonds on a pari passu basis. All dollar amounts in the table below are in thousands.

| **Life Insurance Portfolio Discount Rate** | **8.25%[1]** | **10.00%** | **12.00%** | **14.00%** | **16.12%** |
|---|---|---|---|---|---|
| Value of life insurance portfolio | $ 791,911 | $ 730,648 | $ 670,923 | $ 620,023 | $ 573,799 |
| Common Units | 438,194 | 438,194 | 438,194 | 438,194 | 438,194 |
| Preferred Series A Subclass 1 Unit Account of BCH | 319,030 | 319,030 | 319,030 | 319,030 | 319,030 |
| Preferred Series C Unit Account of BCH | 195,578 | 195,578 | 195,578 | 195,578 | 195,578 |
| Commercial Loan Agreement | 180,080 | 180,080 | 180,080 | 180,080 | 180,080 |
| Cash, cash equivalents and policy benefits receivable | 120,616 | 120,616 | 120,616 | 120,616 | 120,616 |
| Other assets | 20,082 | 20,082 | 20,082 | 20,082 | 20,082 |
| Total assets | 2,065,491 | 2,004,228 | 1,944,503 | 1,893,603 | 1,847,379 |
| Less: Senior credit facility[2] | 202,611 | 202,611 | 202,611 | 202,611 | 202,611 |
| Net after senior credit facility | 1,862,880 | 1,801,617 | 1,741,892 | 1,690,992 | 1,644,768 |
| Less: L Bonds[3] | 1,644,773 | 1,644,773 | 1,644,773 | 1,644,773 | 1,644,773 |
| Net remaining | $ 218,107 | $ 156,844 | $ 97,119 | $ 46,219 | $ (5) |
| Impairment to L Bonds | No impairment | No impairment | No impairment | No Impairment | Impairment |

(1) The discount rate used to calculate the fair value of our life insurance portfolio as of December 31, 2020.
(2) This amount excludes unamortized deferred financing costs.
(3) Amount represents aggregate outstanding principal balance of L Bonds and Seller Trust L Bonds prior to eliminations as of December 31, 2020.

The above table illustrates that our ability to fully satisfy amounts owing under the L Bonds and Seller Trust L Bonds would likely be impaired upon the sale or the realization of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH and Commercial Loan Agreement at their respective carrying amounts, plus all our life insurance assets at a price equivalent to a discount rate of approximately 16.12% or higher at December 31, 2020. At December 31, 2019, the likely impairment occurred at a discount rate of approximately 26.78% or higher. Based on a preliminary analysis, at September 30, 2021, management expects the likely impairment, as calculated in accordance with the table above, to occur at a discount rate of approximately 8.50% or higher. The above hypothetical analysis is included for informational purposes only, and the results of such analysis have no bearing on the current ability of GWG Holdings to market and sell L Bonds or to satisfy amounts owing under the L Bonds and Seller Trust L Bonds.

The table does not include any allowance for transactional fees and expenses (which expenses and fees could be substantial) nor any discount for lack of marketability associated with a portfolio sale or the realization of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH and Commercial Loan Agreement, respectively, and is provided to demonstrate how various discount rates used to value our portfolio of life insurance assets could affect our ability to satisfy amounts owing under our debt obligations in light of our senior secured lender's right to priority payments under our senior credit facility with LNV Corporation.

The table also assumes GWG Holdings will realize the full amounts of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH, and Commercial Loan Agreement. However, the ultimate value of GWG Holdings' and GWG Life's investments in Beneficient depends on multiple factors, including the expected growth of new service offerings and products. Since predicting the rate of growth attributable to newly launched products is inherently uncertain, there is no assurance that GWG Holdings will recover the full book basis of its investments in Beneficient. Additionally, there is currently no market for the aforementioned assets, and a market may not develop. Our Commercial Loan receivable and a portion of GWG Holdings' and GWG Life's investment in the Common Units may be used as consideration for retiring the Seller Trust L Bonds upon a redemption event or at the maturity of the Seller Trust L Bonds (see Note 10 to the accompanying audited consolidated financial statements). This table also does not include the yield maintenance fee we are required to pay in certain circumstances under the LNV Credit Facility, which could be substantial. The above table should be read in conjunction with the information contained in other sections of this report, including Critical Accounting Policies — Valuation of Life Insurance Policies and the notes to the accompanying audited consolidated financial statements.

***Amendment of Credit Facility with LNV Corporation***

Effective November 1, 2019, DLP IV entered into the LNV Credit Facility. The LNV Credit Facility makes available a total of up to $300.0 million in credit to DLP IV with a maturity date of September 27, 2029. Subject to available borrowing base capacity, additional advances are available under the LNV Credit Facility at the LIBOR rate described below. Such advances are available to pay premiums and servicing costs of pledged life insurance policies as such amounts become due. Interest will accrue on amounts borrowed under the LNV Credit Facility at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (a) the greater of 1.50% or 12-month LIBOR, plus (b) 7.50% per annum. The effective rate at December 31, 2020 was 9.00%. Interest payments are made on a quarterly basis.

Under the LNV Credit Facility, DLP IV has granted the administrative agent, for the benefit of the lenders under the facility, a security interest in all of DLP IV's assets. As with prior collateral arrangements relating to the senior secured debt of GWG Holdings and its subsidiaries (on a consolidated basis), GWG Life's excess equity value of DLP IV after satisfying all amounts owing under the LNV Credit Facility is available as collateral for the obligations of GWG Holdings under the L Bonds and Seller Trust L Bonds (although the life insurance assets owned by DLP IV do not themselves serve as direct collateral for those obligations).

We are subject to various financial and non-financial covenants under the LNV Credit Facility, including, but not limited to, compliance with laws, preservation of existence, financial reporting, keeping of proper books of record and account, payment of taxes, and ensuring that neither DLP IV nor GWG Life become an investment company. As of December 31, 2020, we were in compliance with all financial and non-financial covenants.

In addition, the LNV Credit Facility has certain reporting obligations that require DLP IV to deliver audited annual financial statements no later than ninety days after the end of each fiscal year. Due to the failure to issue GWG Life, LLC audited financial statements for 2020 to LNV Corporation within 90 days after the end of the year, we were in violation of our financial reporting obligations under the LNV Credit Facility. CLMG Corp., as administrative agent for LNV Corporation, has issued a limited deferral extending the delivery of these reports to May 17, 2021. We regained compliance on May 17, 2021, when the audited annual financial statements of GWG Life were delivered to LNV Corporation.

On June 28, 2021, DLP IV entered into the Third Amended Facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, that replaced the aforementioned LNV Credit Facility. The Third Amended Facility resulted in an additional advance of $52.5 million from LNV Corporation.

In conjunction with entering into the Third Amended Facility, DLP V transferred life insurance policies having an aggregate face value of approximately $440.6 million to DLP IV which were pledged as additional collateral to the Third Amended Facility, and DLP IV received proceeds of approximately $51.2 million (net of certain fees and expenses incurred in connection with the negotiation and entry into the Third Amended Facility). The Third Amended Facility sets forth interest and other terms and covenants similar those included in the previous LNV Credit Facility. The Third Amended Facility was paid off on August 11, 2021, with a portion of the proceeds from the NF Credit Facility described below.

On September 7, 2021, DLP IV entered into the Fourth Amended Facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, that replaced the aforementioned Third Amended Facility. The Fourth Amended Facility resulted in an additional advance of $30.3 million from LNV Corporation. The Fourth Amended Facility sets forth interest and other terms and covenants similar those included in the previous LNV Credit Facility.

***Credit Facility with National Founders LP***

On August 11, 2021, DLP VI, entered into the NF Credit Agreement with each lender from time to time party thereto and National Founders LP, as the administrative agent. On August 11, 2021, a one-time advance of approximately $107.6 million was made to the DLP VI under the NF Credit Facility with a scheduled maturity date of August 11, 2031. Approximately $56.7 million of such advanced amount was used to pay off the remaining amount due, including interest and penalties, under the Third Amended Facility. Amounts borrowed under the NF Credit Facility bear interest on each day on the outstanding principal amount on such day at a per annum rate, determined on a daily basis, generally equal to 5.5% up to a 65% of the loan to value percent as calculated in accordance with the NF Credit Agreement, and 7.0% on anything above that loan to value percent.

A portion of the proceeds from the funding under the NF Credit Facility was used to purchase life insurance policies that were owned by DLP IV, which used the funds to repay the most recent advance of $52.5 million plus interest and penalties under the LNV Credit Facility described above. At August 11, 2021, the aggregate face value of life insurance policies owned by DLP VI, was approximately $433.1 million. As of such date, the aggregate face value of life insurance policies owned by DLP IV was approximately $1.42 billion.

We are subject to various financial and non-financial covenants under the NF Credit Facility, including, but not limited to, compliance with laws, preservation of existence, financial reporting, keeping of proper books of record and account, payment of taxes, and ensuring that neither DLP VI nor GWG Life become an investment company. Additionally, we are required to maintain a Debt Coverage Ratio not to exceed 90%. As of August 31, 2021, we were in compliance with all financial and non-financial covenants in the NF Credit Facility.

**Cash Flows**

***Interest and Dividend Payments***

We finance our businesses through a combination of: life insurance policy benefit receipts; principal, dividends and interest receipts from investments; distributions from the alternative assets held by the ExAlt Trusts; debt and equity offerings; and the LNV Credit Facility and the NF Credit Facility. We have historically relied on debt (L Bonds and the LNV Credit Facility) and equity (preferred stock) financing for the majority of our cash expenditures (for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal and interest on existing debt, and for GWG Holdings and GWG Life making investments in Beneficient) as the amount of cash flows from the realization of life insurance policy benefits and cash flows from our other investments has been insufficient to meet all of our needs. This has resulted in the Company incurring substantial indebtedness and, to a lesser extent, obligations to make dividend payments on our classes of preferred stock.

Beneficient primarily finances its business through repayments on ExAlt Loans. Such repayments are funded from a portion of the cash distributions the ExAlt Trusts receive from their alternative assets and additional investments in Beneficient by GWG Holdings and/or other parties. See Note 10 to the accompanying audited consolidated financial statements for details on the amendments of Beneficient's credit agreements. Beneficient uses proceeds from these sources to fund liquidity transactions and potential unfunded capital commitments, working capital, debt service payments, and costs associated with potential future products. Beneficient also anticipates the need to establish sufficient regulatory capital if and when its Texas trust company charter is issued or the Kansas TEFFI trust company becomes operational. Additionally, Bermuda insurance statutes and regulations, and the policies of the BMA, require that Pen, among other things, maintain a minimum level of capital and surplus, satisfy solvency standards, and restrict dividends and distributions. Beneficient Capital Markets will also be subject to regulations of the SEC and FINRA that require, among other things, Beneficient Capital Markets to maintain a minimum level of capital.

Our total interest expense of $154.6 million and $114.8 million for the years ended December 31, 2020 and 2019, respectively, represent the largest cash expense in each period. Preferred stock cash dividends were $14.6 million and $16.9 million for the years ended December 31, 2020 and 2019, respectively. While reducing our cost of funds and increasing our common equity base are primary goals of the Company, until we do so we will continue to expend significant amounts of cash for interest and dividend payments and will thus continue to rely heavily on our ability to raise cash from GWG Holdings' L Bond offering, LNV Credit Facility and other means as they are developed and available.

***Life Insurance Policy Premium Payments***

The payment of premiums and servicing costs to maintain life insurance policies represents one of our most significant requirements for cash disbursement. When a policy is purchased, we are able to calculate the minimum premium payments required to maintain the policy in-force. Over time as the insured ages, premium payments will increase. Nevertheless, the probability we will be required to pay the premiums decreases as mortality becomes more likely. These scheduled premiums and associated probabilities are factored into our expected internal rate of return and cash-flow modeling. Beyond premiums, we incur policy servicing costs, including annual trustee, policy administration and tracking costs. Additionally, we incur significant financing costs, including principal, interest and dividends. Both policy servicing costs and financing costs are excluded from our internal rate of return calculations. We finance our businesses through a combination of life insurance policy benefit receipts, dividends and interest on other investments, equity offerings, debt offerings, and advances under the LNV Credit Facility and NF Credit Facility.

The amount of payments for anticipated premiums, including the requirement under the LNV Credit Facility and NF Credit Facility to maintain a two month cost-of-insurance threshold within each policy cash value account, and servicing costs that we will be required to make over the next five years to maintain our current portfolio, assuming no mortalities, is set forth in the table below (in thousands):

| Years Ending December 31, | Premiums | Servicing | Total |
|---|---|---|---|
| 2021 | $ 72,445 | $ 1,655 | $ 74,100 |
| 2022 | 89,436 | 1,655 | 91,091 |
| 2023 | 100,953 | 1,655 | 102,608 |
| 2024 | 110,044 | 1,655 | 111,699 |
| 2025 | 122,438 | 1,655 | 124,093 |
| | $ 495,316 | $ 8,275 | $ 503,591 |

Our anticipated premium expenses are subject to the risk of increased cost-of-insurance charges (i.e., “COI” or premium charges) for the life insurance policies we own. We did not receive any notices of COI rate changes in 2019. We have received COI increases on six policies during the year ended December 31, 2020.

We have no known pending cost-of-insurance increases on any policies in our portfolio, but we are aware that cost-of-insurance increases have become more prevalent in the industry. Thus, we may see additional insurers implementing cost-of-insurance increases in the future.

***Life Insurance Policy Benefit Receipts***

For the quarter-end dates set forth below, the following table illustrates the total amount of face value of policy benefits owned, and the trailing 12 months of life insurance policy benefits realized and premiums paid on our portfolio. The trailing 12-month benefits/premium coverage ratio indicates the ratio of policy benefits realized to premiums paid over the trailing 12-month period from our portfolio of life insurance policies.

| Quarter End Date | Portfolio Face Amount (in thousands) | 12-Month Trailing Benefits Realized (in thousands) | 12-Month Trailing Premiums Paid (in thousands) | 12-Month Trailing Benefits/Premiums Coverage Ratio |
|---|---|---|---|---|
| March 31, 2016 | $ 1,027,821 | $ 21,845 | $ 28,771 | 75.9 % |
| June 30, 2016 | 1,154,798 | 30,924 | 31,891 | 97.0 % |
| September 30, 2016 | 1,272,078 | 35,867 | 37,055 | 96.8 % |
| December 31, 2016 | 1,361,675 | 48,452 | 40,239 | 120.4 % |
| March 31, 2017 | 1,447,558 | 48,189 | 42,753 | 112.7 % |
| June 30, 2017 | 1,525,363 | 49,295 | 45,414 | 108.5 % |
| September 30, 2017 | 1,622,627 | 53,742 | 46,559 | 115.4 % |
| December 31, 2017 | 1,676,148 | 64,719 | 52,263 | 123.8 % |
| March 31, 2018 | 1,758,066 | 60,248 | 53,169 | 113.3 % |
| June 30, 2018 | 1,849,079 | 76,936 | 53,886 | 142.8 % |
| September 30, 2018 | 1,961,598 | 75,161 | 55,365 | 135.8 % |
| December 31, 2018 | 2,047,992 | 71,090 | 52,675 | 135.0 % |
| March 31, 2019 | 2,098,428 | 87,045 | 56,227 | 154.8 % |
| June 30, 2019 | 2,088,445 | 82,421 | 59,454 | 138.6 % |
| September 30, 2019 | 2,064,156 | 101,918 | 61,805 | 164.9 % |
| December 31, 2019 | 2,020,973 | 125,148 | 63,851 | 196.0 % |
| March 31, 2020 | 2,000,680 | 120,191 | 65,224 | 184.3 % |
| June 30, 2020 | 1,960,826 | 137,082 | 66,846 | 205.1 % |
| September 30, 2020 | 1,921,067 | 149,415 | 67,931 | 220.0 % |
| December 31, 2020 | 1,900,715 | 125,109 | 69,734 | 179.4 % |

We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis that the life insurance policy benefits we receive will continue to increase over time in relation to the premiums we are required to pay on the remaining polices in the portfolio. Nevertheless, we expect that our portfolio cash flow on a period-to-period basis will remain inconsistent as we have reduced capital allocated to acquiring a larger, more diversified portfolio of life insurance policies.

**Inflation**

Changes in inflation do not necessarily correlate with changes in interest rates. We presently do not foresee any material impact of inflation on our results of operations in the periods presented in our consolidated financial statements.

**Off-Balance Sheet Arrangements**

*Unfunded Capital Commitments*

The ExAlt Trusts had $35.6 million and $34.9 million of potential gross capital commitments as of December 31, 2020 and December 31, 2019, respectively, representing potential limited partner capital funding commitments on the interests in alternative asset funds. The trust holding the interest in the limited partnership for the alternative asset fund is required to fund these limited partner capital commitments per the terms of the limited partnership agreement. Capital funding commitment reserves are maintained by the associated trusts within the ExAlt Plan™ created at the origination of each trust for up to $0.1 million. To the extent that the associated ExAlt Trust cannot pay the capital funding commitment, Beneficient is obligated to lend sufficient funds to meet the commitment. Any amounts advanced by Beneficient to the ExAlt Trusts for these limited partner capital funding commitments above the associated capital funding commitment reserves held by the associated ExAlt Trusts are added to the ExAlt Loan balance between Beneficient and the ExAlt Trusts and are expected to be recouped through the cash distributions from the interests in alternative asset fund that collateralizes such ExAlt Loan.

Capital commitments generally originate from limited partner agreements having fixed or expiring expiration dates. The total limited partner capital funding commitment amounts may not necessarily represent future cash requirements. Beneficient considers the creditworthiness of the investment on a case-by-case basis. At both December 31, 2020 and December 31, 2019, Beneficient had no reserves for losses on unused commitments to fund potential limited partner capital funding commitments.

*Unfunded Commitments*

Beneficient had $1.1 million of unfunded commitments on liquidity solution transactions as of December 31, 2020, related to liquidity transactions in process as of that date. There were no reserves for unfunded commitments as of December 31, 2020, and all amounts in process were fully funded in the first quarter of 2021.

*Equity Method Investee Commitments*

GWG Holdings has contributed $16.2 million in cash to FOXO to date through December 31, 2020, and is committed to contribute an additional $3.8 million to the entity through October 2021, all of which was contributed by such date.

**Credit Risk and Interest Rate Risk**

We review the credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' credit risk, we consider insurance company solvency, credit risk indicators, economic conditions, ongoing credit evaluations, and company positions. We attempt to manage our credit risk related to life insurance policies typically by purchasing policies issued only from companies with an investment-grade credit rating by either Standard & Poor's, Moody's, or A.M. Best Company. As of December 31, 2020, 96.3% of our life insurance policies, by face value benefits, were issued by companies that maintained an investment-grade credit rating (BBB or better) by Standard & Poor's.

The LNV Credit Facility, NF Credit Facility, and Beneficient's debt due to related parties are floating-rate financings. In addition, our ability to offer interest and dividend rates that attract capital (including in our continuous offering of L Bonds) is generally impacted by prevailing interest rates. Furthermore, while GWG Holdings' L Bond offering provides us with fixed-rate debt financing, our Debt Coverage Ratio is calculated in relation to the interest rate on all of our debt financing, exclusive of our Seller Trust L Bonds. Therefore, increases in interest rates impact our business by increasing our borrowing costs and reducing availability under our debt financing arrangements. Earnings from our life insurance portfolio are based upon the spread, if any, generated between the return on the portfolio and the total cost of our financing (excluding cost of

financing for the Seller Trust L Bonds). As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance policies.

The ExAlt Trusts hold investments in alternative assets, which are exposed to risks related to markets, credit, currency, and interest rates. Currently, all of these alternative assets consist of private equity limited partnership interests, which are primarily denominated in the U.S. dollar, Euro, and Canadian dollar. The underlying portfolio companies primarily operate in the United States and Western Europe, with the largest percentage, based on NAV, operating in diversified financials, telecommunications services, food and staples retailing, and software and services industries.

As of December 31, 2020, and 2019, all of the ExAlt Loans, which are eliminated upon consolidation, are collateralized by the cash flows originating from the ExAlt Trusts' investments in alternative assets. These ExAlt Loans are a key determinant in income (loss) allocable to Beneficient's equity holders, and thus GWG Holdings. Beneficient has underwriting procedures and utilizes market rates. Additionally, Beneficient has purchased put options to protect the net asset value of the interests in alternative assets held by certain of the ExAlt Trusts from impacts associated with a broad market downturn. Finally, the ExAlt Trusts applicable trust agreements allow for excess cash flows from a collective pool of alternative assets to be utilized to repay the ExAlt Loans they have with Beneficient when cash flows from the customer's originally alternative assets are not sufficient to repay the outstanding principal, interest, and fees.

**Guarantee and Collateral Provisions of L Bonds**

GWG Holdings' L Bonds are offered and sold under a registration statement declared effective by the SEC, and GWG Holdings has issued Seller Trust L Bonds under the L Bond Supplemental Indenture, as described in Note 10 to the consolidated financial statements. The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings and a pledge of all of GWG Holdings' common stock held by BCC and AltiVerse Capital Markets, L.L.C., a limited liability company owned by an entity related to the Ben Initial Investors, including Brad K. Heppner (GWG Holdings' former Chairman, who served in such capacity from April 26, 2019 to June 14, 2021, and Beneficient's current Chief Executive Officer and Chairman), and an entity related to Thomas O. Hicks (one of Beneficient's current directors and a former director of GWG Holdings) ("AltiVerse"). Together, BCC and AltiVerse represent approximately 12% of our outstanding common stock, and are guaranteed by GWG Life and a corresponding grant of a security interest in substantially all the assets of GWG Life. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds and Seller Trust L Bonds. GWG Life's equity in GWG Life Trust, DLP IV, and DLP V Holdings serves as collateral for GWG Holdings' L Bond and Seller Trust L Bond obligations. As of December 31, 2020, substantially all of our life insurance policies were held by DLP IV, DLP V, or GWG Life Trust. The policies held by DLP IV are not direct collateral for the L Bonds as such policies are pledged under the LNV Credit Facility.

On December 31, 2020, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into the Liquidity Bond Supplemental Indenture that provides for the issuance of two series of Liquidity Bonds, as described in Note 10 to the consolidated financial statements. The Liquidity Bonds are issued by GWG Life and guaranteed by GWG Holdings. The Liquidity Bonds are secured by the same collateral as the other L Bonds.

Furthermore, regarding the obligations of GWG Holdings and its subsidiaries as of December 31, 2020:

(1) The Seller Trust L Bonds are secured obligations of GWG Holdings, ranking junior to all senior debt of GWG Holdings and pari passu in right of payment and in respect of collateral with all L Bonds of GWG Holdings (see Note 10 to the accompanying audited consolidated financial statements). Payments under the Seller Trust L Bonds are guaranteed by GWG Life. The assets exchanged in connection with the Beneficent transaction are available as collateral for all holders of the L Bonds and Seller Trust L Bonds. Specifically, the Common Units are held by GWG Holdings and the Commercial Loan is held by GWG Life.

(2) The Liquidity Bonds are secured obligations of GWG Life, ranking junior to all senior debt of GWG Holdings or GWG Life and pari passu in right of payment and in respect of collateral with all L Bonds of GWG Holdings. Payments under the Liquidity Bonds are guaranteed by GWG Holdings.

(3) The terms of the LNV Credit Facility require that we maintain a significant excess of pledged collateral value over the amount outstanding on the LNV Credit Facility at any given time. Any excess after satisfying all amounts owing under the LNV Credit Facility is available as collateral for the L Bonds (including the Seller Trust L Bonds and Liquidity Bonds).

The following represents summarized financial information as of December 31, 2020 and December 31, 2019, with respect to the financial position, and for the year ended December 31, 2020, with respect to results of operations. The tables present summarized financial information of GWG Holdings and GWG Life on a combined basis after elimination of (i) intercompany transactions and balances among such entities, including GWG Holdings' interest in GWG Life, and (ii) equity in earnings from and investments in any subsidiary that is a non-guarantor (including DLP IV, DLP V, GWG Life Trust and Beneficient). The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X.

Summarized Balance Sheet Information (in thousands, not intended to balance):

| | December 31, 2020 | *(As Restated)* December 31, 2019 |
|---|---|---|
| **Assets**[(1)] | | |
| Cash, cash equivalents and restricted cash | $ 65,556 | $ 60,365 |
| Financing receivables from affiliates | — | 67,153 |
| Other assets | 6,366 | 8,659 |
| Total assets | $ 71,922 | $ 136,177 |
| **Liabilities** | | |
| L Bonds | $ 1,246,902 | $ 926,638 |
| Seller Trust L Bonds | 366,892 | 366,892 |
| Interest and dividends payable | 12,086 | 12,491 |
| Accounts payable and accrued expenses | 7,347 | 3,093 |
| Deferred tax liabilities | 51,469 | 71,855 |
| Total liabilities | $ 1,684,696 | $ 1,380,969 |
| **Equity** | | |
| Redeemable preferred stock and Series 2 redeemable preferred stock | $ 156,833 | $ 201,891 |

(1) Assets exclude: i) GWG Holdings' investment in GWG Life of $1.2 billion as of both December 31, 2020 and December 31, 2019; ii) GWG Holdings' aggregate investments in non-obligor subsidiaries of $643.1 million and $439.4 million as of December 31, 2020 and December 31, 2019, respectively; and iii) GWG Life's aggregate investments in and loans to non-obligor subsidiaries of $1.2 billion as of both December 31, 2020 and December 31, 2019.

Summarized Statement of Operations Information (in thousands):

| | Year Ended December 31, 2020 |
|---|---|
| **Total revenues** | $ 100,518 |
| | |
| Interest expense | 125,012 |
| Other expenses | 38,155 |
| **Total expenses** | 163,167 |
| **Loss before income taxes and preferred dividends** | (62,649) |
| Income tax expense (benefit) | (19,849) |
| Preferred dividends | 14,630 |
| **Net loss** | $ (57,430) |

**Debt Coverage Ratio**

GWG Holdings' L Bond borrowing covenants require us to maintain a Debt Coverage Ratio not to exceed 90%. The Debt Coverage Ratio is calculated by dividing the sum of our total interest-bearing indebtedness (other than Excluded Indebtedness defined and described in note 5 to the table below) by the sum of our cash, cash equivalents, restricted cash, life insurance policy benefits receivable, the net present value of the life insurance portfolio, and, without duplication, the value of all of our other assets as reflected on our most recently available balance sheet prepared in accordance with GAAP.

GWG Holdings' and GWG Life's investments in Beneficient and GWG Life's ownership interests in the holding companies that own DLP IV and DLP VI, which own substantially all of the life insurance portfolio, secure our obligations under the L Bonds, and are illiquid assets. Although GWG Holdings and GWG Life own debt and equity securities of Beneficient, a substantial majority of the net assets of Beneficient are currently represented by goodwill, an intangible asset. The calculation of Beneficient's goodwill required the utilization of significant estimates and management judgment, as discussed elsewhere in this 2020 Form 10-K. As a result, the carrying value of those assets as reflected in our consolidated financial statements may not necessarily reflect the current market price for those assets, especially in the event of a bulk or distressed sale. Proceeds from L Bond sales will be primarily used for the repayment of L Bond maturities, interest payments and other operating expenses of GWG Holdings, and as otherwise specified in the prospectus for the L Bonds. GWG Holdings may also continue to use a portion of the proceeds from L Bond sales to make investments in Beneficient. Because advances may be used by Beneficient for working capital purposes, such investments may not increase the tangible assets securing the L Bonds. If the trustee for the L Bonds were forced to sell all or a portion of the collateral securing them, there can be no assurance that the trustee would be able to sell them for the prices at which we have recorded them in our consolidated financial statements, and the trustee might be forced to sell them at significantly lower prices.

The discount rate we use for the net present value of our life insurance portfolio for this calculation may not be the same discount rate we use for our GAAP valuation and is not necessarily reflective of the amount we could realize upon a sale of the portfolio (dollars in thousands):

| | December 31, 2020 | *(As Restated)* December 31, 2019 |
|---|---|---|
| Life insurance portfolio policy benefits | $ 1,900,715 | $ 2,020,973 |
| Discount rate of future cash flows[1] | 7.46 % | 7.55 % |
| Net present value of life insurance portfolio policy benefits | $ 822,859 | $ 826,196 |
| All cash and cash equivalents (including restricted cash) | 106,282 | 81,780 |
| Life insurance policy benefits receivable, net | 14,334 | 23,031 |
| Financing receivables from affiliates[2] | 180,080 | 258,402 |
| Investments in Common Units[2][3][4] | 438,194 | 313,443 |
| Investment in Preferred Series A Subclass 1 Unit Account[4] | 319,030 | 319,030 |
| Investment in Preferred Series C Unit Account[4] | 195,578 | — |
| Option Agreement and other assets [3] | 20,082 | 54,365 |
| Total Coverage [5] | $ 2,096,439 | $ 1,876,247 |
| | | |
| Total Indebtedness [5] | $ 1,519,107 | $ 1,146,646 |
| | | |
| Debt Coverage Ratio | 72.46 % | 61.10 % |

(1) Weighted-average interest rate paid on indebtedness, excluding that of Seller Trust L-Bonds, as required under the indenture governing the L Bonds.
(2) The Promissory Note, previously included in financing receivables from affiliates, was converted to Preferred Series C on September 30, 2020.
(3) The Option Agreement was exercised and converted to Common Units effective August 11, 2020.
(4) Generally represents the value of the investment in Beneficient as of December 31, 2019 for investments that existed at the time of the change-in-control transaction, or the value at the time of purchase for investments that were made subsequent to December 31, 2019. As noted above, these are illiquid investments that are carried at book basis and not market value.
(5) Total Coverage excludes the assets of Beneficient. Total Indebtedness is equal to the total liabilities balance of GWG Holdings (excluding the liabilities of Beneficient) as of December 31, 2020, other than Excluded Indebtedness. "Excluded Indebtedness" means

indebtedness that is payable at GWG Holdings' option in capital stock of GWG Holdings or securities mandatorily convertible into or exchangeable for capital stock of GWG Holdings, or any indebtedness that is reasonably expected to be converted or exchanged, directly or indirectly, into capital stock of GWG Holdings. This change in the definition of the Debt Coverage Ratio was defined in Amendment No. 2 to the Amended and Restated Indenture entered into as of December 31, 2019 (see Note 10 to the accompanying audited consolidated financial statements).

As of December 31, 2020 and 2019, we were in compliance with the Debt Coverage Ratio. Based on a preliminary analysis, the Company expects the Debt Coverage Ratio to be approximately 82% as of September 30, 2021.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable.

## ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
GWG Holdings, Inc. and Subsidiaries

**Opinion on the financial statements**

We have audited the accompanying consolidated balance sheet of GWG Holdings, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2020 and the related consolidated statements of operations, cash flows and changes in stockholders' equity for the year ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated November 5, 2021 expressed an adverse opinion.

**Going concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred significant losses from operations, experienced negative cash flows from operations and experienced delays in executing its business plans. The Company expects to be dependent on raising equity or other financing to fund ongoing operations and to execute its business plans. These conditions, along with other matters as set forth in Note 1, raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Critical audit matters**

The critical audit matter communicated below arises from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

*Fair value of investments in life insurance policies*

As described further in Note 5 and Note 7 to the financial statements, the fair value of the Company's investments in life insurance policies is determined as the net present value of the life insurance portfolio's future expected cash flows (policy

benefits to be received and required future premium payments) that incorporates life expectancy estimates obtained when the policy was purchased and current discount rate assumptions. We identified fair value of investments in life insurance policies as a critical audit matter.

The principal considerations for our determination that fair value of investments in life insurance policies is a critical audit matter are that this asset is valued using unobservable inputs that require a high level of management judgment and fluctuations to such inputs could have a material impact on the financial statements. As a result, obtaining sufficient appropriate audit evidence related to the fair value measurement required significant auditor judgement to evaluate the reasonableness of unobservable inputs used in the valuation.

Our audit procedures related to the fair value of investments in life insurance policies included the following, among others:

- We tested the design and operating effectiveness of relevant controls over management's process relating to the fair value measurement of investments in life insurance policies.
- With the assistance of external valuation specialists, we considered results of the Company's actual-to-expected ("A2E") mortality cash flow experience, available third-party service provider reports for future premium streams, available market information, other available information to further corroborate overall valuation and sampled life insurance policy information in order to evaluate the following key fair value inputs:
    - Life expectancy, utilizing portfolio mortality multiplier methodology which is updated based on the A2E analysis
    - Estimated premium payments
    - Age of insured
    - Face amount of policies
    - Discount rate

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2020.

Dallas, Texas
November 5, 2021

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
GWG Holdings, Inc. and Subsidiaries

**Opinion on internal control over financial reporting**

We have audited the internal control over financial reporting of GWG Holdings, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, because of the effect of the material weaknesses described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2020, based on criteria established in the 2013 *Internal Control— Integrated Framework* issued by COSO.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment.

As of December 31, 2020, the design and operating effectiveness of controls over the selection, application and review of the implementation of accounting policies were not sufficient to ensure amounts recorded and disclosed were fairly stated in accordance with GAAP. This material weakness resulted in the Restatement.

During the year ended December 31, 2020, the Company identified a material weakness in internal controls over the quarterly income tax provision process, which included the measurement of the valuation allowance against the Company's deferred tax assets.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2020. The material weaknesses identified above were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated November 5, 2021 which expressed a qualified opinion on those financial statements.

**Basis for opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and limitations of internal control over financial reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Dallas, Texas
November 5, 2021

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
GWG Holdings, Inc. and Subsidiaries

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of GWG Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2019, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of their operations and their cash flows for the year ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Restatement and Other Corrections**

As discussed in Notes 2 and 21 to the consolidated financial statements, the 2019 consolidated financial statements have been restated to correct misstatements.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ WHITLEY PENN LLP

We served as the Company's auditor from 2019 to 2020.

Dallas, Texas

March 27, 2020, except for Notes 2, 6, and 21, as to which the date is November 5, 2021.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
(in thousands, except share and per share data)

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | | *(As Restated)* |
| ASSETS | | |
| Cash and cash equivalents | $ 85,249 | $ 82,284 |
| Restricted cash | 38,911 | 33,506 |
| Investment in life insurance policies, at fair value | 791,911 | 796,039 |
| Life insurance policy benefits receivable, net | 14,334 | 23,031 |
| Investment in alternative assets, at fair value | 221,894 | 342,012 |
| Equity method investments | 8,582 | 1,761 |
| Other assets | 36,326 | 29,398 |
| Goodwill | 2,367,750 | 2,367,750 |
| TOTAL ASSETS | $ 3,564,957 | $ 3,675,781 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Senior credit facility with LNV Corporation | $ 193,730 | $ 174,390 |
| L Bonds | 1,246,902 | 926,638 |
| Seller Trust L Bonds | 272,104 | 366,892 |
| Debt due to related parties | 76,260 | 153,086 |
| Interest and dividends payable | 24,080 | 16,516 |
| Repurchase option | — | 61,664 |
| Accounts payable and accrued expenses | 26,505 | 27,892 |
| Deferred tax liability, net | 51,469 | 71,855 |
| TOTAL LIABILITIES | 1,891,050 | 1,798,933 |
| Redeemable noncontrolling interests | 1,233,093 | 1,269,654 |
| STOCKHOLDERS' EQUITY | | |
| REDEEMABLE PREFERRED STOCK | | |
| (par value $0.001; shares authorized 100,000; shares outstanding 56,855 and 84,636; liquidation preference of $57,187 and $85,130 as of December 31, 2020 and 2019, respectively) | 46,241 | 74,023 |
| SERIES 2 REDEEMABLE PREFERRED STOCK | | |
| (par value $0.001; shares authorized 150,000; shares outstanding 129,887 and 147,164; liquidation preference of $130,645 and $148,023 as of December 31, 2020 and 2019, respectively) | 110,592 | 127,868 |
| COMMON STOCK | | |
| (par value $0.001; shares authorized 210,000,000; shares issued and outstanding, 33,094,664 and 33,033,793 as of December 31, 2020 and 2019, respectively) | 33 | 33 |
| Common stock in treasury, at cost, 12,337,264 shares as of December 31, 2020 and 2,500,000 shares as of December 31, 2019 | (67,406) | (24,550) |
| Additional paid-in capital | 274,023 | 233,106 |
| Accumulated deficit | (251,111) | (97,196) |
| TOTAL GWG HOLDINGS STOCKHOLDERS' EQUITY | 112,372 | 313,284 |
| Noncontrolling interests | 328,442 | 293,910 |
| TOTAL STOCKHOLDERS' EQUITY | 440,814 | 607,194 |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | $ 3,564,957 | $ 3,675,781 |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
(in thousands, except per share data)

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| REVENUE | | *(As Restated)* |
| Gain on life insurance policies, net | $ 49,598 | $ 75,320 |
| Investment income, net | 44,106 | — |
| Interest income | 1,594 | 15,646 |
| Other income | 29,073 | 1,310 |
| TOTAL REVENUE | 124,371 | 92,276 |
| EXPENSES | | |
| Interest expense | 154,616 | 114,844 |
| Employee compensation and benefits | 146,363 | 28,309 |
| Legal and professional fees | 30,075 | 12,824 |
| Other expenses | 18,227 | 15,896 |
| TOTAL EXPENSES | 349,281 | 171,873 |
| LOSS BEFORE INCOME TAXES | (224,910) | (79,597) |
| INCOME TAX EXPENSE (BENEFIT) | (16,390) | 71,865 |
| LOSS BEFORE LOSS FROM EQUITY METHOD INVESTMENTS | (208,520) | (151,462) |
| Loss from equity method investments | (7,319) | (4,077) |
| Gain on consolidation of equity method investment (see Note 4) | — | 242,953 |
| NET INCOME (LOSS) | (215,839) | 87,414 |
| Net loss attributable to noncontrolling interests | 61,924 | — |
| Less: Preferred stock dividends | 14,630 | 16,943 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | $ (168,545) | $ 70,471 |
| NET INCOME (LOSS) PER COMMON SHARE | | |
| Basic | $ (6.01) | $ 2.13 |
| Diluted | $ (6.01) | $ 2.06 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | | |
| Basic | 28,063,268 | 33,016,007 |
| Diluted | 28,063,268 | 35,219,442 |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS** (in thousands)

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | *(As Restated)* |
| Net income (loss) | $ (215,839) | $ 87,414 |
| Adjustments to reconcile net income (loss) to net cash flows used in operating activities: | | |
| Change in fair value of investment in life insurance policies | (34,114) | (49,015) |
| Investment income, net | (44,106) | — |
| Amortization of deferred financing and issuance costs | 19,760 | 13,804 |
| Amortization and depreciation of long-lived assets | 1,171 | — |
| Accretion of discount on financing receivables from affiliate | — | (1,720) |
| Provision for uncollectible policy benefit receivable | — | 153 |
| Return on investments in alternative assets | 3,683 | — |
| Non-cash interest income, including interest paid-in-kind and accretion of purchase discount | (283) | — |
| Non-cash interest expense | 2,343 | — |
| Loss from equity method investments | 7,319 | 4,077 |
| Loss on fair value of put options | 7,757 | — |
| Equity-based compensation | 110,840 | 1,732 |
| Forfeiture of vested equity-based compensation | (36,267) | — |
| Gain on consolidation of equity method investment | — | (242,953) |
| Deferred income taxes | (16,927) | 71,855 |
| Change in operating assets and liabilities: | | |
| Life insurance policy benefits receivable | 8,697 | (6,683) |
| Accrued interest on financing receivables | — | (6,913) |
| Other assets | (599) | (5,056) |
| Accounts payable and accrued expenses | 3,123 | (8,297) |
| Interest and dividends payable | 1,042 | (1,228) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | (182,400) | (142,830) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment in life insurance policies | — | (32,367) |
| Return of investment for matured life insurance policies | 38,186 | 33,265 |
| Purchases of fixed assets | (3,281) | — |
| Contributions to equity method investments | (14,140) | (12,388) |
| Business combination consideration, net of cash and restricted cash acquired | — | (45,020) |
| Return of investments in alternative assets | 20,394 | — |
| Investments in alternative assets | (8,378) | — |
| Financing receivables from affiliate issued | — | (65,000) |
| Investment in put options | (14,775) | — |
| NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | 18,006 | (121,510) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Borrowings on senior debt | 28,530 | 50,133 |
| Repayments of senior debt and debt due to related parties | (85,505) | (23,756) |
| Payments for deferred financing and issuance costs for senior debt and debt due to related parties | (3,207) | (2,042) |
| Proceeds from issuance of L Bonds | 440,195 | 403,397 |
| Payments for L Bonds issuance costs | (27,904) | (25,284) |
| Payments for redemption of L Bonds | (110,691) | (116,809) |
| Payment of employee taxes on stock awards | (1,554) | — |
| Purchase of noncontrolling interest | (1,195) | — |
| Issuance of common stock | 8 | 59 |
| Payments for redemption of redeemable preferred stock | (45,058) | (14,061) |
| Payments for equity issuance costs | (633) | — |
| Preferred stock dividends | (14,630) | (16,943) |
| Tax distribution to noncontrolling interest | (5,592) | — |
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 172,764 | 254,694 |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 8,370 | (9,646) |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | | |
| BEGINNING OF PERIOD | 115,790 | 125,436 |
| END OF PERIOD | $ 124,160 | $ 115,790 |

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS — CONTINUED**
(in thousands)

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION** | | |
| Interest paid | $ 131,516 | $ 102,202 |
| Premiums paid, including prepaid | $ 70,243 | $ 68,467 |
| **NON-CASH INVESTING AND FINANCING ACTIVITIES** | | |
| L Bonds: Conversion of accrued interest and commissions payable to principal | $ 1,911 | $ 1,760 |
| Distribution payable to noncontrolling interest (see Note 12) | 738 | — |
| Noncash issuance of noncontrolling interest (see Note 12) | 5,978 | — |
| Liquidity Bonds, net of financing costs (see Note 10) | 392 | — |
| Collateral Swap (See Note 1): | | |
| Exchange of alternative assets for GWG Holdings' Seller Trust L Bonds | 94,788 | — |
| Exchange of alternative assets for GWG Holdings' common stock | 42,856 | — |
| Deemed capital contribution from related party | 46,770 | — |
| Adjustment to noncontrolling interest | 3,444 | — |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (As Restated)**
(in thousands, except per share data)

| | Redeemable Preferred Stock Shares | Redeemable Preferred Stock | Common Shares | Common Stock (par) | Additional Paid-in Capital | Accumulated Deficit | Treasury Stock | Total GWG Holdings Stockholders' Equity | Noncontrolling Interests | Total Stockholders' Equity | Redeemable Noncontrolling Interests |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance, December 31, 2018** | **245,883** | **$ 215,973** | **33,018,161** | **$ 33** | **$ 249,662** | **$ (184,610)** | **$ —** | **$ 281,058** | **$ —** | **$ 281,058** | **$ —** |
| Net income (As Restated) | — | — | — | — | — | 87,414 | — | 87,414 | — | 87,414 | — |
| Issuance of common stock | — | — | 58,382 | — | 439 | — | — | 439 | — | 439 | — |
| Repurchase of common stock | — | — | (42,750) | — | (362) | — | — | (362) | — | (362) | — |
| Common stock in treasury | — | — | (2,500,000) | — | — | — | (24,550) | (24,550) | — | (24,550) | — |
| Redemption of redeemable preferred stock | (14,083) | (14,082) | — | — | (1) | — | — | (14,083) | — | (14,083) | — |
| Preferred stock dividends | — | — | — | — | (16,943) | — | — | (16,943) | — | (16,943) | — |
| Stock-based compensation | — | — | — | — | 311 | — | — | 311 | — | 311 | — |
| Recognition of noncontrolling interests (As Restated) | — | — | — | — | — | — | — | — | 293,910 | 293,910 | 1,269,654 |
| **Balance, December 31, 2019 (As Restated)** | **231,800** | **$ 201,891** | **30,533,793** | **$ 33** | **$ 233,106** | **$ (97,196)** | **$ (24,550)** | **$ 313,284** | **$ 293,910** | **$ 607,194** | **$ 1,269,654** |
| Net loss | — | — | — | — | — | (153,915) | — | (153,915) | (30,955) | (184,870) | (30,969) |
| Issuance of common stock | — | — | 60,871 | — | 533 | — | — | 533 | — | 533 | — |
| Common stock in treasury (Note 1) | — | — | (9,837,264) | — | — | — | (42,856) | (42,856) | — | (42,856) | — |
| Redemption of redeemable preferred stock | (45,058) | (45,058) | — | — | — | — | — | (45,058) | — | (45,058) | — |
| Preferred stock dividends | — | — | — | — | (14,630) | — | — | (14,630) | — | (14,630) | — |
| Deemed capital contribution from related party (Note 1) | — | — | — | — | 46,770 | — | — | 46,770 | — | 46,770 | — |
| Tax distribution to noncontrolling interest | — | — | — | — | — | — | — | — | — | — | (5,592) |
| Equity-based compensation | — | — | — | — | 180 | — | — | 180 | 110,738 | 110,918 | — |
| Forfeiture of vested equity-based compensation | — | — | — | — | — | — | — | — | (36,267) | (36,267) | — |
| Tax withholding for employee restricted equity units | — | — | — | — | — | — | — | — | (1,521) | (1,521) | — |
| Distributions payable to noncontrolling interest | — | — | — | — | — | — | — | — | (738) | (738) | — |
| Noncash issuance of noncontrolling interest | — | — | — | — | — | — | — | — | 5,978 | 5,978 | — |
| Adjustment to noncontrolling interest for change in ownership of Common Units (Note 1) | — | — | — | — | 8,064 | — | — | 8,064 | (8,064) | — | — |
| Reduction to noncontrolling interest for Beneficient treasury (Note 1) | — | — | — | — | — | — | — | — | (3,444) | (3,444) | — |
| Purchase of noncontrolling interest | — | — | — | — | — | — | — | — | (1,195) | (1,195) | — |
| **Balance, December 31, 2020** | **186,742** | **$ 156,833** | **20,757,400** | **$ 33** | **$ 274,023** | **$ (251,111)** | **$ (67,406)** | **$ 112,372** | **$ 328,442** | **$ 440,814** | **$ 1,233,093** |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**(1) Nature of Business**

**Organizational Structure**

GWG Holdings, Inc. ("GWG Holdings") conducts its life insurance secondary market business through a wholly-owned subsidiary, GWG Life, LLC ("GWG Life"), and GWG Life's wholly-owned subsidiaries, GWG Life Trust, GWG DLP Funding IV, LLC ("DLP IV"), GWG DLP Funding V Holdings, LLC ("DLP V Holdings"), and GWG DLP Funding Holdings VI, LLC ("DLP VI Holdings"). DLP V Holdings is the sole member of GWG DLP Funding V, LLC ("DLP V"). DLP VI Holdings is the sole member of GWG DLP Funding VI, LLC ("DLP VI").

In addition, GWG Holdings has exposure to indirect interests in loans collateralized by cash flows from alternative assets. Such loans are made and held by certain of the operating subsidiaries of The Beneficient Company Group, L.P. ("Ben LP," including all of the subsidiaries it may have from time to time — "Beneficient"). These loans are made to certain of the ExAlt Trusts (defined below), which are consolidated subsidiaries of Ben LP and thus, such loans are eliminated in consolidation for financial reporting purposes. The ExAlt Trusts are comprised of the Custody Trusts, Collective Trusts, LiquidTrusts and Funding Trusts, (collectively, the "ExAlt Trusts"). Ben LP's general partner is Beneficient Management, L.L.C. ("Beneficient Management"). Prior to December 31, 2019, GWG Holdings' investment in Beneficient was accounted for as an equity method investment. On December 31, 2019, as more fully described below, Beneficient became a consolidated subsidiary of GWG Holdings. As also further described in Note 23, on August 13, 2021, GWG Holdings and Ben LP, and Beneficient Company Holdings, L.P. ("BCH") entered into a non-binding term sheet (the "Term Sheet") that outlines a series of transactions that, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the Board of Directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings. The Term Sheet is part of ongoing efforts by management and the Board of Directors of GWG Holdings to maximize the value of GWG Holdings' and GWG Life's investment in Beneficient.

Ben LP is the general partner of BCH and owns 100% of the Class A Subclass A-1 and A-2 Units of BCH. BCH is the holding company that directly or indirectly receives all active and passive income of Beneficient and allocates that income among the partnership interests issued by BCH. As of December 31, 2020, BCH has issued general partnership Class A Units (Subclass A-1 and A-2), Class S Ordinary Units, Class S Preferred Units, FLP Units (Subclass 1 and Subclass 2), Preferred Series A Subclass 1 Unit Accounts, and Preferred Series C Unit Accounts. On July 15, 2020, BCH amended its limited partnership agreement by executing that certain 5th Amended and Restated Limited Partnership Agreement ("LPA") of BCH to allow for the issuance of Preferred Series A Subclass 0 Unit Accounts ("Preferred A.0"), which are expected to be issued once certain conditions are met (as discussed in more detail below).

GWG Holdings also has a financial interest in FOXO Technologies Inc. ("FOXO", formerly FOXO BioScience LLC), which, through its wholly-owned subsidiaries FOXO Labs Inc. ("FOXO Labs", formerly, Life Epigenetics Inc.) and FOXO Life LLC ("FOXO Life", formerly, youSurance General Agency, LLC), seeks to commercialize epigenetic technology for the longevity industry and offer life insurance directly to customers utilizing epigenetic technology. Although we have a financial interest in FOXO, we do not have a controlling financial interest because another party is the majority shareholder of the voting class of securities. Therefore, we account for GWG Holdings' ownership interest in FOXO as an equity method investment.

All of the aforementioned entities are legally organized in the state of Delaware, other than GWG Life Trust, which was formed under the laws of the state of Utah, and certain of the ExAlt Trusts, which were formed under the laws of the state of Texas. Unless the context otherwise requires or we specifically so indicate, all references in this report to "we," "us," "our," "our Company," "GWG," or the "Company" refer to GWG Holdings together, in each case, with its subsidiaries. Our headquarters are located at 325 N. St. Paul Street, Suite 2650, Dallas, Texas 75201.

**Nature of Business**

GWG Holdings, through its wholly-owned subsidiary GWG Life, purchased life insurance policies in the secondary market and has built a large, actuarially diverse portfolio of life insurance policies backed by highly rated life insurance companies. These policies were purchased between April 2006 and November 2019 and were funded primarily through sales of L Bonds, as discussed in Note 10. Beginning in 2018, GWG Holdings consummated a series of transactions with Beneficient as part of

a strategic decision to reorient its business and increase capital allocated toward providing liquidity products to a broader range of alternative assets through investments in Beneficient. GWG Holdings completed the transactions with Beneficient to provide the Company with a significant increase in assets and common stockholders' equity as well as the opportunity for a diversified source of future earnings from our exposure to the alternative asset industry. We believe that GWG Holdings' and GWG Life's investments in Beneficient and the other strategies we are pursuing, including continuing to pursue opportunities in the life insurance industry, will transform GWG Holdings from a niche provider of liquidity to owners of life insurance policies to a diversified provider of financial products and services with exposure to a broad range of alternative assets.

We believe that Beneficient's operations will generally produce higher risk-adjusted returns than those we can achieve from life insurance policies acquired in the secondary market; however, returns on equity in life settlements, especially with the current availability of financings on favorable terms, appear to be an attractive option to diversify our exposure to alternative assets, and we have begun exploring the feasibility of acquiring such policies. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a growing diversified alternative asset portfolio, we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing, recapitalization, partnership, reinsurance guarantees, life insurance operations or other transactions involving of our life insurance portfolio, as well as pursuing other alternatives to increase our exposure to alternative assets. These operations are in addition to allocating capital to provide liquidity to holders of a broader range of alternative assets, which we currently provide through GWG Holdings' and GWG Life's investments in Beneficient.

Beneficient is a financial services company based in Dallas, Texas that markets an array of liquidity and trust administration products to alternative asset investors primarily comprised of mid-to-high-net-worth individuals having a net worth between $5 million and $30 million ("MHNW") and small-to-midsize institutional investors and family offices with less than $1 billion in investable assets ("STMIs"). One of Beneficient's founders, Brad K. Heppner ("Ben Founder") serves as Chairman and Chief Executive Officer of Beneficient and previously served from April 26, 2019 to June 14, 2021 as Chairman of GWG Holdings. Ben LP plans to offer its products and services through its five operating subsidiaries, which include (i) Ben Liquidity, (ii) Ben Custody Admin, (iii) Ben Insurance, (iv) Ben Markets and (v) Beneficient USA (each operating subsidiary is further defined below). Ben Liquidity plans to operate a trust company that is a Kansas Technology Enabled Fiduciary Financial Institutions ("TEFFI") authorized to serve as an alternative asset custodian, trustee and lender with statutory powers granted for each of these activities and permitting Ben Liquidity to provide fiduciary financing for certain of its customer liquidity transactions. Ben Custody Admin plans to operate a Texas trust company that is being organized to provide its customers with certain administrative, custodial and trustee products and specialized services focused on alternative asset investors. Ben Insurance has been chartered as a Bermuda based insurance company that plans to offer certain customized insurance products and services covering risks relating to owning, managing and transferring alternative assets. Ben Markets is in the regulatory process for acquiring a captive registered broker-dealer that would conduct certain of its activities attendant to offering a suite of products and services from the Beneficient family of companies. Certain of Ben LP's operating subsidiary products and services involve or are offered to certain of the ExAlt Trusts (defined below), which are consolidated subsidiaries of Ben LP for financial reporting purposes (such trusts are and may individually be referred to as Custody Trusts, Collective Trusts, LiquidTrusts, and Funding Trusts). Beneficient USA employs a substantial majority of the executives and staff for Beneficient's operating subsidiaries to which Beneficient USA provides administrative and technical services.

Beneficient's primary operations, which commenced on September 1, 2017, consist of offering its liquidity and trust administration services to its customers, primarily through certain of Ben LP's operating subsidiaries, Ben Liquidity, L.L.C and its subsidiaries (collectively, "Ben Liquidity") and Ben Custody Admin, L.L.C. and its subsidiaries (collectively, "Ben Custody Admin"), respectively. Ben Liquidity offers simple, rapid and cost-effective liquidity products to its customers through the use of customized trust vehicles, (such trusts, the ExAlt Trusts), that facilitate the exchange of a customer's alternative assets for consideration using a unique financing structure (such structure and process, the "ExAlt Plan™"). The ExAlt Plan trademark was developed by Beneficient as a brand of liquidity and trust administration services designed for alternative asset investors, specifically MHNW and STMIs to "Ex"it "Alt"ernatives. A subsidiary of Ben Liquidity makes loans (each, an "ExAlt Loan") to certain of the ExAlt Trusts, which employ the loan proceeds to acquire agreed upon consideration, which certain of the ExAlt Trusts deliver to customers in exchange for their alternative assets. Ben Liquidity generates interest and fee income earned in connection with the ExAlt Loans, which are collateralized by a portion of the cash flows from the exchanged alternative assets (the "Collateral"). Ben Custody Admin currently provides trust administration services to the trustees of certain of the ExAlt Trusts that own the exchanged alternative asset following liquidity transactions for fees payable quarterly. The Collateral supports the repayment of the ExAlt Loans plus any related interest and fees and trust administration service fees. Under the applicable trust and other agreements, certain charities are

the ultimate beneficiaries of the ExAlt Trusts (the "Non-Controlling Interest Holders"). As ultimate beneficiaries of prior transactions, for every $0.95 paid to the lender (e.g., subsidiaries of Ben LP) on the ExAlt Loans, $0.05 is also paid to certain of the Non-Controlling Interest Holders. For periods following 2020, future Non-Controlling Interest Holders are structured to be paid $0.025 for every $0.975 paid to the fiduciary financial lender (e.g., subsidiaries of Ben LP) of the ExAlt Loans. Since Ben LP consolidates the ExAlt Trusts, Ben LP's operating subsidiary's ExAlt Loans and related interest and fee income are eliminated in the presentation of our consolidated financial statements but are recognized for purposes of the allocation of income (loss) to Beneficient's equity holders.

Prior to January 1, 2021, Ben LP operated primarily through certain of its subsidiaries, that included (i) Beneficient Capital Company, L.L.C. ("BCC"), which offered liquidity products; (ii) Beneficient Administration and Clearing Company, L.L.C. ("BACC"), which provided services for private fund and trust administration; and (iii) other entities, including the ExAlt Trusts.

On December 31, 2020, a series of restructuring transactions occurred to better position certain of Ben LP's subsidiaries for ongoing operations and future products and services, to capitalize PEN Indemnity Insurance Company, Ltd. ("Pen") and to meet certain requirements of the Texas Department of Banking. These transactions had no impact to the consolidated financial statements. In connection with these transactions, BCC transferred all of its assets, which included, among other assets, its ExAlt Loans receivable, and liabilities, which included, among other liabilities, loans payable with respect to secured loans with HCLP Nominees, L.L.C., held as of December 31, 2020, to BCH. In order to capitalize Pen and enable it to offer insurance products and services to cover risks attendant to owning and managing alternative assets following approval from the Bermuda Monetary Authority (the "BMA"), BCH contributed to Pen certain of such ExAlt Loans receivable with an aggregate carrying value equal to $129.2 million. Likewise, BACC transferred all of its assets, which included its rights to perform fund trust administration services under certain trust and other agreements, and liabilities to BCH, which will perform such services until a Texas trust company charter is issued or the Kansas TEFFI trust company becomes operational.

Subsequent to December 31, 2020, Ben LP operates primarily through its business line operating subsidiaries, which provide, or will provide, Beneficient's existing and planned products and services. These subsidiaries include (i) Ben Liquidity, which offers liquidity products; (ii) Ben Custody Admin, which provides services for fund and trust administration; (iii) Ben Insurance L.L.C., including its subsidiaries (collectively, "Ben Insurance"), which intends to offer insurance products and services covering risks attendant to owning, managing and transferring alternative assets; (iv) Ben Markets, L.L.C., including its subsidiaries (collectively, "Ben Markets"), which intends to provide broker-dealer services in connection with offering Beneficient's liquidity products and services; and (vi) other entities, including the ExAlt Trusts, which operate for the benefit of the Non-Controlling Interest Holders. Beneficient's financial products and services are presently offered through Ben Liquidity and Ben Custody Admin, and Beneficient plans to expand its capabilities under Ben Custody Admin and provide products and services through Ben Insurance and Ben Markets in the future.

Beneficient's existing and planned products and services are designed to provide liquidity and trust solutions, support the tax and estate planning objectives of its MHNW customers, facilitate asset diversification or provide administrative management and reporting solutions tailored to the goals of investors of alternative investments.

*Beneficient's Regulatory Developments*

In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as TEFFIs, that provide fiduciary financing (e.g., lending to ExAlt Trusts), custodian and trustee services in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021, and designates an operating subsidiary of Ben LP, Beneficient Fiduciary Financial ("BFF"), as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to Beneficient on July 1, 2021 as discussed further in Note 23. Under the pilot program, Beneficient will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021. The bill also permits the Kansas Bank Commissioner to request a six-month extension of the pilot program period, which could delay Beneficient's permission to exercise its fiduciary powers under the charter until July 1, 2022. In order to devote their time to serving as directors of the Beneficient TEFFI trust company, the directors of GWG Holdings who serve on the new TEFFI trust company Board of Directors resigned their membership, effective June 14, 2021, on GWG Holdings' Board of Directors, which the Company believes is the highest and best use of

their available time and skills and will support the development of the Beneficient TEFFI trust company and the successful execution of Beneficient's business plan.

Also, Beneficient's charter application for custodian and trustee services remains in process at the Texas Department of Banking. If the charter is issued, the trust company would serve as custodian and trustee to one or more ExAlt Trusts. Similar or the same services may also be provided by Beneficient's Kansas trust company TEFFI. Also, a subsidiary of Ben Insurance, Pen has applied for regulatory approval from the BMA to write fiduciary liability policies for managers and investors in alternative asset funds to cover losses from contractual indemnification and exculpation provisions arising under the governing documents of such funds. Further, on March 26, 2021, a Ben LP subsidiary, Beneficient Capital Markets, L.L.C ("Beneficient Capital Markets") filed a Form BD with the Securities and Exchange Commission ("SEC") to commence its application for broker-dealer registration. Upon registration and admittance as a Financial Industry Regulatory Authority ("FINRA") member, Beneficient Capital Markets will conduct activities attendant to offering Beneficient's products and services.

When the Kansas TEFFI trust company is authorized to exercise its fiduciary powers, Beneficient expects to be able to expand its operations and close an increased number of liquidity transactions. Additionally, once BMA regulatory approval is obtained and Beneficient Capital Markets is admitted as a FINRA member, Beneficient anticipates being able to offer its full suite of products and services.

**The Exchange Transaction**

On December 28, 2018 (the "Final Closing Date"), we completed a series of strategic exchanges of assets among GWG Holdings, GWG Life, Ben LP and certain trusts, each identified as an Exchange Trust formed during 2017 and 2018 (such trusts collectively, the "Seller Trusts", which are a related party but are not among Ben LP's consolidated trusts), pursuant to a Master Exchange Agreement among the parties (the "Exchange Transaction"). As a result of the Exchange Transaction, a number of securities were exchanged between the parties, including the following securities as of the Final Closing Date: the Seller Trusts acquired GWG Holdings' L Bonds due 2023 (the "Seller Trust L Bonds") in the aggregate principal amount of $366.9 million; the Seller Trusts acquired 27,013,516 shares of GWG Holdings' common stock; GWG Holdings acquired 40,505,279 common units of Ben LP (the "Common Units"); and GWG Holdings acquired the right to obtain additional Common Units or other property that would be received by a holder of Preferred Series A Subclass 1 Unit Accounts of BCH pursuant to an option issued by Ben LP (the "Option Agreement"). In addition, in connection with the Exchange Transaction, Ben LP, as borrower, entered into a commercial loan agreement (the "Commercial Loan Agreement") with GWG Life, as lender, providing for a loan in a principal amount of $192.5 million as of the Final Closing Date (the "Commercial Loan").

***Description of the Assets Exchanged***

*Seller Trust L Bonds*

On August 10, 2018, in connection with the initial transfer of the Exchange Transaction, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into a Supplemental Indenture (the "L Bond Supplemental Indenture") to the Amended and Restated Indenture dated as of October 23, 2017 (the "Amended and Restated Indenture"). GWG Holdings entered into the L Bond Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Seller Trust L Bonds. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.5% per year. Interest is payable monthly in cash.

As the second anniversary of the Final Closing Date has passed, the holders of the Seller Trust L Bonds now have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at GWG Holdings' option, in the form of cash, a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan, and (ii) Common Units, or a combination of cash and such property.

The Seller Trust L Bonds are senior secured obligations of GWG Holdings, ranking junior only to all senior debt of GWG Holdings, pari passu in right of payment and in respect of collateral with all "L Bonds" of GWG Holdings, and senior in right of payment to all subordinated indebtedness of GWG Holdings. See Note 10 for additional discussion of the outstanding debt of GWG Holdings. Payments under the Seller Trust L Bonds are guaranteed by GWG Life (see Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*).

As result of the Collateral Swap (discussed and defined below) on September 30, 2020, $94.8 million of Seller Trusts L Bonds are eliminated upon consolidation.

*Commercial Loan*

The $192.5 million principal amount under the Commercial Loan is due on August 9, 2023; however, it is extendable for two five-year terms. Ben LP's obligations under the Commercial Loan are unsecured.

The principal amount of the Commercial Loan bears interest at 5.0% per year. From and after the Final Closing Date, one-half of the interest, or 2.5% per year, is due and payable monthly in cash, and one-half of the interest, or 2.5% per year, accrues and compounds annually on each anniversary date of the Final Closing Date and becomes due and payable in full in cash on the maturity date.

In accordance with the L Bond Supplemental Indenture governing the issuance of the Seller Trust L Bonds, upon a redemption event or at the maturity date of the Seller Trust L Bonds, GWG Holdings, at its option, may use the outstanding principal amount of the Commercial Loan, and accrued and unpaid interest thereon, as repayment consideration of the Seller Trust L Bonds.

The Commercial Loan and its related interest are eliminated upon consolidation.

*Option Agreement*

In connection with the Exchange Transaction, GWG Holdings entered into the Option Agreement with Ben LP. The Option Agreement gave GWG Holdings the option to acquire the number of Common Units or other property that would be received by the holder of Preferred Series A Subclass 1 Unit Accounts of BCH pursuant to an option issued by Ben LP, if such holder were converting on that date. There was no exercise price and GWG Holdings could exercise the option at any time until December 27, 2028, at which time the option automatically settled.

Effective August 11, 2020, as a result of the Exchange Agreement entered into by the parties on December 31, 2019 (discussed below), and the mutual agreement of the parties, the Option Agreement was exercised under the provisions of the Option Agreement. As such, GWG Holdings received $57.5 million of Common Units at a price per unit equal to $12.50 per unit. The exercise of the Option Agreement had no impact on the Company's consolidated financial statements as it is eliminated in consolidation.

*Common Units of Ben LP*

In connection with the Exchange Transaction, the Seller Trusts and Beneficient delivered to GWG Holdings 40,505,279 Common Units. These units represented an approximate 89.9% interest in the Common Units as of the Final Closing Date (although, on a fully diluted basis, GWG Holdings' ownership interest in Common Units would be reduced significantly below a majority of those issued and outstanding). These amounts eliminate upon consolidation.

**Purchase and Contribution Agreement**

On April 15, 2019, Jon R. Sabes, the former Chief Executive Officer and a former director of GWG Holdings, and Steven F. Sabes, the former Executive Vice President and a former director of GWG Holdings, entered into a Purchase and Contribution Agreement (the "Purchase and Contribution Agreement") with, among others, Ben LP. Under the Purchase and Contribution Agreement, Jon and Steven Sabes agreed to transfer all 3,952,155 of the shares of GWG Holdings' outstanding common stock held directly or indirectly by them to BCC (a subsidiary of Ben LP) and AltiVerse Capital Markets, L.L.C. ("AltiVerse"). AltiVerse is a limited liability company owned by an entity related to Beneficient's initial investors (the "Ben Initial Investors"), including Brad K. Heppner (GWG Holdings' former Chairman, who served in such capacity from April 26, 2019 to June 14, 2021, and Beneficient's current Chief Executive Officer and Chairman), and an entity related to Thomas O. Hicks (one of Beneficient's current directors and a former director of GWG Holdings). GWG Holdings was not a party to the Purchase Agreement; however, the closing of the transactions contemplated by the Purchase and Contribution Agreement (the "Purchase and Contribution Transaction") were subject to certain conditions that were dependent upon GWG Holdings taking, or refraining from taking, certain actions. The closing of the Purchase and Contribution Transaction occurred on April 26, 2019.

In connection with such closing, BCC and AltiVerse executed and delivered a Consent and Joinder to the Amended and Restated Pledge and Security Agreement dated October 23, 2017 by and among GWG Holdings, GWG Life, Messrs. Jon and Steven Sabes and the Bank of Utah, which provides that the shares of GWG Holdings' common stock acquired by BCC and AltiVerse pursuant to the Purchase and Contribution Agreement will continue to be pledged as collateral security for GWG Holdings' obligations owing in respect of the L Bonds and Seller Trust L Bonds.

**Promissory Note - ExAlt Trusts**

On May 31, 2019, GWG Life entered into a Promissory Note (the "Promissory Note"), made by Jeffrey S. Hinkle and Dr. John A. Stahl, not in their individual capacity but solely as trustees of certain of The LT-1 LiquidTrust, The LT-2 LiquidTrust, The LT-5 LiquidTrust, The LT-7 LiquidTrust, The LT-8 LiquidTrust, and The LT-9 LiquidTrust, (collectively, the "Borrowers"). Pursuant to the terms of the Promissory Note, GWG Life funded a term loan to the Borrowers in an aggregate principal amount of $65.0 million (the "Loan"). The Loan was made pursuant to GWG's strategy to further diversify into alternative assets (beyond life insurance) and ancillary businesses and was intended to better position Beneficient's balance sheet, working capital and liquidity profile to satisfy anticipated Texas Department of Banking regulatory requirements. The Loan bears interest at 7.0% per annum, with interest payable at maturity, and matures on June 30, 2023. As of December 31, 2019, the Borrowers became consolidated subsidiaries of GWG Holdings as a result of the Investment Agreement (described below). Accordingly, the Promissory Note and related accrued interest, are eliminated upon consolidation as of that date.

On September 30, 2020, GWG Holdings, GWG Life, BCH, Ben LP, BCC, and the Borrowers entered into an agreement (the "Promissory Note Repayment") by which the parties agreed to repay the Promissory Note and any related accrued interest for a $75.0 million Preferred Series C Unit Account (the "Preferred C") of BCH that Ben LP issued to the Borrowers. The $75.0 million of Preferred C received by GWG Life was transferred to GWG Holdings upon execution of the Promissory Note conversion, which increased GWG Holdings' ownership percentage in Ben LP. As part of the agreement, if Beneficient has not received a trust company charter as of the one-year anniversary of the Promissory Note conversion, or if no trust company charter filing is still pending or in the process of being refiled, GWG Holdings would receive an additional $5.0 million of Preferred C. The carrying value of the Promissory Note on September 30, 2020, immediately prior to the transaction, net of a fair value adjustment and with accrued and unpaid interest thereon, was $65.1 million.

Other than the $8.1 million decrease to noncontrolling interest, which represents the required rebalancing of equity driven from the change in GWG Holdings' ownership percentage, any impacts of the Promissory Note conversion are eliminated upon consolidation.

**The Investment and Exchange Agreements**

On December 31, 2019, GWG Holdings obtained control over Ben LP pursuant to a Preferred Series A Unit Account and Common Unit Investment Agreement, by and among GWG Holdings, Ben LP, BCH, and Beneficient Management (the "Investment Agreement"), which resulted in the consolidation of GWG Holdings and Ben LP for accounting and financial reporting purposes.

Pursuant to the Investment Agreement, GWG Holdings transferred $79.0 million to Ben LP in return for 666,667 Common Units and a Preferred Series A Subclass 1 Unit Account of BCH.

In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP and began reporting the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. See Note 4 for more details on the accounting for the consolidation. GWG Holdings' right to appoint a majority of the board of directors of Beneficient Management will terminate in the event (i) GWG Holdings' ownership of the fully diluted equity of Ben LP (excluding equity issued upon the conversion or exchange of Preferred Series A Unit Accounts of BCH held as of December 31, 2019 by parties other than GWG Holdings) is less than 25%, (ii) the Continuing Directors of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or (iii) certain bankruptcy events occur with respect to GWG Holdings. The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the board of directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the board of directors of GWG

Holdings with the approval of a majority of the Continuing Directors who were members of the board of directors of GWG Holdings at the time of such nomination or election.

Following the transaction, and as agreed upon in the Investment Agreement, GWG Holdings was issued an initial capital account balance for the Preferred Series A Subclass 1 Unit Account of $319.0 million. The other holders of the Preferred Series A Subclass 1 Unit Accounts are an entity related to the Ben Initial Investors and an entity related to one of Beneficient's directors who is also a former director of GWG Holdings (the "Related Account Holders"). The parties to the Investment Agreement agreed that the aggregate capital accounts of all holders of the Preferred Series A Subclass 1 Unit Accounts after giving effect to the investment by GWG Holdings was $1.6 billion. GWG Holdings' Preferred Series A Subclass 1 Unit Account is the same class of preferred security as held by the Related Account Holders. If the Related Account Holders exchange their Preferred Series A Subclass 1 Unit Accounts for securities of GWG Holdings, the Preferred Series A Subclass 1 Unit Account of GWG Holdings would be converted into Common Units (so neither GWG Holdings nor the founders would hold Preferred Series A Subclass 1 Unit Accounts).

Also, on December 31, 2019, in a transaction related to the Investment Agreement, GWG Holdings transferred its interest in the Preferred Series A Subclass 1 Unit Account to its wholly owned subsidiary, GWG Life.

In addition, on December 31, 2019, GWG Holdings, Ben LP and the holders of Common Units entered into an Exchange Agreement (the "Exchange Agreement") pursuant to which the holders of Common Units from time to time have the right, on a quarterly basis, to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of GWG Holdings' common stock based on the volume weighted average price of GWG Holdings' common stock for the five consecutive trading days prior to the quarterly exchange date. The Exchange Agreement is intended to facilitate the marketing of Ben LP's products to holders of alternative assets.

**Preferred Series C Unit Purchase Agreement**

On July 15, 2020, GWG Holdings entered into a Preferred Series C Unit Purchase Agreement ("UPA") with Ben LP and BCH. The UPA was reviewed and approved by the then constituted independent Special Committee of the Board of Directors of GWG Holdings.

Pursuant to the UPA, and provided it has adequate liquidity, GWG Holdings has agreed to make capital contributions from time to time to BCH in exchange for Preferred Series C Unit Accounts of BCH during a purchasing period commencing on the date of the UPA and continuing until the earlier of (i) the occurrence of a Change of Control Event (as defined below) and (ii) the mutual agreement of the parties (the "Purchasing Period"). A "Change of Control Event" shall mean (A) the occurrence of an event that results in GWG Holdings' ownership of the fully diluted equity of Ben LP is less than 25%, the Continuing Directors (as defined below) of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or certain bankruptcy events occur with respect to GWG Holdings, and (B) the listing of Common Units on a national securities exchange (a "Public Listing"). The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the board of directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the board of directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the board of directors of GWG Holdings at the time of such nomination or election.

If, on or prior to the end of the Purchasing Period, a Public Listing occurs, the BCH Purchased Units shall be automatically exchanged for Common Units, or another unit of Ben LP, as the parties may mutually agree (the "Beneficient Units"), at the lower of (i) the volume-weighted average of the Beneficient Units for the 20 trading days following the Public Listing, and (ii) $12.75.

In addition, at any time following the Effective Date, all or some of the Preferred Series C Unit Accounts purchased under the UPA may be exchanged for Beneficient Units at the option of GWG Holdings (exercised by a special committee of the Board of Directors or, if such committee is no longer in place, the appropriate governing body of GWG Holdings); provided that, if GWG Holdings exchanges less than all of the Preferred Series C Unit Accounts purchased under the UPA, then, immediately after giving effect to such exchange, GWG Holdings shall be required to continue to hold Preferred Series C Unit Accounts with a capital account that is at least $10.0 million. The exchange price for such Beneficient Units shall be determined by third-party valuation agents selected by GWG Holdings and Beneficient.

**Contribution and Exchange Agreement**

On September 30, 2020, certain of the ExAlt Trusts (collectively, the "Participating ExAlt Trusts"), at the sole direction of John A. Stahl, independent trustee of each such trust, with the intention of protecting the value of certain assets of the Participating ExAlt Trusts underlying part of the Collateral portfolio, the Participating ExAlt Trusts entered into that certain Contribution and Exchange Agreement with certain of the Seller Trusts, (collectively, the Participating Exchange Trusts), each of which entered into such agreement at the direction of its applicable trust advisor and by and through its applicable corporate trustee (the "Contribution and Exchange Agreement). Under the Contribution and Exchange Agreement, the Participating Exchange Trusts agreed to exchange 9,837,264 shares of GWG Holdings' common stock valued at $84.6 million, 543,874 shares of Common Units valued at $6.8 million, and GWG Holdings' L Bonds due 2023 in the aggregate principal amount of $94.8 million to the Participating ExAlt Trusts for $94.3 million in net asset value of the alternative asset investments held by the Participating ExAlt Trusts. This transaction (the "Collateral Swap") resulted in GWG Holdings, after the effects of eliminations upon consolidation, recognizing an additional $42.9 million of treasury stock, $3.4 million of additional noncontrolling interest, and $46.8 million of a deemed capital contribution from a related party.

The Exchange Transaction, the Purchase and Contribution Transaction, the Promissory Note, the Investment and Exchange Agreements, the UPA, and the Collateral Swap, are referred to collectively as the "Beneficient Transactions."

**Going Concern**

To meet the Company's future capital needs, the Company may need to raise additional debt or equity financing. While the Company has historically been able to raise additional capital through issuance of debt and/or equity, the Company cannot guarantee that it will be able to secure additional financing or will otherwise be able to meet is ongoing obligations. These factors, in combination with the potential NASDAQ delisting and our current inability to sell L Bonds as discussed below under the heading "Liquidity and Capital Resources", our significant recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and any potential negative outcome from the ongoing SEC investigation discussed elsewhere in this Form 10-K and in Note 18 to these consolidated financial statements, raise substantial doubt about the Company's ability to continue as a going concern within one year after these financial statements are issued.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Liquidity and Capital Resources**

As of December 31, 2020, we had cash, cash equivalents, and restricted cash of $124.2 million. We generated net losses from operations for the years ended December 31, 2020 and 2019 totaling $208.5 million and $151.5 million. As of October 15, 2021, we had combined cash, cash equivalents, and restricted cash of $54.3 million. Besides funding operating expenditures, we are obligated to pay other items such as interest payments and debt maturities, and preferred stock dividends and redemptions.

We have historically financed our businesses primarily through a combination of L Bond sales, preferred stock sales, the LNV Credit Facility (as discussed further in Note 10) , and the NF Credit Facility (as discussed further in Note 23). We have also financed our business through proceeds from life insurance policy benefit receipts, cash distributions from the ExAlt Trusts' alternative asset portfolio, dividends and interest on investments, and Beneficient's debt due to related parties. We have traditionally used proceeds from these sources for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends. We have also used proceeds to allocate capital to Beneficient; however, if Ben LP becomes an independent company pursuant to the terms of the Term Sheet discussed above and in Note 23, the Company expects that Ben LP would reduce its reliance on GWG Holdings to fund its operations and would raise future capital from other sources. Ben LP's capital raising efforts and participation in liquidity transactions may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities may be dilutive to GWG Holdings' and GWG Life's investments in Ben LP and BCH and may include preferential terms relative to GWG Holdings' and GWG Life's investments in Ben LP and BCH, as applicable.

We currently fund our business primarily with debt that generally has a shorter duration than the duration of our long-term assets. The resulting asset/liability mismatch can result in a liquidity shortfall if we are unable to renew maturing short term debt or secure suitable additional financing. In such a situation, we could be forced to sell assets at less than optimal (distressed) prices. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities. We heavily rely on GWG Holdings' L Bond offering to fund our business operations, including, among other things, interest and principal payments on the existing L Bonds and capital allocations to Beneficient. We temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this 2020 Form 10-K, and were required to seek alternative sources of capital.

As a result of the suspension of GWG Holdings' L Bond offering, on June 28, 2021, we pledged additional life insurance policies as collateral and received an additional advance of $51.2 million under the Third Amended Facility. Subsequently, on August 11 2021, we entered into the NF Credit Agreement and received a one-time advance of $107.6 million. Approximately $56.7 million of such advanced amount was used to pay off the remaining amount due, including interest and penalties, under the Third Amended Facility and the additional pledged life insurance policies used as collateral for the Third Amended Facility were released and pledged under the NF Credit Facility. Further, on September 7, 2021, DLP IV entered into the Fourth Amended Facility, that replaced the aforementioned Third Amended Facility. The Fourth Amended Facility resulted in an additional advance of $30.3 million from LNV Corporation, with no additional pledged collateral. All of the aforementioned transactions that occurred subsequent to December 31, 2020, are described in more detail in Note 23.

Primarily due to the current suspension of GWG Holdings' L Bond offering, the Company may require additional capital to continue its operations over the next twelve months if our ability to sell L Bonds dissipates, or if we are forced to suspend the L Bond offering. However, the Company may not be able to obtain additional borrowings under existing debt facilities or new borrowings with other third-party lenders. To the extent that GWG Holdings or its subsidiaries raise additional capital through the future issuance of debt, the terms of those debt securities may include terms that adversely affect the rights of our existing debt and/or equity holders or involve negative covenants that restrict GWG Holdings' ability to take specific actions, such as incurring additional debt or making additional investments in growing the operations of the Company. If GWG Holdings is unable to fund its operations and other obligations, or defaults on its debt, then the Company will be required to either i) sell assets to provide sufficient funding, ii) exercise our right to decline requests for early L Bond redemptions or redemptions of preferred stock, or iii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.

We anticipate recommencing the offering of GWG Holdings' L Bonds once we become current with our filing obligations and satisfy applicable NASDAQ listing requirements. Once we become current with our filing obligations with respect to the L Bonds, we may be limited in the origination channels in which we sell our L Bonds in the event that we are unable to meet the applicable NASDAQ listing requirements in a timely manner, which could result in the L Bonds no longer being "covered securities" for federal securities law purposes which would subject the offer and sale of L Bonds to potentially extensive state "blue sky" securities law requirements. If for any reason we are forced to suspend GWG Holdings' L Bond offering, are limited in our origination channels in which we sell our L Bonds, or demand for GWG Holdings' L bonds dissipates, our business would be adversely impacted and our ability to service and repay our debt obligations, much of which is short term, would be compromised, thereby negatively affecting our business prospects and viability.

We had $97.4 million borrowing base capacity, excluding any potential capacity for premiums and servicing costs, under the LNV Credit Facility as of December 31, 2020. Additional future borrowing base capacity for premiums and servicing costs, created as the premiums and servicing costs of pledged life insurance policies become due and by additional policy pledges to the facility, if any, exists under the LNV Credit Facility at the sole discretion of the lender. The LNV Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these debt covenants as of December 31, 2020, and December 31, 2019, and continue to be so as of the filing date of this report. Subsequent to December 31, 2020, we received additional advances through amendments to the LNV Credit Facility and entered in to the NF Credit Facility (as described in more detail above and in Note 23).

Beneficient is obligated to make debt payments totaling $74.5 million on certain outstanding borrowings through May 30, 2022 under the terms of the Amendment No. 1 to the Second Amended and Restated Credit Agreements as discussed further in Note 23. Primarily due to both the forthcoming debt payments under the Credit Agreement and Second Lien Credit

Agreement and the anticipated deconsolidation of Beneficient from GWG Holdings, as discussed in Note 23, which is expected to result in reduced reliance by Beneficient on GWG Holdings to fund its operations, Beneficient will require additional liquidity to continue its operations over the next twelve months. We expect Beneficient to satisfy these obligations and fund its operations through anticipated operating cash flows, proceeds from distributions on the alternative assets portfolio, additional investments into Beneficient by GWG Holdings and/or other parties and, potentially refinancing with other third-party lenders some or all of the existing borrowings due prior to their maturity. Beneficient is currently in the process of raising additional equity, which is anticipated to close during the fourth quarter of 2021 and/or the first quarter of 2022.

Beneficient may not be able to refinance or obtain additional financing on terms favorable to the Company, or at all. To the extent that Beneficient raises additional capital through the future sale of equity or debt, the ownership interest of its existing equity holders may be diluted. The terms of these future equity or debt securities may include liquidation or other preferences that adversely affect the rights of its existing equity unitholders or involve negative covenants that restrict Beneficient's ability to take specific actions, such as incurring additional debt or making additional investments in growing its operations. If Beneficient defaults on these borrowings, then it will be required to either i) sell assets to repay these loans or ii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Moreover, if Beneficient were to sell assets to avoid a default of these borrowings, then the price at which Beneficient sold such assets may not reflect the carrying value of those assets as reflected in our consolidated financial statements, especially in the event of a bulk or distressed sale.

On November 11, 2019, GWG Holdings contributed the common stock and membership interests of its then wholly-owned FOXO Labs and FOXO Life subsidiaries to FOXO in exchange for a membership interest in the entity. On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. With the corporate conversion, GWG Holdings' previous membership interest in the LLC converted to preferred equity. GWG Holdings has contributed $16.2 million in cash to FOXO through December 31, 2020, and is committed to contribute an additional $3.8 million to the entity through October 2021, all of which was contributed by such date.

**(2) Summary of Significant Accounting Policies**

**Restatement** — The Company is restating its previously issued (i) consolidated balance sheet as of December 31, 2019, (ii) the consolidated statement of operations, (iii) the consolidated statement of changes in stockholders' equity, and (iv) the consolidated statement of cash flows for the year ended December 31, 2019, included in its Annual Report on Form 10-K for the year ended December 31, 2019, (the "Restatement"). The Restatement also impacted each of the quarters for the periods beginning with GWG Holdings, Inc.'s consolidation with The Beneficient Company Group, L.P. ("Ben LP," including all of the subsidiaries it may have from time to time — "Beneficient") as of December 31, 2019 through the quarter ended September 30, 2020.

The impact of the Restatement is included in this 2020 Form 10-K, and is more specifically described in Notes 21 and 22. Additionally, the impacts of the Restatement have been reflected throughout the financial statements, including the applicable footnotes.

**Other Corrections** — In addition to the Restatement items, the Company has corrected other items, which had been previously identified and determined to be immaterial pursuant to Accounting Standards Codification ("ASC") Topic 250, *Accounting Changes and Error Corrections* and Staff Accounting Bulletin ("SAB") No. 99, *Materiality*. While these other adjustments are both quantitatively and qualitatively immaterial, individually and in the aggregate, because we are correcting for the Restatement items, we have decided to correct these other adjustments as well.

Specifically, the Company reassessed its valuation allowance against its deferred tax assets and determined it will no longer utilize the reversal of a temporary difference related to the Company's preferred equity ownership in Beneficient, until such time as the preferred equity is no longer constrained, as a source of income to realize existing deferred tax assets related to the net operating loss and Section 163(j) limitations. The net deferred tax liability presented in the Company's consolidated balance sheets is specifically related to GWG Life's investment in the Preferred Series A Subclass 1 Unit Accounts resulting from the Investment Agreement described in Note 1. The disposition of this investment is constrained by the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. As such, the timing of recognition of the necessary taxable income related to this investment and the future reversal of this temporary difference cannot be predicted. The changes in the valuation allowance are reflected in the restatement tables presented in Notes 21 and 22.

**Basis of Presentation** — The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Principles of Consolidation** — The consolidated financial statements include the accounts of GWG Holdings, Inc. and its subsidiaries. All material intercompany balances and transactions have been eliminated upon consolidation. Noncontrolling interests have been recorded for minority ownership in entities that are not wholly owned and are presented in compliance with the provisions of the *Noncontrolling Interest in Subsidiary* subsections of the Accounting Standards Codification ("ASC").

The Company has interests in various entities including, but not limited to, corporations and limited partnerships. For each such entity, the Company evaluates its ownership interest to determine whether the entity is a variable interest entity ("VIE") and, if so, whether it is the primary beneficiary of the VIE. The Company would consolidate any entity for which it was the primary beneficiary, regardless of its ownership or voting interests. Upon inception of a variable interest or the occurrence of a reconsideration event, the Company makes judgments in determining whether entities in which it invests are VIEs. If so, the Company makes judgments to determine whether it is the primary beneficiary and is thus required to consolidate the entity. Ownership interests in entities for which the Company has significant influence that are not consolidated under the Company's consolidation policy are accounted for as equity method investments.

The entities for which the ExAlt Plan Trusts hold an ownership interest are investment companies (i.e., funds) under ASC 946. Thus, the investments in non-investment companies made by these funds are accounted for in accordance with ASC 946 and are not subject to consolidation or the disclosure requirements of ASC 810. Moreover, further consolidation provisions of ASC 946 are not applicable to Beneficient since these investment companies do not have an investment in an operating entity that provides services to the investment company or to Beneficient.

Related party transactions between the Company and its equity method investees have not been eliminated.

**Use of Estimates** — The preparation of our consolidated financial statements in conformity with GAAP requires management to make significant estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue during the reporting period. Management regularly evaluates estimates and assumptions, which are based on current facts, historical experience, management's judgment, and various other factors that we believe to be reasonable under the circumstances. Our actual results may differ materially and adversely from our estimates. Material estimates that are particularly susceptible to change, in the near term, relate to: (1) determining the assumptions used in estimating the fair value of our investments in life insurance policies, (2) determining the grant date fair value for equity-based compensation awards, (3) determination of the allowance for loan losses as an input to the allocation of income (loss) to Beneficient's equity holders, and (4) evaluation of potential impairment of goodwill and other intangibles. Periodically, we make significant estimates in assessing the fair value of assets acquired and consideration given in return for those assets, which are used to establish the initial recorded values of such assets in accordance with ASC 805, *Business Combinations.* Under ASC 805, the consideration paid in an asset acquisition is allocated among the assets acquired based on their relative fair values at acquisition date. In relation to the Investment and Exchange Agreements, relative fair values obtained from a third-party valuation firm were used to calculate the amounts recorded for the assets acquired and liabilities assumed at their acquisition dates as more fully described in Note 4.

**Cash and Cash Equivalents** — We consider cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalents. We maintain our cash and cash equivalents with highly rated financial institutions. The balances in our bank accounts may exceed Federal Deposit Insurance Corporation limits. We periodically evaluate the risk of exceeding insured levels and may transfer funds as we deem appropriate.

Cash, cash equivalents and restricted cash on our consolidated statements of cash flows include cash and cash equivalents and restricted cash of $85.2 million and $38.9 million and $82.3 million and $33.5 million as of December 31, 2020 and 2019, respectively. See Note 3 for a discussion of restrictions on cash.

**Investment in Life Insurance Policies, at Fair Value** — ASC 325-30, *Investments in Insurance Contracts*, permits a reporting entity to account for its investments in life insurance policies using either the investment method or the fair value method. We elected to use the fair value method to account for our life insurance policies. We initially record our purchase of life insurance policies at the purchase price, which is the amount paid for the policy, inclusive of all direct external fees and costs associated with the purchase. At each subsequent reporting period, we re-measure the investment at fair value in its

entirety and recognize the change in fair value as unrealized gain or loss in the current period, net of premiums paid, within gain (loss) on life insurance policies, net in our consolidated statements of operations.

We also recognize realized gain (or loss) from a life insurance policy upon one of the two following events: (1) our receipt of notice or verified mortality of the insured; or (2) our sale of the policy (upon filing of change-of-ownership forms and receipt of payment). In the case of mortality, the gain (or loss) we recognize is the difference between the policy benefits and the carrying value of the policy once we determine that collection of the policy benefits is reasonably assured. In the case of a policy sale, the gain (or loss) we recognize is the difference between the sale price and the carrying value of the policy on the date we receive sale proceeds.

Life insurance premium payments are considered operating cash flows and are included in the net income (loss) line item in the consolidated statements of cash flows. The portion of proceeds received from policy maturities that represents the carrying value of the policy is reported in return of investment for matured life insurance policies in the consolidated statements of cash flows.

**Life Insurance Policy Benefits Receivable, Net** — Our policy benefit receivables represent amounts due from insurance carriers for claims submitted on matured life insurance policies. Policy benefit receivables are recorded at the policy benefit amounts less reserves for estimated uncollectible amounts. Uncollectible policy benefits can result from challenges by the insurance carrier to the legal validity of the policy, typically related to the concept of insurable interest, or from liquidity or solvency problems at the insurance carrier (although policy benefits are senior to any other obligations of a carrier).

We reserve for policy benefits when it becomes probable that we will not collect the full amount of the policy benefit. The reserve requirements are based on the best facts available to us and are re-evaluated and adjusted as additional information becomes available. Uncollectible policy benefits are written off against the reserves when it is deemed that a policy amount is uncollectible. As of December 31, 2020 and 2019, there was no allowance for uncollectible life insurance policy benefits receivable.

**Other Assets** — Other assets consist of investment in put options, fixed assets, intangible assets, prepaid expenses, operating lease right-of-use assets, and other receivables.

**Investment in Alternative Assets, at Fair Value** — Investments in alternative assets represent the ownership interests in alternative assets, predominately private equity funds, held by certain of the ExAlt Trusts, either through direct ownership or a beneficial interest. ASC Topic 820, *Fair Value Measurement*, permits, as a practical expedient, to estimate the fair value of these types of investments based on the net asset value ("NAV") per share, or its equivalent, if the NAV of such investments is calculated in a manner consistent with the measurement principles of ASC 946, *Financial Services – Investment Companies*. The Company has elected to use NAV as a practical expedient to measure the fair value of these investments. These investments are valued based on the most recent available information, which typically has a delay due to the timing of financial information received from the individual investments. Accordingly, in determining the value of the investment, we may consider whether adjustments to the NAV are necessary in certain circumstances in which management is aware of material events that affect the value of the investments during the intervening period. Changes in NAV are recorded within investment income (loss) on our consolidated statements of operations.

**Equity Method Investments** — Other than the investments in alternative assets, which use NAV as a practical expedient, the Company accounts for investments in common stock or in-substance common stock in which we have the ability to exercise significant influence, but do not own a controlling financial interest, under the equity method of accounting. Investments within the scope of the equity method of accounting are initially measured at cost, including the cost of the investment itself and direct transaction costs incurred to acquire the investment. After the initial recognition of the investment at cost, we recognize income and losses from our investment by adjusting upward or downward the balance of our equity method investment on our consolidated balance sheet with such adjustments, if any, flowing through earnings (loss) from equity method investment on our consolidated statement of operations, in all cases adjusted to reflect amortization of basis differences, if any, and the elimination of intercompany gains and losses, if any. Cash distributions received from equity method investees are recorded as reductions to the investment balance and classified in the statement of cash flows using the cumulative earnings approach.

Equity method investments are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the investment might not be recoverable. These circumstances can include, but are not limited to evidence that we

do not have the ability to recover the carrying amount, the inability of the investee to sustain earnings, a current fair value of the investment that is less than the carrying amount, and other investors ceasing to provide support or reducing their financial commitment to the investee. If the fair value of the investment is less than the carrying amount, and the investment will not recover in the near term, an other-than-temporary impairment may exist. We recognize a loss in value of an investment deemed other-than-temporary in the period the conclusion is made.

When we do not expect financial information of our equity method partner companies to be consistently available on a timely basis, the Company reports its share of the income or loss of the equity method investment on a one-quarter lag.

For more information on equity method investments, see Note 8.

**Leases** — The Company adopted ASC 842, *Leases*, on January 1, 2019. The Company leases certain real estate for its office premises that are classified as operating leases. We assess whether an arrangement is a lease at inception. Leases with an initial term of twelve months or less are not recorded in the balance sheet. We have elected the practical expedient to not separate lease and non-lease components for all assets. Operating lease assets and operating lease liabilities are calculated based on the present value of the future minimum lease payments over the lease term at the lease start date. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease start date in determining the present value of future payments. The operating lease asset is increased by any lease payments made at or before the lease start date and reduced by lease incentives and initial direct costs incurred. The lease term includes options to renew or terminate the lease when it is reasonably certain that we will exercise that option. The exercise of lease renewal options is at our sole discretion. The depreciable life of lease assets and leasehold improvements are limited by the lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

**Equity-based Compensation** — The Company measures and recognizes compensation expense for all equity-based payments at fair value on the grant date over the requisite service period. New shares of common are issued for stock option exercises. GWG Holdings uses the Black-Scholes option pricing model to determine the fair value of stock options and stock appreciation rights. For restricted stock grants (including restricted stock units), fair value is determined as of the closing price of GWG Holdings' common stock on the date of grant.

The determination of fair value of equity-based payment awards on the date of grant is affected by our stock price and a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, the expected duration of the awards, the results of a probability-weighted discounted cash flow analysis and observable transactions. We account for the effects of forfeitures as they occur. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at grant date. Volatility is based on the standard deviation of the average continuously compounded rate of return of five selected companies.

As it is not publicly traded, Beneficient uses various methods to determine the grant date fair value of its equity-based compensation awards, as more fully described in Note 12.

Equity-based compensation expense is recorded in employee compensation and benefits in the consolidated statements of operations.

**Deferred Financing and Issuance Costs** — Loans advanced to us under the second amended and restated senior credit facility with LNV Corporation (as amended from time to time, "LNV Credit Facility"), as described in Note 10, are reported net of financing costs, including issuance costs, sales commissions and other direct expenses, which are amortized using the straight-line method over the term of the facility. The L Bonds, as described in Note 10, are reported net of financing costs, which are amortized using the effective interest method over the term of those borrowings. Beneficient's first and second lien credit agreements, as described in Note 10, are reported net of financing costs, which are amortized using the effective interest method over the term of those borrowings.

Selling and issuance costs of Redeemable Preferred Stock ("RPS") and Series 2 Redeemable Preferred Stock ("RPS 2"), described in Note 11, are netted against additional paid-in capital, until depleted, and then against the outstanding balance of the preferred stock. The offerings of GWG Holdings' RPS and RPS 2 closed in March 2017 and April 2018, respectively. There were no issuance costs associated with the August 2018 issuance of the Series B Convertible Preferred Stock.

**Business Combinations** — The Company includes the results of operations of the businesses that it acquires from the acquisition date. In allocating the purchase price of a business combination, in accordance with ASC 805, *Business Combinations*, the Company records all assets acquired and liabilities assumed at fair value, and the fair value of any noncontrolling interests, with the excess of the purchase price over the aggregate fair values recorded as goodwill. ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company determines the estimated fair values after review and consideration of relevant information, including discounted cash flows, quoted market prices and estimates made by management. The fair value assigned to identifiable intangible assets acquired is based on estimates and assumptions made by management at the time of the acquisition. The Company adjusts the preliminary purchase price allocation, as necessary, during the measurement period of up to one year after the acquisition closing date as it obtains more information as to facts and circumstances existing as of the acquisition date. Acquisition-related costs are recognized separately from the business combination and are expensed as incurred.

**Goodwill and Other Intangibles** — Goodwill of $2.4 billion and intangible assets of $3.4 million were recognized as a result of the business combination related to the Investment and Exchange Agreements on December 31, 2019 (see Note 4). Intangible assets are included in other assets in the Company's consolidated balance sheets. The Company accounts for goodwill and intangible assets in accordance with ASC Topic 350, *Intangibles – Goodwill and Other*. The amount of goodwill recorded is based on the fair value of the acquired entity at the time of acquisition. Management performs goodwill and intangible asset impairment testing annually, as of October 1, or when events occur, or circumstances change that would more likely than not indicate impairment has occurred. Goodwill impairment exists when the carrying value of goodwill exceeds its implied fair value.

For 2020, the annual goodwill impairment analysis did not result in any impairment charges. Our impairment evaluation included a qualitative assessment, which considered whether there were indicators of potential impairment following the recent completion of the business combination accounting. In addition, our evaluation included a quantitative analysis, which included multiple assumptions, including estimated discounted cash flows and other estimates that may change over time. For example, a key assumption in determining the fair value of our reporting units is forecasting free cash flow generated by our business over the next five years and includes assumptions regarding expected growth of new service offerings and products. While our assumption reflects management's best estimates of future performance, the estimates assume Beneficient capturing a significant market share of liquidity transactions during the next five years leading to a substantial rate of growth of new service offerings and products, revenues and assets over the next five years ending December 31, 2025. These estimations are uncertain to occur, and to the extent the Company falls short of achieving our expected growth in revenues and assets over the next four years, material impairments of our goodwill may occur in the near term. For example, a 15% decline in our annual projected volume of liquidity transactions reflected in the Company's forecasts would require impairments to begin to be recorded assuming all other assumptions on which the forecasts are built remain constant. Because the Company's forecasts are predicated on estimating future volume for new service offerings and products, the Company's actual future volume of liquidity transactions reflected in the Company's forecasts may fall short of management's forecasts by 15% or greater and may result in a partial or full write down of our goodwill balance, which totaled $2.4 billion at December 31, 2020. In light of Beneficient's significant recurring losses from operations, negative cash flows from operations, and delays in executing its business plans, there could be potential triggering events identified and resulting impairment of goodwill recorded during the annual impairment test during the fourth quarter of 2021. While management can and has implemented strategies to address these events, changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of the reporting unit's goodwill balance.

Intangible assets include an insurance license and a non-compete agreement. Finite-lived intangibles are stated at cost less accumulated amortization. Amortization is recorded using the straight-line method, which approximates the expected pattern of economic benefit, over the estimated lives of the assets. The insurance license intangible has an indefinite life and is evaluated for impairment annually. The non-compete agreement is amortized over its estimated useful life of two years and is evaluated for impairment when indicators of impairment are present as outlined in the subsequent paragraph.

The Company reviews the carrying value of its finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable. Factors that would require an impairment assessment include, among other things, a significant change in the extent or manner in which an asset is used, a continual decline in the Company's operating performance, or as a result of fundamental changes in a subsidiary's business condition.

**Repurchase Option** — Beneficient determined that a provision of the Exchange Trust agreements, of which such trust is not among the consolidated trusts of Ben LP, executed as part of its initial capitalization whereby the holder of the beneficial interest can repurchase the senior beneficial interest in a certain ExAlt Trust from its holder, at any time up to 3 years from the initial transaction date, represents an equity contract liability that it has elected to account for utilizing the fair value option in accordance with accounting standards applicable to financial instruments. The repurchase options were provided to each Exchange Trust for no consideration. As of the date of establishment of these ExAlt Trusts in 2017 and 2018, Beneficient measured the fair value of the repurchase options and recorded the amount of repurchase options in the consolidated balance sheets with the recognition of transaction expense of a corresponding amount. The repurchase options are recorded at fair value with changes in fair value recorded in net income (loss) in the consolidated statements of operations. Adjustments to the fair value of the repurchase options are recognized within investment income in the consolidated statements of operations. ExAlt Plan™ transactions, other than those executed in the initial capitalization, do not include a repurchase provision.

The primary reasons that management elected to record the repurchase options at fair value included reflecting the economic events in earnings on a timely basis and mitigating volatility in earnings from using different measurement attributes. Refer to Note 7 for additional information.

**Income Taxes** — GWG Holdings is a corporation for tax purposes. Certain of GWG Holdings' subsidiaries operate in the U.S. as partnerships for U.S. federal income tax purposes. In addition, certain of the wholly-owned subsidiaries of GWG Holdings will be subject to federal, state, and local corporate income taxes at the entity level and the related tax provision attributable to the Company's share of this income tax is reflected in the consolidated financial statements. Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current and deferred tax liabilities, if any, are recorded within accounts payable and accrued expenses and other liabilities in the consolidated balance sheets. The Company analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. The Company records uncertain tax positions on the basis of a two-step process: (a) determination is made whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position, and (b) those tax positions that meet the more likely than not threshold are recognized as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense (benefit) within the consolidated statements of operations.

**Noncontrolling Interests – Redeemable and Non-redeemable** — Noncontrolling interests represent the portion of certain consolidated subsidiaries' limited partnership interests or the ExAlt Trusts that are held by third parties. Amounts are adjusted by the noncontrolling interest holder's proportionate share of the subsidiaries' or VIEs' earnings or losses each period and for any distributions that are paid.

Noncontrolling interests are reported as a component of equity unless the noncontrolling interest is considered redeemable, in which case the noncontrolling interest is recorded between liabilities and equity (mezzanine or temporary equity) in the Company's consolidated balance sheets. The redeemable noncontrolling interest is adjusted at each balance sheet date to its maximum redemption value if the amount is greater than the carrying value. Changes in the Company's redeemable noncontrolling interests are presented in the consolidated statements of changes in stockholders' equity.

Noncontrolling interests include (i) holders of Class S Ordinary Units issued by BCH, which consist of Ben Founder Affiliates (as defined below), an entity affiliated with a related party, and third parties, and (ii) holders, which consists of unrelated charity organizations, of residual beneficial interests issued by the ExAlt Trusts. "Ben Founder Affiliates" are defined as certain trusts and those entities held by such trusts that are controlled by Ben Founder or in which Ben Founder and his family members are also among classes of economic beneficiaries whether or not our founder is entitled to economic distributions from such trusts. Ben Founder is also the former Chairman of the board of directors of GWG Holdings, serving is such capacity from April 26, 2019 to June 14, 2021.

Redeemable noncontrolling interests are held by holders, which consist of a Ben Founder Affiliate, entities affiliated with a related party, and certain former directors, of Preferred Series A Subclass 1 Unit Accounts issued by BCH.

*Beneficient's Income Allocation*

Net income (loss) attributable to noncontrolling interest holders is subject to Beneficient's income allocation in accordance with the governing limited partnership agreement of BCH as more fully described in Note 11.

The consolidated financial statements of Beneficient reflect the assets, liabilities, revenues, expenses, investment income and cash flows of Beneficient, including, after December 31, 2019, all of the trusts in the ExAlt Plan™ on a gross basis, and a portion of the economic interests of certain of the ExAlt Trusts, held by the residual beneficiaries, are attributed to noncontrolling interests in the accompanying consolidated financial statements. Interest income earned by Beneficient from the ExAlt Trusts is eliminated in its consolidation. However, because the eliminated amounts are earned from, and funded by, its noncontrolling interests, Beneficient's attributable share of the net income from the ExAlt Trusts is increased by the amounts eliminated. Accordingly, the elimination in consolidation of interest income and, for periods after December 31, 2019, certain fee revenue has no effect on net income (loss) attributable to Beneficient or to holders of Common Units.

For purposes of income allocation to Beneficient's equity holders, interest income is generally comprised of contractual interest, which is computed at a variable rate compounding monthly, interest recognized on certain of the ExAlt Loans through the effective yield method, and an amortized discount that is recognized ratably over the life of the ExAlt Loan.

As a result of the change-of-control event discussed in Note 9 on December 31, 2019 and the resulting valuation performed under ASC 805, the existing loan portfolio between Ben and the ExAlt Trusts was evaluated as of December 31, 2019, for credit deterioration based on the intentions of all parties that the income allocations provisions of Ben operate under US GAAP as if the ExAlt Trusts were not consolidated for financial reporting purposes. Further, as required under ASC 805, each ExAlt Loan between Beneficient and the ExAlt Trusts was evaluated and classified as either purchased credit impaired ("PCI") or non purchased credit impaired ("non-PCI"). For PCI loans, expected cash flows as of the date of valuation in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows is reasonably estimable. Subsequently, increases in cash flows over those expected at the acquisition date are recognized prospectively as interest income. Decreases in expected cash flows due to credit deterioration are recognized by recording an allowance for loan loss. For non-PCI loans, the difference between the fair value and unpaid principal balance of the loan as of the date of valuation is amortized or accreted to interest income over the contractual life of the loans using the effective interest method. In the event of prepayment, the remaining unamortized amount is recognized in interest income, which is eliminated upon the consolidation of the ExAlt Trusts for financial reporting purposes.

Allowance for Loan Losses

The allowance for loan losses is an input to Beneficient's allocation of income. The allowance for loan losses is a valuation allowance for probable incurred credit losses in the portfolio. Management's determination of the allowance is based upon an evaluation of the loan portfolio, impaired loans, economic conditions, volume, growth and composition of the collateral to the loan portfolio, and other risks inherent in the portfolio. Currently, management individually reviews all ExAlt Loans due to the low volume and non-homogenous nature of the current portfolio. Management relies heavily on statistical analysis, current NAV and distribution performance of the underlying alternative asset interests and industry trends related to alternative asset investments to estimate losses. Management evaluates the adequacy of the allowance by reviewing relevant internal and external factors that affect credit quality. The cash flows from the underlying alternative assets interests are the sole source of repayment for the loans and related interest. Beneficient recognizes any charge-off in the period in which it is confirmed. Therefore, impaired ExAlt Loans are written down to their estimated net present value.

Interest income, for purposes of determining income allocations to Beneficient's equity holders, is adjusted for any allowance for loan losses, which was approximately $5.4 million for the year ended December 31, 2020.

**Earnings (Loss) per Common Share** — Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the reported period.

Diluted earnings (loss) per share in net income periods is calculated by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding adjusted to include the number of additional common shares that would have been outstanding if the potential dilutive common shares resulting from GWG Holdings' RPS, RPS 2, restricted stock units, warrants (if applicable) and stock options were issued. The Company uses the treasury stock method to calculate if potentially dilutive common shares were issued in the case of restricted stock units, warrants and

options, and the if-converted method in the case of RPS and RPS 2. During 2020 and 2019, RPS, RPS2, restricted stock units and stock options were the potentially dilutive non-participating instruments issued by GWG Holdings.

Additionally, pursuant to the Exchange Agreement, as discussed in Note 1, holders of Common Units have the right to exchange their Common Units for common stock of GWG. The Company uses the if-converted method for these potentially dilutive instruments issued by Ben LP that are ultimately exchangeable into GWG Holdings' common stock.

Diluted earnings (loss) per share does not reflect an adjustment for potentially dilutive shares in periods in which a net loss attributable to common shareholders exists.

**Newly Adopted Accounting Pronouncements** — On January 1, 2020, we adopted Accounting Standards Update ("ASU") 2017-04, *Goodwill*, (Topic 350). This standard simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the new guidance, goodwill impairment loss will be measured on the basis of the fair value of the reporting unit relative to the reporting unit's carrying amount rather than on the basis of the implied amount of goodwill relative to the goodwill balance of the reporting unit. The adoption of this standard did not have a material impact on the consolidated financial statements and related disclosures.

On January 1, 2020, we adopted ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates, adds and modifies certain disclosure requirements for fair value measurements. The adoption did not have a material impact on the consolidated financial statements and related disclosures.

In March 2020, the SEC amended Regulation S-X to create Rules 13-01 and 13-02. These new rules reduce and simplify financial disclosure requirements for issuers and guarantors of registered debt offerings. Previously, with limited exceptions, a parent entity was required to provide detailed disclosures with regard to guarantors of registered debt offerings within the footnotes to the consolidated financial statements. Under the new regulations, disclosure exceptions have been expanded and required disclosures may be provided within Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* rather than in the notes to the financial statements. Further, summarized financial information covering guarantor balance sheets and income statements are permitted, replacing the previously required condensed consolidating financial statements. Summarized financial information only needs be disclosed for the current fiscal year rather than all years presented in the financial statements as was previously required. The amendments were subsequently included in the FASB codification through the issuance of ASU No. 2020-09, *Debt, (Topic 470)* in October 2020. The guidance will become effective for filings on or after January 4, 2021, with early adoption permitted. The Company elected to early adopt the new regulations during the second quarter of 2020. Our summarized guarantor financial information is now presented in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

**Accounting Pronouncements Issued But Not Yet Adopted** — In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans. There have been numerous codification improvements and technical corrections issued through subsequent ASUs since the issuance of ASU No. 2016-13. The standard requires entities to use a new, forward-looking "expected loss" model that is expected to generally result in the earlier recognition of allowances for losses. The guidance is effective for annual periods beginning after December 15, 2022, including interim periods within those years, for smaller reporting companies, as defined by the SEC, but early adoption is permitted. The Company is evaluating the potential impact of this guidance on our consolidated financial statements.

ASU 2019-12, *Income Taxes: Simplifying the Accounting for Income Taxes, (Topic 740)* was issued in December 2019. The amendments in Topic 740 eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. Topic 740 also clarifies and simplifies other aspects of the accounting for income taxes. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, for public business entities. Early adoption is permitted, including adoption in any interim period. The adoption of this standard is not expected to have a material impact on the consolidated financial statements and disclosures.

ASU 2020-04, *Reference Rate Reform, (Topic 848)* was issued in March 2020. The amendments in Topic 848 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. Topic 848 can be applied by all entities as of the beginning of the interim period that includes March 12, 2020, or any date thereafter, and entities may elect to apply the amendments prospectively through December 31, 2022. The Company did not utilize the optional expedients and exceptions provided by this standard during the year ended December 31, 2020. The Company is evaluating the impact of this standard on its consolidated financial statements and disclosures.

ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)* was issued in August 2020. The amendments in ASU 2020-06 simplify the accounting for convertible instruments by removing major separation models and removing certain settlement condition qualifiers for the derivatives scope exception for contracts in an entity's own equity, and simplify the related diluted net income per share calculation for both Subtopics. ASU 2020-06 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, for smaller reporting companies, as defined by the SEC. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is evaluating the impact of this ASU on its consolidated financial statements and disclosures.

**(3) Restrictions on Cash**

Under the terms of the LNV Credit Facility, discussed further in Note 10, we are required to maintain collection and payment accounts that are used to collect policy benefits from pledged policies, pay annual policy premiums, interest and other charges under the facility, distribute funds to pay down the facility, and distribute excess funds to the borrower (GWG DLP Funding IV, LLC).

The agents for the lender authorize the disbursements from these accounts. At December 31, 2020 and 2019, there was a balance of $33.5 million and $20.3 million, respectively, in these collection and payment accounts.

Under the terms of the ExAlt Plan™ trust agreements, the trusts are required to maintain capital call reserves and administration reserves. These reserves are used to satisfy capital call obligations and pay fees and expenses for the trusts as required. The fees and expenses are primarily paid to Ben Custody Admin for serving as the administrative agent to the current trustees of the ExAlt Trusts. These reserves represent cash held in banks. At December 31, 2020 and 2019, there was a combined balance of $5.4 million and $13.2 million, respectively, in these reserves.

**(4) Business Combination**

Prior to December 31, 2019, GWG Holdings owned 41,505,279 Common Units, for a total limited partnership interest in the Common Units of approximately 90.2%. This investment was historically accounted for using the equity method (see Note 8). On December 31, 2019, GWG Holdings entered into the Investment Agreement and Exchange Agreements described in Note 1.

Pursuant to the Investment Agreement, GWG Holdings transferred $79.0 million to Ben LP in return for 666,667 additional Common Units and a Preferred Series A Subclass 1 Unit Account of BCH, which increased GWG Holdings' ownership of Common Units to approximately 95.5%. Also, on December 31, 2019, in a transaction related to the Investment Agreement, GWG Holdings transferred its interest in the Preferred Series A Subclass 1 Unit Account to its wholly-owned subsidiary, GWG Life. In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP and consolidated Ben LP as of December 31, 2019, under the guidance in ASC 805, *Business Combinations.*

As a result of the change-of-control, GWG Holdings was required to remeasure its existing equity investment at fair value prior to consolidation. At December 31, 2019, GWG Holdings' equity investment in Common Units had a carrying value of $368.6 million, prior to the additional investment noted above. GWG Holdings estimated the fair value of its investment in Ben LP to be approximately $622.5 million, resulting in the recognition of a gain of $253.9 million during the fourth quarter of 2019. This gain is included in gain on consolidation of equity method investment in the Company's consolidated statement of operations for the year ended December 31, 2019. This gain was partially offset by the remeasurement to fair value of the Commercial Loan Agreement between GWG Life and Ben LP, the Promissory Note between GWG Life and the Borrowers,

and the Option Agreement between GWG Holdings and Ben LP which resulted in a net loss of $10.9 million. The net gain on consolidation of equity method investment after remeasurement of these preexisting balances was $243.0 million. GWG Holdings' proportionate share of the earnings or losses from Ben LP was recognized in earnings (loss) from equity method investment in our consolidated statement of operations from August 10, 2018 until December 31, 2019 (see Note 8 for further information) and was previously recorded on a one-quarter lag basis. In connection with the consolidation of Beneficient, the one-quarter lag was discontinued.

The following table summarizes the fair value measurement of the assets acquired and liabilities assumed as of December 31, 2019 (in thousands):

| | As Restated<br>Fair Value at Acquisition Date |
|---|---|
| **ASSETS** | |
| Investments in alternative assets, at net asset value | $ 342,012 |
| Investment in public equity securities | 24,550 |
| Other assets | 15,077 |
| Intangible assets[1] | 3,449 |
| Total identifiable assets acquired | 385,088 |
| **LIABILITIES** | |
| Debt due to related parties | 153,086 |
| Promissory note with related party | 60,390 |
| Commercial loan agreement from parent | 168,420 |
| Other liabilities and option agreement | 64,421 |
| Repurchase option | 61,664 |
| Accounts payable and accrued expenses | 13,770 |
| Total liabilities assumed | 521,751 |
| Net liabilities assumed | (136,663) |
| **NONCONTROLLING INTERESTS** | |
| Common Units not owned by GWG Holdings[2] | 181,383 |
| Class S Ordinary Units | 85,448 |
| Class S Preferred Units | 17 |
| Trusts' Deficit | 27,062 |
| Preferred Series A Subclass 1 Unit Accounts | 1,269,654 |
| Total noncontrolling interests | 1,563,564 |
| **ACQUISITION CONSIDERATION** | |
| Cash, less cash acquired | 45,020 |
| Fair value of preexisting investment in Common Units[3] | 622,503 |
| Fair value of noncontrolling interest | 1,563,564 |
| Total estimated consideration | 2,231,087 |
| Less: Net liabilities assumed | (136,663) |
| Resulting goodwill | $ 2,367,750 |

(1) Includes an insurance license valued at $3.1 million and a non-compete agreement valued at $0.3 million.
(2) Calculated as 1,974,677 Common Units not owned by GWG Holdings at December 31, 2019, multiplied by the $15 per unit derived from the enterprise valuation of Beneficient. Also includes $151.8 million of share-based payment awards that were granted by Beneficient prior to the change in control but were not replaced by awards of GWG Holdings upon the change in control. These awards were treated as noncontrolling interests in accordance with ASC 805, *Business Combinations*.

(3) Calculated as 41,505,279 Common Units owned by GWG Holdings prior to the change in control multiplied by the $15 per unit derived from the enterprise valuation of Beneficient, with a nominal rounding adjustment.

*Methods Used to Determine Equity Value and to Fair Value Assets and Liabilities*

The following is a description of the valuation methodologies used to estimate the fair value of equity and the fair values of major categories of assets acquired and liabilities assumed. In many cases, determining the fair value of equity and the acquired assets and assumed liabilities required management to estimate cash flows expected from those assets and liabilities and to discount those cash flows at appropriate rates of interest. This required the utilization of significant estimates and management judgment in accounting for the change-of-control event.

**Investments in alternative assets** — The investment in alternative assets was valued at fair value using the net asset value of each underlying investment as a practical expedient.

**Cash and cash equivalents and restricted cash** — Cash and cash equivalents and restricted cash were valued using their current carrying amounts which approximate fair value.

**Investment in public equity securities** — The fair value of the investments in public equity securities was determined using quoted market prices. As these were investments by Beneficient in the common stock of GWG Holdings, these amounts were eliminated in consolidation and treated as treasury stock.

**Other assets** — Other assets include miscellaneous receivables that were valued using the current carrying amount as that amount approximates fair value due to the relatively short time between their origination date and the fair value date. Miscellaneous intercompany receivables were eliminated in consolidation.

**Intangible assets** — Intangible assets include an insurance license and a non-compete agreement. Both assets were valued using their current carrying amount which approximates fair value.

**Debt due to related parties, promissory note with related party, and commercial loan agreement from parent** — The measurement of the fair value of debt due to related parties, promissory note with related party, and commercial loan agreement from parent was based on market prices that generally are observable for similar liabilities at commonly quoted intervals and is considered a Level 2 fair value measurement. The Promissory Note between certain of the ExAlt Trusts and GWG Life and the Commercial Loan Agreement between Ben LP and GWG Life were eliminated in consolidation.

**Other liabilities** — The carrying amount of other liabilities approximates the fair value. The Option Agreement between Ben LP and GWG Holdings was eliminated in consolidation.

**Repurchase options:** Repurchase options were fair valued using a Black-Scholes option pricing model with a time-dependent strike for the repurchase price. Other model assumptions include i) a period of restricted exercise, ii) the dividend yield, iii) underlying NAVs, iv) alternative asset growth rates, v) volatilities, and vi) market discount rate.

**Accounts payable and accrued expenses** — Due to their short-term nature, the carrying amounts of accounts payable and accrued expenses approximate the fair value. Miscellaneous intercompany payables were eliminated in consolidation.

**Noncontrolling interests** — The values for each noncontrolling interest component were calculated after determination of an overall enterprise value for the Company. The enterprise value of the Company was determined using the Option Pricing Model (“OPM”) Backsolve approach under the market method. The OPM Backsolve approach uses a Black-Scholes option pricing model to calculate the implied equity value of the firm. Once an overall equity value was determined, amounts were allocated to the various classes of equity based on the security class preferences. The inputs to the OPM Backsolve approach are the equity value for one component of the capital structure, expected time to exit, the risk-free interest rate and an assumed volatility based on the volatility of similar publicly traded companies. The OPM Backsolve inputs include Level 3 inputs.

**Goodwill** — The resulting excess of the overall enterprise value after deducting the fair values of assets acquired and liabilities assumed is recognized as goodwill. The goodwill recognized is the result of the inherent value associated with the assembled business after all separately identifiable assets acquired and liabilities assumed are deducted from the enterprise value. The excess estimated enterprise value of Beneficient over the fair value of its net assets is primarily attributable to

management's expectation of the potentially large and underserved market that Beneficient is seeking to address, including the estimated demand from MHNW individuals and STM size institutions seeking liquidity for their professionally managed alternative assets. None of the goodwill is expected to be deductible for income tax purposes. The goodwill is allocated to our Beneficient reporting unit.

The following unaudited pro forma financial information presents the combined results of operations of GWG Holdings as if the acquisition of Ben LP had occurred as of January 1, 2019:

| *(in thousands, except shares and per share data)* | | *(As Restated)* |
|---|---|---|
| | | **December 31, 2019** |
| **Total Revenue** | | |
| Pro forma | $ | 62,636 |
| As reported | $ | 92,276 |
| | | |
| **Net Income (Loss) Attributable to Common Shareholders** | | |
| Pro forma | $ | (220,726) |
| As reported | $ | 70,471 |
| | | |
| **Net Earnings (Loss) per Diluted Common Share** | | |
| Pro forma | $ | (6.21) |
| As reported | $ | 2.06 |

The unaudited pro forma financial information is presented for informational purposes only. It is not necessarily indicative of what our consolidated results of operations actually would have been had the acquisition occurred at the beginning of the year, nor does it attempt to project the future results of operations of the combined company.

The unaudited pro forma financial information above gives effect to the following:

- Consolidation of all ExAlt Trusts (only certain of the trusts were consolidated until December 31, 2019)
- Exclusion of the $243.0 million nonrecurring gain on consolidation of equity method investment
- Reduction of Beneficient interest expense related to acquisition-date debt principal payments
- Elimination of intercompany transactions, including the Promissory Note, Commercial Loan Agreement and Option Agreement
- Exclusion of nonrecurring acquisition-related transaction costs

**(5) Investment in Life Insurance Policies**

The Company's investments in life insurance policies are valued based on unobservable inputs that are significant to their overall fair value. Changes in the fair value of these policies, net of premiums paid, are recorded in gain (loss) on life insurance policies, net in our consolidated statements of operations.

The fair value of our life insurance policies is determined as the net present value of the life insurance portfolio's future expected cash flows (policy benefits received and required premium payments) that incorporates life expectancy estimates obtained when the policy was purchased and current discount rate assumptions. We refer to our valuation methodology as the Longest Life Expectancy methodology. This methodology utilizes a portfolio mortality multiplier ("PMM") that allows us to "fit" projections to actual results, which provides a basis to forecast future performance more accurately.

The life expectancies used in our valuation were obtained at the time of policy purchase and are generally derived from reports obtained from widely accepted life expectancy providers (other than insured lives covered under small face amount policies — those with $1.0 million in face value benefits or less — which utilize either a single fully underwritten, or simplified report based on self-reported medical interview). Our valuation methodology also incorporates assumptions relating to cost-of-insurance (premium) rates and other assumptions, including a discount rate.

The discount rate we apply is primarily based on information about the discount rates observed in recent portfolio purchase transactions in the life insurance tertiary market. The discount rate also incorporates fixed income market interest rates, the estimated credit exposure to the insurance companies that issued the life insurance policies and management's estimate of the operational risk yield premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. In prior periods, the discount rate also incorporated information about the discount rates observed in the life insurance secondary market through the Company's internal competitive bidding to purchase policies. However, the Company discontinued the use of this input as of December 31, 2020, as it is no longer actively purchasing policies in the life insurance secondary market. The determination of the discount rate used in the valuation of the Company's life insurance policies requires management judgment and incorporates information that is reasonably available to management as of the date of the valuation. As a result of management's analysis, a discount rate of 8.25% was applied to our portfolio as of both December 31, 2020 and 2019.

**Portfolio Information**

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of December 31, 2020 is summarized below:

**Life Insurance Portfolio Summary**

| | | |
|---|---|---|
| Total life insurance portfolio face value of policy benefits (in thousands) | $ | 1,900,715 |
| Average face value per insured life (in thousands) | $ | 1,943 |
| Average life expectancy estimate (years)* | | 6.9 |
| Total number of policies | | 1,058 |
| Number of unique lives | | 978 |
| Demographics | | 74% Male; 26% Female |
| Number of smokers | | 40 |
| Largest policy as % of total portfolio face value | | 0.7 % |
| Average policy as % of total portfolio face value | | 0.1 % |
| Average annual premium as % of face value | | 3.8 % |

(*) Averages presented in the table are weighted averages by face amount of policy benefits.

A summary of our policies organized according to their estimated life expectancy dates, grouped by year, as of the reporting date, is as follows (dollars in thousands):

| | As of December 31, 2020 | | | As of December 31, 2019 | | |
|---|---|---|---|---|---|---|
| **Years Ending December 31,** | **Number of Policies** | **Estimated Fair Value** | **Face Value** | **Number of Policies** | **Estimated Fair Value** | **Face Value** |
| 2020 | — | $ — | $ — | 8 | $ 5,869 | $ 6,342 |
| 2021 | 15 | 19,429 | 22,298 | 55 | 62,061 | 79,879 |
| 2022 | 62 | 66,657 | 88,698 | 90 | 89,074 | 138,723 |
| 2023 | 106 | 113,926 | 178,983 | 128 | 123,352 | 222,369 |
| 2024 | 119 | 130,280 | 229,815 | 109 | 103,111 | 217,053 |
| 2025 | 111 | 85,842 | 187,042 | 113 | 74,223 | 171,961 |
| 2026 | 115 | 100,280 | 237,632 | 123 | 92,337 | 250,239 |
| Thereafter | 530 | 275,497 | 956,247 | 525 | 246,012 | 934,407 |
| **Totals** | 1,058 | $ 791,911 | $ 1,900,715 | 1,151 | $ 796,039 | $ 2,020,973 |

We recognized life insurance benefits of $125.1 million for each of the years ended December 31, 2020 and 2019, respectively, related to policies with a carrying value of $38.2 million and $33.2 million, respectively, and as a result recorded realized gains of $86.9 million and $91.9 million. The aforementioned carrying value, which represents the aggregate cost basis in the policies that matured during the period, is considered a return of investment within the investing section of the consolidated statements of cash flows. Changes in fair value of policies and the other components of the net

gain on life insurance policies, as detailed below, are included in the operating section of the consolidated statements of cash flows.

A reconciliation of gain (loss) on life insurance policies is as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Change in estimated probabilistic cash flows[1] | $ 63,463 | $ 67,186 |
| Unrealized gain on acquisitions[2] | — | 6,921 |
| Premiums and other annual fees | (71,439) | (65,577) |
| Change in life expectancy evaluation[3] | — | (2,332) |
| Face value of matured policies | 125,109 | 125,148 |
| Fair value of matured policies | (67,535) | (56,026) |
| Gain on life insurance policies, net | $ 49,598 | $ 75,320 |

(1) Change in fair value of expected future cash flows relating to our investment in life insurance policies that are not specifically attributable to changes in life expectancy, discount rate changes or policy maturity events.

(2) Gain resulting from fair value in excess of the purchase price for life insurance policies acquired during the reporting period.

(3) The change in fair value due to updating life expectancy estimates on certain life insurance policies in our portfolio.

Estimated premium payments and servicing fees required to maintain our current portfolio of life insurance policies in force for the next five years, assuming no mortalities, are as follows (in thousands):

| Years Ending December 31, | Premiums | Servicing | Total |
|---|---|---|---|
| 2021 | $ 72,445 | $ 1,655 | $ 74,100 |
| 2022 | 89,436 | 1,655 | 91,091 |
| 2023 | 100,953 | 1,655 | 102,608 |
| 2024 | 110,044 | 1,655 | 111,699 |
| 2025 | 122,438 | 1,655 | 124,093 |
| | $ 495,316 | $ 8,275 | $ 503,591 |

Management anticipates funding the majority of the premium payments and servicing fees estimated above from cash flows realized from life insurance policy benefits, and to the extent necessary, with additional borrowing capacity created as the premiums and servicing costs of pledged life insurance policies become due, under the LNV Credit Facility and the net proceeds from our offering of L Bonds as described in Note 10. Management anticipates funding premiums and servicing costs of non-pledged life insurance policies with cash flows realized from life insurance policy benefits from our portfolio of life insurance policies and net proceeds from GWG Holdings' offering of L Bonds. The proceeds of these capital sources may also be used for; the purchase, policy premiums and servicing costs of additional life insurance policies; working capital; and financing expenditures including paying principal, interest and dividends.

**(6) Investments in Alternative Assets**

The investments held, either through direct ownership or through a beneficial interest, by certain of the ExAlt Trusts consist primarily of limited partnership interests in various alternative assets, including private equity funds. These alternative investments are valued using NAV as a practical expedient. Changes in the NAV of these investments are recorded in investment income, net in our consolidated statements of operations. The investments in alternative assets provide the economic value that ultimately collateralizes the loan that Beneficient originates with the ExAlt Trusts in a liquidity transaction.

The NAV calculation reflects the most current report of NAV and other data received from firm/fund sponsors. If no such report has been received, Beneficient estimates NAV based upon the last NAV calculation reported by the investment manager and adjusts it for capital calls and distributions made in the intervening time frame. Beneficient also considers whether adjustments to the NAV are necessary in certain circumstances in which management is aware of specific material events, changes in market conditions, and other relevant factors that have affected the value of an investment during the period between the date of the most recent NAV calculation reported by the investment manager or sponsor and the measurement date. Public equity securities known to be owned within an alternative investment fund, based on the most recent information reported by the general partners, are marked to market using quoted market prices on the reporting date.

The underlying interests in alternative assets are primarily limited partnership interests, and the limited partnership agreements governing those interests generally include restrictions on disclosure of fund-level information, including fund names and company names in the funds. The transfer of the investments in private equity funds generally requires the consent of the corresponding private equity fund manager, and the transfer of certain fund investments is subject to rights of first refusal or other preemptive rights, potentially further limiting the ExAlt Plan™ from transferring an investment in a private equity fund. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments are liquidated. Timing of liquidation is currently unknown.

**Portfolio Information**

Our portfolio of alternative investments, held by certain of the ExAlt Trust subsidiaries by asset class of each fund as of December 31, 2020 and 2019, is summarized below:

**Alternative Investments Portfolio Summary[1]**

| Asset Class | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Value | Unfunded Commitments | Value | Unfunded Commitments |
| Venture Capital | $ 123,021 | $ 1,659 | $ 267,662 | $ 8,915 |
| Private Equity | 92,316 | 33,387 | 34,614 | 22,187 |
| Private Real Estate | 2,118 | 269 | 27,151 | 3,584 |
| Other[2] | 4,439 | 294 | 12,585 | 260 |
| **Total** | $ 221,894 | $ 35,609 | $ 342,012 | $ 34,946 |

[1] Amounts presented in the table exclude the collateral resulting from the Collateral Swap, including GWG Holdings' common stock valued at $84.6 million, 543,874 shares of Ben Common Units valued at $6.8 million, and GWG L Bonds due 2023 in the aggregate principal amount of $94.8 million, all of which are eliminated in consolidation

[2] "Other" includes private debt strategies, natural resources strategies, and hedge funds.

As of December 31, 2020, ExAlt Trusts' portfolio had exposure to 117 professionally managed alternative investment funds, comprised of 327 underlying investments, 91 percent of which are investments in private companies.

**(7) Fair Value Measurements**

ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace, including the existence and transparency of transactions between market participants. Assets and liabilities with readily available and actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs whenever available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from third-party sources. Unobservable inputs are inputs that reflect assumptions about how market participants price an asset or liability based on the best available information. Fair value is

defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date (a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction).

The fair value hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date. Valuations are based on quoted prices that are readily and regularly available in an active market.

Level 2 — Valuations based quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable market data.

Level 3 — Valuations based on inputs that are unobservable, are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such instruments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Investments valued using NAV as a practical expedient are excluded from this hierarchy. At December 31, 2020 and December 31, 2019, the fair value of these investments using the NAV per share practical expedient was $221.9 million and $342.0 million, respectively. During the year ended December 31, 2020, $17.6 million of loss was recognized from changes in NAV, which is recorded within investment income (loss) on our consolidated statements of operations.

The availability of observable inputs can vary by types of assets and liabilities and is affected by a wide variety of factors, including, for example, whether an instrument is established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for assets and liabilities categorized in Level 3.

*Financial instruments measured at fair value on a recurring basis*

The Company's financial assets and liabilities carried at fair value on a recurring basis, including the level in the fair value hierarchy, on December 31, 2020 and December 31, 2019 are presented below (in thousands).

| | As of December 31, 2020 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Investments in put options | $ 7,017 | $ — | $ — | $ 7,017 |
| Investments in life insurance policies | — | — | 791,911 | 791,911 |

| | As of December 31, 2019 (As Restated) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Investments in life insurance policies | $ — | $ — | $ 796,039 | $ 796,039 |
| Liabilities: | | | | |
| Repurchase options | $ — | $ — | $ 61,664 | $ 61,664 |

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis:

*Investments in put options*

On July 17, 2020, Ben LP, through its subsidiary CT Risk Management, L.L.C., made aggregate payments of $14.8 million to purchase put options against a decrease in the S&P 500 Index. The options have an aggregate notional amount of $300.0 million and are designed to protect the net asset value of the interests in alternative assets that support the Collateral to Beneficient's loan portfolio against market risk. One-half of the put options expire in July 2022 with the remaining put options expiring in July 2023. Changes in the fair value of the options are recognized directly in earnings. The fair value of the options is recorded in the other assets line item of the consolidated balance sheets, and changes in the fair value of the options are recognized directly in earnings in the other income (loss) line item of the consolidated statements of operations.

*Repurchase options*

Repurchase options were fair valued using a Black-Scholes option pricing model with a time-dependent strike price for the repurchase price. The option pricing model has assumptions related to a period of restricted exercise price, dividend yield, underlying NAVs, alternative asset growth rates, volatilities, and market discount rate. The Company uses Level 3 inputs for its fair value estimates. The unrealized impact of this Level 3 measurement on earnings is reflected in investment income (loss).

The following table reconciles the beginning and ending fair value of our Level 3 repurchase options (in thousands). The year ended December 31, 2019, is not presented as the consolidation of Beneficient occurred on December 31, 2019.

| | Year Ended |
|---|---|
| | December 31, 2020 |
| Beginning balance | $ 61,664 |
| Total gain in earnings[(1)] | (61,664) |
| Purchases | — |
| Settlements | — |
| Other | — |
| Ending balance | $ — |

(1) Net change in fair value.

The repurchase options, all of which were unexercised, expired during the third and fourth quarters of 2020, which is recognized in the investment income (loss) line item of the consolidated statements of operations. Additionally, during the year ended December 31, 2020, $17.6 million of loss on the investments in alternative assets was recognized from changes in NAV, which is recorded within investment income (loss) on our consolidated statements of operations.

The following table provides quantitative information about the significant unobservable inputs used in the fair value measurement of the Level 3 repurchase options as of December 31, 2019 (dollars in thousands):

| Valuation Date | Fair Value | Valuation Methodology | Unobservable Inputs | Range of Targets |
|---|---|---|---|---|
| December 31, 2019 | $ 61,664 | Option Pricing Model | Alternative asset market discount rate | 0.085 |
| | | | Dividend yield | .22 - .56 |
| | | | Net asset value growth rates | 0.085 |
| | | | Net asset value volatilities | 0.24 - 0.45 |
| | | | Restricted exercise period | 1 year |

*Investments in life insurance policies*

The estimated fair value of our portfolio of life insurance policies is determined on a quarterly basis by management taking into consideration a number of factors, including changes in discount rate assumptions, estimated premium payments and life expectancy estimate assumptions, as well as any changes in economic and other relevant conditions. The discount rate incorporates information about discount rates observed in the life insurance secondary market through competitive bidding observations (which have declined recently as a result of our decreased purchase activity) and other means, fixed income market interest rates, the estimated credit exposure to the insurance companies that issued the life insurance policies and management's estimate of the operational risk yield premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. The determination of the discount rate used in the valuation of the Company's life insurance policies requires management judgment and incorporates information that is reasonably available to management as of the date of the valuation.

Under our Longest Life Expectancy portfolio valuation methodology, we: i) utilize life expectancy reports from third-party life expectancy providers for the pricing of all life insurance policies at the time of purchase; ii) apply a stable valuation methodology driven by the experience of our life insurance portfolio, which is re-evaluated if experience deviates by a specified margin; and iii) use relevant market observations that can be validated and mapped to the discount rate used to value the life insurance portfolio.

These inputs are then used to estimate the discounted cash flows from the portfolio using the ClariNet LS probabilistic and stochastic portfolio pricing model from ClearLife Limited, which estimates the expected cash flows using various mortality probabilities and scenarios. The valuation process includes a review by senior management as of each quarterly valuation date. We also engage ClearLife Limited to prepare a net present value calculation of our life insurance portfolio using the inputs we provide on a quarterly basis.

The following table reconciles the beginning and ending fair value of our Level 3 investments in our portfolio of life insurance policies (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Beginning balance | $ 796,039 | $ 747,922 |
| Total gain in earnings[1] | 34,114 | 49,015 |
| Purchases | — | 32,367 |
| Settlements[2] | (38,185) | (33,265) |
| Lapsed policy[3] | (57) | — |
| Ending balance | $ 791,911 | $ 796,039 |

(1) Net change in fair value
(2) Policy maturities at initial cost basis
(3) Represents the cost basis of one policy with a face value of $0.5 million.

The net activity in the table above is reported in gain on life insurance policies, net, in the consolidated statements of operations.

There have been no transfers between levels in the fair value hierarchy for any assets or liabilities recorded at fair value on a recurring basis or any changes in the valuation techniques used for measuring the fair value as of December 31, 2020 and December 31, 2019.

The following table summarizes the inputs utilized in estimating the fair value of our portfolio of life insurance policies:

| | As of December 31, 2020 | As of December 31, 2019 |
|---|---|---|
| Weighted-average age of insured, years* | 83.1 | 82.4 |
| Age of insured range, years | 63-100 | 62-101 |
| Weighted-average life expectancy, months* | 83.0 | 86.2 |
| Life expectancy range, months | 0-240 | 0-240 |
| Average face amount per policy (in thousands) | $ 1,797 | $ 1,756 |
| Discount rate | 8.25 % | 8.25 % |

(*) Weighted-average by face amount of policy benefits

Life expectancy estimates and market discount rates for a portfolio of life insurance policies are inherently uncertain and the effect of changes in estimates may be significant. For example, if the life expectancy estimates were increased or decreased by four and eight months on each outstanding policy, and the discount rates were increased or decreased by 1% and 2%, with all other variables held constant, the fair value of our investment in life insurance policies would increase or decrease as summarized below (in thousands):

| | Change in Life Expectancy Estimates | | | |
|---|---|---|---|---|
| | Minus 8 Months | Minus 4 Months | Plus 4 Months | Plus 8 Months |
| December 31, 2020 | $ 97,837 | $ 45,536 | $ (61,713) | $ (114,099) |
| December 31, 2019 | $ 113,812 | $ 57,753 | $ (55,905) | $ (111,340) |

| | Change in Discount Rate | | | |
|---|---|---|---|---|
| | Minus 2% | Minus 1% | Plus 1% | Plus 2% |
| December 31, 2020 | $ 82,983 | $ 39,560 | $ (36,151) | $ (69,284) |
| December 31, 2019 | $ 91,890 | $ 43,713 | $ (39,790) | $ (76,118) |

*Financial instruments measured at fair value on a non-recurring basis*

There were no assets or liabilities measured at fair value on a non-recurring basis as of December 31, 2020. As of December 31, 2019, Beneficient's assets and liabilities were recorded at fair value in the consolidated balance sheet due to the application of purchase accounting in accordance with ASC 805 as described in Note 4.

*Carrying amounts and estimated fair values*

The Company is required to disclose the estimated fair value of financial instruments, whether or not recognized in the condensed consolidated balance sheets, for which it is practicable to estimate those values. These fair value estimates are determined based on relevant market information and information about the financial instruments. Fair value estimates are intended to represent the price at which an asset could be sold or the price at which a liability could be settled. However,

given there is no active market or observable market transactions for many of the Company's financial instruments, estimates of fair values are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimated values. Nonfinancial instruments are excluded from disclosure requirements.

The carrying amounts and estimated fair values of the Company's financial instruments not recorded at fair value were as noted in the tables below (in thousands).

| | As of December 31, 2020 | | |
|---|---|---|---|
| | Level in Fair Value Hierarchy | Carrying Amount | Estimated Fair Value |
| Financial assets: | | | |
| Cash, cash equivalents and restricted cash | 1 | $ 124,160 | $ 124,160 |
| Life insurance policy benefits receivable, net | 1 | 14,334 | 14,334 |
| Financial liabilities: | | | |
| Senior credit facility | 2 | $ 193,730 | $ 202,611 |
| L Bonds and Seller Trust L bonds | 1 | 1,519,006 | 1,519,006 |
| Debt due to related parties | 2 | 76,260 | 78,081 |
| Other liabilities | 1 | 50,585 | 50,585 |

| | As of December 31, 2019 (As Restated) | | |
|---|---|---|---|
| | Level in Fair Value Hierarchy | Carrying Amount | Estimated Fair Value |
| Financial assets: | | | |
| Cash, cash equivalents and restricted cash | 1 | $ 115,790 | $ 115,790 |
| Life insurance policy benefits receivable, net | 1 | 23,031 | 23,031 |
| Financial liabilities: | | | |
| Senior credit facility with LNV Corporation | 2 | $ 174,390 | $ 184,587 |
| L Bonds and Seller Trust L Bonds | 1 | 1,293,530 | 1,293,530 |
| Debt due to related parties | 2 | 153,086 | 153,086 |
| Other liabilities | 1 | 44,408 | 44,408 |

Other liabilities is comprised of the interest and dividends payable and accounts payable and accrued expenses line items on the consolidated balance sheets as of December 31, 2020 and December 31, 2019.

Certain assets are subject to periodic impairment testing by comparing the respective carrying value of the asset to its estimated fair value. In the event we determine these assets to be impaired, we would recognize an impairment loss equal to the amount by which the carrying value of the impaired asset exceeds its estimated fair value. These periodic impairment tests utilize company-specific assumptions involving significant unobservable inputs, or Level 3, in the fair value hierarchy.

**(8) Equity Method Investments**

*FOXO Technologies Inc. (formerly, FOXO BioScience LLC)*

On November 11, 2019, GWG Holdings contributed the common stock and membership interests of its wholly-owned subsidiaries, FOXO Labs and FOXO Life ("Insurtech Subsidiaries") to a legal entity, then known as FOXO BioScience LLC, in exchange for a membership interest in FOXO. On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. With the conversion to a corporation, GWG Holdings' previous membership interest in the LLC converted to preferred equity in FOXO. Although GWG Holdings has a financial interest in FOXO, GWG

Holdings does not have a controlling financial interest because another party is the majority shareholder of the voting class of securities. Therefore, we account for GWG Holdings' ownership interest in FOXO as an equity method investment.

The 2019 transaction resulted in a loss of control of the Insurtech Subsidiaries and, as a result, we deconsolidated the subsidiaries and recorded an equity method investment balance during the fourth quarter of 2019. The loss of control required us to measure the equity investment at fair value. We determined the fair value of our investment in FOXO approximated the carrying value of $3.4 million which was primarily comprised of cash and fixed assets contributed to the entity during the fourth quarter of 2019.

The following table includes a rollforward of the equity method investment in FOXO (in thousands):

| | Year Ended December 31, 2020 | Year Ended December 31, 2019 |
|---|---|---|
| Beginning balance | $ 1,761 | $ — |
| Contributions | 14,436 | 3,378 |
| Loss on equity method investment | (7,319) | (1,617) |
| Other | (296) | — |
| Ending balance | $ 8,582 | $ 1,761 |

In accordance with the subscription agreement of FOXO, as of December 31, 2020, GWG Holdings was committed to contribute an additional $3.8 million to the entity through October 2021, all of which was contributed by such date. GWG Holdings' investment in FOXO is presented in other assets in our consolidated balance sheets. Our proportionate share of earnings or losses from our investee is recognized in earnings (loss) from equity method investments in our consolidated statements of operations.

*The Beneficient Company Group, L.P.*

During 2018, GWG Holdings acquired 40,505,279 Common Units for a total limited partnership interest in the Common Units of approximately 89.9% as of December 31, 2018. On June 12, 2019, GWG Holdings acquired an additional 1,000,000 Common Units from a third party for a cash investment of $10.0 million.

Prior to December 31, 2019, GWG Holdings' investment in Common Units was presented in equity method investment on our consolidated balance sheets. Our proportionate share of earnings or losses from our investee was recognized in earnings (loss) from equity method investments in our consolidated statements of operations. We recorded GWG Holdings' share of the income or loss of Beneficient through September 30, 2019 on a one-quarter lag.

On December 31, 2019, GWG Holdings obtained control of Beneficient and consolidated Beneficient as of that date under the guidance in ASC 805, *Business Combinations*. See Note 4 for further information on the business combination. In connection with the consolidation, we discontinued the one-quarter reporting lag.

Preconsolidation financial information after the elimination of any intercompany transactions pertaining to Beneficient is summarized in the table below (in thousands):

| | Twelve months ended September 30, 2019 (unaudited) |
|---|---|
| Total revenues | $ 93,921 |
| Net loss | (32,133) |
| Net loss attributable to holders of Common Units | (13,754) |
| **GWG Holdings'** portion of net loss [(1)] | (2,460) |

(1) GWG Holdings portion of Beneficient's net loss for October 1, 2018 to September 31, 2019. This amount was recognized during the year ended December 31, 2019, prior to the consolidation of Beneficient.

**(9) Variable Interest Entities**

In accordance with ASC 810, *Consolidation*, the Company assesses whether it has a variable interest in legal entities in which it has a financial relationship and, if so, whether or not those entities are variable interest entities ("VIEs"). For those entities that qualify as VIEs, ASC 810 requires the Company to determine if the Company is the primary beneficiary of the VIE, and if so, to consolidate the VIE.

*VIEs for Which the Company is the Primary Beneficiary*

ExAlt Trusts

The Company determined that the ExAlt Trusts used in connection with Beneficient's operations are VIEs of which Beneficient is the primary beneficiary. The Company concluded that Beneficient is the primary beneficiary of the trusts as it has the power to direct the most significant activities and has an obligation to absorb potential losses of the trusts. Accordingly, the results of the trusts are included in the Company's consolidated financial statements. The assets of the trusts may only be used to settle obligations of the trusts. Other than potentially funding capital calls above the related reserve (refer to Note 18), there is no recourse to the Company for the trusts' liabilities.

The cash flows generated by these VIEs subsequent to December 31, 2019 are included within the Company's consolidated statements of cash flows. The consolidated balance sheets include the following amounts from these consolidated VIEs as of the dates presented (in thousands):

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | $ 5,965 | $ 3,211 |
| Restricted cash | 5,386 | 13,248 |
| Investments in alternative assets, at NAV | 221,894 | 342,012 |
| Other assets | 1,273 | 1,335 |
| Total Assets of VIE | $ 234,518 | $ 359,806 |
| | | |
| **Liabilities:** | | |
| Repurchase obligation | $ — | $ 61,664 |
| Accounts payable and accrued expense | 2,029 | 17 |
| Total Liabilities of VIE | $ 2,029 | $ 61,681 |
| | | |
| **Equity:** | | |
| Noncontrolling interest | $ 7,208 | $ 27,062 |
| Total Equity of VIE | $ 7,208 | $ 27,062 |

The consolidated statement of operations for the year ended December 31, 2020 includes the following amounts from these consolidated VIEs (in thousands). The results of operations for year ended December 31, 2019 are not inclusive of these consolidated VIEs as Beneficient was not a consolidated subsidiary of GWG Holdings until December 31, 2019.

| | Year Ended December 31, 2020 |
|---|---|
| REVENUE | |
| Investment income, net | $ 44,106 |
| Interest income | 21 |
| TOTAL REVENUE | 44,127 |
| EXPENSES | |
| Other expenses | 501 |
| TOTAL EXPENSES | 501 |
| NET INCOME | 43,626 |
| Net loss attributable to noncontrolling interests | 25,094 |
| NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS | $ 68,720 |

CT Risk Management, L.L.C.

On March 20, 2020, CT Risk Management, L.L.C. ("CT") was created as a Delaware limited liability company to reduce the impact of a potential market downturn on the interests in alternative assets that support the Collateral for receivables held by Beneficient by distributing any potential profits to the certain of the ExAlt Trusts thereby offsetting any reduction in the value of the alternative assets. The LLC agreement was amended and restated on April 16, 2020. There was no activity of CT until July 2020 when Beneficient made a capital contribution of $14.8 million, which was used to purchase the put options reflected in the consolidated balance sheet as of December 31, 2020.

CT is considered a VIE as the at-risk equity holder, Ben LP, does not have all of the characteristics of a controlling financial interest due to Ben LP's receipt of returns being limited to its initial investment in CT. The Company concluded that Beneficient is the primary beneficiary of CT as it has the power to direct the most significant activities and has an obligation to absorb potential losses of CT. Accordingly, the results of CT are included in the Company's consolidated financial statements.

As of December 31, 2020, the consolidated balance sheets include assets of this consolidated VIE with a carrying value of $7.0 million, which is recorded in the other assets line item. Additionally, the Company recorded a $7.8 million loss on investment for the year ended December 31, 2020, which is reported in the other income (loss) line item of the consolidated statements of operations.

*VIEs for Which the Company is Not the Primary Beneficiary*

Prior to December 31, 2019, we determined that the Borrowers are VIEs, but that we are not the primary beneficiary of the variable interests. We do not have the power to direct any activities of the Borrowers that most significantly impact the Borrower's economic performance. The Company's exposure to risk of loss in the Borrowers is limited to its financing receivable from the Borrowers, which is eliminated upon consolidation with Beneficient on December 31, 2019.

We determined that FOXO is a VIE, but that we are not the primary beneficiary of the variable interests. We do not have the power to direct any activities of FOXO that most significantly impact its economic performance. The Company's exposure to risk of loss in FOXO is limited to its equity method investment in the preferred equity of FOXO and its remaining unfunded capital commitments.

The following table shows the classification, carrying value and maximum exposure to loss with respect to the Company's unconsolidated VIE (in thousands):

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Carrying Value | Maximum Exposure to Loss | Carrying Value | Maximum Exposure to Loss |
| Total equity method investment | $ 8,582 | $ 12,332 | $ 1,761 | $ 19,661 |

**(10) Debt**

***Senior Credit Facility with LNV Corporation***

On November 1, 2019, DLP IV entered into a second amended and restated senior credit facility with LNV Corporation (as amended and restated by the Fourth Amended Facility (defined in Note 23) on September 7, 2021, the ("LNV Credit Facility")), as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, which replaced the amended and restated senior credit facility dated September 27, 2017 that previously governed DLP IV's senior credit facility. The LNV Credit Facility makes available a total of up to $300.0 million in credit to DLP IV with a maturity date of September 27, 2029. Subject to available borrowing base capacity, additional advances are available under the LNV Credit Facility at the LIBOR rate described below. Such advances are available to pay the premiums and servicing costs of pledged life insurance policies as such amounts become due. Interest will accrue on amounts borrowed under the LNV Credit Facility at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (a) the greater of 1.5% or 12-month LIBOR, plus (b) 7.50% per annum. The effective rate at December 31, 2020 was 9.00%. Interest payments are made on a quarterly basis.

Under the LNV Credit Facility, DLP IV has granted the administrative agent, for the benefit of the lenders under the agreement, a security interest in all of DLP IV's assets.

In conjunction with entering into the LNV Credit Facility, DLP IV pledged life insurance policies having an aggregate face value of approximately $298.3 million as additional collateral and received an advance of approximately $37.1 million (inclusive of certain fees and expenses incurred in connection with the negotiation and entry into the LNV Credit Facility). The LNV Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these covenants at December 31, 2020 and continue to be as of the date of this filing.

In addition, the LNV Credit Facility has certain reporting obligations that require DLP IV to deliver audited annual financial statements no later than ninety days after the end of each fiscal year. Due to the failure to issue GWG Life, LLC audited financial statements for 2020 to LNV Corporation within 90 days after the end of the year, we were in violation of our financial reporting obligations under the LNV Credit Facility. CLMG Corp., as administrative agent for LNV Corporation, issued a limited deferral extending the delivery of these reports to May 17, 2021. We regained compliance on May 17, 2021, when the audited annual financial statements of GWG Life were delivered to LNV Corporation.

As of December 31, 2020, approximately 77.1% of the total face value of our life insurance policies portfolio is pledged to LNV Corporation. The amount outstanding under this facility was $202.6 million and $184.6 million at December 31, 2020 and 2019, respectively. There were unamortized deferred financing costs of $8.9 million and $10.2 million as of December 31, 2020 and 2019, respectively. Obligations under the LNV Credit Facility are secured by a security interest in DLP IV's assets, for the benefit of the lenders, through an arrangement under which Wells Fargo Bank, N.A. serves as securities intermediary. The life insurance policies owned by DLP IV do not serve as direct collateral for the obligations of GWG Holdings under the L Bonds and Seller Trust L Bonds. The difference between the amount outstanding and the carrying amount on our consolidated balance sheets is due to netting of unamortized debt issuance costs.

***L Bonds***

GWG Holdings began publicly offering and selling L Bonds in January 2012, which have been sold under various registration statements since that time. On December 1, 2017, an additional public offering was declared effective permitting us to sell up to $1.0 billion in principal amount of L Bonds on a continuous basis until December 2020. We reached the maximum capacity on this offering during the third quarter of 2020.

On June 3, 2020, a registration statement relating to an additional public offering was declared effective permitting us to sell up to $2.0 billion in principal amount of L Bonds on a continuous basis through June 2023. These bonds contain the same terms and features as our previous offerings.

We are party to an indenture governing the L Bonds dated October 19, 2011, as amended ("Indenture"), under which GWG Holdings is obligor, GWG Life is guarantor, and Bank of Utah serves as indenture trustee. Effective December 31, 2019, we entered into Amendment No. 2 to the indenture, which primarily modified the calculation of the debt coverage ratio to allow the Company greater flexibility to finance and to anticipate the potential impacts of GWG Holdings' relationship with Beneficient.

We were in compliance with the covenants of the indenture at December 31, 2020 and as of the date of this filing, and no Events of Default (as defined in the Amended and Restated Indenture) existed as of such dates.

GWG Holdings publicly offers and sells L Bonds under a registration statement declared effective by the SEC and have issued Seller Trust L Bonds under the L Bond Supplemental Indenture, as described below. We temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this 2020 Form 10-K. We anticipate recommencing the offering of GWG Holdings' L Bonds when we regain compliance with SEC filing requirements.

The bonds have renewal features under which we may elect to permit their renewal, subject to the right of bondholders to elect to receive payment at maturity. Interest is payable monthly or annually depending on the election of the investor.

At December 31, 2020 and 2019, the weighted-average interest rate of GWG Holdings' L Bonds was 7.21% and 7.15%, respectively. The principal amount of L Bonds outstanding, including Liquidity Bonds discussed below, was $1.3 billion and

$0.9 billion at December 31, 2020 and 2019, respectively. The difference between the amount of outstanding L Bonds and the carrying amount on our consolidated balance sheets is due to netting of unamortized deferred issuance costs, cash receipts for new issuances, and payments of redemptions in process. There were $18.0 million and $15.8 million of subscriptions in process as of December 31, 2020 and 2019, respectively. Amortization of deferred issuance costs was $17.0 million and $12.7 million for the years ended December 31, 2020 and 2019, respectively. Future expected amortization of deferred financing costs as of December 31, 2020 is $49.0 million in total over the next seven years.

Future contractual maturities of L Bonds, including Liquidity Bonds discussed below, but excluding Seller Trust L Bonds, and future amortization of their deferred financing costs, at December 31, 2020 (in thousands) are as follows:

| Years Ending December 31, | Contractual Maturities | Unamortized Deferred Financing Costs |
|---|---|---|
| 2021 | $ 191,582 | $ 2,116 |
| 2022 | 293,038 | 8,522 |
| 2023 | 191,446 | 7,616 |
| 2024 | 121,105 | 5,220 |
| 2025 | 167,433 | 8,251 |
| Thereafter | 313,277 | 17,232 |
| | $ 1,277,881 | $ 48,957 |

***Seller Trust L Bonds***

On August 10, 2018, in connection with the initial transfer of the Exchange Transaction described in Note 1, GWG Holdings, issued Seller Trust L Bonds in the amount of $366.9 million to the Seller Trusts. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.50% per year. Interest is payable monthly in cash.

After December 28, 2020, the holders of the Seller Trust L Bonds have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at GWG Holdings' option, in the form of cash, and/or a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan Agreement and (ii) Common Units, or a combination of cash and such property.

GWG Holdings' L Bonds are offered and sold under a registration statement declared effective by the SEC, as described above, and GWG Holdings has issued Seller Trust L Bonds under the L Bond Supplemental Indenture.

As a result of the Collateral Swap on September 30, 2020, as discussed in Note 1, $94.8 million of Seller Trust L Bonds are now held by certain trusts within the ExAlt Trusts, and are eliminated in consolidation as of December 31, 2020.

The principal amount of Seller Trust L Bonds outstanding reflected on the consolidated balance sheets was $272.1 million and $366.9 million as of December 31, 2020 and 2019, respectively.

***Liquidity Bonds***

On December 31, 2020, GWG Holdings, GWG Life, and Bank of Utah, as trustee (the "Trustee"), entered into a supplemental indenture, dated as of December 31, 2020 (the "Liquidity Bond Supplemental Indenture"), to that certain Amended and Restated Indenture, dated as of October 23, 2017 (as amended, the "Indenture"), among GWG Holdings, GWG Life and the Trustee, providing for the issuance from time to time of up to $1.0 billion in aggregate principal amount of two new series of L Bonds (the "Liquidity Bonds"). The Liquidity Bonds will be offered and sold to accredited investors in transactions that are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Regulation D under the Securities Act.

The Liquidity Bonds were issued as part of the Company's strategy to expand its exposure to a portfolio of loans collateralized by cash flows from illiquid alternative assets. Holders of alternative assets will be able to contribute their alternative assets to trusts that are part of the ExAlt Plan™ established by GWG Holdings' subsidiary, Ben LP, in exchange for Liquidity Bonds. The Liquidity Bonds will be issued by GWG Life, as issuer, and guaranteed by GWG Holdings, will bear interest rates determined by the Company and the holders of the alternative assets being contributed and will generally

have a maturity of four years from issuance. The Liquidity Bonds will be issued under the Indenture, and will rank pari passu with respect to payment on and collateral securing all of the Company's other L Bonds issued under the Indenture.

The Liquidity Bond Supplemental Indenture provides for the issuance of two series of Liquidity Bonds: Series A Liquidity Bonds and Series B Liquidity Bonds. The Company expects an exchange of alternative assets for Series A Liquidity Bonds will be treated as a non-taxable exchange for U.S. federal and state income tax purposes, and that an exchange of alternative assets for Series B Liquidity Bonds will be treated as a taxable exchange for U.S. federal and state income tax purposes. In addition to interest payments, holders of Series A Liquidity Bonds will be entitled to an annual, cash participation payment of up to 1.5% of the principal amount of their Series A Liquidity Bonds subject to GWG Life having net taxable income in a given year, prorated for the portion of such year that the holder owned the Series A Liquidity Bond. To the extent that the net taxable income of GWG Life is insufficient to provide holders of Series A Liquidity Bonds with the full participation payment for any given year, such shortfall shall carry forward and be payable from net taxable income earned by GWG Life in subsequent years.

Six months after the issuance date of a Liquidity Bond, the holder may elect to exchange the Liquidity Bond, at the beginning of each month and upon 30 days' prior written notice to GWG Holdings, for that number of shares of GWG Holdings' common stock (the "GWG Common Stock") as determined by dividing the entire outstanding principal balance and accrued but unpaid interest of the Liquidity Bond by the Exchange Price (as defined below) or, at GWG Holdings' election, common securities of a subsidiary of GWG Holdings (the "Subsidiary Common Securities") if they are publicly traded on a national securities exchange, by dividing the entire outstanding principal balance and accrued but unpaid interest of the Liquidity Bond by the Subsidiary Common Securities Exchange Price (as defined below). For purposes of the Liquidity Bond Supplemental Indenture, (i) the Exchange Price will be set at a premium to the closing price of GWG Holdings' Common Stock on the Nasdaq Stock Market on the last trading day prior to the execution and delivery of the binding agreement for issuance of the Liquidity Bond, and (ii) the Subsidiary Common Securities Exchange Price will be based on the Exchange Price multiplied by the exchange ratio of GWG Common Stock to the Subsidiary Common Securities issued in connection with any transaction in which GWG Common Stock is converted into, or exchanged for, Subsidiary Common Securities, or if there is no conversion or exchange, the Subsidiary Common Securities Exchange Price will be determined by GWG Holdings' board of directors in good faith taking into account differences in capital structure and related matters between GWG Holdings and the issuer of such Subsidiary Common Securities.

The Liquidity Bonds are payable in cash at maturity; provided that the Liquidity Bonds may be paid at maturity (in GWG Life's sole discretion) in GWG Common Stock (at the Exchange Price) or Subsidiary Common Securities if they are publicly traded on a national securities exchange (at the Subsidiary Common Security Exchange Price), or a combination of cash and GWG Common Stock or Subsidiary Common Securities.

GWG Life may call and redeem the entire outstanding principal balance and accrued but unpaid interest of any or all of the Liquidity Bonds for cash at any time without penalty or premium. Liquidity Bond holders have no rights to require GWG Life to redeem any Liquidity Bond prior to maturity.

As of December 31, 2020, there was $0.5 million in principal and $0.2 million of unamortized financing costs of Liquidity Bonds. The net of these amounts, $0.3 million, is presented on the consolidated balance sheets in the L Bonds line item.

***Debt Due to Related Parties***

As of December 31, 2020 and December 31, 2019, Beneficient had borrowings that consisted of the following (in thousands):

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| First Lien Credit Agreement | $ 2,288 | $ 77,477 |
| Second Lien Credit Agreement | 72,260 | 72,184 |
| Other borrowings | 2,628 | 2,538 |
| Unamortized debt premiums (discounts) | (916) | 887 |
| Total debt due to related parties | $ 76,260 | $ 153,086 |

*Beneficient First and Second Lien Credit Agreement*

On May 15, 2020, Beneficient executed a Term Sheet with HCLP Nominees, L.L.C ("HCLP" or the "lender") to amend its then senior credit agreement and subordinated credit agreement. The resulting Second Amended and Restated First Lien Credit Agreement and Second Amended and Restated Second Lien Credit Agreement (collectively, the "Second Amendments") was executed on August 13, 2020, with terms and conditions substantially consistent with the Term Sheet, as further described below. Prior to the execution of the Second Amendments, other amendments extended the June 30, 2020 maturity dates of both loans to August 13, 2020, while Beneficient and the lender finalized the amended and restated credit agreements. Additional agreements were entered into on June 10, 2020, and on June 19, 2020, consistent with the Term Sheet, whereby Beneficient agreed to repay $25.0 million of the then outstanding principal balance and pay an extension fee of 2.5% of the outstanding aggregate principal balance of the loans, calculated after the $25.0 million repayment, on July 15, 2020. A total of $28.6 million was paid on July 15, 2020, which included the $25.0 million principal payment, related accrued interest thereon, and the extension fee described above.

GWG Holdings, GWG Life, and a newly formed entity, DLP V, also entered into the credit agreements with respect to provisions related to the potential future assumption of the loans by DLP V as described below. The amendments extended the maturity date of both loans to April 10, 2021, and increased the interest rate on each loan to 1-month LIBOR plus 8.0%, with a maximum interest rate of 9.5%. The loans are payable in three installments of $25.0 million on each of September 10, 2020, December 10, 2020, and March 10, 2021, with the remaining balance payable on April 10, 2021. On March 10, 2021, and again on June 28, 2021, Beneficient executed subsequent amendments, among other items, to further extend the maturity date to May 30, 2022, as more fully described below and in Note 23. Through December 31, 2020, all principal and interest due under the Second Amendments have been paid.

The Second Amendments provided for the assumption of the loans by DLP V pursuant to a Third Amended and Restated First Lien Credit Agreement, upon satisfaction of certain conditions precedent, including the issuance of Beneficient's trust company charter by the Texas Department of Banking. The amendments provide that DLP V will receive Preferred C interests in exchange for assuming Beneficient's amended loans in an amount equal to 110% of the then outstanding loan balance. Upon assumption of the loans, the lender will receive a fee of 2.0% of the then outstanding balance of the loans. Furthermore, upon assumption of the loans, the Commercial Loan Agreement between GWG Life and Ben LP will be assumed by GWG Life USA, LLC, a wholly owned subsidiary of GWG Holdings, in exchange for Class A Subclass A-2 Units of BCH equivalent to the outstanding principal balance of the debt evidenced by the Commercial Loan Agreement. In connection with the assumption of the loans by DLP V, the lender will be granted a security interest in the Preferred Series A Subclass 1 Unit Accounts of BCH held by GWG Life and the life insurance policies held by DLP V, which are to be contributed to DLP V from GWG Life Trust. The assumption of the loans by DLP V has not occurred and, as described below, further amendments to the Second Amended and Restated Credit Agreement and the Second Amended and Restated Subordinate Credit Agreement removed the assumption of the loans by DLP V.

In connection with the Ben Credit Agreements (as defined in Note 23), (i) the lender will be permitted to make capital contributions of up to $152.0 million in exchange for a Preferred Series A Subclass 1 Unit Account of BCH for an equal amount of cash for two years after the assumption of the loans; should the lender elect to make such a capital contribution, GWG Holdings or one of its subsidiaries will be allowed to exchange an amount of Preferred C into Preferred Series A Subclass 1 Unit Accounts or contribute cash for Preferred Series A Subclass 1 Unit Accounts, in certain circumstances, in order to maintain its relative ownership percentage of the Preferred Series A Subclass 1 Unit Accounts; (ii) Beneficient Holdings, Inc. ("BHI"), which owns a majority of the Class S Ordinary Units, Preferred Series A Subclass 1 Unit Accounts, and FLP Subclass 1 Unit Accounts issued by BCH, will grant certain tax-related concessions related to the transaction to the lender as may be mutually agreed upon between the parties, and (iii) in exchange for the tax-related concessions to be agreed between the parties, (a) 5% of BHI's Preferred Series A Sub Class 1 Unit Account, which will be held by the lender, may convert, upon delivery of notice by BHI or its designee, to a Preferred A.0 Unit Account of BCH, and (b) recipients of a grant of Preferred Series A Subclass 1 Unit Accounts from BHI will have the right to put an amount of Preferred Series A Subclass 1 Unit Accounts to Ben LP equal to any associated tax liability stemming from any such grant; provided that the aggregated associated tax liability shall not relate to more than $30 million of grants of Preferred Series A Subclass 1 Unit Accounts from BHI; and provided, further, that such a put cannot be exercised prior to July 1, 2021. There has been no liability recorded for the put right as of December 31, 2020, as the transfer of Preferred Series A Subclass Unit Accounts has not occurred.

The amended loan terms and ancillary documents contain covenants that (i) prevent Beneficient from issuing any securities senior to the Preferred Series A Subclass 1 or Preferred A.0 Unit Accounts; (ii) prevent Beneficient from incurring additional debt or borrowings greater than $10.0 million, other than trade payables, while the loans are outstanding; (iii) prevent, without the written consent of the lender, GWG Life Trust or DLP V from selling, transferring or otherwise disposing any of the life insurance policies held by GWG Life Trust as of May 15, 2020, except that life insurance policies may be sold, transferred, or otherwise disposed of, provided that concurrent with the assumption of the loans by DLP V, a prepayment of the loans would be required, if necessary, to maintain certain loan-to-value percentages, after giving effect to such sale, transfer or disposal; and (iv) prevent, without the written consent of the lender, GWG Holdings from selling, transferring, or otherwise disposing of any Preferred Series A Subclass 1 Unit Accounts held as of May 15, 2020, other than to DLP V. These covenants are materially similar to the terms under the Third Amended and Restated First Lien Credit Agreement once assumed by DLP V. As of December 31, 2020, Beneficient was in compliance with all covenants.

The assumption set forth in the amendments are subject to, among other things, the satisfaction of certain closing conditions, some of which may be outside of the parties' control. These loans are not currently guaranteed by GWG.

As more fully described in Note 23, on March 10, 2021, Beneficient executed the Amendment No.1 to the Second Amended and Restated Credit Agreement and Amendment No. 1 to the Second Amended and Restated Subordinate Credit Agreement with its lender. The amendments extend the maturity date of both loans to May 30, 2022. The loans are payable in three installments of $5.0 million on each of September 10, 2021 (subsequently deferred as discussed below), December 10, 2021, and March 10, 2022, with the remaining balance payable on May 30, 2022. The amendments also provide for an extension fee equal to 1.5% of the amount outstanding under the Credit Agreements, which was added to the outstanding amount under the Credit Agreements as provided for in the amendments. Further, as more fully described in Note 23, on June 28, 2021, Beneficient executed the Amendment No. 2 to the Second Amended and Restated Credit Agreement and Amendment No. 2 to the Second Amended and Restated Subordinate Credit Agreement with its lender. The amendments eliminate the obligation of DLP V to assume the Ben Credit Agreements as provided for in the Second Amendments and waive the daily fee payable upon the Trigger as provided for in the Amendment No. 1 to the Ben Credit Agreements. Finally, as also discussed in Note 23, effective July 15, 2021, Beneficient executed Consent and Amendment No. 3 to the Second Amended and Restated Credit Agreement and Amendment No. 2 to the Second Amended and Restated Subordinate Credit Agreement with its lender, which (i) deferred the payment of all accrued and unpaid interest until December 10, 2021, and (ii) deferred the installment payment of $5.0 million due on September 10, 2021, to December 10, 2021. Beneficient agreed to pay an amendment fee to the lender in an amount equal to 3% of the then outstanding principal and interest on December 10, 2021.

Beneficient's Second Lien Credit Agreement was originally issued to BHI, a Ben Founder Affiliate. During 2019, the Second Lien Credit Agreement was contributed to HCLP and thus, all existing senior loan obligations are held by HCLP as of December 31, 2020 and 2019. Future transactions between these parties are more fully described in Note 20.

HCLP is indirectly associated with Ben Founder. Further, an indirect parent entity of HCLP had loans outstanding to Ben Founder Affiliates as of December 31, 2020. Neither GWG Holdings nor Beneficient are a party to these loans, nor have they secured or guaranteed the loans. See Note 20 for further discussion of the relationship between HCLP and Ben Founder.

Beneficient's additional borrowings as detailed in the table below mature in 2023 and 2024.

Future contractual maturities of Beneficient's debt due to related parties as of December 31, 2020 are as follows (in thousands):

| **Years Ending December 31,** | | |
|---|---|---|
| 2021 | $ | 74,548 |
| 2022 | | — |
| 2023 | | 750 |
| 2024 | | 1,856 |
| 2025 | | — |
| Thereafter | | — |
| | $ | 77,154 |

**(11) Stockholders' Equity**

***GWG Holdings Equity***

*Common Stock*

In September 2014, GWG Holdings consummated an initial public offering of its common stock resulting in the sale of 800,000 shares of common stock at $12.50 per share, and net proceeds of approximately $8.6 million after the payment of underwriting commissions, discounts and expense reimbursements. In connection with this offering, the common stock of GWG Holdings was listed on the Nasdaq Capital Market under the ticker symbol "GWGH."

The 2018 transactions between GWG Holdings, GWG Life, Beneficient and the Seller Trusts described in Note 1 ultimately resulted in the issuance of 27,013,516 shares of GWG Holdings' common stock to the Seller Trusts in exchange for Common Units. The shares were offered and sold in reliance upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended. Also, the Purchase and Contribution Agreement described in Note 1 ultimately resulted in the sale of 2,500,000 shares of GWG Holdings common stock to BCC, and the contribution of 1,452,155 shares of GWG Holdings common stock to AltiVerse.

Pursuant to the Exchange Agreement described in Note 1, commencing on December 31, 2019, holders of Common Units have the right to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of the common stock of GWG Holdings based on the volume weighted average price of GWG Holdings' common stock for the five consecutive trading days prior to the quarterly exchange date. No Common Units have been exchanged for common stock of GWG Holdings through December 31, 2020.

On November 15, 2018, the Board of Directors of GWG Holdings approved a stock repurchase program pursuant to which GWG Holdings was permitted, from time to time, to purchase shares of its common stock for an aggregate purchase price not to exceed $1.5 million. Stock repurchases were able to be executed through various means, including, without limitation, open market transactions, privately negotiated transactions or otherwise. The Company repurchased 42,750 shares under this program in the first quarter of 2019 at an average per share price of $8.43. The stock repurchase program did not obligate the Company to purchase any shares and expired on April 30, 2019.

*Redeemable Preferred Stock*

On November 30, 2015, GWG Holdings' public offering of up to 100,000 shares of RPS at $1,000 per share was declared effective. Holders of RPS are entitled to cumulative dividends at the rate of 7% per annum, paid monthly. Dividends on the RPS are recorded as a reduction to additional paid-in capital, if any, then to the outstanding balance of the preferred stock if additional paid-in capital has been exhausted. Under certain circumstances described in the Certificate of Designation for the RPS, additional shares of RPS may be issued in lieu of cash dividends.

The RPS ranks senior to GWG Holdings' common stock and pari passu with GWG Holdings' RPS 2 (see further details in the section below) and entitles its holders to a liquidation preference equal to the stated value per share (i.e., $1,000) plus accrued but unpaid dividends. Holders of RPS may presently convert their RPS into GWG Holdings' common stock at a conversion price equal to the volume-weighted average price of GWG Holdings' common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of $15.00 and in an aggregate amount limited to 15% of the stated value of RPS originally purchased from us and still held by such purchaser.

Holders of RPS may request that we redeem their RPS at a price equal to their stated value plus accrued but unpaid dividends, less an applicable redemption fee, if any, as specified in the Certificate of Designation. Nevertheless, the Certificate of Designation for RPS permits us in our sole discretion to grant or decline redemption requests. Subject to certain restrictions and conditions, we may also redeem shares of RPS without a redemption fee upon a holder's death, total disability or bankruptcy. In addition, after one year from the date of original issuance, we may, at our option, call and redeem shares of RPS at a price equal to their liquidation preference.

In March 2017, we closed the RPS offering to additional investors having sold 99,127 shares of RPS for an aggregate gross consideration of $99.1 million and incurred approximately $7.0 million of related selling costs.

At the time of its issuance, we determined that the RPS contained two embedded features: (1) optional redemption by the holder, and (2) optional conversion by the holder. We determined that each of the embedded features met the definition of a derivative; however, based on our assessment under ASC 470, *Debt*, ("ASC 470") and ASC 815, *Derivatives and Hedging*, ("ASC 815"), we do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

*Series 2 Redeemable Preferred Stock*

On February 14, 2017, GWG Holdings' public offering of up to 150,000 shares of RPS 2 at $1,000 per share was declared effective. The terms of the RPS 2 are largely consistent with those of the RPS, other than the conversion and redemption features discussed below.

Holders of RPS 2 may, less an applicable conversion discount, if any, convert their RPS 2 into GWG Holdings' common stock at a conversion price equal to the volume-weighted average price of GWG Holdings' common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of $12.75 and in an aggregate amount limited to 10% of the stated value of RPS 2 originally purchased from us and still held by such purchaser. We may, at our option, call and redeem shares of RPS 2 at a price equal to their liquidation preference (subject to a minimum redemption price, in the event of redemptions occurring less than one year after issuance, of 107% of the stated value of the shares being redeemed).

In April 2018, we closed the RPS 2 offering to additional investors having sold 149,979 shares of RPS 2 for an aggregate gross consideration of $150.0 million and incurred approximately $10.3 million of related selling costs.

The RPS 2 was determined to have the same two embedded features discussed in the RPS section above (optional redemption by the holder and optional conversion by the holder). We do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

***Beneficient Equity***

As of December 31, 2020, Ben LP has issued Common Units and BCH, a consolidated subsidiary of Ben LP, has issued general partnership Class A Units (Subclass A-1 and A-2), Class S Ordinary Units, Class S Preferred Units, FLP Units (Subclass 1 and Subclass 2), Preferred Series A Subclass 1 Unit Accounts, Preferred Series A Subclass 2 Unit Accounts, and Preferred Series C Unit Accounts. The Preferred Series A Subclass 0 Unit Accounts were created under the 5th Amended and Restated LPA; however, none have been issued as of December 31, 2020. The 5th Amended and Restated LPA of BCH governs the terms of these equity securities.

*Common Units*

As of December 31, 2020 and December 31, 2019, Ben LP has a total of 48,205,756 and 44,146,623 Common Units issued and outstanding, respectively. As of December 31, 2020 and December 31, 2019, GWG Holdings owns 46,887,915 and 42,171,946, Common Units, respectively, which are eliminated in consolidation. The remaining issued and outstanding Common Units are recorded in the consolidated balance sheets in the noncontrolling interests line item.

*Preferred Series A Subclass 0 (Noncontrolling Interests)*

On July 15, 2020, BCH amended its limited partnership agreement in a 5th Amended and Restated LPA, which created a new subclass of Preferred Series A Unit Accounts, the Preferred A.0.

As a subclass of the Preferred Series A Unit Accounts, the Preferred A.0 receives the same preferred return on a quarterly basis as the other Preferred Series A subclasses. However, the Preferred A.0 is senior to all other classes of preferred equity, including the other subclasses of Preferred Series A in terms of allocations of profits, distributions, and liquidation. The Preferred A.0 can be converted into Class S Units at the election of the holder, at a price equal to (x) prior to the initial public listing, the per Common Unit fair market value as determined by the general Partner and (y) following the initial public listing, the lesser of (i) $10 and (ii) if the Common Units are listed on a national securities exchange, the volume-weighted average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the twenty (20) days immediately prior to the applicable exchange date, or if the Common Units are not listed on a national securities exchange, then the volume-weighted average closing price of a security traded on a national securities exchange or quoted in

an automated quotation system into which the Common Units are convertible or exchangeable for the twenty (20) days immediately prior to the applicable exchange date.

The Preferred A.0 Unit Accounts have not been issued as of December 31, 2020.

*Preferred Series A Subclass 1 (Redeemable Noncontrolling Interest)*

BCH, a consolidated subsidiary of Ben LP, has non-unitized equity outstanding. The Preferred Series A Subclass 1 Unit Accounts are non-participating and convertible on a dollar basis.

In 2019, Preferred Series A Subclass 1 Unit Account holders signed an agreement to forbear the right to receive an annualized preferred return in excess of a rate determined materially consistent with the methodology below until, initially, the earlier of December 31, 2019 or three months following the issuance of the limited trust association charter by the Texas Department of Banking. The charter from the Texas Department of Banking was not issued as of December 31, 2019. In 2020, this forbearance agreement was extended through December 31, 2020.

The income allocation methodology under this forbearance agreement was as follows:

- First, Ben, as the sole holder of Class A Units issued by BCH is allocated income from BCH to cover the expenses incurred solely by Ben;
- Second, the remaining income at BCH is allocated 50% to the aggregate of Class A Units and Class S Ordinary Units and 50% to Preferred Series A Subclass 1 Unit Accounts, until the Common Units issued by Ben LP receive a 1% annualized return on the Common Unit account balance;
- Third, after the 1% annualized return to the Common Unit issued by Ben LP is achieved, additional income is allocated to the Preferred Series A until the Preferred Series A is allocated the amount required under the LPA, (as amended); and
- Finally, any remaining income is allocated under the terms of the current LPA (pro-rata between the Class A Units and Class S Ordinary Units).

If and when the forbearance agreement expires, account holders will be entitled to a compounded quarterly preferred return. The preferred return to be paid to Preferred Series A Unitholders is limited by a quarterly preferred return rate cap that is based on the annualized revenues of BCH. Annualized revenues are defined as four times the sum of total quarterly interest, fee and dividend income plus total noninterest revenues. This quarterly rate cap is defined as follows:

- 0.25% if annualized revenues are $80 million or less
- 0.50% if annualized revenues are greater than $80 million but equal to or less than $105 million
- 0.75% if annualized revenues are greater than $105 million but equal to or less than $125 million
- 1.00% if annualized revenues are greater than $125 million but equal to or less than $135 million
- 1.25% if annualized revenues are greater than $135 million but equal to or less than $140 million
- If over $140 million, the preferred return calculation is based on a fraction (i) the numerator of which is (A) the positive percentage rate change, if any, to the seasonally adjusted CPI-U covering the period from the date of the last allocation of profits to such holders, plus (B) (x) 2% prior to an Initial Public Offering (as defined in the BCH LPA) by Ben LP and (y) 3% thereafter, and (ii) the denominator of which is one minus the highest effective marginal combined U.S. federal, state and local income tax rate in effect as of the beginning of the fiscal quarter for which such determination is being made for an individual resident in New York City, New York, assuming (1)that the aggregate gross income allocable with respect to the quarterly preferred return for such fiscal year will consist of the same relative proportion of each type or character (e.g., long term or short term capital gain or ordinary or exempt income) of gross income item included in the aggregate gross income actually allocated in respect of the quarterly preferred return for the fiscal year reflected in the BCH's most recently filed Internal Revenue Service Form 1065 and (2) any state and local income taxes are not deductible against U.S. federal income tax.

The definition of Initial Public Offering includes an event, transaction or agreement pursuant to which the Common Units are convertible or exchangeable into equity securities listed on a national securities exchange or quotation in an automated quotation system.

No amounts have been paid to the Preferred Series A Subclass 1 Unit Account holders related to the preferred return from inception through December 31, 2020, and any amounts earned have been accrued and are included in the balance of redeemable noncontrolling interests line item of the consolidated balance sheets. Certain Preferred Series A Subclass 1 Unit Account holders agreed to be specially allocated any income or losses associated with the Beneficient Management Partners, L.P. Equity Incentive Plan and certain other costs.

Upon election by a holder, the Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) are, at any time on or after January 1, 2021, convertible in an amount of Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts), equal to 20% of their Sub-Capital Accounts into Class S Ordinary Units (with the right to convert any unconverted amount from previous years in any subsequent years). Upon an election, a holder of Preferred Series A Subclass 1 Unit Accounts will be issued Class S Ordinary Units necessary to provide the holder with a number of Class S Ordinary Units that, in the aggregate, equal (a) the balance of the holder's capital account associated with the Preferred Series A Subclass 1 Unit Accounts being converted divided by (b) either (x) prior to an initial public offering, the appraised per Class A Unit fair market value as determined by Beneficient or (y) following an initial public offering, the average price of a Common Unit for the thirty (30) day period ended immediately prior to the applicable conversion date. The holder of such newly issued Class S Ordinary Units may immediately convert them into Common Units. Additionally, effective December 31, 2030, if the Preferred Series A Subclass 1 Unit Accounts have not been converted, they will redeem for cash in an amount equal to the then outstanding capital account balance of the accounts. If available redeeming cash (as defined in the LPA) is insufficient to satisfy any such redemption requirements, BCH, on a quarterly basis, will redeem additional Preferred Series A Units until all such Preferred Series A Units have been redeemed. The Preferred Series A Subclass 1 Unit Accounts are subject to certain other conversion and redemption provisions.

The current LPA of BCH also includes certain limitations of BCH, without the consent of a majority-in-interest of the Preferred Series A Unit Account holders, to (i) issue any new equity securities and (ii) except as otherwise provided, incur indebtedness that is senior to or pari passu with any right of distribution, redemption, repayment, repurchase or other payments relating to the Preferred Series A Unit accounts. Further, BCH cannot, prior to the conversion of all the Preferred Series A Unit accounts, incur any additional long-term debt unless (i) after giving effect to the incurrence of the new long-term debt on a pro forma basis, the sum of certain preferred stock, existing debt and any new long-term indebtedness would not exceed 55% of BCH's net asset value ("NAV") plus cash on hand, and (ii) at the time of incurrence of any new long-term indebtedness, the aggregate balance of BCH's (including controlled subsidiaries) debt plus such new long-term debt does not exceed 40% of the sum of the NAV of the interests in alternative assets supporting the Collateral underlying the loan portfolio of BCH and its subsidiaries plus cash on hand at Ben LP, BCH and its subsidiaries.

The Preferred Series A Subclass 1 Unit Accounts are recorded in the consolidated balance sheet in the redeemable noncontrolling interest line item.

*Preferred Series C Unit Accounts*

The 5th Amended and Restated LPA also created a new class of preferred equity, the Preferred Series C Unit Accounts. The Preferred Series C Unit Accounts are non-participating and convertible on a basis consistent with the UPA discussed in Note 1. Account holders are entitled to a compounded quarterly preferred return based on a fraction, the numerator of which is (a) the sum of an inflation adjustment amount, plus (1) 0.5% prior to the initial public listing and (2) 0.75% following the initial public listing, and the denominator of which is (b) 1 minus the means of the highest effective marginal combined U.S. federal, state and local income tax rate (including the rate of taxes under Section 1411 of the Code) for a Fiscal Year prescribed for an individual resident in New York, New York (taking into account (a) the nondeductibility of expenses subject to the limitations described in Sections 67 and 68 of the Code and (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes), based on the Partnership's most recently filed IRS form 1065.

BCH calculates two Preferred Series C Unit Accounts capital accounts: the Liquidation Capital Account and the Conversion Capital Account. In calculating the Conversion Capital Account, the Preferred Series C Unit Accounts are allocated profits

and losses junior to the Preferred Series A Unit Accounts. In calculating the Liquidation Capital Account, the Preferred Series C Unit Accounts are allocated profits and losses pari passu with the Preferred Series A Unit Accounts.

Following the exchange of any Preferred Series C Unit Accounts into Common Units under the UPA described in Note 1, the excess of the profits and losses allocated to the Preferred Series C Unit Accounts under the Liquidation Capital Account will be deemed the "Excess Amount." This Excess Amount will be specially allocated at each tax period in accordance with the principals of Treasury Regulation Section 1.704-1(b)(4)(x), to the Preferred Series A Subclass 1 Units Accounts, prior to any amount of profit, income or gain being allocated to any other class of units (other than the Preferred A.0) or limited partners until such special allocations equal, in the aggregate, such Excess Amount.

The only conversion, redemption, or exchange rights available to the Preferred Series C Unit Accounts are those rights afforded in accordance with the UPA, described in Note 1, or such similar agreement.

While any amount of Preferred Series C Unit Accounts is outstanding, BCH cannot make any distributions, other than tax distributions and redemptions, distributions upon a liquidation of BCH, and distributions of net consideration received from a sale of BCH, without the prior consent of a majority in interest of the holders of the Preferred Series C Unit Accounts.

As of December 31, 2020, the carrying value of GWG Holdings' investments in Preferred Series C Unit Accounts was $195.6 million. The Preferred Series C Unit Accounts are eliminated upon consolidation.

*Class S Ordinary Units*

As of December 31, 2020 and 2019, BCH, a subsidiary of Ben LP, had issued and outstanding 5.8 million and 5.7 million Class S Ordinary Units, respectively. The Class S Ordinary Units participate on an as-converted basis pro-rata in the share of the profits or losses of BCH and subsidiaries following all other allocations made by BCH and its subsidiaries. As limited partner interests, these units have limited voting rights and do not entitle participation in the management of BCH's business and affairs. The Class S Ordinary Units are exchangeable for Common Units on a one-for-one basis, subject to customary conversion rate adjustments for splits, distributions and reclassifications, as well as compliance with any applicable vesting and transfer restrictions. Each conversion also results in the issuance to Ben LP of a Class A Unit of BCH for each Common Unit issued.

The Class S Ordinary Units are recorded in the consolidated balance sheet in the noncontrolling interests line item.

*Class S Preferred Units*

The limited partnership agreement of BCH allows it to issue Class S Preferred Units. The Class S Preferred Units are entitled to a quarterly preferred return that is limited by the quarterly preferred return rate cap described above for Preferred Series A Subclass 1 except for when annualized revenues exceed $140 million, the Class S Preferred return is based on a fraction (i) the numerator of which is (A) the positive percentage rate change, if any, to the seasonally adjusted CPI-U covering the period from the date of the last allocation of profits to such holders, plus (B) 0.75 percent, and (ii) the denominator of which is one minus the highest effective marginal combined U.S. federal, state and local income tax rate in effect as of the beginning of the fiscal quarter for which such determination is being made for an individual resident in New York City, New York, assuming (1) that the aggregate gross income allocable with respect to the quarterly preferred return for such fiscal year will consist of the same relative proportion of each type or character (e.g., long term or short term capital gain or ordinary or exempt income) of gross income item included in the aggregate gross income actually allocated in respect of the quarterly preferred return for the fiscal year reflected in the Ben Group Partnership's most recently filed IRS Form 1065 and (2) any state and local income taxes are not deductible against U.S. federal income tax. The Class S Preferred Units also participate on an as-converted basis pro-rata in the share of the profits or losses of BCH and subsidiaries following all other allocations made by BCH and its subsidiaries. As limited partner interests, these units are generally non-voting and do not entitle participation in the management of the BCH's business and affairs. Generally, the Class S Preferred Units are exchangeable for Common Units in Ben LP on a 1.2-for-1 basis, subject to customary conversion rate adjustments for splits, distributions and reclassifications, as well as compliance with any applicable vesting and transfer restrictions. Each conversion also results in the issuance to Ben LP of a Class A Unit for each Common Unit issued. Holders of Class S Preferred Units may elect to convert into Class S Ordinary Units in connection with a sale or dissolution of BCH.

As of December 31, 2020, a nominal number of shares of Class S Preferred Units have been issued. No amounts have been paid to the Class S Preferred Unit holders related to the preferred return from issuance through December 31, 2020, and any amounts earned have been accrued and are included in the balance of Class S Preferred Units presented on the consolidated balance sheet in the noncontrolling interests line item.

*Beneficiaries of the ExAlt Trusts*

The ultimate beneficiary of the ExAlt Trusts is an unrelated third party charity (the "Charitable Beneficiary") that is entitled to i) approximately 5% of any amounts paid to Beneficient as payment on amounts due under each ExAlt Loan, ii) approximately 10% of the amount of excess cash Collateral, if any, following the full repayment of an ExAlt Loan; and (iii) all amounts accrued and held at the ExAlt Trusts once all amounts due to Beneficient under the ExAlt Loans and any fees related to Beneficient's services to the ExAlt Trusts are repaid. The Charitable Beneficiary's account balances with respect to its interest in such ExAlt Trusts cannot be reduced to below zero. Any losses allocable to the Charitable Beneficiary in excess of its account balances are reclassified at each period end to the trusts deficit account which is included as part of noncontrolling interest. During 2020, additional ExAlt Trusts were created arising from new liquidity transactions with customers. These new ExAlt Trusts, which are consolidated by Beneficient, resulted in the recognition of additional noncontrolling interest of $6.0 million representing the interests in these new ExAlt Trusts held by the Charitable Beneficiary.

The interest of the Charitable Beneficiary, including the associated trust deficit (as applicable), in the ExAlt Trusts is recorded on the consolidated balance sheets in the noncontrolling interests line item.

**(12) Equity-Based Compensation**

As of December 31, 2020 and 2019, the Company has outstanding equity-based awards under the GWG Holdings 2013 Stock Incentive Plan, the Beneficient Management Partners, L.P. ("BMP") Equity Incentive Plan (the "BMP Equity Incentive Plan"), the Ben Equity Incentive Plan (as defined below), and Preferred Series A Subclass 1 Unit Accounts, as more fully described in the sections below.

*2013 Stock Incentive Plan*

GWG Holdings adopted the 2013 Stock Incentive Plan in March 2013, as amended on June 1, 2015, May 5, 2017 and May 8, 2018. Participants under the plan may be granted incentive stock options and non-statutory stock options; stock appreciation rights; stock awards; restricted stock; restricted stock units; and performance shares. Eligible participants include officers and employees of GWG Holdings and its subsidiaries, members of GWG Holdings' Board of Directors, and consultants. Option awards generally expire 10 years from the date of grant. As of December 31, 2020, the Company has granted stock options, stock appreciation rights ("SAR"), and restricted stock units ("RSU") under this plan. As of December 31, 2020, 6,000,000 awards are authorized under the plan, of which 2,507,924 shares were reserved for issuance under outstanding incentive awards and 3,492,076 shares remain available for future grants.

*Stock Options*

As of December 31, 2020, GWG Holdings had outstanding stock options for 695,117 shares of common stock to employees, officers, and directors under the plan. The options were issued with an exercise price between $4.83 and $11.56, which is equal to the market price of the shares on the date of grant. Options vest over varying terms of up to three years. There were no options granted during the year ended December 31, 2020. The weighted average grant date fair value of options granted during the year ended December 31, 2019, was $2.73. The total intrinsic value of stock options exercised during the year ended December 31, 2020 and 2019 was $31.6 thousand and $0.3 million, respectively. The aggregate intrinsic value of stock options outstanding and exercisable at December 31, 2020 was $41.7 thousand and $40.1 thousand, respectively. Additionally, as a result of stock option exercises, 3,688 shares of common stock were issued to employees, net of shares forfeited to satisfy tax withholding obligations. During the years ended December 31, 2020 and 2019, a total of 97,996 and 197,859 stock options held by employees vested for a total fair value of $0.3 million and $0.5 million, respectively.

*Stock Appreciation Rights (SARs)*

As of December 31, 2020, GWG Holdings had 535,657 SARs outstanding. The strike price of the SARs was between $6.75 and $11.55, which was equal to the market price of the common stock at the date of issuance. SARs vest over varying terms of up to three years. On December 31, 2020, the market price of GWG's common stock was $6.99. The weighted average grant date fair value of SARs granted during the years ended December 31, 2020 and 2019, was $2.51 and $2.66, respectively. During the years ended December 31, 2020 and 2019, a total of 98,536 and 102,102 SARs held by employees vested for a total fair value of $0.2 million and $0.2 million, respectively.

Upon the exercise of SARs, the Company is obligated to make cash payments equal to the positive difference between the market value of GWG Holdings' common stock on the date of exercise less the market value of the common stock on the date of grant. The liability for the SARs as of December 31, 2020 and 2019 was $0.5 million and $0.6 million, respectively, and was recorded within other accrued expenses in the consolidated balance sheets.

The following summarizes information concerning outstanding options and SARs issued under the 2013 Stock Incentive Plan:

| | Outstanding | | Weighted Average Exercise Price | |
|---|---|---|---|---|
| | Stock Options | SARs | Stock Options | SARs |
| December 31, 2019 | 905,381 | 375,625 | $ 9.05 | $ 9.25 |
| Granted | — | 192,925 | — | 7.82 |
| Exercised | (20,136) | (1,284) | 8.27 | 7.24 |
| Forfeited and expired | (190,128) | (31,609) | 9.23 | 9.05 |
| December 31, 2020 | 695,117 | 535,657 | 9.03 | 8.75 |

The following table provides information regarding outstanding stock options and SARs which were fully vested and exercisable:

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Stock Options | SARs | Stock Options | SARs |
| Number outstanding and exercisable | 629,530 | 293,455 | 673,341 | 200,745 |
| Weighted-Average Remaining Life (years) | 5.88 | 4.17 | 6.83 | 4.49 |
| Weighted Average Exercise Price | $ 8.91 | $ 8.93 | $ 8.88 | $ 8.81 |

*Restricted Stock Units*

A restricted stock unit ("RSU") entitles the holder thereof to receive one share of GWG Holdings' common stock (or, in some circumstances, the cash value thereof) upon vesting. RSUs are subject to forfeiture until they vest. On June 18, 2019, GWG Holdings granted an aggregate of 114,366 RSUs to its directors, which vested in their entirety on the one year anniversary of the grant date. On May 31, 2019, GWG Holdings granted RSUs to its Chief Executive Officer that are subject to performance-based vesting pursuant to a performance share unit agreement ("PSU Agreement"). The PSU Agreement provides for a target award grant of 129,717 RSUs, and up to a maximum of 259,434 RSUs, with each representing the right to receive one share of GWG Holdings' common stock (or, following a Change-in-Control Transaction (as defined in the PSU Agreement), the cash value thereof) upon vesting, which is generally subject to the satisfaction of performance goals over a performance period commencing on April 26, 2019 and ending on December 31, 2021. The weighted average grant date fair value of awards granted during 2019 was $10.15.

In the third quarter of 2019, a total of 375,000 RSUs held by employees vested entitling the holders thereof, collectively, to cash payments totaling $4.5 million, all of which were paid in the third and fourth quarters of 2019 and recognized in employee compensation and benefits in the consolidated statement of operations for the year ended December 31, 2019. Additionally during 2019, 53,403 RSUs vested and 26,701 shares of common stock were issued to employees, net of shares forfeited to satisfy tax withholding obligations.

During the year ended December 31, 2020, 57,183 of the RSUs held by directors vested for the same number of shares of common stock for a total fair value of $0.5 million. The weighted-average grant date fair value for the unvested activity presented in the table below was $9.18 for the year ended December 31, 2020.

*BMP Equity Incentive Plan*

The Board of Directors of Beneficient Management, Ben LP's general partner, adopted the BMP Equity Incentive Plan in 2019. Under the BMP Equity Incentive Plan, certain directors and employees of Beneficient are eligible to receive equity units in BMP, an entity affiliated with the board of directors of Beneficient Management, in return for their services to Ben. The BMP equity units eligible to be awarded to employees are comprised of BMP's Class A Units and/or BMP's Class B Units (collectively, the "BMP Equity Units"). As of December 31, 2020 and 2019, the Board of Directors of Beneficient Management has authorized the issuance of up to 19,000,000 units each of the BMP Equity Units. All awards are classified in equity upon issuance.

While providing services to Beneficient, if applicable, certain of these awards are subject to minimum retained ownership rules requiring the award recipient to continuously hold BMP Equity Units equivalents equal to at least 25% of their cumulatively granted awards that have the minimum retained ownership requirement. The awards are generally non-transferable. Awards under the BMP Equity Incentive Plan that vest ultimately dilute holders of Common Units.

The BMP Equity Units awarded beginning in second quarter 2019 and through December 31, 2020, included awards that were fully vested upon grant date, and some awards that are subject to service-based vesting over a four-year period from the date of hire. Expense associated with the vesting of these awards is based on the fair value of the BMP Equity Units on the date of grant. As of December 31, 2020 and 2019, compensation cost has been recognized for the granted awards using the straight-line method over the requisite service period. The remaining unrecognized compensation cost for granted awards will be recognized prospectively over the remaining requisite service period, on a straight-line basis using the graded vesting method and forfeitures will be accounted for at the time that such forfeitures occur. Expense recognized for these awards is specially allocated to certain holders of redeemable noncontrolling interests.

As BMP's equity is not publicly traded, the fair value of the BMP Equity Units is determined on each grant date using a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The resultant probability-weighted cash flows are then discounted using a rate that reflects the uncertainty surrounding the expected outcomes, which the Company believes is appropriate and representative of a market participant assumption.

During the second quarter of 2020, 1,963,969 vested units were forfeited and returned as a result of an agreement allowing Beneficient to recover the aforementioned units held by one former director of Beneficient (see further discussion below).

The weighted-average grant date fair value was $9.61 per unit as of December 31, 2020. The weighted-average grant date fair value for the unvested activity presented in the table below was $9.61 per unit for the year ended December 31, 2020. The total fair value of shares vested during the year ended December 31, 2020, was $49.6 million.

*Ben Equity Incentive Plan*

The Board of Directors of Beneficient Management adopted the Ben Equity Incentive Plan in September 2018 (the "Ben Equity Incentive Plan"). Under the Ben Equity Incentive Plan, Ben LP is permitted to grant equity awards, in the form of restricted equity units ("REUs") up to a maximum of 12,811,258, representing ownership interests in Common Units. Settled awards under the Ben Equity Incentive Plan dilute holders of Common Units. The total number of Common Units that may be issued under the Ben Equity Incentive Plan is equivalent to 15% of the number of fully diluted Common Units outstanding, subject to annual adjustment. All awards are classified in equity upon issuance.

All REUs are subject to two performance conditions, both of which were met during 2019. Additionally, if a change-of-control event occurs prior to July 1, 2021, then all units, vested and unvested, will settle within 60 days. Any transaction whereby GWG Holdings obtains the right to appoint a majority of the members of Beneficient Management's Board of Directors is expressly excluded from the definition of change-of-control for the REUs.

Awards will generally be subject to service-based vesting over a multi-year period from the recipient's date of hire, though some awards fully vest upon grant date. While providing services to Beneficient, if applicable, certain of these awards are subject to minimum retained ownership rules requiring the award recipient to continuously hold Common Unit equivalents equal to at least 15% of their cumulatively granted awards that have the minimum retained ownership requirement.

The holders of certain of the units issued under the BMP Equity Incentive Plan and the Ben Equity Incentive Plan, upon vesting, have the right to convert the units to shares of GWG Holdings common stock per the Exchange Agreement discussed in Note 1. As such, units vested and issued under Beneficient's equity incentive plans may result in dilution of the common stock of GWG Holdings.

REUs were awarded under the Ben Equity Incentive Plan beginning in the second quarter of 2019. For the REUs awarded under the Ben Equity Incentive Plan, pre-combination expense associated with the vesting of these awards is based on the fair value of the Common Units on the date of grant while post-combination expense is based on the fair value of the Common Units on the change-in-control date. The remaining unrecognized compensation cost for granted awards will be recognized prospectively over the remaining requisite service period, on a straight-line basis using the graded vesting method and forfeitures will be accounted for at the time that such forfeitures occur.

As Ben LP's equity is not publicly traded, the fair value for substantially all of the REUs granted in 2020 was estimated by using the valuation techniques consistent with those utilized to determine the acquisition date equity values arising from GWG Holdings obtaining a controlling financial interest in Beneficient. These valuation techniques relied upon the OPM Backsolve approach under the market method as more fully described in Note 4. For the REUs granted in the latter portion of 2020, which is a *de minimis* amount of the total 2020 REUs, we utilized valuation techniques consisting of the income approach and market approach. For awards granted during 2019, the fair value of the REUs was estimated using recent equity transactions involving third parties, which provided the Company with observable fair value information sufficient for estimating the grant date fair value.

During the second quarter of 2020, 507,500 vested units were forfeited as a result of an agreement allowing Beneficient to recover the aforementioned units held by one former director of Beneficient. Beneficient recognized $36.3 million of other income as a result of this recovery of equity-based compensation, including both BMP Equity Units and REUs. A substantial majority of the former director's equity-based compensation units were fully vested, and the majority of the related expense was allocated to certain holders of noncontrolling interests and recorded in prior periods. The provisions of the award agreements related to the forfeiture of vested units resulted in the previous expense being recorded to other income in the year-to-date period, accordingly.

During the third quarter of 2020, 515,000 units were granted to a senior partner director subject to a performance condition. The performance condition has not been met as of December 31, 2020. As the performance condition of the grant is based on a liquidity event, recognition of the related compensation cost is deferred until the condition has been met. Total unrecognized compensation cost related to this award is approximately $6.4 million as of December 31, 2020.

The estimated weighted-average grant date fair value date was $12.50 as of December 31, 2020. The weighted-average grant date fair value for the unvested activity presented in the table below was $12.50 for the year ended December 31, 2020. The total fair value of shares vested during the year ended December 31, 2020, was $42.9 million.

*Preferred Equity*

On April 25, 2019, Preferred Series A Subclass 1 Unit Accounts in BCH, a subsidiary of Ben LP, were assigned to three directors, with each having a capital account balance of $4.0 million, subject to a performance condition, in return for each of the directors providing to BCH their knowledge and abilities in helping with the formation of and capital raising for the Company. BHI, a Ben Founder Affiliate, assigned the Preferred Series A Subclass 1 Unit Accounts it holds in BCH to the directors for those individuals providing services to BCH. Accounting for services provided to the Company but paid by a principal shareholder follows the substance of the transaction and is therefore accounted for similar to a share-based payment in exchange for services rendered. The awards vest upon grant, subject to a performance condition whereby each of the directors must be a board member at the time that a certain level of additional capital is raised. The fair value of the awards at the grant date was estimated at $12.0 million in aggregate.

During the fourth quarter of 2019, $4.0 million of the capital account balance was forfeited back to the Company and reverted to BHI upon the departure of a certain director. The performance condition was met during the fourth quarter of 2020 and

expense of $11.4 million was recognized and specially allocated to certain Preferred Series A Subclass 1 Unit Account holders on a pro-rata basis based on their capital account balance. The expense recognized upon vesting is reflective of the value calculated after the determination of overall enterprise value in connection with the change of control event discussed in Note 4.

The following table summarizes the award activity, in number of units, during the year ended December 31, 2020:

| | Balance at December 31, 2019 | Granted | Vested | Exercised | Forfeited | Recovery of Vested Awards | Balance at December 31, 2020 |
|---|---|---|---|---|---|---|---|
| **Vested** | | | | | | | |
| RSU | — | — | 57,183 | (57,183) | — | — | **—** |
| BMP Equity Units | 7,980,037 | 4,580,888 | 578,678 | — | (31,618) | (1,963,969) | **11,144,016** |
| REUs | 2,164,742 | 3,033,956 | 401,598 | — | (14,000) | (507,500) | **5,078,796** |
| **Unvested** | | | | | | | |
| RSU | 244,083 | — | (57,183) | — | (57,183) | — | **129,717** |
| BMP Equity Units | 180,000 | 3,008,800 | (578,678) | — | (380,025) | — | **2,230,097** |
| REUs | 246,500 | 2,727,072 | (401,598) | — | (303,400) | — | **2,268,574** |
| **Total** | | | | | | | |
| RSU | 244,083 | — | — | (57,183) | (57,183) | — | **129,717** |
| BMP Equity Units | 8,160,037 | 7,589,688 | — | — | (411,643) | (1,963,969) | **13,374,113** |
| REUs | 2,411,242 | 5,761,028 | — | — | (317,400) | (507,500) | **7,347,370** |

The following table presents the components of equity-based compensation expense recognized in the consolidated statement of operations (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Stock options | $ 180 | $ 408 |
| Stock appreciation rights | (40) | 338 |
| Restricted stock units | (38) | 986 |
| BMP equity units | 53,523 | — |
| REUs | 45,772 | — |
| Preferred equity | 11,443 | — |
| **Total equity-based compensation** | $ 110,840 | $ 1,732 |

Unrecognized equity-based compensation expense, excluding the expense related to the performance award discussed above, totaled approximately $34.8 million as of December 31, 2020.

The following table presents the equity-based compensation expense expected to be recognized over the next five years based on scheduled vesting of awards outstanding, excluding the award subject to the performance condition discussed above, as of December 31, 2020 (in thousands):

| | Stock Options | SAR | REU | BMP Equity Units | Total |
|---|---|---|---|---|---|
| 2021 | $ 107 | $ 287 | $ 7,805 | $ 7,965 | $ 16,164 |
| 2022 | 19 | 192 | 5,754 | 5,834 | 11,799 |
| 2023 | — | 91 | 2,993 | 2,555 | 5,639 |
| 2024 | — | — | 674 | 518 | 1,192 |
| 2025 | — | — | — | — | — |
| **Total** | $ 126 | $ 570 | $ 17,226 | $ 16,872 | $ 34,794 |
| | | | | | |
| **Weighted-average period over which to be recognized** | 0.57 years | 1.12 years | 2.52 years | 1.61 years | |

**(13) Other Expenses**

The components of other expenses in our consolidated statements of operations are as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Insurance and regulatory | $ 4,459 | $ 5,032 |
| Information technology | 3,596 | 2,024 |
| Servicing and facility fees | 2,423 | 1,833 |
| Marketing | 1,251 | 1,612 |
| Premises and equipment | 1,215 | 692 |
| Depreciation and amortization | 1,170 | 436 |
| Contract labor | 906 | 1,820 |
| Travel and entertainment | 2,004 | 1,218 |
| General and administrative | 1,203 | 1,076 |
| Bad debt expense | — | 153 |
| Total other expenses | $ 18,227 | $ 15,896 |

**(14) Income Taxes**

The Company’s income tax provision reflects the activity of GWG Holdings and its subsidiaries and Beneficient Corporate Holdings, LLC, currently the sole entity in the Beneficient consolidated group that is taxed as a corporation. GWG Holdings and its subsidiaries files a separate tax return from Beneficient Corporate Holdings, LLC, but the tax provision information below as of and for the year ended December 31, 2020 is presented on a consolidated basis for financial reporting purposes under applicable GAAP.

As the statements of operations of GWG Holdings and Ben LP were presented on a consolidated basis beginning on January 1, 2020, the information below as of and for the year ended December 31, 2019 does not include the tax provision information of Beneficient Corporate Holdings, LLC.

The current and deferred components of our income tax expense (benefit) and the reconciliation at the statutory federal tax rate to our actual income tax expense (benefit) consisted of the following (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | | *(As Restated)* |
| Current income tax expense | $ 537 | $ 10 |
| Deferred income tax expense (benefit) | (16,927) | 71,855 |
| Total income tax expense (benefit) | $ (16,390) | $ 71,865 |

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| | | *(As Restated)* |
| Statutory federal income tax (benefit) | $ (43,339) | $ 33,449 |
| State income taxes (benefit), net of federal benefit | (2,995) | 12,962 |
| Change in valuation allowance | 20,688 | 25,547 |
| Noncontrolling interest | 7,718 | — |
| Other permanent differences, net | 1,538 | (93) |
| Total income tax expense (benefit) | $ (16,390) | $ 71,865 |

The Company's effective tax rate was 7.9% and 45.1% for the years ended December 31, 2020 and 2019, respectively. The effective tax rate for the year ended December 31, 2020 primarily reflects the effects of the remeasurement of deferred tax liabilities due to a change in state deferred tax rate, offset by current state taxes and an increase in valuation allowance. The effective tax rate for the year ended December 31, 2019 was higher than the statutory rate primarily due to the deferred tax liability resulting from the gain on consolidation of equity method investment.

After the change-of-control transaction with Ben LP on December 31, 2019, GWG Holdings moved its headquarters from Minnesota to Texas. This move resulted in a change in the state deferred tax rate from 9.8% to 0%.

The effects of temporary differences that give rise to deferred income taxes were as follows (in thousands):

| | December 31 | |
|---|---|---|
| | 2020 | 2019 |
| | | *(As Restated)* |
| Deferred tax assets: | | |
| Investment in life insurance policies | $ 42,836 | $ 37,649 |
| Net operating loss and business interest carryforwards | 43,188 | 18,935 |
| Other assets | 4,940 | 9,348 |
| Subtotal | 90,964 | 65,932 |
| Valuation allowance | (88,157) | (65,932) |
| Deferred tax assets | 2,807 | — |
| | | |
| Deferred tax liabilities: | | |
| Investment in partnership | (54,077) | (71,855) |
| Other liabilities | (199) | — |
| Net deferred tax liability | $ (51,469) | $ (71,855) |

At December 31, 2020, we had federal net operating loss ("NOL") carryforwards of $58.0 million resulting in related deferred tax assets of $12.2 million, and state NOL carryforwards of $24.3 million resulting in related deferred tax assets of $1.9 million. At December 31, 2019, we had federal NOL carryforwards of $29.7 million resulting in related deferred tax

assets of $6.2 million, and state NOL carryforwards of $29.6 million resulting in related deferred tax assets of $2.3 million. The NOL carryforwards will begin to expire in 2031.

Future utilization of NOL carryforwards is subject to limitations under Section 382 of the Internal Revenue Code. This section generally relates to a more than 50 percent change in ownership over a three-year period. As a result of the Exchange Transaction, a change in ownership for income tax purposes occurred as of December 28, 2018. As such, the annual utilization of our net operating losses generated prior to the ownership change was limited. However, net unrealized built-in gains on our life insurance policies result in an increase in the Section 382 limit over the five-year recognition period, which resulted in $0.5 million of current tax liability in 2020 and a nominal amount in 2019. Included in the deferred tax liability noted in the table above are our investments in various classes of equity in Beneficient, which are partnerships for federal income tax purposes.

Also, as of December 31, 2020, we had a capital loss carryforward of $14.2 million that, if unused, will expire in 2025.

We provide for a valuation allowance when it is not considered “more likely than not” that our deferred tax assets will be realized. As of December 31, 2020, based on all available evidence, we have provided a valuation allowance of $88.2 million against our deferred tax assets due to the uncertainty as to the realization of our deferred tax assets during the carryforward periods. In 2020, valuation allowances were recorded against the total amount of non-permanent deferred tax assets.

The Company currently records a valuation allowance against its deferred tax assets that cannot be realized by the future reversal of existing temporary differences. Due to the uncertain timing of the reversal of certain of these temporary differences due to the constraint described below, they cannot be considered as a source of future taxable income for purposes of determining a valuation allowance; therefore, the vast majority of the deferred tax liability cannot be utilized in determining the realizability of the deferred tax assets. As previously discussed, due to a prior deemed ownership change, net operating loss carryforwards are subject to Section 382 of the Internal Revenue Code.

The Company reassessed its valuation allowance during the third quarter of 2020 and determined it would no longer utilize the reversal of a temporary difference related to GWG Holdings’ preferred equity ownership in Beneficient, until such time as the preferred equity is no longer constrained, as a source of income to realize existing deferred tax assets related to the net operating loss and Section 163(j) limitations. As a result, the Company recorded a large net deferred tax liability as of December 31, 2020. The effects of the reassessment of the valuation allowance on the deferred tax liability as of December 31, 2019 are reflected in Note 21 to these consolidated financial statements. The net deferred tax liability as of December 31, 2020 is specifically related to GWG Life’s investment in the Preferred Series A Subclass 1 Unit Accounts described in Note 1. The disposition of this investment is constrained by the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. As such, the timing of recognition of the necessary taxable income related to this investment and the future reversal of this temporary difference cannot be predicted.

ASC 740, *Income Taxes*, requires the reporting of certain tax positions that do not meet a threshold of “more-likely-than-not” to be recorded as uncertain tax benefits. It is management’s responsibility to determine whether it is “more-likely-than-not” that a tax position will be sustained upon examination, including resolution of any related appeals or litigation, based upon the technical merits of the position. Management has reviewed all income tax positions taken or expected to be taken and has determined that the income tax positions are appropriately stated and supported. We do not anticipate that the total unrecognized tax benefits will significantly change prior to December 31, 2021.

Under our accounting policies, interest and penalties on unrecognized tax benefits, as well as interest received from favorable tax settlements are recognized as components of income tax expense. At December 31, 2020 and 2019, we recorded no accrued interest or penalties related to uncertain tax positions.

Our income tax returns for tax years ended December 31, 2017 through 2019, and 2020, when filed, remain open to examination by the Internal Revenue Service and various state taxing jurisdictions. Our income tax return for tax year ended December 31, 2016 also remains open to examination by various state taxing jurisdictions.

**(15) Earnings (Loss) per Common Share**

The computations of basic and diluted income (loss) attributable to common shareholders per share for 2020 and 2019 are as follows (in thousands, except share data and per share data):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| **Numerator:** | | *(As Restated)* |
| Basic – Net income (loss) attributable to common shareholders | $ (168,545) | $ 70,471 |
| Add: Preferred dividends upon conversion | — | 2,020 |
| Diluted – Net income (loss) attributable to common shareholders | (168,545) | 72,491 |
| | | |
| **Denominator:** | | |
| Basic – weighted average common shares outstanding | 28,063,268 | 33,016,007 |
| Effect of dilutive securities | — | 2,203,435 |
| Diluted – weighted average common shares outstanding | 28,063,268 | 35,219,442 |
| Basic earnings (loss) per common share | $ (6.01) | $ 2.13 |
| Diluted earnings (loss) per common share | $ (6.01) | $ 2.06 |

For the year ended December 31, 2020, RPS, RPS 2, restricted stock units, and stock options for a potential 2,313,748 shares were not included in the calculation of diluted earnings per share because we recorded a net loss during this period and the effects were anti-dilutive. Potentially dilutive instruments issued by Ben LP that are ultimately exchangeable into GWG Holdings' common stock were also excluded from the calculation of diluted earnings per share for the year ended December 31, 2020 because we recorded a net loss during this period and the effects were anti-dilutive.

RPS and RPS 2 (as described in Note 11) and restricted stock units and stock options (as described in Note 12) were included in the calculation of diluted earnings per share for the year ended December 31, 2019. Options to purchase 437,266 shares of common stock were outstanding during 2019 but were excluded from the calculation of diluted earnings per share because their effects were anti-dilutive.

**(16) Segment Reporting**

The Company has two reportable segments consisting of Secondary Life Insurance and Beneficient. Corporate & Other includes certain activities not allocated to specific business segments. These activities include holding company financing and investing activities, and management and administrative services to support the overall operations of the Company, and from November 1, 2019, include GWG Holdings' equity method investment in FOXO.

The Secondary Life Insurance segment seeks to earn non-correlated yield from our portfolio of life insurance policies. Our Beneficient segment consists of the assets and operations of Ben LP and its subsidiaries. Beneficient became a consolidated subsidiary of GWG Holdings as of December 31, 2019 as described in Note 4. Ben LP provides a variety of trust services, liquidity products for owners of alternative assets and illiquid investment funds, and other financial services to MHNW individuals. The Corporate & Other category consists of unallocated corporate overhead and administrative costs and the operations of operating segments that do not meet the quantitative criteria to be separately reported.

These segments are differentiated by the products and services they offer as well as by the information used by the Company's chief operating decision maker to determine allocation of resources and assess performance.

Earnings before taxes ("EBT") is the measure of profitability used by management to assess performance of its segments and allocate resources. Segment EBT represents net income (loss) excluding income taxes and includes earnings (loss) from equity method investments and for the year ended December 31, 2019, the gain on consolidation of equity method investment. Information on reportable segments is as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| **Revenue:** | **2020** | **2019** |
| Secondary Life Insurance | $ 51,359 | $ 78,002 |
| Beneficient | 72,950 | 13,738 |
| Corporate & Other | 62 | 536 |
| Total | $ 124,371 | $ 92,276 |

| | Year Ended December 31, | |
|---|---|---|
| **Interest Expense:** | **2020** | **2019** |
| Secondary Life Insurance | $ 97,279 | $ 83,055 |
| Beneficient | 57,337 | 31,789 |
| Corporate & Other | — | — |
| Total | $ 154,616 | $ 114,844 |

| | Year Ended December 31, | |
|---|---|---|
| **Segment EBT:** | **2020** | **2019** |
| | | *(As Restated)* |
| Secondary Life Insurance | $ (59,684) | $ (27,694) |
| Beneficient | (139,575) | 222,443 |
| Corporate & Other | (32,970) | (35,470) |
| Total Segment EBT | (232,229) | 159,279 |
| Income tax expense (benefit) | (16,390) | 71,865 |
| Net income (loss) | $ (215,839) | $ 87,414 |

| | December 31, | |
|---|---|---|
| **Total Assets:** | **2020** | **2019** |
| | | *(As Restated)* |
| Secondary Life Insurance | $ 886,739 | $ 904,363 |
| Beneficient | 2,662,630 | 2,762,121 |
| Corporate & Other | 15,588 | 9,297 |
| Total | $ 3,564,957 | $ 3,675,781 |

The total assets of the Beneficient segment at both December 31, 2020 and 2019, includes goodwill of $2.4 billion which represents all of the goodwill on our consolidated balance sheet as of the end of each reporting period.

**(17) Leases**

The Company leases certain real estate for its office premises under operating lease agreements, which expire in 2021 and 2025. Under these leases, we are obligated to pay base rent plus common area maintenance and a share of building operating costs. The lease agreements contain extension options which we have not included in our liability calculations. We lease various other facilities on a short-term basis. The lease assets and liabilities are as follows (in thousands):

| Leases | Classification | December 31, 2020 |
|---|---|---|
| Operating lease right-of-use assets | Other assets | $ 1,126 |
| Operating lease liabilities | Accounts payable and accrued expenses | $ 1,672 |

Total lease costs recognized for the years ended December 31, 2020 and 2019 were as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Operating lease costs | $ 910 | $ 233 |
| Variable lease costs | 332 | 225 |
| Short-term lease costs | 87 | 60 |
| Total lease costs | $ 1,329 | $ 518 |

The weighted average remaining lease term at December 31, 2020 and 2019 was 3.9 years and 4.2 years, respectively, and the weighted average discount rate was 6.8% and 6.6%, respectively. For the years ended December 31, 2020 and 2019, cash paid for amounts included in the measurement of operating lease liabilities and included in operating cash flows totaled $1.0 million and $0.3 million respectively.

Maturities of operating lease liabilities as of December 31, 2020 are as follows (in thousands):

| | |
|---|---|
| 2021 | $ 716 |
| 2022 | 302 |
| 2023 | 311 |
| 2024 | 320 |
| 2025 | 273 |
| Thereafter | — |
| Total lease payments | 1,922 |
| Less: imputed interest | (250) |
| Present value of lease liabilities | $ 1,672 |

**(18) Commitments and Contingencies**

*Litigation* — In the normal course of business, we are involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on our financial position, results of operations or cash flows.

*Commitments* — GWG Holdings is committed to contribute an additional $3.8 million to FOXO through 2021. The ExAlt Trusts had $35.6 million and $34.9 million of potential gross capital commitments as of December 31, 2020 and December 31, 2019, respectively, representing potential limited partner capital funding commitments on the interests in alternative asset funds. This is the amount above any existing cash reserves for such capital funding commitments. The ExAlt Trusts holding the interest in the limited partnership for the alternative asset fund is required to fund these limited partner capital commitments per the terms of the limited partnership agreement. Capital funding commitment reserves are maintained by the associated trusts within the ExAlt Plan™ created at the origination of each trust for up to $0.1 million. To the extent that the associated ExAlt Trusts cannot pay the capital funding commitment, Beneficient is obligated to lend the associated ExAlt Trust sufficient funds to meet the commitment pursuant to the terms of the respective ExAlt Loan. Any amounts advanced by Beneficient to the ExAlt Trusts for these limited partner capital funding commitments pursuant to the terms of the respective ExAlt Loan above the associated capital funding commitment reserves held by the associated ExAlt Trusts are added to the ExAlt Loan balance between Beneficient and the ExAlt Trusts and are expected to be recouped through the cash distributions from the alternative asset fund that collateralizes such ExAlt Loan.

Capital commitments generally originate from limited partner agreements having fixed or expiring expiration dates. The total limited partner capital funding commitment amounts may not necessarily represent future cash requirements. Beneficient considers the creditworthiness of the investments on a case-by-case basis. At both December 31, 2020 and December 31, 2019, Beneficient had no reserves for losses on unused commitments to fund potential limited partner capital funding commitments.

*Unfunded Commitments* — Beneficient had $1.1 million of unfunded commitments on liquidity solution transactions as of December 31, 2020 related to liquidity transactions in process as of that date. There were no reserves for unfunded commitments as of December 31, 2020, and all amount in process were fully funded in the first quarter of 2021.

*Investigation* — On October 6, 2020, GWG Holdings received a subpoena to produce documents from the Chicago office of the SEC's Division of Enforcement, informing the Company of the existence of a non-public, fact-finding investigation into GWG Holdings. Since the initial subpoena, GWG Holdings has received subsequent subpoenas from the SEC for additional information. The requested information from the SEC has primarily related to GWG Holdings' investment products, including its L Bonds, as well as various accounting matters, among them, the consolidation for financial reporting purposes of Beneficient by GWG Holdings, goodwill valuation, and the accounting related to the ExAlt Trusts, related party transactions, life insurance policies, and the calculation of the debt-coverage ratio.

Until receipt of the initial subpoena on October 6, 2020, GWG Holdings had no previous communication with the SEC related to these issues and was unaware of this investigation. The Company is fully cooperating with the SEC in this investigation. The Company is currently unable to predict when this matter will be resolved or what further action, if any, the SEC may take in connection with it. As such, the Company cannot predict with certainty the outcome or effect of any such investigation or whether it will lead to any claim or litigation.

**(19) Concentration**

*Life Insurance Carriers*

Our portfolio consists of purchased life insurance policies written by life insurance companies rated investment-grade by third-party rating agencies, including A.M. Best Company, Standard & Poor's, and Moody's. As a result, there may be concentrations of policies with certain life insurance companies. The following summarizes the face value of insurance policies with specific life insurance companies exceeding 10% of the total face value of our portfolio.

| Life Insurance Company | December 31, 2020 | December 31, 2019 |
|---|---|---|
| John Hancock | 14.72 % | 14.23 % |
| Lincoln National | 11.20 % | 11.55 % |
| Equitable Financial | 10.57 % | 10.63 % |

The following summarizes the number of insurance policies held in specific states exceeding 10% of the total face value held by us:

| State of Residence | December 31, 2020 | December 31, 2019 |
|---|---|---|
| California | 18.05 % | 17.46 % |
| Florida | 14.93 % | 14.86 % |

*Alternative Assets Industries*

Beneficient's underlying portfolio companies primarily operate in the United States and Western Europe, with the largest percentage, based on NAV, operating in diversified financials, telecommunications services, food and staples retailing, and software and services industries.

**(20) Related Parties**

*Relationship with Beneficient Management Counselors, L.L.C.*

Beneficient Management is the general partner of Ben LP and is governed by a board of directors. The governing document of Beneficient Management provides that Beneficient Management Counselors, L.L.C. ("BMC"), wholly owned by one of several Ben Founder Affiliates, determines the directors of Beneficient Management who fill 30% of the seats on the Board of Directors of Beneficient Management. BMC is also entitled to select (a) 50% of the membership of Beneficient Management's Nominating Committee and Executive Committee and appoint the chair of each of these committees, and (b) 50% of the membership of the Community Reinvestment Committee (CRC) and the CRC's chairperson, vice-chairperson, and lead committee member. Certain decisions with respect to Ben LP's charitable giving program are delegated to the CRC. Decisions regarding appointment and removal of Beneficient Management's directors, other than directors appointed by BMC, and GWG Holdings, are delegated, with certain exceptions, to the Nominating Committee of Beneficient Management, of which an executive of a Ben Founder Affiliate is a member and Chairman. In the event of a tie vote of the Nominating Committee on a vote for the removal of a director, the Chairman of the Nominating Committee may cast the tie-breaking vote.

*Services Agreement with Bradley Capital Company, L.L.C.*

Ben LP is the general partner of BCH and together they entered into an agreement with Bradley Capital Company, L.L.C. ("Bradley Capital") and BMC effective July 1, 2017 (the "Bradley Capital Agreement"). Bradley Capital is indirectly owned by a Ben Founder Affiliate. Under the Bradley Capital Agreement, Bradley Capital is entitled to a current base fee of $0.4 million per quarter for executive-level services provided by an executive of Bradley Capital, who is Beneficient's Chief Executive Officer, former Chairman of GWG Holdings' board of directors (serving from April 26, 2019 to June 14, 2021), and Chairman of Beneficient Management's board of directors, together with a current supplemental fee of $0.2 million per quarter for administrative and financial analysis, subject to an annual inflation adjustment. The base fee may be increased up to two times the initial base fee per quarter if the scope of the services is expanded with the approval of the Executive Committee of the board of Beneficient Management, of which an executive of a Ben Founder Affiliate is a member and Chairman. An executive of a Ben Founder Affiliate receives an annual salary from the Company of $0.2 million and both an executive of a Ben Founder Affiliate and other employees of Bradley Capital can participate in equity incentive plans sponsored by the Company. The Bradley Capital Agreement also includes a payment from Ben LP of $0.2 million per year, paid quarterly, to cover ongoing employee costs for retired and/or departed employees of predecessor entities prior to September 1, 2017, which on-going costs were assumed by Bradley Capital, as well as a further payment to Bradley Capital in respect of the cost of health and retirement benefits for current employees of Bradley Capital all of which are reimbursed by Ben LP. Ben LP is also required to reimburse Bradley Capital for out-of-pocket expenses incurred by Bradley Capital employees, including reimbursement for private travel including the family members of a designated executive of a Ben Founder Affiliate for both business and personal use. The Bradley Capital Agreement requires Ben LP to reimburse Bradley Capital or its affiliates for taxes, fees, and expenses, including legal fees and related costs, relating to the contributions by affiliates of Bradley Capital of equity or debt interests in Ben LP to public charitable trusts in connection with the Exchange Trusts, as well as the contribution of beneficial interests in customer trusts administered by Beneficient. Additionally, the Company provides office space and access to needed technology systems and telephony services. Payments by Ben LP to Bradley Capital and its affiliates are guaranteed and subject to enforcement by the state courts in Delaware in the event of default. The Bradley Capital Agreement extends through December 31, 2021, with an automatic annual one-year renewal provision thereafter. The Bradley Capital Agreement may be terminated by unanimous approval of the Executive Committee of the board of Beneficient Management of which an executive of a Ben Founder Affiliate is a member, or without such approval if the Ben Founder Affiliate no longer holds $10.0 million of Ben LP's securities. During the year ended December 31, 2020, the Company recognized expenses totaling $3.8 million related to this services agreement.

*Relationship with Beneficient Holdings, Inc.*

The Beneficient Company Group (USA), L.L.C. ("Beneficient USA"), a subsidiary of BCH, entered into a Services Agreement with BHI effective July 1, 2017 (the "BHI Services Agreement"). BHI is indirectly owned by a Ben Founder Affiliate and is an affiliate of Beneficient. BHI pays an annual fee of $30 thousand to Ben LP for the provision of trust administration services for a Ben Founder Affiliate and all trusts affiliated with its family trustee as that term is defined in the governing documents for a Ben Founder Affiliate. Beneficient USA also is required to provide any other services requested by BHI, subject to any restrictions in the operating agreement of BHI, at cost. The term of the BHI Services Agreement

extends for the longer of (i) five years past the expiration or termination of the Bradley Capital Agreement, or (ii) seven years after the family trustee of the Ben Founder Affiliate is no longer a primary beneficiary of any trust affiliated with the family trustee. During the year ended December 31, 2020, the Company recognized income in accordance with the agreement.

BHI owns the majority of the Class S Ordinary Units, Class S Preferred Units, Preferred Series A Subclass 1 Unit Accounts, and FLP Subclass 1 Unit Accounts issued by BCH.

BHI expects to receive tax distributions from HCLP arising from the repayment of the Second Lien Credit Agreement to cover any tax liability associated with the contribution of the Second Lien Credit Agreement to HCLP (Note 10). Additionally, if HCLP is liquidated while the Second Lien Credit Agreement is still outstanding, the Second Lien Credit Agreement will transfer back to BHI.

*HCLP Nominees, LLC*

During the years ended December 31, 2020 and 2019, GWG Holdings invested $130.2 million and $79.0 million, respectively, of cash into equity investments in Beneficient. During this same period, Beneficient made payments to HCLP, its Senior Lender, totaling $144.6 million in principal and interest on the First and Second Lien Credit Agreements. The First Credit Agreement was issued in 2017, while the Second Lien Credit Agreement was issued in 2018. HCLP is an indirect subsidiary of Highland Consolidated, L.L.C. (“Highland”).

A long-standing lending and investment relationship of 25 years exists between Highland (and its affiliates or related parties), on the one hand, and certain trusts and entities held by such trusts that are controlled by Ben Founder (“Ben Founder Affiliates”), on the other. From time to time, Highland or its affiliates have advanced funds under various lending and investing arrangements to the Ben Founder Affiliates, and such Ben Founder Affiliates have made repayments to Highland or its affiliates, as applicable, both in cash and in kind.

Such loans to and investments with or in the Ben Founder Affiliates have been and may be made by Highland, or its affiliates, as applicable, using proceeds from loan repayments made by Beneficient to HCLP in its capacity as Senior Lender to Beneficient, with such loan repayments made potentially using cash from GWG Holdings’ and GWG Life’s investments in Beneficient. Such loans and investments have ranged between no outstanding balance and $104.0 million.

As of June 30, 2021, Highland and the applicable Ben Founder Affiliates mutually agreed to satisfy all obligations under all outstanding loans among Highland and the Ben Founder Affiliates via full payment and satisfaction of the existing loan balances (the “Loan Balances”) by in-kind real property transfers (the “In-Kind Property Payment”) from certain of the Ben Founder Affiliates to Highland. The terms of the In-Kind Property Payment grants Highland the right to transfer the real property that was transferred pursuant to the In-Kind Property Payment back to certain of the Ben Founder Affiliates, in exchange for a Preferred Series A Subclass 1 capital account balance in BCH in an amount equal to the Loan Balances, with such exchange to be satisfied from existing Preferred Series A Subclass 1 Unit Accounts that are held by such Ben Founder Affiliates. As of June 30, 2021, neither Highland nor any of its affiliates has any outstanding loans or investments with or in any Ben Founder Affiliates.

A*dministrative Services Agreement between Constitution Private Capital Company, L.L.C. (“Constitution”) and Beneficient USA*

Constitution is an entity owned 50.5% by a Ben Founder Affiliate and 49.5% by an entity controlled by the board of directors of Beneficient Management. It was founded in 1986 and acquired by a Ben Founder Affiliate in 1996. Constitution currently manages three private equity fund-of-funds. Effective January 1, 2017, Constitution entered into an Administrative Services Agreement (the “ASA”) with Beneficient USA, which is wholly owned by BACC and a subsidiary of BCH, whereby Beneficient USA provides personnel to administer the portfolio assets advised by Constitution. Under the ASA, Constitution pays to Beneficient USA a monthly fee equal to .01% of the month-end net assets of its portfolio. The ASA automatically renews on an annual basis and may be terminated at any time by Constitution. Beneficient USA may only terminate the ASA in the event of a breach by Constitution. The income recognized by the Company related to this services agreement was immaterial for the years ended December 31, 2020.

*Preferred Liquidity Provider Agreement with Constitution*

In May 2019, BCC entered into an agreement with Constitution (the "Preferred Liquidity Provider Agreement") under which at Constitution's option, BCC will provide liquidity to alternative asset funds sponsored by Constitution at an advance rate of not less than 82% of NAV, to the extent such funds meet certain specified qualifications. For a fund to qualify for the liquidity option, it must, among other things, hold investments that were approved or deemed approved by BCC at the time a fund makes such investments. BCC is required to provide liquidity in any combination, at its discretion, of cash, U.S. exchange traded funds registered under the Investment Company Act of 1940, or securities traded on a national securities exchange. BCC's obligation under the Preferred Liquidity Provider Agreement is guaranteed by Ben LP and BCH. The Preferred Liquidity Provider Agreement may be terminated solely by mutual consent of Beneficient and Constitution. Beneficient and Constitution have not contracted for any liquidity under this agreement through December 31, 2020.

*Relationship with The Heppner Endowment for Research Organizations, L.L.C. ("HERO") and Research Ranch Operating Company, L.L.C ("RROC").*

HERO and RROC are owned indirectly by a Ben Founder Affiliate. HERO's purposes are (i) to serve as an advisor to National Philanthropic Trust ("NPT"), an unrelated third-party charitable organization, regarding the disbursement of research grants to qualifying organizations, and (ii) to serve as an advisor to NPT regarding the administration of charitable contributions made for the benefit of such qualifying organizations. Although HERO can advise on these matters, NPT has all final decision-making authority on the charitable contributions and complete control over the proceeds received by the charitable organizations. The charitable organizations administered by NPT (the beneficiaries of which have historically been multiple Texas universities) receive proceeds from trusts settled and funded by customers of Beneficient, in support of their charitable initiatives. HERO does not receive any proceeds from trusts settled and funded by customers of Beneficient.

RROC's purpose is to provide funding and operational support for the research activities conducted by the qualified charities. The funding received by RROC, from proceeds of trusts settled and funded by customers of Beneficient, may be used, in RROC's discretion, to (i) provide appropriate facilities and properties for the charitable organizations to utilize as part of their charitable initiatives (those properties and facilities being owned by a Ben Founder Affiliate), and (ii) provide fee revenue to RROC. RROC is granted such rights and authority pursuant to trust instruments entered into between a customer and subsidiaries of Ben LP as well as an agreement with NPT. Ben LP's subsidiaries provide financing to the ExAlt Trusts and Beneficient is paid as an agent of the trustees for administrative services it provides to the trusts. The Company has certain outstanding payables, including accrued interest, of approximately $2.6 million and $2.5 million as of December 31, 2020 and 2019, respectively, to RROC and NPT (for the benefit of the Texas universities). There were no payments made during the year ended December 31, 2020.

*Relationship with Hicks Holdings L.L.C.*

Hicks Holdings L.L.C. ("Hicks Holdings"), an entity related to Thomas O. Hicks, who is a Beneficient Management director and a former GWG Holdings director, owns a Preferred Series A Subclass 1 Unit Account and Class S Ordinary Units issued by BCH with a total initial balance of $60.4 million. Hicks Holdings was granted its Preferred Series A Subclass 1 Unit Account and Class S Ordinary Units as compensation for services provided under a previous advisory and consulting services agreement between Beneficient and Hicks Holdings, which terminated on June 30, 2018. The total balance as of December 31, 2020 was $78.2 million.

*Relationship with MHT Financial, L.L.C.*

MHT Financial, L.L.C ("MHT") is the sole beneficiary of each of the Seller Trusts. MHT is an entity affiliated with the Chairman, President and Chief Executive Officer of GWG Holdings (the "GWG Chairman") and became a related party to Beneficient as a result of the December 31, 2019 transactions between GWG Holdings and Ben LP. The GWG Chairman may be deemed to have an indirect interest in the assets held by the Seller Trusts as a result of his ownership of 30% of the outstanding membership interests of MHT. The assets of the Seller Trusts currently include shares of GWG Holdings' common stock and Seller Trust L Bonds. Consequently, to the extent that MHT, as sole beneficiary of each of the Seller Trusts, receives any proceeds from distributions on the GWG Holdings' common stock, interest and principal payments on the Seller Trust L Bonds or the sale or other disposition of GWG Holdings' common stock and Seller Trust L Bonds in excess of MHT's contractual obligations to the former owners of alternative assets that were contributed to the Seller Trusts, the GWG Chairman would have a right to receive his pro rata share of any distribution of such excess proceeds if made by

MHT to its members. The GWG Chairman does not have unilateral authority to effect the sale or other disposition of the assets of the Seller Trusts or cause MHT to make distributions to its members. Following the satisfaction of MHT's contractual obligations upon the sale or other disposition of the assets of the Seller Trusts, (i) there may not be excess proceeds to distribute to MHT or (ii) even if there are excess proceeds, MHT may not distribute such excess proceeds to its members.

Beneficient has amounts due under two promissory note agreements with MHT for funds advanced outside of its normal liquidity arrangements. Aggregate principal and interest due for both promissory notes as of December 31, 2020 and 2019, was $4.2 million and $3.9 million, respectively, which is recorded in other assets in the consolidated balance sheets.

MHT also owns a Preferred Series A Subclass 1 Unit Account with a total account balance of $23.9 million and $24.5 million as of December 31, 2020 and 2019, respectively.

*Promissory Note*

On May 31, 2019, the Borrowers executed the Promissory Note with GWG Life for a principal amount of $65.0 million that matures on June 30, 2023. An initial advance in the principal amount of $50.0 million was funded on June 3, 2019, and a second advance in the principal amount of $15.0 million was funded on November 27, 2019.

The proceeds from the Promissory Note were used by the Borrowers to purchase senior beneficial interests held by these certain other trusts of the ExAlt Plan™. The aforementioned trusts utilized the proceeds to repay loan amounts owed by certain of the trusts included within the ExAlt Plan™ to BCC, a subsidiary of Ben LP.

As of December 31, 2019, the Borrowers became consolidated subsidiaries of GWG Holdings as a result of the Investment Agreement (described in Note 1). Accordingly, the Promissory Note and related accrued interest, are eliminated upon consolidation as of that date. Prior to any purchase accounting adjustments, the outstanding principal balance was $65.0 million and accrued interest expense was $2.2 million as of December 31, 2019. The Promissory Note was settled on September 30, 2020, as discussed further in Note 1.

**(21) Restatement**

As previously reported on Form 8-K filed with the SEC on July 7, 2021, and as discussed throughout this 2020 Form 10-K, as part of the preparation of its 2020 Form 10-K, the Company voluntarily submitted two questions to the OCA on February 15, 2021. The questions submitted by the Company to OCA were (1) whether a December 31, 2019 transaction resulted in GWG Holdings, Inc. obtaining control of Ben LP in a transaction that constituted a change-in-control of Beneficient by entities not under common control, and (2) whether Ben LP was required to consolidate any of the trusts created through Beneficient's ExAlt Plan™ established in connection with its business of providing liquidity to holders of alternative assets. On July 26, 2021, the Company and OCA staff held a conference call in which OCA's staff notified the Company of its conclusions on the two accounting questions that were the subject of the consultation. During that call, OCA expressed that it would object to a conclusion that Ben LP not consolidate the ExAlt Trusts as of December 31, 2019. Regarding question (1), OCA did not conclude on the common control aspect of the transaction in question. However, after further analysis, including, among other things, consulting with legal counsel to conclude that the common stock of GWG Holdings held by Beneficient were not voteable under Delaware law, the Company confirmed its original conclusion that the entities were not under common control.

Prior to December 31, 2019, only certain trusts created through Beneficient's ExAlt Plan™ were considered variable interest entities for which Ben LP had a variable interest and was considered the primary beneficiary. Thus, Ben LP was required to consolidate certain of such trusts. Due to changes to both the governance structure and the underlying economics of the trust and other agreements pertaining to certain of the ExAlt Trusts and the execution of new loan agreements between a subsidiary of Ben LP and certain of such trusts as of December 31, 2019, it was initially concluded that Ben LP no longer had the power to direct the activities that most significantly impact the economic performance of any of the ExAlt Trusts and therefore could no longer consolidate any of such trusts as of December 31, 2019, including those previously consolidated. However, we have since determined that such conclusion was incorrect, and that the proper application of generally accepted accounting principles is for Ben LP to consolidate all of the ExAlt Trusts. As a result of consolidating such trusts, Ben LP's primary tangible asset, which was acquired through loans a subsidiary of Ben LP made to certain of the ExAlt Trusts, was previously reported as a loan receivable as of December 31, 2019, but is now being reported as an investment in alternative assets held by certain of the ExAlt Trusts.

The tables below illustrate the impact of the Restatement, as well as other corrections as discussed in Note 2, on our historical Consolidated Balance Sheet, Consolidated Statement of Operations, Consolidated Statement of Cash Flows, and Consolidated Statement of Changes in Stockholder's Equity as of December 31, 2019, each as compared with the amounts presented in the original Form 10-K previously filed with the SEC.

**Effects of the Restatement - Annual Results**

All adjustments presented in the tables below reflect the impact of the consolidation of the ExAlt Trusts, unless otherwise specifically indicated in the footnotes to each table.

The following table sets forth the effects of the Restatement on the affected line items within the Company's previously reported Consolidated Balance Sheet as of December 31, 2019 (dollars in thousands).

| | December 31, 2019 | | |
|---|---|---|---|
| | As Previously Reported | Adjustments | As Restated |
| ASSETS | | | |
| Cash and cash equivalents | $ 79,073 | $ 3,211 | $ 82,284 |
| Restricted cash | 20,258 | 13,248 | 33,506 |
| Investment in alternative assets, at net asset value | — | 342,012 | 342,012 |
| Loan receivables, net of discount | 232,344 | (232,344) | — |
| Fees receivable | 29,168 | (29,168) | — |
| Financing receivables from affiliates | 67,153 | (67,153) | — |
| Other assets | 28,374 | 1,024 | 29,398 |
| Goodwill | 2,358,005 | 9,745 | 2,367,750 |
| TOTAL ASSETS | 3,635,206 | 40,575 | 3,675,781 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Deferred revenue | 41,444 | (41,444) | — |
| Repurchase option | — | 61,664 | 61,664 |
| Accounts payable and accrued expenses | 27,836 | 56 | 27,892 |
| Deferred tax liability, net[(1)] | 57,923 | 13,932 | 71,855 |
| TOTAL LIABILITIES | 1,764,725 | 34,208 | 1,798,933 |
| STOCKHOLDERS' EQUITY | | | |
| Accumulated deficit | (76,501) | (20,695) | (97,196) |
| TOTAL GWG HOLDINGS STOCKHOLDERS' EQUITY | 333,979 | (20,695) | 313,284 |
| Noncontrolling interests | 266,848 | 27,062 | 293,910 |
| TOTAL STOCKHOLDERS' EQUITY | 600,827 | 6,367 | 607,194 |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | $ 3,635,206 | $ 40,575 | $ 3,675,781 |

(1) Adjustment specifically reflects the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.

The following table sets forth the effects of the Restatement on the affected line items within the Company's previously reported Consolidated Statement of Operations for the year ended December 31, 2019 (dollars in thousands).

| | As Previously Reported | Adjustments | As Restated |
|---|---|---|---|
| INCOME TAX EXPENSE[1] | $ 57,933 | $ 13,932 | $ 71,865 |
| LOSS BEFORE EARNINGS FROM EQUITY METHOD INVESTMENTS | (137,530) | (13,932) | (151,462) |
| Gain on consolidation of equity method investment (see Note 4) [2] | 249,716 | (6,763) | 242,953 |
| NET INCOME (LOSS) | 108,109 | (20,695) | 87,414 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | 91,166 | (20,695) | 70,471 |
| NET INCOME (LOSS) PER COMMON SHARE | | | |
| Basic | $ 2.76 | $ (0.63) | $ 2.13 |
| Diluted | $ 2.65 | $ (0.59) | $ 2.06 |

[1] Adjustment reflects the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.
[2] Adjustment is due to the fair value adjustment of the Promissory Note, which was required as of December 31, 2019 upon consolidation of the ExAlt Trusts.

The following table sets forth the effects of the Restatement on the affected line items within the Company's previously reported Consolidated Statement of Cash Flows for the year ended December 31, 2019 (dollars in thousands).

| | As Previously Reported | Adjustments | As Restated |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income (loss) [1] [2] | $ 108,109 | $ (20,695) | $ 87,414 |
| Gain on consolidation of equity method investment | (249,716) | 6,763 | (242,953) |
| Deferred income taxes[1] | 57,923 | 13,932 | 71,855 |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | (142,830) | — | (142,830) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Business combination consideration, net of cash and restricted cash acquired | (61,479) | 16,459 | (45,020) |
| NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | (137,969) | 16,459 | (121,510) |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (26,105) | 16,459 | (9,646) |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | | | |
| END OF PERIOD | 99,331 | 16,459 | 115,790 |

[1] Adjustment reflects the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.
[2] Adjustment is due to the fair value adjustment of the Promissory Note, which was required as of December 31, 2019 upon consolidation of the ExAlt Trusts.

The following table sets forth the effects of the Restatement on the affected line items and classes of stockholders' equity within the Company's previously reported Consolidated Statement of Changes in Stockholder's Equity as of December 31, 2019 (dollars in thousands).

| | Accumulated Deficit | Total GWG Holdings Stockholders' Equity | Noncontrolling Interests | Total Stockholders' Equity |
|---|---|---|---|---|
| **Balance, December 31, 2019 (As Previously Reported)** | $ (76,501) | $ 333,979 | $ 266,848 | $ 600,827 |
| Adjustment to recognition of noncontrolling interest | — | — | 27,062 | 27,062 |
| Adjustments to net income | (20,695) | (20,695) | — | (20,695) |
| **Balance, December 31, 2019 (As Restated)** | $ (97,196) | $ 313,284 | $ 293,910 | $ 607,194 |

**(22) Effects of the Restatement - Quarterly Results (Unaudited)**

The tables below illustrate the impact of the Restatement, as well as other adjustments, on our historical Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Cash Flows, and Condensed Consolidated Statements of Changes in Stockholder's Equity for the interim quarters impacted, each as compared with the amounts presented in the original Form 10-Q previously filed with the SEC. All adjustments presented in the tables below reflect the impact of the consolidation of the ExAlt Trusts, unless otherwise specifically indicated in the footnotes to each table.

The following table sets forth the effects of the Restatement on the affected line items within the Company's previously reported Condensed Consolidated Balance Sheets as of September 30, 2020, June 30, 2020, and March 31, 2020 (dollars in thousands).

| | September 30, 2020 | | | June 30, 2020 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | $ 93,766 | $ 588 | $ 94,354 | $ 149,233 | $ 454 | $ 149,687 | $ 116,432 | $ 776 | $ 117,208 |
| Restricted cash | 15,990 | 5,324 | 21,314 | 19,059 | 6,686 | 25,745 | 26,446 | 7,613 | 34,059 |
| Investment in alternative assets, at net asset value | — | 221,245 | 221,245 | — | 315,713 | 315,713 | — | 335,487 | 335,487 |
| Loan receivables, net of discount | 229,961 | (229,961) | — | 218,448 | (218,448) | — | 219,296 | (219,296) | — |
| Allowance for loan losses | (2,914) | 2,914 | — | (7,900) | 7,900 | — | (700) | 700 | — |
| Loans receivable, net | 227,047 | (227,047) | — | 210,548 | (210,548) | — | 218,596 | (218,596) | — |
| Fees receivable | 31,571 | (31,571) | — | 31,611 | (31,611) | — | 30,453 | (30,453) | — |
| Financing receivables from affiliates | — | — | — | 69,428 | (69,428) | — | 68,290 | (68,290) | — |
| Other assets | 53,501 | 838 | 54,339 | 40,142 | 1,399 | 41,541 | 33,906 | 1,035 | 34,941 |
| Goodwill | 2,384,121 | (16,371) | 2,367,750 | 2,384,121 | (16,371) | 2,367,750 | 2,372,595 | (4,845) | 2,367,750 |
| TOTAL ASSETS | 3,629,674 | (46,994) | 3,582,680 | 3,718,637 | (3,706) | 3,714,931 | 3,684,229 | 22,727 | 3,706,956 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | | | | | | | | |
| LIABILITIES | | | | | | | | | |
| Seller Trust L Bonds [1] | $ 366,892 | $ (94,788) | $ 272,104 | $ 366,892 | $ — | $ 366,892 | $ 366,892 | $ — | $ 366,892 |
| Deferred revenue | 35,848 | (35,848) | — | 37,858 | (37,858) | — | 39,651 | (39,651) | — |
| Repurchase option | — | 730 | 730 | — | 56,660 | 56,660 | — | 52,052 | 52,052 |
| Accounts payable and accrued expenses | 33,235 | 277 | 33,512 | 23,457 | 242 | 23,699 | 21,139 | 208 | 21,347 |
| Deferred tax liability, net [2] | 52,500 | — | 52,500 | 33,674 | 18,826 | 52,500 | 40,206 | 12,294 | 52,500 |
| TOTAL LIABILITIES | 1,970,900 | (129,629) | 1,841,271 | 1,913,834 | 37,870 | 1,951,704 | 1,841,462 | 24,903 | 1,866,365 |
| STOCKHOLDERS' EQUITY | | | | | | | | | |
| Common stock in treasury, at cost, 12,337,264 shares December 31, 2020 and 2,500,000 shares as of December 31, 2019 [1] | (24,550) | (42,856) | (67,406) | (24,550) | — | (24,550) | (24,550) | — | (24,550) |
| Additional paid-in capital [1] | 178,969 | 98,385 | 277,354 | 225,537 | — | 225,537 | 229,207 | — | 229,207 |
| Accumulated deficit [2] | (200,935) | (5,501) | (206,436) | (136,355) | (24,752) | (161,107) | (121,933) | (18,634) | (140,567) |
| TOTAL GWG HOLDINGS STOCKHOLDERS' EQUITY | 120,630 | 50,028 | 170,658 | 242,067 | (24,752) | 217,315 | 269,415 | (18,634) | 250,781 |
| Noncontrolling interests [1] | 291,391 | 32,607 | 323,998 | 298,705 | (16,824) | 281,881 | 331,711 | 16,458 | 348,169 |
| TOTAL STOCKHOLDERS' EQUITY | 412,021 | 82,635 | 494,656 | 540,772 | (41,576) | 499,196 | 601,126 | (2,176) | 598,950 |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY | 3,629,674 | (46,994) | 3,582,680 | 3,718,637 | (3,706) | 3,714,931 | 3,684,229 | 22,727 | 3,706,956 |

[1] For September 30, 2020, adjustments reflect the impact of the Collateral Swap discussed in Note 1.
[2] Adjustments reflect the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following tables set forth the effects of the Restatement on the affected line items within the Company's previously reported Condensed Consolidated Statements of Operations for the quarterly periods ended September 30, 2020, June 30, 2020, and March 31, 2020 (dollars in thousands).

| | Three Months Ended September 30, 2020 | | | Three Months Ended June 30, 2020 | | | Three Months Ended March 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated |
| REVENUE | | | | | | | | | |
| Investment income (loss), net | $ — | $ 56,705 | $ 56,705 | $ — | $ (22,671) | $ (22,671) | $ — | $ 7,556 | $ 7,556 |
| Interest income | 12,928 | (12,650) | 278 | 12,671 | (12,371) | 300 | 13,989 | (13,274) | 715 |
| Trust services revenues | 4,556 | (4,556) | — | 4,829 | (4,829) | — | 5,027 | (5,027) | — |
| TOTAL REVENUE | 28,513 | 39,499 | 68,012 | 68,789 | (39,871) | 28,918 | 33,557 | (10,745) | 22,812 |
| EXPENSES | | | | | | | | | |
| Provision for loan losses | (4,986) | 4,986 | — | 7,200 | (7,200) | — | 700 | (700) | — |
| Other expenses | 4,550 | 162 | 4,712 | 4,895 | 168 | 5,063 | 3,612 | — | 3,612 |
| TOTAL EXPENSES | 81,963 | 5,148 | 87,111 | 68,720 | (7,032) | 61,688 | 124,050 | (700) | 123,350 |
| LOSS BEFORE INCOME TAXES | (53,450) | 34,351 | (19,099) | 69 | (32,839) | (32,770) | (90,493) | (10,045) | (100,538) |
| INCOME TAX EXPENSE (BENEFIT) [1] | 22,444 | (18,826) | 3,618 | (8,550) | 6,532 | (2,018) | (14,507) | (1,638) | (16,145) |
| LOSS BEFORE LOSS FROM EQUITY METHOD INVESTMENTS | (75,894) | 53,177 | (22,717) | 8,619 | (39,371) | (30,752) | (75,986) | (8,407) | (84,393) |
| NET INCOME (LOSS) | (77,325) | 53,177 | (24,148) | 7,301 | (39,371) | (32,070) | (77,516) | (8,407) | (85,923) |
| Net (income) loss attributable to noncontrolling interests | 12,745 | (33,926) | (21,181) | (21,723) | 33,253 | 11,530 | 32,084 | 10,468 | 42,552 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | $ (68,149) | $ 19,251 | $ (48,898) | $ (18,136) | $ (6,118) | $ (24,254) | $ (49,384) | $ 2,061 | $ (47,323) |
| NET INCOME (LOSS) PER COMMON SHARE | | | | | | | | | |
| Basic | $ (2.23) | $ 0.63 | $ (1.60) | $ (0.59) | $ (0.20) | $ (0.79) | $ (1.62) | $ 0.07 | $ (1.55) |
| Diluted | $ (2.23) | $ 0.63 | $ (1.60) | $ (0.59) | $ (0.20) | $ (0.79) | $ (1.62) | $ 0.07 | $ (1.55) |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING [2] | | | | | | | | | |
| Basic | 30,584,719 | (106,927) | 30,477,792 | 30,536,830 | — | 30,536,830 | 30,534,977 | — | 30,534,977 |
| Diluted | 30,584,719 | (106,927) | 30,477,792 | 30,536,830 | — | 30,536,830 | 30,534,977 | — | 30,534,977 |

[1] Adjustments reflect the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.
[2] For September 30, 2020, adjustments reflect the impact of the Collateral Swap discussed in Note 1.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following tables set forth the effects of the Restatement on the affected line items within the Company's previously reported Condensed Consolidated Statements of Operations for the year-to-date periods ended September 30, 2020 and June 30, 2020 (dollars in thousands).

| | Nine Months Ended September 30, 2020 | | | Six Months Ended June 30, 2020 | | |
|---|---|---|---|---|---|---|
| | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated |
| REVENUE | | | | | | |
| Investment income (loss), net | $ — | $ 41,590 | $ 41,590 | $ — | $ (15,115) | $ (15,115) |
| Interest income | 39,588 | (38,295) | 1,293 | 26,660 | (25,645) | 1,015 |
| Trust services revenues | 14,412 | (14,412) | — | 9,856 | (9,856) | — |
| TOTAL REVENUE | 130,859 | (11,117) | 119,742 | 102,346 | (50,616) | 51,730 |
| EXPENSES | | | | | | |
| Provision for loan losses | 2,914 | (2,914) | — | 7,900 | (7,900) | — |
| Other expenses | 13,057 | 330 | 13,387 | 8,507 | 168 | 8,675 |
| TOTAL EXPENSES | 274,733 | (2,584) | 272,149 | 192,770 | (7,732) | 185,038 |
| LOSS BEFORE INCOME TAXES | (143,874) | (8,533) | (152,407) | (90,424) | (42,884) | (133,308) |
| INCOME TAX EXPENSE (BENEFIT)[1] | (613) | (13,932) | (14,545) | (23,057) | 4,894 | (18,163) |
| LOSS BEFORE LOSS FROM EQUITY METHOD INVESTMENTS | (143,261) | 5,399 | (137,862) | (67,367) | (47,778) | (115,145) |
| NET INCOME (LOSS) | (147,540) | 5,399 | (142,141) | (70,215) | (47,778) | (117,993) |
| Net loss attributable to noncontrolling interests | 23,106 | 9,795 | 32,901 | 10,361 | 43,721 | 54,082 |
| NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS | $ (135,669) | $ 15,194 | $ (120,475) | $ (67,520) | $ (4,057) | $ (71,577) |
| NET INCOME (LOSS) PER COMMON SHARE | | | | | | |
| Basic | $ (4.44) | $ 0.49 | $ (3.95) | $ (2.21) | $ (0.13) | $ (2.34) |
| Diluted | $ (4.44) | $ 0.49 | $ (3.95) | $ (2.21) | $ (0.13) | $ (2.34) |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING [2] | | | | | | |
| Basic | 30,552,233 | (35,902) | 30,516,331 | 30,535,811 | — | 30,535,811 |
| Diluted | 30,552,233 | (35,902) | 30,516,331 | 30,535,811 | — | 30,535,811 |

[1] Adjustments reflect the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.
[2] For September 30, 2020, adjustments reflect the impact of the Collateral Swap discussed in Note 1.

**GWG HOLDINGS, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following tables set forth the effects of the Restatement on the affected line items within the Company's previously reported Condensed Consolidated Statements of Cash Flows for the year-to-date periods ended September 30, 2020, June 30, 2020, and March 31, 2020 (dollars in thousands).

| | Nine Months Ended September 30, 2020 | | | Six Months Ended June 30, 2020 | | | Three Months Ended March 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | | | |
| Net loss | $ (147,540) | $ 5,399 | $ (142,141) | $ (70,215) | $ (47,778) | $ (117,993) | $ (77,516) | $ (8,407) | $ (85,923) |
| Adjustments to reconcile net income (loss) to net cash flows used in operating activities: | | | | | | | | | |
| Investment income (loss), net | — | (41,590) | (41,590) | — | 15,115 | 15,115 | — | (7,556) | (7,556) |
| Amortization of upfront fees | (5,356) | 5,356 | — | (3,586) | 3,586 | — | (1,793) | 1,793 | — |
| Return on investments in alternative assets | — | 1,577 | 1,577 | — | 1,180 | 1,180 | — | 374 | 374 |
| Non-cash interest income, including interest paid-in-kind and accretion of purchase discount | (38,530) | 38,315 | (215) | (25,811) | 25,665 | (146) | (13,374) | 13,295 | (79) |
| Provision for loan losses | 2,914 | (2,914) | — | 7,900 | (7,900) | — | 700 | (700) | — |
| Deferred income taxes [1] | (4,621) | (13,932) | (18,553) | (24,250) | 4,894 | (19,356) | (17,717) | (1,638) | (19,355) |
| Change in operating assets and liabilities: | | | | | | | | | |
| Fees receivable | (2,643) | 2,643 | — | (2,443) | 2,443 | — | (1,285) | 1,285 | — |
| Other assets | (2,634) | 184 | (2,450) | (2,869) | (377) | (3,246) | 368 | (12) | 356 |
| Accounts payable and accrued expenses | 8,306 | 58 | 8,364 | 2,592 | 21 | 2,613 | (1,103) | 15 | (1,088) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | (142,905) | (4,904) | (147,809) | (83,669) | (3,151) | (86,820) | (40,632) | (1,551) | (42,183) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | | |
| Net change in loans receivable | 11,169 | (11,169) | — | 11,169 | (11,169) | — | 10,614 | (10,614) | — |
| Investments in alternative assets | — | (226) | (226) | — | (169) | (169) | — | (78) | (78) |
| Return of investments in alternative assets | — | 5,752 | 5,752 | — | 5,169 | 5,169 | — | 4,173 | 4,173 |
| NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | 16,007 | (5,643) | 10,364 | 19,049 | (6,169) | 12,880 | 10,751 | (6,519) | 4,232 |
| NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 10,425 | (10,547) | (122) | 68,962 | (9,320) | 59,642 | 43,547 | (8,070) | 35,477 |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | | | | | | | | | |
| BEGINNING OF PERIOD | 99,331 | 16,459 | 115,790 | 99,331 | 16,459 | 115,790 | 99,331 | 16,459 | 115,790 |
| END OF PERIOD | $ 109,756 | $ 5,912 | $ 115,668 | $ 168,293 | $ 7,139 | $ 175,432 | $ 142,878 | $ 8,389 | $ 151,267 |

[1] Adjustment reflects the impact of an immaterial out-of-period adjustment to correct the valuation allowance against the Company's deferred tax assets. See Note 2 to the consolidated financial statements for more details.

| | Nine Months Ended September 30, 2020 | | | Six Months Ended June 30, 2020 | | | Three Months Ended March 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated | As Previously Reported | Adjustments | As Restated |
| **NON-CASH INVESTING AND FINANCING ACTIVITIES** | | | | | | | | | |
| Conversion of Promissory Note | 70,565 | (70,565) | — | — | — | — | — | — | — |
| Collateral Swap (see Note 1): | | | | | | | | | |
| Exchange of alternative assets for Seller Trust L Bonds [1] | — | 94,788 | 94,788 | — | — | — | — | — | — |
| Exchange of alternative assets for common stock [1] | — | 42,856 | 42,856 | — | — | — | — | — | — |
| Deemed capital contribution from related party [1] | — | 46,770 | 46,770 | — | — | — | — | — | — |
| Adjustment to noncontrolling interest as a result of Collateral Swap [1] | — | 3,444 | 3,444 | — | — | — | — | — | — |
| Distribution payable to noncontrolling interest | — | 165 | 165 | — | 165 | 165 | — | 136 | 136 |
| Business combination measurement period adjustments: | | | | | | | | | |
| Reduction in loans receivable | 26,116 | (26,116) | — | 26,116 | (26,116) | — | 14,590 | (14,590) | — |

[1] For September 30, 2020, adjustments reflect the impact of the Collateral Swap discussed in Note 1.

The following table sets forth the effects of the Restatement on the affected line items and classes of stockholders' equity within the Company's previously reported Condensed Consolidated Statements of Changes in Stockholder's Equity for the quarters ended March 31, 2020 through September 30, 2020 (dollars in thousands). There was no impact to the redeemable noncontrolling interest.

| | Common Shares | Additional Paid-in Capital | Accumulated Deficit | Treasury Stock | Total GWG Holdings Stockholders' Equity | Noncontrolling Interests | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance, December 31, 2019 (As Previously Reported)** | 30,533,793 | $ 233,106 | $ (76,501) | $ (24,550) | $ 333,979 | $ 266,848 | $ 600,827 |
| Adjustments to recognition of noncontrolling interest | — | — | — | — | — | 27,062 | 27,062 |
| Adjustments to net income | — | — | (20,695) | — | (20,695) | — | (20,695) |
| **Balance, December 31, 2019 (As Restated)** | 30,533,793 | 233,106 | (97,196) | (24,550) | 313,284 | 293,910 | 607,194 |
| Adjustments to noncontrolling interest | — | — | — | — | — | (10,604) | (10,604) |
| Adjustments to net loss | — | — | 2,061 | — | 2,061 | — | 2,061 |
| Total other activity as previously reported | 1,456 | (3,899) | (45,432) | — | (64,564) | 64,863 | 299 |
| **Balance, March 31, 2020 (As Restated)** | 30,535,249 | 229,207 | (140,567) | (24,550) | 250,781 | 348,169 | 598,950 |
| Adjustments to noncontrolling interest | — | — | — | — | — | (33,282) | (33,282) |
| Adjustments to net loss | — | — | (6,118) | — | (6,118) | — | (6,118) |
| Total other activity as previously reported | 2,232 | (3,670) | (14,422) | — | (27,348) | (33,006) | (60,354) |
| **Balance, June 30, 2020 (As Restated)** | 30,537,481 | 225,537 | (161,107) | (24,550) | 217,315 | 281,881 | 499,196 |
| Adjustments to noncontrolling interest | — | — | — | — | — | 33,926 | 33,926 |
| Adjustments to net loss | — | — | 19,251 | — | 19,251 | — | 19,251 |
| Deemed capital contribution from related party | — | 46,770 | — | — | 46,770 | — | 46,770 |
| Recognition of shares in treasury | (9,837,264) | — | — | (42,856) | (42,856) | — | (42,856) |
| Adjustment for change in ownership | — | 8,039 | — | — | 8,039 | (8,039) | — |
| Reduction to noncontrolling interest for Beneficient treasury | — | — | — | — | — | (3,444) | (3,444) |
| Total other activity as previously reported | 57,183 | (2,992) | (64,580) | — | (77,861) | 19,674 | (58,187) |
| **Balance, September 30, 2020 (As Restated)** | 20,757,400 | $ 277,354 | $ (206,436) | $ (67,406) | $ 170,658 | $ 323,998 | $ 494,656 |

**(23) Subsequent Events and Other Matters**

*Amendment of Beneficient Credit Agreements*

On March 10, 2021, Beneficient Capital Company II, L.L.C. (formerly known as Beneficient Capital Company, L.L.C.) and Beneficient Company Holdings, L.P. (the "New Borrower"), both of which are subsidiaries of Ben LP, entered into Amendment No. 1 to the Second Amended and Restated Credit Agreement (the "First Lien Amendment") and Amendment No. 1 to the Second Amended and Restated Second Lien Credit Agreement (the "Second Lien Amendment" and, together with the First Lien Amendment, the "Amendments") with HCLP Nominees, L.L.C. (the "Lender"). The Second Amended and Restated Credit Agreement is referred to herein as the "First Lien Credit Agreement" and the Second Amended and Restated Second Lien Credit Agreement is referred to herein as the "Second Lien Credit Agreement" and, together with the First Lien Credit Agreement, the "Ben Credit Agreements." As of March 10, 2021, the principal amount outstanding under the First Lien Credit Agreement was $2.3 million and the principal amount outstanding under the Second Lien Credit Agreement was $72.0 million.

The Amendments extend the scheduled maturity date under the Ben Credit Agreements from April 10, 2021 to May 30, 2022. The Amendments also provide that the New Borrower shall repay $5.0 million of the outstanding principal amount under the Ben Credit Agreements on each of September 10, 2021, December 10, 2021 and March 10, 2022. The Amendments also provide for the payment by the New Borrower to the Lender of an extension fee equal to 1.5% of the outstanding principal amounts under the Ben Credit Agreements, which was added to the outstanding amount under the Ben Credit Agreements as provided for in the amendments.

On June 28, 2021, the New Borrower and the Lender entered into Amendment No. 2 to the Ben Credit Agreements. The amendments eliminate the obligation of DLP V to assume the Ben Credit Agreements as provided for in the Second Amendments and waive the daily fee payable upon the Trigger as defined and provided for in the Amendment No. 1 to the Ben Credit Agreements. The eliminated provisions are discussed in further detail in Note 10.

Effective July 15, 2021, Beneficient executed Consent and Amendment No. 3 to the Second Amended and Restated Credit Agreement and Amendment No. 2 to the Second Amended and Restated Subordinate Credit Agreement with its lender, which (i) deferred the payment of all accrued and unpaid interest until December 10, 2021, and (ii) deferred the installment payment of $5.0 million due on September 10, 2021, to December 10, 2021. Beneficient agreed to pay an amendment fee to the lender in an amount equal to 3% of the then outstanding principal and interest on December 10, 2021.

*Third Amended and Restated Senior Credit Facility with LNV Corporation*

On June 28, 2021, DLP IV entered into the Third Amended and Restated Credit Facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement (the "Third Amended Facility"), which replaced the LNV Credit Facility described in Note 10 to the consolidated financial statements. The Third Amended Facility resulted in an additional advance of $52.5 million from LNV Corporation.

In conjunction with entering into the Third Amended Facility, DLP V transferred life insurance policies having an aggregate face value of approximately $440.6 million to DLP IV, which were pledged as additional collateral to the Third Amended Facility, and DLP IV received proceeds of approximately $51.2 million (net of certain fees and expenses incurred in connection with the negotiation and entry into the Third Amended Facility). The Third Amended Facility sets forth interest and other terms and covenants similar those included in the previous LNV Credit Facility.

*Beneficient's Conditional Kansas Charter*

In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as TEFFIs, that provide fiduciary financing (e.g., lending to ExAlt Trusts), custodian and trustee services, in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021 and designates BFF as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to a subsidiary of Ben LP on July 1, 2021. Under the pilot program, BFF will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021 or. The bill also permits the Kansas Bank

Commissioner to request a six-month extension of the pilot program period, which could delay Beneficient's permission to exercise of fiduciary powers under the charter until July 1, 2022.

*National Founders LP Credit Agreement*

On August 11, 2021, GWG DLP Funding VI, LLC, a Delaware limited liability company ("DLP VI"), entered into a Credit Agreement (the "NF Credit Agreement") with each lender from time to time party thereto and National Founders LP, a Delaware limited partnership, as the administrative agent (the credit facility evidenced by such NF Credit Agreement, the "NF Credit Facility"). DLP VI is a wholly owned subsidiary of GWG DLP Funding Holdings VI, LLC, a Delaware limited liability company (the "DLP Holdings VI"). DLP Holdings VI is a wholly owned subsidiary of GWG Life.

On August 11, 2021, a one-time advance of approximately $107.6 million was made to the DLP VI under the NF Credit Facility with a scheduled maturity date of August 11, 2031. Amounts borrowed under the NF Credit Facility bear interest on each day on the outstanding principal amount on such day at a per annum rate, determined on a daily basis, generally equal to 5.5% up to 65% of the loan to value percent as calculated in accordance with the NF Credit Agreement, and 7.0% on anything above that loan to value percent. In particular, amounts borrowed under the NF Credit Facility bear interest on each day on the outstanding principal amount on such day at a per annum rate equal to the Interest Rate as of such day, or the Default Rate as of such day if an event of default has occurred and is continuing. The "Interest Rate" as of such day is equal to the sum of: (a) the percentage equal to (i) the Non-Higher Rate Factor as of such date of determination multiplied by (ii) 5.50%; and (b) the percentage equal to (i) the Higher Rate Factor as of such date of determination multiplied by (ii) 7.00%. "Non-Higher Rate Factor" means, as of any date of determination, the percentage equal to (i) 100% minus (ii) the Higher Rate Factor as of such date of determination, and "Higher Rate Factor" means, as of any date of determination, the percentage equal to (i) the greater of (a) the amount equal to (1) the LTV Percentage (as defined in the NF Credit Agreement) as of such date of determination minus (2) 65% and (b) zero percent divided by (ii) the LTV Percentage as of such date of determination. The "Default Rate" as of such day is equal to the sum of: (a) the Interest Rate as of such day and (b) 2.00%. Interest payments are made on a monthly basis.

Under the NF Credit Facility, each of DLP VI and DLP Holdings VI has granted the administrative agent, for the benefit of the lenders under the agreement, a security interest in substantially all of GWG Holdings' remaining life insurance policy assets not pledged by DLP IV under its LNV Credit Facility. In addition, amounts owing under the NF Credit Facility have been guaranteed by GWG Holdings upon the occurrence of a Guarantee Trigger Event (as defined in the guarantee), including certain bankruptcy events related to the DLP VI or DLP Holdings VI or a Change in Control (as defined in the NF Credit Agreement).

A portion of the proceeds from the funding under the NF Credit Facility was used to purchase life insurance policies that were owned by DLP IV, which used the funds to repay the most recent advance of $52.5 million plus interest and penalties under the LNV Credit Facility described above. At August 11, 2021, the aggregate face value of life insurance policies owned by DLP VI, was approximately $433.1 million. As of such date, the aggregate face value of life insurance policies owned by DLP IV was approximately $1.42 billion.

With the exception of assets pledged by DLP IV under the LNV Credit Facility, and the assets pledged under the NF Credit Facility, GWG Holdings secures L Bonds with a pledge of collateral security in its ownership interests in GWG Life and GWG Holdings' other direct subsidiaries; GWG Life's ownership in its direct subsidiaries that own directly or indirectly a large actuarially diverse portfolio of life insurance policies of highly rated insurance companies; and investments in Beneficient. Furthermore, L Bonds are secured by a pledge of approximately 4.0 million shares of GWG Holdings' common stock. GWG Holdings' most significant assets are cash and its investments in subsidiaries. These assets were not pledged under the NF Credit Facility.

The NF Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these covenants as of the date of this filing. In addition, the NF Credit Facility has certain reporting obligations that require DLP VI to deliver audited annual consolidated financial statements of DLP Holdings VI no later than 150 days after the end of each fiscal year (beginning with the fiscal year ending December 31, 2021) and unaudited quarterly consolidated financial statements of DLP Holdings VI no later than 90 days after the end of each of DLP VI's first three fiscal quarters (beginning with the fiscal quarter ending September 30, 2021). The NF Credit Facility also has customary events of default for a facility of this type.

DLP VI may voluntarily prepay amounts owing under the NF Credit Facility upon payment of all accrued and unpaid interest on such prepaid amounts and payment of the applicable Prepayment Premium (as defined in the NF Credit Agreement).

The NF Credit Facility permits DLP VI to pay dividends and distributions from the proceeds of the one-time advance. As a result, the funding under the NF Credit Facility, less amounts used to purchase the life insurance policies from DLP IV, will be available to GWG Holdings and will improve GWG Holdings' cash position while it works to complete this 2020 Form 10-K, and its Current Reports on Form 10-Q for the quarters ended March 31, 2021 and June 30, 2021, which GWG Holdings expects will permit it to resume the issuance of its L Bonds.

*Non-Binding Term Sheet with Beneficient*

On August 13, 2021, GWG Holdings, Ben LP, and BCH entered into a non-binding term sheet (the "Term Sheet") that contemplates a series of transactions which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the board of directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings. The Term Sheet and related negotiations are a part of ongoing efforts by management and the Board of Directors of GWG Holdings to maximize the value of GWG Holdings' and GWG Life's investment in Beneficient.

The Company believes that returning control of Beneficient is a necessary step for Ben LP to establish one of its operating subsidiaries as a TEFFI under the Kansas Technology-Enabled Fiduciary Financial Institutions Act (the "TEFFI Act"), which is important to Beneficient's long-term business objective of providing liquidity and other services to holders of alternative assets.

Until the definitive documentation is finalized and executed, each of these provisions is non-binding and is subject to change in all respects, including as a result of additional diligence, the further discharge of fiduciary duties, and the negotiation of definitive documentation. The Company has begun working on definitive documentation to implement the Term Sheet with Ben LP and is working to complete such definitive documentation within the fourth quarter of 2021, although there can be no assurance definitive documentation will be completed by then, or at all.

If Ben LP becomes an independent company pursuant to the terms of the Term Sheet, the Company expects that Ben LP would reduce its reliance on GWG Holdings to fund its operations and would raise future capital from other sources. Beneficient's capital raising efforts may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities may be dilutive to GWG Holdings' and GWG Life's investment in Ben LP and BCH and may include preferential terms relative to GWG Holdings' and GWG Life's investments in Ben LP and BCH. GWG Holdings and GWG Life would still retain a substantial investment in Beneficient.

*Fourth Amended and Restated Senior Credit Facility with LNV Corporation*

On September 7, 2021, DLP IV entered into a Fourth Amended and Restated Loan and Security Agreement with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement (the "Fourth Amended Facility"). The Fourth Amended Facility replaced the Third Amended Facility, that previously governed the Company's senior credit facility. The Fourth Amended Facility resulted in an additional advance of $30.3 million from LNV Corporation, paid on September 7, 2021.

Under the Fourth Amended Facility, all advances bear interest at a rate of the Benchmark Rate plus the Applicable Margin, or the Default Rate if an event of default has occurred and is continuing. For purposes of the Fourth Amended Facility, (i) the Benchmark Rate is the greater of (a) the sum of (i) the Federal Funds Rate plus (ii) one-half of one percent (0.50%) and (b) one and one half of one percent (1.50%); (ii) the Applicable Margin is seven and one half percent (7.50%); and (iii) the Default Rate is the Benchmark Rate plus nine and one half percent (9.50%).

*COVID-19*

In December 2019, a novel strain of coronavirus and the associated respiratory disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19's effect on the Company's operational and financial performance will depend on continuing developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Although a substantial majority of our employees continue to work remotely, we have maintained our operations at or near normal levels. We have not experienced any significant disruptions due to operational issues, loss of communication capabilities, technology failure or cyber-attacks. The Company continues to raise capital, receive distributions from alternative assets and insurance policy benefits, pay interest and dividends and otherwise meet its ongoing obligations. However, depending on the extent of the ongoing economic crisis resulting from the pandemic and its impact on the Company's business, the pandemic could have a material adverse effect on our results of operations, financial condition and cash flows.

*Policy Benefits and L Bonds*

Subsequent to December 31, 2020 through October 15, 2021, policy benefits on 81 policies covering 74 individuals have been realized. The face value of insurance benefits of these policies was $106.2 million.

Subsequent to December 31, 2020 through April 16, 2021, the date we temporarily suspended GWG Holdings' L Bond offering, GWG Holdings issued approximately $191.6 million of L Bonds. No L Bonds have been sold since April 16, 2021.

*Beneficient's Liquidity Transactions*

Subsequent to December 31, 2020 through the date of this filing, we executed 10 transactions pursuant to which customers sold interests in private equity funds with an aggregate net asset value of $5.6 million to certain of the ExAlt Trusts in exchange for agreed upon consideration.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

There have been no changes in or disagreements with accountants on accounting and financial disclosure.

**ITEM 9A. CONTROLS AND PROCEDURES.**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including GWG Holdings' Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance the objectives of the control system are met.

GWG Holdings' Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as of December 31, 2020 (the end of the period covered by this report). Based on that evaluation, GWG Holdings' Chief Executive Officer and Chief Financial Officer concluded that due to the material weaknesses described below, our disclosure controls and procedures were ineffective.

***Material Weaknesses***

*Restatement*

In connection with matters related to the Restatement, we have determined that a material weakness existed in our internal control over financial reporting for all periods from December 31, 2019 to December 31, 2020. As of December 31, 2020, the design and operating effectiveness of controls over the selection, application and review of the implementation of accounting policies were not sufficient to ensure amounts recorded and disclosed were fairly stated in accordance with GAAP. This material weakness resulted in the Restatement.

In response to this material weakness, our management has expended, and will continue to expend, a substantial amount of effort and resources for the remediation and improvement of our internal control over financial reporting. While we have processes to identify and evaluate the appropriate accounting for technical pronouncements and other literature for all significant or unusual transactions, we are improving these processes to ensure that the nuances and complexities of such transactions are effectively evaluated in the context of the increasingly complex accounting standards. Our remediation plan at this time includes continuing to enhance our internal and external technical accounting resources by hiring additional personnel and increasing communication with third-party professionals with whom we consult regarding the application of complex accounting transactions.

Our remediation plan can only be accomplished over time and will be continually reviewed to determine that it is achieving its objectives. We can offer no assurance that these initiatives will ultimately have the intended effects.

*Quarterly Valuation Allowance*

In connection with the preparation and review of our quarterly condensed consolidated financial statements as of and for the period ended September 30, 2020, we also identified a material weakness in internal controls over the quarterly income tax provision process, which included the measurement of the valuation allowance against the Company's deferred tax assets.

We have implemented a suite of enhanced internal controls and have involved additional external resources in the quarterly income tax provision process, including the assessment of the valuation allowance. We believe these measures will enable us to remediate this material weakness in internal controls over the income tax provision process, including the valuation allowance against the Company's deferred tax assets.

We have completed certain of such remediation activities as of the date of this filing and believe that we have strengthened our internal controls to address the identified material weakness in internal controls over the quarter income tax provision process. However, control weaknesses are not considered remediated until new internal controls have been operational for a

period of time, are tested, and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of these remediation measures, and we will make any changes to the design of this plan and take such other actions that we deem appropriate given the circumstances.

Notwithstanding these material weaknesses, the Company has concluded that no material misstatements exist in the consolidated financial statements, and such financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of and for the years ended December 31, 2020 and December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Changes in Internal Control over Financial Reporting**

As a result of the consolidation of Beneficient on December 31, 2019, we have evaluated the processes and procedures of Beneficient's internal control over financial reporting, and have incorporated Beneficient's internal control over financial reporting into our internal control over financial reporting framework. In addition, as a result of the consolidation of Beneficient, we have implemented new processes and controls over accounting for goodwill and other intangible assets, primarily related to assessing these assets for impairment.

Additionally, we implemented a suite of enhanced internal controls in response to the identified material weakness in the quarterly income tax provision process. Specifically, we implemented a more robust process for evaluating the potential impact of significant and unusual transactions on the tax provision. We have also involved additional internal and external resources with a heightened understanding of ASC Topic 740, *Income Taxes*, in the quarterly income tax provision process.

Other than the aforementioned items, there were no changes in our internal control over financial reporting identified in connection with management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Securities Exchange Act of 1934 during the fourth quarter of 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities and Exchange Act of 1934.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are in accordance with authorizations of management and directors of the company; and

(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Under the supervision of the Audit Committee of the Board of Directors of GWG Holdings and with the participation of our management, including GWG Holdings' Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, management concluded that due to the material weaknesses described above, our internal control over financial reporting as of December 31, 2020 was ineffective.

The Company’s independent registered public accounting firm has audited the Company’s internal control over financial reporting as of December 31, 2020, as stated in the Report of Independent Registered Public Accounting Firm, appearing under Item 8.

**ITEM 9B. OTHER INFORMATION.**

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following paragraphs provide information as of the date of this report about each of GWG Holdings' current directors and executive officers.

**Directors**

GWG Holdings' bylaws permit a maximum of fifteen directors. The board of directors of GWG Holdings currently consists of five members. GWG Holdings' Board of Directors is divided into three classes, designated as Class I, Class II and Class III. Each class serves staggered, three year terms except as described below. The terms of office of GWG Holdings' Class II directors will expire at the Combined 2020/2021 Annual Meeting, and their successors shall be elected for a term expiring at the 2023 annual meeting of stockholders. The terms of office of GWG Holdings' Class III directors will expire at the Combined 2020/2021 Annual Meeting, and their successors shall be elected for a three year term expiring at the 2024 annual meeting of stockholders. We expect that Peter T. Cangany, Jr. will become a Class I director and David F. Chavenson and David H. de Weese will become Class II directors following the Combined 2020/2021 Annual Meeting.

Each director serves until his or her successor is elected and shall have qualified, or until his or her earlier death, resignation, removal or disqualification.

The following chart sets forth the three classes of directors as of the date of this report.

| Director | Class | Expiration of Current Term of Director |
|---|---|---|
| Murray T. Holland | Class I | 2022 Annual Meeting |
| Peter T. Cangany, Jr. | Class III | 2020/2021 Annual Meeting |
| David F. Chavenson | Class III | 2020/2021 Annual Meeting |
| David H. de Weese | Class III | 2020/2021 Annual Meeting |
| Timothy L. Evans | Class III | 2020/2021 Annual Meeting |

| Name and Age of Director | Principal Occupation, Business Experience For the Past Five Years and Directorships of Public Companies | Director Since |
|---|---|---|
| | **CLASS I DIRECTORS** | |
| Murray T. Holland<br>Age 67 | Murray T. Holland has served as GWG Holdings' President and Chief Executive Officer since April 26, 2019 and a director and Chairman of the Board of GWG Holdings since June 2021. In 2001, Mr. Holland became an original investor and consultant for MHT Partners, a boutique investment banking firm based in Dallas, Texas with a number of offices in the United States. From 2013 until recently, he was Managing Director of MHT Partners. Mr. Holland resigned from this position in connection with the transaction contemplated by the Purchase and Contribution Agreement, dated April 15, 2019, among Jon R. Sabes, Steven F. Sabes and Ben LP, among others. Prior to MHT Partners, he was CEO and principal shareholder of Convergent Media Systems (Atlanta), a $100 million custom network outsourcing firm with approximately 300 employees, CEO and principal shareholder of Convergent Group Corporation (Denver), a $200 million geographic information systems software and integration firm with approximately 450 employees, and CEO and principal shareholder of BTI Americas (Chicago), a $2.7 billion business travel agency with approximately 4,400 employees. EDS was his principal business partner in these ventures. Prior to that, Mr. Holland was a partner at the law firm of Akin, Gump, Strauss, Hauer & Feld (Dallas) in corporate finance and securities, a Senior Vice President of Credit Suisse First Boston (New York and Dallas) in Mergers and Acquisitions and a Managing Director of Kidder, Peabody & Co. (New York) in Mergers and Acquisitions. He graduated from Washington and Lee University with a B.S. in 1975, University of Virginia Graduate School of Business Administration with an M.B.A. in 1978, and Washington and Lee University School of Law with a J.D. in 1980. Mr. Holland is the author of "A Nation in the Red" (McGraw Hill - 2014), a book about the U.S. national debt and its implications. | 2021 |

**CLASS III DIRECTORS**

| | | |
|---|---|---|
| Peter T. Cangany, Jr.<br>Age 64 | Peter T. Cangany, Jr. retired as a partner with Ernst & Young LLP ("EY") in 2017, having served in such capacity since 1993. Mr. Cangany specialized in the audits of companies involved in several sectors of the financial services industry, including insurance companies and investment management firms with a focus on public companies. He held senior positions with the leadership of EY throughout his years as a partner, including location and sector leadership responsibilities. Mr. Cangany also currently serves as Chair of the Board of Trustees of Franklin College of Indiana. Mr. Cangany brings extensive knowledge of financial reporting and accounting issues faced by companies in the financial services industry, as well as experience with early-stage growth businesses, strategic planning, and corporate governance from nearly 40 years of serving clients. Mr. Cangany earned a B.A. in Accounting from Franklin College and an M.B.A. from Texas A&M University. He is also a Certified Public Accountant. | 2019 |
| David F. Chavenson<br>Age 69 | David F. Chavenson served as Treasurer of Alon USA Energy Company from 2007 until 2018. He served as Vice President and Treasurer of Flowserve Corp. from 2001 until 2005; Senior Vice President and Chief Financial Officer at Worldwide Flight Services, Inc. from 2000 to 2001; and Vice President of Finance, Chief Financial Officer and Corporate Secretary of Rutherford-Moran Oil Corporation since April 1996 to 1999. Previous to 1996, Mr. Chavenson spent 18 years at Oryx Energy Company, an oil and gas exploration and production company (previously Sun Exploration and Production Co.) ("Oryx"), and served as Treasurer there from 1993 to 1996. Prior to that, he served as Assistant Treasurer and Manager of Corporate Finance, Manager of Financial Analysis and Senior Financial Specialist at Oryx. Mr. Chavenson has a B.A., magna cum laude, Phi Beta Kappa from Dickinson College and holds an M.B.A. in finance with honors from the Harvard Business School. He is also a Certified Public Accountant. | 2019 |
| David H. de Weese<br>Age 79 | David H. de Weese is a Partner of Paul Capital Advisors, a private equity firm. He was instrumental in developing Paul Capital's deal origination strategy and transaction sourcing network. He joined Paul Capital in 1995 and led global secondary transaction sourcing activities and the due diligence of life science and health care investments. Mr. de Weese has 14 years of management experience in Europe. He has an extensive entrepreneurial experience and in-depth scientific and business knowledge. He is the co-founder and a member of the board of directors of NISTA Diagnostics, Inc. He also founded Medical Innovations. In 1993, he co-founded and served as the President and Chief Executive Officer of M6 Pharmaceuticals. Mr. de Weese served as the President and Chief Executive Officer of Cygnus Therapeutic Systems, SIGA Technologies, Inc. and a Silicon Valley software company. Prior to Cygnus, he served as the President and Chief Executive Officer of Machine Intelligence Corporation. Mr. de Weese previously served as a member of the board of directors of OSE Immunotherapeutics SA (also known as OSE Pharma SA) and as the chairman of Capacitor Sciences, Inc. Mr. de Weese holds an M.B.A. from the Harvard Business School, a B.A. from Stanford University and attended law school at Stanford University. | 2019 |
| Timothy L. Evans<br>Age 42 | Timothy L. Evans joined GWG Holdings as Chief Integration Officer on May 6, 2019, and was appointed Chief Financial Officer on August 15, 2019 and a director in June 2021. Prior to joining GWG Holdings, Inc., Mr. Evans was Chief of Staff for Ben L.P. where he had also served as Vice President and Deputy General Counsel since February 2018. Prior to joining Ben LP, Mr. Evans was an attorney for the United States Securities and Exchange Commission for six years, where he served as a trial attorney and a counsel to the Director of Enforcement. Mr. Evans was an associate in the Dallas office of Thompson & Knight LLP for four years before joining the Securities and Exchange Commission. He received his Juris Doctorate, summa cum laude, from the University of Arkansas School of Law in 2008. Prior to practicing as an attorney, Mr. Evans was an accountant for three years with SMG, a public facility management company. He previously held an Arkansas CPA license but is not currently licensed by the Arkansas State Board of Public Accountancy. He graduated from the University of Illinois at Urbana-Champaign with a Bachelor of Arts in Economics in 2001. | 2021 |

**Executive Officers**

| Name and Title | Age | Principal Occupation, Business Experience for the Past Five Years and Directorships of Public Companies |
|---|---|---|
| Murray T. Holland<br>President and Chief Executive Officer | 67 | See description above. |
| Timothy L. Evans<br>Chief Financial Officer and Treasurer | 42 | See description above. |

**Board Leadership Structure and Risk Oversight**

Murray T. Holland serves as GWG Holdings' Chairman of our Board of Directors.

Management and our outside counsel discuss risks, both during Board meetings and in direct discussions with members of our Board of Directors. These discussions identify Company risks that are prioritized and assigned to the appropriate Board committee, as discussed below, or the full Board for oversight. Our risk management program as a whole is reviewed periodically as needed or as requested by GWG Holdings' Board or a Board committee.

**Board Committees and Board Meetings**

GWG Holdings' Board of Directors has an Audit Committee, a Compensation Committee and an Executive Committee. GWG Holdings' Board of Directors has also had a Nomination and Corporate Governance Committee; however, the activities conducted by such committee are currently being conducted by the full Board of Directors. Each of the foregoing Committees has a written charter, a copy of each of which is available at GWG Holdings' website at www.gwgh.com. GWG Holdings' Board committees comply with the listing requirements of The Nasdaq Marketplace Rules taking into account its reliance on exceptions for "controlled companies" as described under the caption "Director Independence" below.

**Audit Committee**

The Audit Committee consists of three members: Peter T. Cangany, Jr. (Chair), David F. Chavenson, and David H. de Weese. All of the members are financially literate and are independent directors under the Nasdaq Marketplace Rules, and SEC audit committee structure and membership requirements. Further, GWG Holdings' Board has determined that Mr. Cangany is an "audit committee financial expert" as defined by applicable regulations of the SEC and is "independent" under the Nasdaq Marketplace Rules.

The Audit Committee's job is one of oversight as set forth in its charter. It is not the duty of the Audit Committee to prepare our consolidated financial statements, to plan or conduct audits or investigations, or to determine that our financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Our management is responsible for preparing our consolidated financial statements and for establishing and maintaining effective internal control over financial reporting. The independent registered public accountants are responsible for the audit of our consolidated financial statements and the review of the effectiveness of our internal control over financial reporting.

The Audit Committee is responsible primarily for assisting the Board in fulfilling its oversight and monitoring responsibility of reviewing the financial information that will be provided to stockholders and others, appointing the independent registered public accounting firm, reviewing the services performed by our independent registered public accounting firm, reviewing our accounting policies and the internal controls established by management and the Board, reviewing significant financial transactions, the integrity of the financial statements and our enterprise risk management framework. The Audit Committee also reviews the Anonymous Complaint Program, which allows for confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters, including reviewing if any such complaints were received and the disposition of those complaints.

In fulfilling its oversight over our independent registered public accounting firm, the Audit Committee carefully reviews the engagement of the independent registered public accounting firm, which includes among other things: the scope of the audit; fees; the assigned partner(s) and other personnel and their industry experience; auditor independence; peer and Public Company Accounting Oversight Board ("PCAOB") reviews; any significant legal proceedings; previous experience with the firm's performance; and any non-audit services performed. The Audit Committee engaged Grant Thornton LLP as our independent registered public accounting firm for the year ended December 31, 2020.

We maintain an auditor independence policy that, among other things, prohibits our independent registered public accounting firm from performing non-financial consulting services, such as information technology consulting and internal audit services. This policy mandates that the Audit Committee approve in advance any non-audit services to be performed by the independent registered public accounting firm and the related costs associated therewith. Therefore, we may not enter into engagements with our independent registered public accounting firm for non-audit services without the express pre-approval of the Audit Committee.

**Compensation Committee**

GWG Holdings' Compensation Committee consists of one member: David H. de Weese. As described in our Current Report on Form 8-K filed with the SEC on June 17, 2021, Thomas O. Hicks, a former member of GWG Holdings' Compensation Committee, resigned from the Board and the Compensation Committee to join the board of directors of the Beneficient TEFFI trust company, and the Board has yet to appoint a successor to Mr. Hicks on the Compensation Committee. GWG Holdings' Compensation Committee is charged with oversight responsibility for the adequacy and effectiveness of our executive compensation and benefit plans and is primarily responsible for all matters relating to compensation of our executive officers and the directors, the adoption of all employee compensation and employee benefit plans and the administration of such plans including granting stock incentives or other benefits, and the review and approval of disclosures regarding executive compensation included in our SEC reports. GWG Holdings' Compensation Committee has the authority to obtain advice and assistance from external legal, accounting or other advisors, and has the authority to retain, terminate and approve the fees payable to any external compensation consultant to assist in the evaluation of director and senior executive compensation. However, any services to be rendered by our independent registered public accounting firm shall be pre-approved by the Audit Committee if required under our policy regarding pre-approval of such services.

**Executive Committee**

GWG Holdings' Executive Committee currently consists of one member: David H. de Weese. As described in our Current Report on Form 8-K filed with the SEC on June 17, 2021, Brad K. Heppner, Thomas O. Hicks, and Bruce W. Schnitzer, former members of the Executive Committee, resigned from the Board and the Executive Committee to join the board of directors of the Beneficient TEFFI trust company, and the Board has yet to appoint successors to Messrs. Heppner, Hicks, or Schnitzer on the Executive Committee. GWG Holdings' Executive Committee has authority to act on behalf of the full Board of Directors between regular meetings of the Board of Directors, consistent with the requirements of Delaware law.

**Corporate Governance and Nominating Committee**

GWG Holdings' Corporate Governance and Nominating Committee was dissolved in 2019. We are a controlled company and are currently relying on the Nasdaq controlled company exemption from the requirement to have nominations for director be selected, or recommended for selection, solely by independent directors. The activities conducted by GWG Holdings' Corporate Governance and Nominating Committee are currently being conducted by the full Board of Directors. The primary role of GWG Holdings' Corporate Governance and Nominating Committee was to consider and make recommendations to the full Board of Directors concerning the appropriate size, function and needs of the Board of Directors, including establishing criteria for Board membership and considering, recruiting and recommending candidates (including those recommended by stockholders) to fill new Board positions. The Corporate Governance and Nominating Committee also considered and advised the full Board of Directors on matters of corporate governance and monitored and recommended the functions of, and membership on, the various committees of the Board of Directors.

GWG Holdings' Corporate Governance and Nominating Committee (or a subcommittee thereof) recruited and considered director candidates and presented all qualified candidates to the full Board of Directors for consideration. In identifying and evaluating potential candidates to be nominees for directors, GWG Holdings' Corporate Governance and Nominating Committee had the flexibility to consider such factors as it deemed appropriate under relevant circumstances. These factors may include education, general business and industry experience, ability to act on behalf of stockholders and build long-term stockholder value, potential concerns regarding independence or conflicts of interest and other factors relevant in evaluating Board nominees. Qualified candidates will be considered without regard to race, color, religion, sex, ancestry, national origin, disability, marital or veteran status, or any other legally protected status. Although our Corporate Governance and Nominating Committee did not have a policy with regard to the consideration of diversity in identifying director candidates, the overall Board of Directors' diversity of industry background and experience is generally among the factors considered. GWG Holdings' Corporate Governance and Nominating Committee believed that a Board of Directors comprised of directors with diverse skills and experiences relevant to our industry will result in efficient and competent oversight of our various core competencies.

GWG Holdings' Corporate Governance and Nominating Committee considered recommendations by stockholders of candidates for election to the Board of Directors. Any stockholder who wishes that the Board consider a candidate must follow the procedures set forth in our bylaws. Under our bylaws, if a stockholder plans to nominate a person as a director at a meeting, the stockholder is required to place a proposed director's name in nomination by written request delivered to or mailed and received at our principal executive offices not less than 90 nor more than 120 calendar days prior to the first anniversary of the date on which we first mailed proxy materials for the preceding year's annual meeting. However, in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not less than 90 nor more than 120 calendar days prior to the date of such annual meeting, or if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the tenth day following the day on which public announcement is made.

**Ability of Stockholders to Communicate with GWG Holdings' Board of Directors**

GWG Holdings' Board of Directors has established several means for stockholders and others to communicate with the Board of Directors. If a stockholder has a concern regarding our financial statements, accounting practices or internal controls, the concern should be submitted in writing to the Chair of our Audit Committee in care of our Secretary at the address of our principal executive offices. If the concern relates to our governance practices, business ethics or corporate conduct, the concern should be submitted in writing to the Chairman of the Board of Directors in care of our Secretary at the address of our principal executive offices. If a stockholder wishes to provide input with respect to our executive compensation policies and programs, input should be submitted in writing to the Chair of our Compensation Committee in care of our Secretary at the address of our principal executive offices. If a stockholder is unsure as to which category the concern relates, the stockholder may communicate it to any one of the independent directors in care of our Secretary at the address of our principal executive offices. All stockholder communications sent in care of our Company Secretary will be forwarded promptly to the applicable director(s).

**Delinquent Section 16(a) Reports**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file electronically reports of ownership and changes in ownership of such securities with the SEC. Based on review of the copies of Forms 3 and 4 and amendments thereto filed electronically with the SEC during the year ended December 31, 2020 and Forms 5 and amendments thereto filed electronically with the SEC with respect to such year, or written representations that no Forms 5 were required, we believe all required forms have been filed by our officers, directors and greater than ten percent beneficial owners.

**Code of Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all of our employees and all of our officers (specifically including but not limited to the principal executive officer (CEO), principal financial officer (CFO) and other members of management). Our Code of Business Conduct and Ethics satisfies the requirements of Item 406(b) of Regulation S-K. Our Code of Business Conduct and Ethics is available on our Internet website at www.gwgh.com.

**ITEM 11. EXECUTIVE COMPENSATION AND RELATED-PARTY TRANSACTION DISCLOSURES.**

**Summary Compensation Table**

The following table sets forth the cash and non-cash compensation for the 2019 and 2020 fiscal years awarded to or earned by: (i) each individual who served as the principal executive officer of GWG Holdings during 2020; (ii) the two most highly compensated executive officers of GWG Holdings who were serving as executive officers at the end of 2020 and who received more than $100,000 in the form of salary and bonus during such year; and (iii) up to two additional individuals for whom disclosure would have been required under (ii) above but for the fact that the individual was not serving as an executive officer of GWG Holdings at the end of 2020. These individuals are referred to as GWG Holdings' "named executives."

| Name and Principal Position | Year | Salary | Bonus | All Other Compensation | Total |
|---|---|---|---|---|---|
| Murray T. Holland<br>President and Chief Executive Officer | 2020 | $ 650,000 | $ 975,000 | $ 17,819 | $ 1,642,819 |
| | 2019[1] | $ 440,000 | $ 637,500 | $ — | $ 1,077,500 |
| Timothy L. Evans<br>Chief Financial Officer | 2020 | $ 400,000 | $ 500,000 | $3,427,411[2] | $ 4,327,411 |
| | 2019[3] | $ 261,539 | $ 326,750 | $ — | $ 588,289 |
| Lennie Nicholson<br>Former General Counsel[4] | 2020 | $ 211,538 | $ 105,769 | $ — | $ 317,308 |

(1) Mr. Holland was appointed as Chief Executive Officer on April 26, 2019 with an annual base salary of $650,000.
(2) Includes REUs (defined below) with an estimated grant date fair value of $1,562,500 issued by Ben LP and BMP Equity Units (defined below) with an estimated grant date fair value of $1,854,834 issued by Beneficient Management Partners, L.P. to Mr. Evans. Awards of REUs and BMP Equity Units are included because, beginning on December 31, 2019, GWG Holdings reports the results of Beneficient on a consolidated basis.
(3) Mr. Evans was appointed Chief Financial Officer on August 15, 2019 with an annual base salary of $400,000.
(4) Mr. Nicholson was appointed as General Counsel of GWG Holdings on March 3, 2020 and resigned on January 29, 2021.

In general, in connection with its decisions about executive compensation, the Compensation Committee intends to consider the results of the most recent stockholder advisory vote on executive compensation as well as the advisory vote on the frequency of future advisory votes on executive compensation in determining how frequently to hold its Say-on-Pay vote in the future. The Company currently seeks a stockholder advisory vote on executive compensation every three years and expects to hold the next stockholder advisory vote on executive compensation at the Company's 2022 annual meeting of stockholders.

**Employment Agreements and Change-in-Control Provisions**

As of the date of this filing, GWG Holdings' named executives held the following positions: Mr. Murray T. Holland, President and Chief Executive Officer; and Mr. Timothy L. Evans, Chief Financial Officer.

On April 26, 2019, and in connection with the closing of the Purchase and Contribution Transaction, Murray T. Holland was appointed as Chief Executive Officer of GWG Holdings. On May 31, 2019, GWG Holdings entered into an employment agreement with Mr. Holland pursuant to which he is currently serving as GWG Holdings' President and Chief Executive Officer. The employment agreement has an initial three-year term and is automatically renewed for additional one-year periods unless either party gives notice of non-renewal at least 60 days prior to the expiration of the then current term.

Under the employment agreement, Mr. Holland is entitled to an annual base salary of $650,000, retroactive to April 26, 2019, and is eligible to receive an annual cash bonus the target amount of which will be 150% of his base salary (prorated for the partial first year of employment). Whether the bonus is granted for a particular year, and the amount thereof, will be determined by GWG Holdings' Compensation Committee in its discretion based upon Mr. Holland's performance. Mr. Holland is also entitled to participate in all employee benefit plans and programs made available by GWG Holdings to the Company's executive employees generally.

If Mr. Holland's employment is terminated by us without "Cause" or if he voluntarily resigns with "Good Reason," in each case as defined in the employment agreement, then (i) he will be entitled to severance pay in an amount equal to his annual base salary, payable in a lump sum within 30 days after the date of the termination, (ii) he will receive a pro-rated portion of the target amount of his annual cash bonus for the year in which termination occurs, and (iii) any performance share units ("PSUs") or other equity incentives held by Mr. Holland will fully vest on the date of termination.

On May 31, 2019, and as contemplated by the employment agreement and discussed below, GWG Holdings entered into a Performance Share Unit Agreement (the "PSU Agreement") with Mr. Holland that provides for a target award grant of 129,717 PSUs (the "Target Award"), and up to a maximum of 259,434 PSUs. Each PSU represents the right to receive one share of GWG Holdings' common stock (or, following a Change-in-Control Transaction (as defined in the PSU Agreement, the cash value thereof), upon vesting, which is generally subject to (i) the satisfaction of performance goals over a three year

performance period, as determined by GWG Holdings' Compensation Committee in its sole discretion, and (ii) Mr. Holland remaining continuously employed by GWG Holdings or one of its subsidiaries ("Continuous Service") from the date of grant through the date that the PSUs are vested and paid in shares of common stock (or cash). Promptly following the Company's filing with the SEC of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the final year of the performance period), GWG Holdings' Compensation Committee will review and certify in writing (a) whether, and to what extent, the performance goals have been achieved, and (b) the number of PSUs that vested, if any. At such time, PSUs that are not vested will be forfeited.

The PSUs are subject to forfeiture until they vest. If Mr. Holland's Continuous Service terminates for any reason at any time before all PSUs have vested, all unvested PSUs will be automatically forfeited upon such termination of Continuous Service. However, if Mr. Holland's Continuous Service terminates as a result of his death or disability, or as a result of a termination by the Company without Cause or by Mr. Holland for Good Reason, Mr. Holland will retain, and will not forfeit, a pro rata portion of the Target Award based on the number of days that he remained employed during the performance period. This retained portion of the Target Award will not be subject to accelerated vesting and, instead, will vest (and be paid in shares of common stock) based on extent to which the performance goals are achieved during the entire performance period.

If a "Sale Transaction," as defined in GWG Holdings' 2013 Stock Incentive Plan, occurs during the performance period, Mr. Holland remains in Continuous Service up until the date of such Sale Transaction, and the acquiring entity or successor to GWG Holdings does not assume the obligations of GWG Holdings under the PSU Agreement or replace the grant with a substantially equivalent incentive award, then all outstanding PSUs shall vest at Target Award levels on the date of such Sale Transaction.

If a Change-in-Control Transaction occurs during the performance period, then all outstanding PSUs will automatically vest at Target Award levels on the 120th day following the closing of the Change-in-Control Transaction (the "Retention Date"), contingent upon Mr. Holland remaining in Continuous Service through the Retention Date. However, if Mr. Holland's Continuous Service terminates following the occurrence of a Change-in-Control Transaction and prior to the Retention Date for any reason other than as a result of a termination by GWG Holdings for Cause, then all outstanding PSUs will automatically vest at Target Award levels upon such termination. PSUs vesting upon a Change-in-Control will be paid in cash (not shares of common stock). The amount of cash to be paid to Mr. Holland in respect of each vested PSU will be equal to the greater of (y) $12.00 or (z) the Fair Market Value (as defined in the Plan) of a share of common stock as of the trading date immediately prior to the closing date of the Change-in-Control Transaction. The PSU Agreement includes a provision allowing GWG Holdings to reduce the payment to which Mr. Holland would be entitled upon a Change-in-Control Transaction to the extent needed for him to avoid paying an excise tax under Internal Revenue Code Section 280G, unless Mr. Holland would be better off, on an after-tax basis, receiving the full amount of such payments and paying the excise taxes due.

On August 15, 2019, Timothy L. Evans was appointed as GWG Holdings' Chief Financial Officer and Treasurer, replacing William B. Acheson. Mr. Acheson remained employed by GWG Holdings on an interim basis as an Executive Vice President, to assist in the transition of his prior duties and responsibilities to Mr. Evans, but is no longer in that capacity.

**2013 Stock Incentive Plan**

We maintain the GWG Holdings, Inc. 2013 Stock Incentive Plan, under which 6,000,000 shares of GWG Holdings' common stock have previously been approved for issuance. The 2013 Stock Incentive Plan permits the grant of both incentive and non-statutory stock options. Through December 31, 2020, we had issued stock options, SARs and Restricted Stock Units (hereinafter, "options") for 2,507,904 shares of common stock to employees, officers, directors, and consultants under the plan. As of December 31, 2020, (i) 1,360,491 shares are reserved for issuance under outstanding options, of which 922,985 options have vested and the remaining outstanding are scheduled to vest over three years, (ii) 322,552 shares have been issued upon the exercise of options granted under the 2013 Stock Incentive Plan, and (iii) 3,492,096 shares remain available for issuance of future incentive grants. The Board of Directors adopted the 2013 Stock Incentive Plan to provide a means by which our employees, directors, officers and consultants may be granted an opportunity to purchase GWG Holdings' common stock, to assist in retaining the services of such persons, to secure and retain the services of persons capable of filling such positions and to provide incentives for such persons to exert maximum efforts for our success.

**BMP Equity Incentive Plan**

The board of directors of Beneficient Management, Ben LP's general partner, maintains the BMP Equity Incentive Plan under which participants are eligible to receive equity units in Beneficient Management Partners, L.P. ("BMP"), an entity

affiliated with the board of directors of Beneficient Management. The BMP equity units eligible to be awarded to participants are comprised of BMP's Class A Units and/or BMP's Class B Units (collectively, the "BMP Equity Units"). The weighted-average grant date fair value of BMP Equity Units was $9.61 per unit as of December 31, 2020.

On January 1, 2020, Mr. Evans was awarded 193,011 BMP Equity Units for his prior service at Ben LP that vested 20% on the date of grant and vest 20% on each anniversary of Mr. Evan's hire date with Ben LP of February 15, 2018.

**Ben Equity Incentive Plan**

The Board of Directors of Beneficient Management maintains the Ben Equity Incentive Plan under which Ben LP is permitted to grant equity awards, in the form of restricted equity units ("REUs") up to a maximum of 12,811,258, representing ownership interests in common units of Ben LP. The holders of certain of the units issued under the BMP Equity Incentive Plan and the Ben Equity Incentive Plan, upon vesting, have the right to convert the units to shares of GWG Holdings common stock per the Exchange Agreement discussed below.

The estimated weighted-average grant date fair value date of REUs was $12.50 as of December 31, 2020.

On January 1, 2020, Mr. Evans was awarded 125,000 REUs for his prior service at Ben LP that vested 20% on the date of grant and vest 20% on each anniversary of Mr. Evan's hire date with Ben LP of February 15, 2018.

**Outstanding Equity Awards at Year End**

The following table sets forth the total outstanding equity awards as of December 31, 2020 for each named executive officer.

| | | Stock Awards | | | |
|---|---|---|---|---|---|
| **Name** | **Grant Date** | **Number of Shares or Units of Stock That Have Not Vested (#)** | **Market Value of Shares or Units of Stock That Have Not Vested ($)** | **Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)** | **Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)** |
| Murray T. Holland[(1)] | 05/31/2019 | — | $ — | 129,717 | $ 906,721 |
| Timothy L. Evans[(2)] | 01/01/2020 | 50,000 | 625,000 | — | — |
| | 01/01/2020 | 77,204 | 741,931 | — | — |

(1) Represents the target award of PSUs awards that will vest on December 31, 2021, subject to the satisfaction of certain performance goals over a three-year performance period and Mr. Holland's Continuous Service (as defined in the PSU Agreement), through such vesting date, with a market value based on GWG Holdings' closing stock price of $6.99 on December 31, 2020.

(2) Includes 50,000 unvested REUs, of which 25,000 vested on February 15, 2021 and 25,000 vest February 15, 2022, and 77,204 unvested BMP Equity Units of which 38,602 vested on February 15, 2021 and 38,602 vest February 15, 2022.

**Director Compensation**

The following table sets forth the cash compensation awarded to or earned by each individual who served as a member of GWG Holdings' Board of Directors during the year ended December 31, 2020. There was no non-cash compensation paid to members of GWG Holdings' Board of Directors during 2020 except as noted below for Mr. Lockhart and Mr. Bailey.

| Director's Name | Fees Earned or Paid in Cash 2020[1] | Stock Awards | Total |
|---|---|---|---|
| Peter T. Cangany, Jr.[2] | $ 371,225 | $ — | $ 371,225 |
| David F Chavenson | 156,255 | — | 156,255 |
| Brad K. Heppner | 100,000 | — | 100,000 |
| Thomas O. Hicks | 412,000 | — | 412,000 |
| Dennis P. Lockhart[3] | 295,375 | 1,105,500 | 1,400,875 |
| Bruce W. Schnitzer[4] | 400,000 | — | 400,000 |
| David H. de Weese | 100,000 | — | 100,000 |
| Roy W. Bailey[5] | 155,537 | 55,187 | 210,724 |
| Daniel P. Fine[6] | 62,413 | — | 62,413 |
| Michelle Caruso-Cabrera[7] | 43,625 | — | 43,625 |
| David S. Gruber[8] | 29,897 | — | 29,897 |
| Kathleen J. Mason[9] | 22,291 | — | 22,291 |
| Roger T. Staubach[10] | 133,379 | — | 133,379 |

(1) Includes cash compensation for service as a director on the board of directors of Beneficient Management, L.L.C., a Delaware limited liability company ("Beneficient Management"), the general partner of Ben LP (the "Ben Board") of $300,000 for Mr. Schnitzer, $190,000 for Mr. Lockhart, $27,143 or Ms. Caruso-Cabrera, $210,000 for Mr. Cangany, $87,500 for Mr. Staubach, and $300,000 for Mr. Hicks.

(2) At fiscal year-end, Mr. Cangany had outstanding 25,000 REUs, of which 12,500 vested on April 1, 2021, and 12,500 vest on April 1, 2022, and 30,000 BMP Equity Units, of which 10,000 vested on April 1, 2021, 10,000 vest on April 1, 2022, and 10,000 vest on April 1, 2023.

(3) Stock awards include 50,000 REUs with an estimated grant date fair value of $625,000 and 50,000 BMP Equity Units with an estimated grant date fair value $480,500 that Mr. Lockhart was granted on May 1, 2020 for service as a director on the Ben Board. The REUs vest 25% on the date of grant and 25% on each anniversary of Mr. Lockhart's service start date with the Ben Board of May 10, 2019 and BMP Equity Units vest 20% on the date of grant and 20% on each anniversary of Mr. Lockhart's service start date with the Ben Board of May 10, 2019. At fiscal year-end, Mr. Lockhart had outstanding 25,000 REUs, of which 12,500 vest on May 10, 2021, and 12,500 vest on May 10, 2022, and 30,000 BMP Equity Units, of which 10,000 vest on May 10, 2021, 10,000 vest on May 10, 2022, and 10,000 vest on May 10, 2023.

(4) At fiscal year-end, Mr. Schnitzer held 3,750 REUs which vested on January 1, 2021.

(5) Mr. Bailey commenced serving as a member of GWG Holdings' Board of Directors on March 16, 2020 and ceased serving as a member of GWG Holdings' Board of Directors on March 6, 2021. The amount in the Stock Awards column represents the grant date fair value computed in accordance with FASB ASC Topic 718 for a grant of 7,895 restricted stock units. Such units did not vest due to Mr. Bailey's resignation from GWG Holdings' Board of Directors on March 6, 2021.

(6) Mr. Fine commenced serving as a member of GWG Holdings' Board of Directors on September 3, 2020 and ceased serving as a member of GWG Holdings' Board of Directors on March 6, 2021.

(7) Ms. Caruso-Cabrera ceased serving as a member of GWG Holdings' Board of Directors on February 21, 2020.

(8) Mr. Gruber commenced serving as a member of GWG Holdings' Board of Directors on September 3, 2020 and ceased serving as a member of GWG Holdings' Board of Directors on October 27, 2020.

(9) Ms. Mason ceased serving as a member of GWG Holdings' Board of Directors on March 2, 2020.

(10) Mr. Staubach ceased serving as a member of GWG Holdings' Board of Directors on June 15, 2020.

During 2020, all directors received annualized cash compensation of $100,000 paid in quarterly installments in arrears. The Chair and members of the Board's committees received the additional annualized cash compensation set forth below:

| Committee | Position | Additional Fees |
|---|---|---|
| Audit Committee | Chair | $ 15,000 |
| | Member (other than Chair) | $ 10,000 |
| Compensation Committee | Chair | $ 12,000 |
| | Member (other than Chair) | $ 5,375 |
| Special Committee | Chair | $ 30,000 |
| | Member (other than Chair) | $ 25,000 |

Further, each member of the former Special Committee, which was dissolved in March 2021, received $1,000 for attending each Special Committee meeting, whether participating in-person or telephonically. The former Special Committee was a committee of the Board comprised solely of directors independent of Beneficient that was formed primarily for the purpose of considering and, if deemed appropriate, approving company transactions with or involving Beneficient.

In addition, upon approval by the board of directors of Beneficient Management ("Ben Board") following the recommendation of its compensation committee, members of the Board of Directors that serve as a member of the board of directors of Ben Management may receive board and committee retainers, meeting fees, equity-based compensation or other form of compensation for their service on the Ben Board.

On March 16, 2020, GWG Holdings entered into a restricted stock unit agreement with Mr. Bailey pursuant to which he received a grant of 7,895 restricted stock units. Each restricted stock unit entitled him to receive one share of GWG Holdings' common stock upon vesting on the one-year anniversary of the grant date, subject to remaining a member of the Board through such date, and subject to accelerated vesting in certain circumstances. Such units did not vest due to his resignation from the Board of Directors on March 6, 2021.

GWG Holdings has entered into Indemnification Agreements (the "Indemnification Agreements") with each of its current directors and executive officers (collectively, the "Indemnitees"). The Indemnification Agreements clarify and supplement indemnification provisions already contained in GWG Holdings' bylaws and generally provide that GWG Holdings shall indemnify the Indemnitees to the fullest extent permitted by applicable law, subject to certain exceptions, against expenses, judgments, fines and other amounts actually and reasonably incurred in connection with their service as a director or officer and also provide for rights to advancement of expenses and contribution.

The description of the Indemnification Agreements and the restricted stock unit agreement set forth above is not complete and is qualified in its entirety by reference to the full text of the form of Indemnification Agreement and the form of restricted stock unit agreement which are filed as Exhibit 10.17 and Exhibit 10.24, respectively, to this 2020 Form 10-K.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.

### In General

The tables below set forth information known to us regarding the beneficial ownership of GWG Holdings' common stock as of September 30, 2021 for:

- each person we believe beneficially holds more than 5% of GWG Holdings' outstanding common shares (based solely on our review of SEC filings), other than consolidated subsidiaries of the Company;
- each of GWG Holdings' named executive officers;
- each of GWG Holdings' directors; and
- all of GWG Holdings' directors and executive officers as a group.

The number of shares beneficially owned by a person includes shares issuable under options held by that person and that are currently exercisable or that become exercisable within 60 days of September 30, 2021. Percentage calculations assume, for each person and group, that all shares that may be acquired by such person or group pursuant to options currently exercisable or that become exercisable within 60 days of September 30, 2021 are outstanding for the purpose of computing the "Percentage of Common Stock Owned" by such person or group. Nevertheless, shares of common stock that are issuable upon exercise of presently unexercised options are not deemed to be outstanding for purposes of calculating the "Percentage of Common Stock Owned" by any other person or any other group.

Except as otherwise indicated in the table or its footnotes, the persons in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable.

As of the close of business on September 30, 2021, 33,097,118 shares of common stock, $0.001 par value, were issued and outstanding.

**Beneficial Ownership**

| Name | Shares Beneficially Owned | Percentage of Shares Beneficially Owned |
|---|---|---|
| *5% Beneficial Owners:* | | |
| Seller Trusts[1] | 16,076,252 | 48.6 % |
| Custody Trusts[2] | 9,837,264 | 29.7 % |
| Beneficient Company Holdings, L.P. [3] | 2,500,000 | 7.6 % |
| *Named Executive Officers:* | | |
| Murray T. Holland (solely in his capacity as Trust Advisor to the Seller Trusts)[4] | 16,076,252 | 48.6 % |
| Timothy L. Evans | — | — % |
| Lennie Nicholson | 1,000 | * |
| *Non-Employee Directors:* | | |
| Peter T. Cangany, Jr. | 8,169 | * |
| David F. Chavenson | 8,169 | * |
| David H. de Weese | 8,169 | * |
| *All current directors and executive officers as a group* | 16,100,759 | 48.6 % |

* less than one percent.

(1) The business address of the Seller Trusts is 251 Little Falls Drive, Wilmington, DE 19808. On January 12, 2018, GWG Holdings entered into a Master Exchange Agreement (the "Master Exchange Agreement") pursuant to which we agreed to engage in a strategic transaction (the "Exchange Transaction") with Beneficient and the Seller Trusts, in which the parties agreed to an exchange of certain assets. The Seller Trusts are a group of individual common law trusts that received shares of common stock in the Exchange Transaction. The trustee of each of the Seller Trusts is Delaware Trust Company. The trust advisors of each trust are two individuals unrelated to each other, James E. Turvey, who is a Beneficient employee, and Murray T. Holland, who have sole decision-making authority with respect to each trust. The beneficiary of each of the Seller Trusts is MHT Financial, L.L.C. ("MHT"). The current members of MHT are Shawn T. Terry and Mike McGill. The names of the various trusts comprising the Seller Trusts that own the shares in the table above are as follows: The LT-1 Exchange Trust, The LT-2 Exchange Trust, The LT-3 Exchange Trust, The LT-4 Exchange Trust, The LT-5 Exchange Trust, The LT-6 Exchange Trust, The LT-7 Exchange Trust, The LT-8 Exchange Trust, The LT-9 Exchange Trust, The LT-12 Exchange Trust, The LT-14 Exchange Trust, The LT-15 Exchange Trust, The LT-16 Exchange Trust, The LT-17 Exchange Trust, The LT-18 Exchange Trust, The LT-19 Exchange Trust, and The LT-20 Exchange Trust.

(2) The business address of the Custody Trusts is 251 Little Falls Drive, Wilmington, DE 19808. The Custody Trusts, which are variable interest entities, are a group of individual common law trusts that received shares of common stock from certain Seller Trusts that the Seller Trusts had received in connection with the Exchange Transaction. The names of the various trusts comprising the Custody Trusts and certain other custody trusts (collectively, the "Custody Trusts") are as follows: LT-21A Custody Trust, LT-22A Custody Trust, LT-23A Custody Trust, LT-24A Custody Trust, LT-25A Custody Trust, and LT-26A Custody Trust. The certificate holders of the Custody Trusts are as follows: The LT-21 LiquidTrust, The LT-22 LiquidTrust, The LT-23 LiquidTrust, The LT-24 LiquidTrust, The LT-25 LiquidTrust, and The LT-26 LiquidTrust (the "Liquid Trusts"). The trustee of each of the Liquid Trusts is John A. Stahl who has sole decision-making authority with respect to such Custody Trust, and therefore, may be deemed to have voting power and dispositive power with respect to the shares held by the Custody Trusts, subject to the provisions of the stockholders agreement described below.

In connection with the transfer of the shares to the Custody Trusts, on November 3, 2020, the Company and the LiquidTrusts entered into a Stockholders Agreement (the "Stockholders Agreement"), and concurrently, each of the Custody Trusts entered into a joinder to the Stockholders Agreement with respect to the shares held by the Custody Trusts (the LiquidTrusts and the Custody Trusts collectively, the "Subject Trusts"). The purpose of the Stockholders Agreement is to limit the voting power of the Subject Trusts and the control they would otherwise be entitled to exercise over the Company. The Stockholders Agreement contains, among others, the following provisions, all of which bind the Subject Trusts and their respective transferees:

- Until the Seller Trusts beneficially own less than 20% of the total voting power of GWG Holdings' common stock, the shares and any other voting securities of GWG Holdings over which the Subject Trusts have voting control, with respect to all matters including without limitation the election and removal of directors, regardless of whether voted at a regular or special meeting or pursuant to a written consent, will be voted solely in proportion with the votes cast by all other holders of voting securities of GWG Holdings on any matter put before them; and
- No Subject Trust nor its assignees and transferees (other than pursuant to a registered public offering) or their respective affiliates will, without the prior written consent of GWG Holdings' Board of Directors, directly or indirectly:
    - acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any securities or direct or indirect rights to acquire any voting securities of the Company or any of its subsidiaries;

- seek or propose to influence or control the management, Board of Directors, or policies of GWG Holdings, make or participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are used in applicable SEC rules) to vote any voting securities of GWG Holdings or any of its subsidiaries, or seek to advise or influence any other person with respect to the voting of any voting securities of GWG Holdings or any of its subsidiaries;
- submit a proposal for or offer of (with or without conditions) any merger, recapitalization, reorganization, business combination, or other extraordinary transaction involving GWG Holdings, any of its subsidiaries, or any of their respective securities or assets or, except as required by law, make any public announcement with respect to the foregoing;
- enter into any discussions, negotiations, arrangements, or understandings with any other person with respect to any of the foregoing, or otherwise form, join, engage in discussions relating to the formation of, or participate in a "group," within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing; or
- advise, assist, or encourage any other person in connection with any of the foregoing.

Each of the Subject Trusts has appointed as its proxy and attorney-in-fact an officer of GWG Holdings to be designated by GWG Holdings, with full power of substitution, to vote or execute written consents with respect to all of the shares owned by the Custody Trusts, provided that such proxy may only be exercised with respect to a Subject Trust if such Subject Trust fails to comply with its voting obligations under the Stockholders Agreement.

The Stockholders Agreement shall remain in effect until the Seller Trusts beneficially own less than 20% of GWG Holdings' common stock.

(3) Represents 2,500,000 shares of common stock held by Beneficient Company Holdings, L.P., a Delaware limited partnership ("BCH"). BCH is controlled by its general partner, Ben LP. Ben LP is controlled by its general partner, Beneficient Management. All 2,500,000 shares held by BCH have been pledged as collateral to secure our obligations under our debt securities pursuant to the Amended and Restated Pledge and Security Agreement dated October 23, 2017. While BCH has sole dispositive power with respect to the shares it holds, unless such shares are transferred to an unaffiliated third party, such shares are not entitled to vote nor to be counted for quorum purposes.

(4) Consists solely of 16,076,252 shares of common stock held by the Seller Trusts. Murray T. Holland, acting in a capacity other than as CEO of GWG, is one of the trust advisors to the Seller Trusts and James E Turvey, an individual unrelated to Mr. Holland and an employee of Ben LP, acting in a capacity other than as an employee of Ben LP, is the other trust advisor. Mr. Holland and Mr. Turvey have shared decision-making authority with respect to each of the Seller Trusts, including shared voting power and shared dispositive power over the shares of common stock held by each of the Seller Trusts. Mr. Holland has an indirect pecuniary interest in the shares of common stock held by the Seller Trusts resulting from his ownership interest in 30% of the outstanding membership interests of MHT, the sole beneficiary of each of the Seller Trusts. Consequently, to the extent that MHT, as beneficiary, receives proceeds from the sale of common stock and, GWG Holdings' Seller Trust L Bonds due 2023, as contemplated by the Master Exchange Agreement, in excess of MHT's contractual obligations, Mr. Holland would have a right to his pro rata share of any distribution of such proceeds if and when made by MHT to its members. There can be no assurance (i) that MHT will receive any proceeds in excess of its contractual obligations, (ii) as to the amount of any such excess, or (iii) that any distribution of such excess will be distributed to members of MHT, including Mr. Holland. Mr. Holland disclaims beneficial ownership of the shares of common stock held by the Seller Trusts except to the extent of the pecuniary interest therein described above.

**Securities Authorized for Issuance under Equity Compensation Plans**

We maintain GWG Holdings' 2013 Stock Incentive Plan. The purpose of the 2013 Stock Incentive Plan is to provide a means by which our employees, directors, officers and consultants may be granted an opportunity to purchase GWG Holdings common stock, to assist in retaining the services of such persons, to secure and retain the services of persons capable of filling such positions and to provide incentives for such persons to exert maximum efforts for our success. At December 31, 2020, 6,000,000 shares of GWG Holdings' common stock have been approved for issuance under the 2013 Stock Incentive Plan, of which 3,492,096 shares remained available for issuance pursuant to future grants.

The 2013 Stock Incentive Plan was approved by GWG Holdings' stockholders. The following table sets forth certain information as of December 31, 2020 with respect to securities authorized for issuance under compensation arrangements.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ($) |
|---|---|---|
| Equity compensation plan approved by stockholders: | | |
| Stock Options | 695,117 | $ 9.03 |
| Stock Appreciation Rights | 535,657 | $ 8.75 |
| Restricted Stock Units | 129,717 | N/A |
| 2013 Stock Incentive Plan Total | 1,360,491 | $ 8.91 |

Additional information in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Form 10-K.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

**Conflict-of-Interest and Related-Party Transaction Policy**

We have a Conflict-of-Interest and Related-Party Transaction Policy, pursuant to which GWG Holdings' Board of Directors (or an authorized committee thereof) is responsible for reviewing policies and procedures with respect to related party transactions required to be disclosed pursuant to Item 404 of the SEC's Regulation S-K (including transactions between the Company and its officers and directors, or affiliates of such officers or directors), and approving the terms and conditions of such related party transactions. Our Conflict-of-Interest and Related-Party Transaction Policy sets forth the processes and procedure to be taken in such review and approval, which includes obtaining approval by a majority of the disinterested members of the Board (or an authorized committee thereof) and otherwise in accordance with state law governing conflicts of interest, or if the transaction involves compensation payable to an executive, the Compensation Committee. The related party transactions in which we engaged during 2020 and 2019, which are described below, were approved in accordance with Conflict-of-Interest and Related-Party Transaction Policy.

**Transactions with Related Persons**

*Purchase and Contribution Transaction*

On April 15, 2019, Jon R. Sabes, the former Chief Executive Officer and a former director of GWG Holdings, and Steven F. Sabes, the former Executive Vice President and a former director of GWG Holdings, entered into the Purchase and Contribution Agreement ("the Purchase and Contribution Agreement") with, among others, Ben LP. GWG Holdings was not a party to the Purchase and Contribution Agreement. However, the closing of the transactions contemplated by the Purchase and Contribution Agreement (the "Purchase and Contribution Transaction") were subject to certain conditions that were dependent upon the Company taking, or refraining from taking, certain actions. The closing of the Purchase and Contribution Transaction occurred on April 26, 2019.

Among other actions taken in connection with the closing of the Purchase and Contribution Transaction, on April 26, 2019, Beneficient Capital Company, L.L.C., a Delaware limited liability company ("BCC"), and AltiVerse Capital Markets, L.L.C., a Delaware limited liability company ("AltiVerse"), executed and delivered a Consent and Joinder (the "Consent and Joinder") to the Amended and Restated Pledge and Security Agreement dated October 23, 2017 by and among GWG Holdings, GWG Life, LLC, Messrs. Jon and Steven Sabes and the Bank of Utah (the "Security Agreement"). Pursuant to the Consent and Joinder, Messrs. Jon and Steven Sabes assigned their rights and delegated their obligations under the Security Agreement to BCC and AltiVerse, and BCC and AltiVerse became substitute grantors under the Security Agreement such that the shares of GWG Holdings' common stock acquired by BCC and AltiVerse pursuant to the Purchase Agreement (as defined below) will continue to be pledged as collateral security for the Company's obligations owing in respect of the debt securities issued under the Amended and Restated Indenture, dated as of October 23, 2017, as amended and supplemented.

In connection with the Exchange Transaction, GWG Holdings and the Seller Trusts entered into a stockholders agreement that provided (among other standstill provisions) that until the Seller Trusts own, in the aggregate, voting securities representing less than 10% of the total voting power of all voting securities of GWG Holdings, all voting securities of GWG Holdings voted by the Seller Trusts will be voted solely in proportion with the votes cast by all other holders of voting securities of GWG Holdings on the matter. On April 26, 2019, and in connection with the closing of the Purchase and

Contribution Transaction, the stockholders agreement was amended and terminated, and the Seller Trusts are now entitled to full voting rights with respect to the shares of common stock they own.

*Promissory Note with Certain ExAlt Trusts*

On May 31, 2019, GWG Holdings' wholly-owned subsidiary GWG Life entered into a Promissory Note (the "Promissory Note"), made by Jeffrey S. Hinkle and Dr. John A. Stahl, not in their individual capacity but solely as trustees of The LT-1 LiquidTrust, The LT-2 LiquidTrust, The LT-5 LiquidTrust, The LT-7 LiquidTrust, The LT-8 LiquidTrust and The LT-9 LiquidTrust (collectively, the "Borrowers"). Pursuant to the terms of the Promissory Note, GWG Life funded a term loan to the Borrowers in an aggregate principal amount of $65.0 million (the "Loan"). The Loan was funded in two installments as described below.

The Borrowers are common law trusts established as part of alternative asset financings extended by a subsidiary of Ben LP, of which GWG Holdings owns approximately 96.2% of the issued and outstanding common units. Although each Borrower is allocated a portion of the Loan equal to approximately 16.7% of the aggregate outstanding principal of the Loan, the Loan constituted the joint and several obligations of the Borrowers.

The Loan was made pursuant to GWG Holdings' strategy to further diversify into alternative assets (beyond life insurance) and ancillary businesses and was intended to better position Beneficient's balance sheet, working capital and liquidity profile to satisfy anticipated Texas Department of Banking regulatory requirements.

An initial advance in the principal amount of $50.0 million was funded on June 3, 2019 and the second advance, in the principal amount of $15.0 million, was funded on November 22, 2019. The Loan bore interest at 7.0% per annum, with interest payable at maturity, and matured on June 30, 2023. On September 30, 2020, the Promissory Note was repaid by the Borrowers utilizing Preferred Series C Unit Accounts of BCH, a Delaware limited partnership of which Ben LP owns all of the outstanding Class A units and serves as its general partner.

The Loan was unsecured and was subject to certain covenants (including a restriction on the incurrence of any indebtedness senior to the Loan other than existing senior loan obligations to each of HCLP Nominees, L.L.C. ("HCLP") and Beneficient Holdings, Inc. ("BHI", and together with HCLP, the "Senior Lenders"), as lenders) and events of default. At the time Beneficient was consolidated, all existing senior loan obligations were held by HCLP.

A then constituted special committee of the Board of Directors of GWG Holdings composed solely of independent and disinterested directors of GWG Holdings, together with the assistance of its independent legal advisors, reviewed, negotiated and approved the terms of the Loan as well as the terms of the repayment.

*HCLP Nominees, LLC*

During the years ended December 31, 2019 and 2020, GWG Holdings invested $79.0 million and $130.2 million, respectively, of cash into equity investments in Beneficient. During this same period, Beneficient made payments to HCLP, its Senior Lender, totaling $144.6 million in principal and interest on the First and Second Lien Credit Agreements. The First Credit Agreement was issued in 2017, while the Second Lien Credit Agreement was issued in 2018. HCLP is an indirect subsidiary of Highland Consolidated, L.L.C. ("Highland").

A long-standing lending and investment relationship of 25 years exists between Highland (and its affiliates or related parties), on the one hand, and certain trusts and entities held by such trusts that are controlled by Ben Founder ("Ben Founder Affiliates"), on the other. From time to time, Highland or its affiliates have advanced funds under various lending and investing arrangements to the Ben Founder Affiliates, and such Ben Founder Affiliates have made repayments to Highland or its affiliates, as applicable, both in cash and in kind.

Such loans to and investments with or in the Ben Founder Affiliates have been and may be made by Highland, or its affiliates, as applicable, using proceeds from loan repayments made by Beneficient to HCLP in its capacity as Senior Lender to Beneficient, with such loan repayments made potentially using cash from GWG Holdings' and GWG Life's investments in Beneficient. Such loans and investments have ranged between no outstanding balance and $104.0 million.

As of June 30, 2021, Highland and the applicable Ben Founder Affiliates mutually agreed to satisfy all obligations under all outstanding loans among Highland and the Ben Founder Affiliates via full payment and satisfaction of the existing loan balances (the "Loan Balances") by in-kind real property transfers (the "In-Kind Property Payment") from certain of the Ben Founder Affiliates to Highland. The terms of the In-Kind Property Payment grants Highland the right to transfer the real

property that was transferred pursuant to the In-Kind Property Payment back to certain of the Ben Founder Affiliates, in exchange for a Preferred Series A Subclass 1 capital account balance in BCH in an amount equal to the Loan Balances, with such exchange to be satisfied from existing Preferred Series A Subclass 1 Unit Accounts that are held by such Ben Founder Affiliates. As of June 30, 2021, neither Highland nor any of its affiliates has any outstanding loans or investments with or in any Ben Founder Affiliates.

*Intercreditor Agreements*

In connection with the Promissory Note, GWG Holdings also entered into two intercreditor and subordination agreements: (1) an Intercreditor Agreement between GWG Life and HCLP and (2) an Intercreditor Agreement between GWG Life and BHI (the "Intercreditor Agreements"). Under the Intercreditor Agreements, GWG Life agreed to subordinate the Loan to the secured obligations of Beneficient and its affiliates outstanding to the Senior Lenders (the "Senior Loan Obligations"), agreed to not take any liens to secure the Loan (and to subordinate such liens, if any, to the liens of the Senior Lenders), and agreed not to take enforcement actions under the Promissory Note until such Senior Loan Obligations were paid in full. The Intercreditor Agreements established various other inter-lender and subordination terms, including, without limitation, with respect to permitted actions by each party, permitted payments, waivers, voting arrangements in bankruptcy, application of certain proceeds and limitations on amendments of the respective loan obligations of the parties. The Senior Lenders agreed not to extend the maturity of their respective loan obligations beyond June 30, 2023 or increase the outstanding principal of the loans made by the Senior Lenders without the written consent of GWG Life. GWG Life agreed not to transfer the Promissory Note except with the written consent of the Senior Lenders (such consent not to be unreasonably withheld) or to the Company or direct or indirect wholly owned subsidiaries thereof. The special committee, together with the assistance of its independent legal advisors, reviewed, negotiated and approved the terms of the Intercreditor Agreements.

*Purchase of Additional Common Units of Ben LP*

On June 12, 2019, GWG Holdings acquired 1,000,000 Ben LP common units from unaffiliated holders of alternative assets that had sold the alternative assets to MHT for contribution to various Exchange Trusts established by MHT as part of the Ben LP liquidity products. The holders acquired the Ben LP common units from MHT in satisfaction for a portion of the purchase price owed by MHT for the alternative assets that MHT contributed to the Exchange Trusts. Murray T. Holland, GWG Holdings' Chairman and Chief Executive Officer, was a Managing Director of MHT and continues to own a 30% interest in MHT. Mr. Holland also serves as a trust advisor to the Exchange Trusts that hold the alternative assets. The purchase price for the Ben LP common units acquired by GWG Holdings was $10,000,000.

*Preferred Series A Unit Account and Common Unit Investment Agreement; Exchange Agreement*

On December 31, 2019, GWG Holdings, Ben LP, BCH and Beneficient Management, the general partner of Ben LP, entered into a Preferred Series A Unit Account and Common Unit Investment Agreement (the "Investment Agreement").

Pursuant to the Investment Agreement, GWG Holdings transferred $79 million to Ben LP in return for 666,667 common units of Ben LP and a Preferred Series A Subclass 1 Unit Account of BCH.

In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP and began reporting the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. GWG Holdings' right to appoint a majority of the board of directors of Beneficient Management will terminate in the event (i) GWG Holdings' ownership of the fully diluted equity of Ben LP (excluding equity issued upon the conversion or exchange of Preferred Series A Unit Accounts of BCH held as of December 31, 2019 by parties other than the Company) is less than 25%, (ii) the Continuing Directors of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or (iii) certain bankruptcy events occur with respect to GWG Holdings. The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of the Company who: (1) was a member of the board of directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the board of directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the board of directors of GWG Holdings at the time of such nomination or election.

Beneficient Management has an executive committee, a nominating committee and a community reinvestment committee. The board of directors of Beneficient Management has the right to appoint two members of these committees, and an entity related to Brad K. Heppner, GWG Holdings' former Chairman, who served in such capacity from April 26, 2019 to June 14, 2021, has the right to appoint the other two members of these committees. The entity related to Mr. Heppner also has the

right to appoint the Chairman of the Board and of each of the committees. The Beneficient Management executive committee has the right to approve certain transactions on behalf of Beneficient Management and Ben LP and its subsidiaries, including: (i) the incurrence of debt; (ii) the issuance of equity interests of Ben LP or any subsidiary equal to 5% or more of the fully diluted equity of such entity or that have preferred terms to the common equity of Ben LP, except in connection with any trust instrument or product offered by Ben LP or its affiliates; (iii) the adoption of a shareholder or unitholder rights plan by Ben LP or any subsidiary thereof; (iv) the amendment, supplement, waiver, or modification of Ben LP's limited partnership agreement, the BCH limited partnership agreement or the organizational documents of any subsidiary of the foregoing other than any common law or statutory trusts created to facilitate the financing, acquisition, contribution, assignment or holding of alternative assets; (v) the exchange or disposition of a majority or more of the assets, taken as a whole, of Ben LP or any subsidiary thereof in a single transaction or a series of related transactions; (vi) the exchange or disposition of a majority or more of the assets, taken as a whole, of Beneficient Management or any subsidiary thereof in a single transaction or a series of related transactions; (vii) the execution by Ben LP, Beneficient Management or any subsidiary thereof of any contracts or of any amendment, supplement, waiver or modification of any existing contract, which would materially change the nature of the business of Beneficient Management and its affiliates; (viii) materially or commercially substantive changes to or creation of an employee incentive or benefit plan of Beneficient Management, Ben LP or any subsidiary thereof; (ix) the merger, sale or other combination of Ben LP, Beneficient Management or any subsidiary thereof with or into any other person or entity; (x) the transfer, mortgage, pledge, hypothecation or grant of a security interest in all or substantially all of the assets of Ben LP or any subsidiary thereof; (xi) the transfer, mortgage, pledge, hypothecation or grant of a security interest in all or substantially all of the assets of Beneficient Management or any subsidiary thereof; (xii) the removal without cause of a chief executive officer or any other executive officer of Beneficient Management, Ben LP or any operating subsidiary thereof; (xiii) the termination of employment of any other officer of Beneficient Management, Ben LP or any operating subsidiary thereof or the termination of the association of a partner, member, manager or director of any subsidiary of Ben LP, in each case, without cause; (xiv) the liquidation or dissolution of Beneficient Management, Ben LP or any operating subsidiary thereof; (xv) the withdrawal or removal of Beneficient Management as the general partner of Ben LP or the direct or indirect transfer of beneficial ownership of all or any part of a general partner interest in Ben LP; (xvi) any determination by Beneficient Management, acting as general partner of Ben LP, related to the removal or replacement of the general partner under Ben LP's limited partnership agreement; (xvii) the entry into any material or commercially substantive agreement with a related party; (xviii) the creation of any new and materially or commercially substantively different trust instrument or product, or any materially or commercially substantive change, amendment, supplement, waiver or modification to the terms or provision of any existing trust product, offered by Ben LP or any of its affiliates to the extent regulated by the Texas Finance Commission or other state, federal or non-U.S. regulator with direct or indirect jurisdiction over Ben LP or such affiliate or such product, other than any change or modification to any exhibit or schedule to any trust instrument or product; or (xix) the bankruptcy of Ben LP.

Following the transaction, and as agreed in the Investment Agreement, GWG Holdings was issued an initial capital account balance for the Preferred Series A Subclass 1 Unit Account of $319 million. The other holders of the Preferred Series A Subclass 1 Unit Accounts are entities related to certain Ben Initial Investors and an entity related to one of GWG Holdings' former directors and Beneficient's current directors (the "Related Account Holders"), and the aggregate capital accounts of all holders of the Preferred Series A Subclass 1 Unit Accounts after giving effect to the investment by GWG Holdings was $1.6 billion. GWG Holdings' Preferred Series A Subclass 1 Unit Account is the same class of preferred security as held by the Related Account Holders. If the Related Account Holders exchange their Preferred Series A Subclass 1 Unit Accounts for securities of GWG Holdings, GWG Holdings' Preferred Series A Subclass 1 Unit Account would be converted into Common Units (so neither GWG Holdings nor the Related Account Holders would hold Preferred Series A Subclass 1 Unit Accounts).

In addition, on December 31, 2019, GWG Holdings, Ben LP and certain holders of common units of Ben LP (the "Common Units") entered into an Exchange Agreement (the "Exchange Agreement") pursuant to which certain holders of Common Units from time to time have the right, on a quarterly basis, to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of GWG Holdings' common stock based on the volume weighted average price of GWG Holdings' common stock for the five consecutive trading days prior to the quarterly exchange date. The Exchange Agreement is intended to facilitate the marketing of Ben LP's products to holders of alternative assets.

*Preferred Series C Unit Purchase Agreement*

On July 15, 2020, GWG Holdings entered into a Preferred Series C Unit Purchase Agreement ("UPA") with Ben LP and BCH. The UPA was reviewed and approved by the then constituted Special Committee of the Board of Directors of GWG Holdings.

Pursuant to the UPA, and provided that GWG Holdings determines that it has excess liquidity, GWG Holdings has agreed to make capital contributions from time to time to BCH in exchange for Preferred Series C Unit accounts of BCH during a purchasing period commencing on the date of the UPA and continuing until the earlier of (i) the occurrence of a Change of Control Event (as defined below) and (ii) the mutual agreement of the parties (the "Purchasing Period"). A "Change of Control Event" shall mean (A) the occurrence of an event that results in GWG Holdings' ownership of the fully diluted equity of Beneficient is less than 25%, the Continuing Directors (as defined below) of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or certain bankruptcy events occur with respect to GWG Holdings, and (B) the listing of Common Units on a national securities exchange (a "Public Listing"). The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the board of directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the board of directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the board of directors of GWG Holdings at the time of such nomination or election.

If, on or prior to the end of the Purchasing Period, a Public Listing occurs, the BCH Purchased Units shall be automatically exchanged for Common Units, or another unit of Beneficient, as the parties may mutually agree (the "Beneficient Units"), at the lower of (i) the volume-weighted average of the Beneficient Units for the 20 trading days following the Public Listing, and (ii) $12.75.

In addition, at any time following the date of the UPA, all or some of the Preferred Series C Unit Accounts purchased under the UPA may be exchanged for Beneficient Units at the option of GWG Holdings (exercised by a special committee of the Board of Directors or, if such committee is not in place, the appropriate governing body of GWG Holdings); provided that, if GWG Holdings exchanges less than all of the Preferred Series C Unit Accounts purchased under the UPA, then, immediately after giving effect to such exchange, GWG Holdings shall be required to continue to hold Preferred Series C Unit Accounts with a capital account that is at least $10.0 million. The exchange price for such Beneficient Units shall be determined by third-party valuation agents selected by GWG Holdings and Beneficient.

**Director Independence**

GWG Holdings' Board of Directors periodically reviews relationships that directors have with our Company to determine whether our directors are "independent directors" as such term is defined in Rule 5605(a)(2) of the Nasdaq Marketplace Rules. GWG Holdings' Board of Directors has determined that the following directors are independent directors: Peter T. Cangany, Jr., David F. Chavenson and David H. de Weese.

Because various trusts (the "Seller Trusts"), collectively, own approximately 48.6% of GWG Holdings' outstanding voting securities and certain ExAlt Trusts holding approximately 29.7% of GWG Holdings' outstanding common stock (according to their latest Schedule 13D/A filing) have agreed to vote their shares in proportion to the votes cast by all other holders of GWG Holdings' voting securities, the Seller Trusts are entitled to cast a majority of the votes on all matters requiring stockholder votes, including, if a stockholder vote is required: the election of directors; mergers, consolidations, acquisitions and other strategic transactions; the sale of all or substantially all of our assets and other decisions affecting our capital structure; amendments to GWG Holdings' Certificate of Incorporation or bylaws; and our winding up and dissolution. As such, we are a "controlled company" as that term is set forth in Rule 5615(c) of the Nasdaq Marketplace Rules. Under the Nasdaq rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a "controlled company" and may elect not to comply with certain Nasdaq corporate governance requirements, including the requirements that:

- a majority of its board of directors consist of independent directors;
- nominations for director be selected, or recommended for selection, solely by independent directors; and
- its Compensation Committee be composed entirely of independent directors.

We are currently relying on the controlled company exemption for the above requirements related to director nominations.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.**

**Fees Billed to Company by Its Independent Registered Public Accounting Firm**

The following table presents fees for professional audit services and 401(k) audit services, tax services and other services rendered by Grant Thornton in 2020 and Whitley Penn in 2019:

| | 2020 | 2019 |
|---|---|---|
| Audit Fees[1] | $ 1,704,000 | $ 1,559,082 |
| Audit-Related Fees[2] | — | 50,908 |
| Tax Fees[3] | — | 126,710 |
| All Other Fees[4] | 124,200 | 6,430 |
| Total Fees | $ 1,828,200 | $ 1,743,130 |

(1) Audit Fees consist of fees for professional services rendered for the audit of our consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-Related Fees consist principally of assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements but not reported under the caption Audit Fees above.

(3) Tax Fees consist of fees for tax compliance, tax advice, and tax planning.

(4) All Other Fees typically consist of fees for permitted non-audit products and services provided. All Other Fees included expenses related to employee compensation consulting services performed by Grant Thornton during 2020.

(5) Due to the change in auditors noted above, fees for 2020 include only those fees paid to Grant Thornton, the accountant who rendered the audit opinion for the 2020 financial statements. Whitley Penn, the predecessor auditor, performed reviews of the Company's Forms 10-Q for the first and second quarters of 2020, as well as certain other services related to SEC filings during 2020. Whitley Penn was paid fees totaling $315,884 for these services in 2020 that are not included in the table above.

The Audit Committee of GWG Holdings' Board of Directors reviewed the services provided by Grant Thornton during the 2020 fiscal year and Whitley Penn during the 2019 fiscal year and the fees billed for such services. After consideration, the Audit Committee determined that the receipt of these fees by Whitley Penn and Grant Thornton, respectively, was compatible with the provision of independent audit services. The Audit Committee discussed these services and fees with the relevant auditor and our management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the Securities and Exchange Commission ("SEC") to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

**Pre-Approval Policy**

The written charter of the Audit Committee provides that all audit and non-audit accounting services permitted to be performed by our independent registered public accounting firm under applicable rules and regulations must be pre-approved by the Audit Committee or by designated members of the Audit Committee, other than with respect to *de minimis* exceptions permitted under the Sarbanes-Oxley Act of 2002. All services performed by our independent registered public accounting firms during the years ended December 31, 2020 and 2019 were pre-approved in accordance with the written charter.

Prior to or as soon as practicable following the beginning of each year, a description of the audit, audit-related, tax, and other services expected to be performed by the independent registered public accounting firm in the following year will be presented to the Audit Committee for approval. Following such approval, any requests for audit, audit-related, tax, and other services not presented and pre-approved must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. However, we have delegated the authority to grant specific pre-approval between meetings, as necessary, to the Chair of the Audit Committee. The Chair then updates the Audit Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

**Documents filed as part of this Form 10-K:**



[(1)] Financial statements as of and for the year ended December 31, 2019 reflect restatements as discussed in Notes 21 and 22.

**Financial Statement Schedule:**

Not applicable.

Exhibit Index

| Exhibit | Description |
|---|---|
| 3.1 | Certificate of Incorporation[1] |
| 3.2 | Bylaws as amended[2] |
| 3.3 | Certificate of Amendment to Certificate of Incorporation[3] |
| 3.4 | Certificate of Amendment to Certificate of Incorporation[7] |
| 3.5 | Certificate of Designation for Redeemable Preferred Stock[8] |
| 3.6 | Certificate of Amendment to Certificate of Designation for Redeemable Preferred Stock[8] |
| 3.7 | Certificate of Designation for Series 2 Redeemable Preferred Stock[10] |
| 3.8 | Certificate Of Designations Of Series B Convertible Preferred Stock[18] |
| 3.9 | Certificate of Correction for Redeemable Preferred Stock[30] |
| 3.10 | Certificate of Correction for Series 2 Redeemable Preferred Stock[30] |
| 4.1 | Amended and Restated Indenture with Bank of Utah, dated October 23, 2017[5] |
| 4.2 | Amended and Restated Pledge and Security Agreement by and among GWG Holdings, Inc., GWG Life, LLC, Jon R. Sabes, Steven F. Sabes, and Bank of Utah, dated October 23, 2017[5] |
| 4.3 | Form of Subscription Agreement for Redeemable Preferred Stock[11] |
| 4.4 | Form of Subscription Agreement for Series 2 Redeemable Preferred Stock[14] |
| 4.6 | Amendment No. 1 to Amended and Restated Indenture with Bank of Utah, dated March 27, 2018[23] |
| 4.7 | Supplemental Indenture dated as of August 10, 2018 to the Amended And Restated Indenture dated as of October 23, 2017, as amended[18] |
| 4.8 | Amendment No. 2 to Amended and Restated Indenture with Bank of Utah, dated December 31, 2019 [26] |
| 4.9 | Supplemental Indenture dated as of December 31, 2020 to the Amended and Restated Indenture dated as of October 23, 2017, as amended[31] |
| 4.10 | Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed herewith) |
| 10.1 | Third Amended and Restated Loan and Security Agreement with GWG DLP Funding IV, LLC (as borrower), CLMG Corp. (as agent) and LNV Corporation (as lender), dated June 28, 2021[34] |
| 10.2 | Fourth Amended and Restated Loan and Security Agreement with GWG DLP Funding IV, LLC (as borrower), CLMG Corp. (as agent) and LNV Corporation (as lender), dated September 7, 2021 (filed herewith)† |
| 10.3* | 2013 Stock Incentive Plan, as amended[16] |
| 10.4* | Form of Stock Option Agreement used with 2013 Stock Incentive Plan[13] |
| 10.5 | Master Exchange Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, MHT Financial SPV, LLC, a Delaware limited liability company, and various related trusts, as amended and restated on January 18, 2018 with effect from January 12, 2018[15] |
| 10.6 | First Amendment to Master Exchange Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, MHT Financial SPV, LLC, a Delaware limited liability company, and various related trusts, dated April 30, 2018[15] |
| 10.7 | Second Amendment to Master Exchange Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, MHT Financial SPV, LLC, a Delaware limited liability company, and various related trusts, dated June 29, 2018[17] |
| 10.8 | Third Amendment to Master Exchange Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, MHT Financial SPV, LLC, a Delaware limited liability company, and various related trusts, dated August 10, 2018[18] |
| 10.9 | Commercial Loan Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, dated August 10, 2018[18] |
| 10.10 | Amendment No. 1 dated December 27, 2018 to Commercial Loan Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership[19] |
| 10.12 | Registration Rights Agreement with certain trusts related to The Beneficient Company Group, L.P., a Delaware limited partnership, and as set forth in the Agreement, dated August 10, 2018[18] |
| 10.13 | Registration Rights Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, dated August 10, 2018[18] |
| 10.14 | Registration Rights Agreement with each of the Exchange Trusts, dated December 27, 2018[19] |

| Exhibit | Description |
|---|---|
| 10.15 | Participating Option Agreement with The Beneficient Company Group, L.P., a Delaware limited partnership, dated December 27, 2018[19] |
| 10.16 | Consent and Joinder to Amended and Restated Pledge and Security Agreement dated April 26, 2019[21] |
| 10.17* | Form of Indemnification Agreement with Directors and Officers[21] |
| 10.18* | Employment Agreement dated as of May 31, 2019 by and between GWG Holdings, Inc. and Murray T. Holland[24] |
| 10.19* | Performance Share Unit Agreement dated as of May 31, 2019 by and between GWG Holdings, Inc. and Murray T. Holland[24] |
| 10.20 | Promissory Note dated May 31, 2019 made by and on behalf of certain Borrowers(25)† |
| 10.21 | Intercreditor Agreement dated May 31, 2019 between GWG Life and HCLP Nominees, L.L.C.[25] |
| 10.22 | Intercreditor Agreement dated May 31, 2019 between GWG Life and Beneficient Holdings, Inc.[25] |
| 10.23 | Forbearance Letter Agreement dated July 3, 2019 between GWG DLP Funding IV, LLC and CLMG Corp. (as agent)[27] |
| 10.24* | Form of Non-employee Director Restricted Stock Agreement[27] |
| 10.25 | Second Amended and Restated Credit Agreement among Beneficient Capital Company, L.LC., HCLP Nominees L.L.C., and other persons party thereto(32)† |
| 10.26 | Second Amended and Restated Second Lien Credit Agreement among Beneficient Capital Company, L.LC., HCLP Nominees L.L.C., and other persons party thereto[32]† |
| 10.27 | Amendment No. 1 to the Second Amended and Restated Credit Agreement among Beneficient Capital Company II, L.L,C., Beneficient Company Holdings, L.P. and HCLP Nominees, L.L.C. dated March 10, 2021[33] |
| 10.28 | Amendment No. 1 to the Second Amended and Restated Second Lien Credit Agreement among Beneficient Capital Company II, L.L,C., Beneficient Company Holdings, L.P. and HCLP Nominees, L.L.C. dated March 10, 2021 [33] |
| 10.29 | Amendment No. 2 to the Second Amended and Restated Credit Agreement among Beneficient Capital Company II, L.L,C., Beneficient Company Holdings, L.P. and HCLP Nominees, L.L.C. dated June 28, 2021[34] |
| 10.30 | Amendment No. 2 to the Second Amended and Restated Second Lien Credit Agreement among Beneficient Capital Company II, L.L,C., Beneficient Company Holdings, L.P. and HCLP Nominees, L.L.C. dated June 28, 2021 [34] |
| 10.31 | Credit Agreement, dated as of August 11, 2021, among GWG DLP Funding VI, LLC, as borrower, each lender from time to time party hereto and National Founders LP, as the administrative agent (filed herewith)† |
| 10.32 | Security Agreement, dated as of August 11, 2021, by GWG DLP Funding Holdings VI, LLC, as the pledgor, and National Founders LP, as administrative agent on behalf of the secured parties (filed herewith) |
| 10.33 | Security Agreement, dated as of August 11, 2021, by GWG DLP Funding VI, LLC, as the pledgor, and National Founders LP, as administrative agent on behalf of the secured parties (filed herewith) |
| 10.34 | Guarantee, dated as of August 11, 2021, by GWG Holdings, Inc., as guarantor, in favor of National Founders LP, as administrative agent for the benefit of the secured parties (filed herewith) |
| 21 | List of Subsidiaries (filed herewith) |
| 22 | List of Guarantor Subsidiaries (filed herewith) |
| 23.1 | Consent of Grant Thornton LLP (filed herewith) |
| 23.2 | Consent of Whitley Penn LLP (filed herewith) |
| 24.1 | Power of Attorney (incorporated by reference to the signature page of this 2020 Form 10-K) |
| 31.1 | Section 302 Certification of the Chief Executive Officer (filed herewith) |
| 31.2 | Section 302 Certification of the Chief Financial Officer (filed herewith) |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith) |
| 99.1 | Letter from ClearLife Limited, dated January 25, 2021 (filed herewith) |
| 99.2 | Portfolio of Life Insurance Policies as of December 31, 2020 (filed herewith) |
| 99.3 | Purchase and Contribution Agreement dated as of April 15, 2018 by and among The Beneficient Company Group, L.P., Beneficient Company Holdings, L.P., AltiVerse Capital Markets, L.L.C., Sabes AV Holdings, LLC, Jon R. Sabes, Steven F. Sabes, Insurance Strategies Fund, LLC and SFS Holdings, LLC[20] |
| 99.5 | Fifth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P.[29] †. |

| Exhibit | Description |
|---|---|
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Schema Document |
| 101.CAL | XBRL Calculation Linkbase Document |
| 101.DEF | XBRL Definition Linkbase Document |
| 101.LAB | XBRL Label Linkbase Document |
| 101.PRE | XBRL Presentation Linkbase Document |

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* Management contract or compensatory plan or arrangement.

(1) Incorporated by reference to Form S-1 Registration Statement filed on June 14, 2011 (File No. 333-174887).

(2) Incorporated by reference to Current Report on Form 8-K filed on March 31, 2021.

(3) Incorporated by reference to Form S-1/A Registration Statement filed on August 23, 2011 (File No. 333-174887).

(4) Intentionally omitted.

(5) Incorporated by reference to Current Report on Form 8-K filed on October 26, 2017.

(6) Intentionally omitted.

(7) Incorporated by reference to Quarterly Report on Form 10-Q filed on August 8, 2014.

(8) Incorporated by reference to Annual Report on Form 10-K filed on March 22, 2016.

(9) Intentionally omitted

(10) Incorporated by reference to Current Report on Form 8-K filed on February 22, 2017.

(11) Incorporated by reference to Form S-1/A Registration Statement filed on October 23, 2015 (File No. 333-206626).

(12) Intentionally omitted.

(13) Incorporated by reference to Form S-1/A Registration Statement filed on June 6, 2014 (File No. 333-195505).

(14) Incorporated by reference to Form S-1/A Registration Statement filed on February 7, 2017 (File No. 333-214896).

(15) Incorporated by reference to Quarterly Report on Form 10-Q filed on May 11, 2018.

(16) Incorporated by reference to Current Report on Form 8-K filed on May 9, 2018.

(17) Incorporated by reference to Quarterly Report on Form 10-Q filed on August 14, 2018.

(18) Incorporated by reference to Current Report on Form 8-K filed on August 14, 2018.

(19) Incorporated by reference to Current Report on Form 8-K filed on January 4, 2019.

(20) Incorporated by reference to Exhibit 10.1 to Amendment No. 1 to the Schedule 13D jointly filed on April 16, 2019 by Jon R. Sabes and Steven F. Sabes, among others.

(21) Incorporated by reference to Current Report on Form 8-K filed on April 30, 2019.

(22) Intentionally omitted.

(23) Incorporated by reference to Annual Report on Form 10-K filed on March 29, 2018.

(24) Incorporated by reference to Current Report on Form 8-K filed on June 6, 2019.

(25) Incorporated by reference to Current Report on Form 8-K filed on June 6, 2019.

(26) Incorporated by reference to Current Report on Form 8-K filed on January 7, 2020.

(27) Incorporated by reference to Annual Report on Form 10-K filed on July 9, 2019.

(28) Intentionally omitted.

(29) Incorporated by reference to Quarterly Report on Form 10-Q filed on August 14, 2020.

(30) Incorporated by reference to Quarterly Report on Form 10-Q filed November 14, 2019.

(31) Incorporated by reference to Current Report on Form 8-K filed January 7, 2021.

(32) Incorporated by reference to Form 10-Q filed on November 19, 2020.

(33) Incorporated by reference to Current Report on Form 8-K filed on March 16, 2021.

(34) Incorporated by reference to Current Report on Form 8-K filed on July 2, 2021.

† Certain confidential information has been excluded from this exhibit.

**ITEM 16. FORM 10-K SUMMARY.**

Not applicable.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GWG HOLDINGS, INC.

Date: November 5, 2021

By: /s/ Murray T. Holland
*President and Chief Executive Officer*

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Murray T. Holland and Timothy L. Evans, jointly and severally, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her, and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below, as of November 5, 2021, by the following persons on behalf of the registrant and in the capacities indicated below.

| *Signature* | *Title* |
|---|---|
| /s/ Murray T. Holland<br>Murray T. Holland | Chairman, President and Chief Executive Officer<br>(Principal Executive Officer) |
| /s/ Timothy L. Evans<br>Timothy L. Evans | Director and Chief Financial Officer<br>(Principal Financial and Accounting Officer) |
| /s/ Peter T. Cangany, Jr.<br>Peter T. Cangany, Jr. | Director |
| /s/ David F. Chavenson<br>David F. Chavenson | Director |
| /s/ David H. de Weese<br>David H. de Weese | Director |

**Description of Registrant's Securities**

As of November 5, 2021, the common stock of GWG Holdings, Inc. ("we," "us," "our," or the "Company") is the only class of the Company's securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

*The following is a description of our common stock and the material provisions of our Certificate of Incorporation, bylaws and other agreements to which we and our stockholders are parties. The following is only a summary and is qualified by applicable law and by the provisions of our Certificate of Incorporation, bylaws and other agreements, copies of which are included as exhibits to the report to which this Exhibit is attached.*

**Common Stock**

*Voting*. The holders of our common stock are entitled to one vote for each outstanding share of common stock owned by that stockholder on every matter properly submitted to the stockholders for their vote. Stockholders are not entitled to vote cumulatively for the election of directors.

*Dividend Rights*. Subject to the dividend rights of the holders of any outstanding series of preferred stock, holders of our common stock are entitled to receive ratably such dividends and other distributions of cash or any other right or property as may be declared by our Board of Directors out of our assets or funds legally available for such dividends or distributions.

*Liquidation Rights*. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our common stock would be entitled to share ratably in our assets that are legally available for distribution to stockholders after payment of liabilities. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, we must pay the applicable distribution to the holders of our preferred stock before we may pay distributions to the holders of our common stock.

*Conversion, Redemption and Preemptive Rights*. Holders of our common stock have no conversion, redemption, preemptive, subscription or similar rights.

**Limitations on Directors' Liability; Indemnification of Directors and Officers**

Our Certificate of Incorporation and bylaws contain provisions indemnifying our directors and officers to the fullest extent permitted by law. In addition, as permitted by Delaware law, our Certificate of Incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of certain fiduciary duties as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or
- any transaction from which the director derived an improper personal benefit.

This provision does not affect a director's liability under the federal securities laws.

Article 6 of our corporate bylaws provides that we shall indemnify our directors, officers, employees and agents to the fullest extent permitted by the Delaware General Corporation Law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling GWG Holdings, Inc. pursuant to the foregoing provisions, we understand that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

We have entered into Indemnification Agreements (the "Indemnification Agreements") with each of our current directors and executive officers (collectively, the "Indemnitees"). The Indemnification Agreements clarify and supplement indemnification provisions already contained in the Company's bylaws and generally provide that the Company shall indemnify the Indemnitees to the fullest extent permitted by applicable law, subject to certain exceptions, against expenses, judgments, fines and other amounts actually and reasonably incurred in connection with their service as a director or officer and also provide for rights to advancement of expenses and contribution.

We have purchased directors' and officers' liability insurance through in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act of 1933.

**Provisions of Our Certificate of Incorporation and Bylaws and Delaware Law that May Have an Anti-Takeover Effect**

Certain provisions set forth in our Certificate of Incorporation, in our bylaws and in Delaware law, which are summarized below, may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

*Classified Board and Related Board Matters.* In early 2019, our Board of Directors and stockholders approved an amendment to our bylaws that established a classified Board of Directors in which directors are divided into three classes, designated as Class I, Class II and Class III. Each class serves staggered, three year terms, except as described below. The terms of office of Class II directors expired at the annual meeting of stockholders that was to be held in 2020. However, because the 2020 annual meeting of stockholders will be held in 2021, the terms of office of the Class II directors will expire at the combined 2020/2021 annual meeting of stockholders to be held in 2021, and their successors will be elected for a two year term expiring at the 2023 annual meeting of stockholders. The terms of office of the Class III directors will expire at the combined 2020/2021 annual meeting of stockholders. The terms of office of the Class I directors will expire at the annual meeting of stockholders to be held in 2022.

In addition to establishing a classified board, the Bylaw amendment provides that newly created directorships resulting from any increase in the authorized number of directors and any vacancies occurring on the Board be filled by the affirmative vote of a majority of the remaining members of the Board, provides that directors may be removed only for cause and only by the affirmative vote of the holders of two-thirds or more of the outstanding voting power of the Company, and requires a two-thirds supermajority approval of stockholders for stockholders to adopt further amendments to provisions of the Bylaws that govern (A) the number, qualification and term of office of directors, (B) the filling of newly created directorships and vacancies, (C) the resignation and removal of directors, (D) the right to indemnification for directors and other covered persons, and (E) the requisite approval for certain future bylaw amendments.

*Advance Notice Provisions for Raising Business or Nominating Directors.* Under our Bylaws, if a stockholder wishes to propose an item of business to be considered at our annual stockholders' meeting (including director nominations), that stockholder must deliver notice of the proposal or proposed director's name at our principal executive offices not less than 90 nor more than 120 calendar days prior to the first anniversary of the date on which we first mailed proxy materials for the preceding year's annual meeting.

If the date of our annual stockholders' meeting is advanced more than 30 calendar days prior to or delayed by more than 60 calendar days after the anniversary of the most recent annual stockholders' meeting, timely notice of stockholder proposals and stockholder nominations for directors may be delivered to or mailed and received at our principal executive offices not less than 90 nor more than 120 calendar days prior to the date of such annual meeting, or if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, not later than the close of business on the 10th calendar day following the day on which we first make a public announcement of the date of such meeting.

Notices of stockholder proposals and stockholder nominations for directors must comply with the informational and other requirements set forth in our Bylaws as well as applicable statutes and regulations.

*Blank Check Preferred Stock.* Under our Certificate of Incorporation, our Board of Directors has the authority to fix by resolution the terms and conditions of one or more series of preferred stock and provide by resolution for the issuance of shares of such series.

We believe that the availability of our preferred stock, in each case issuable in series, and additional shares of common stock could facilitate certain financings and acquisitions and provide a means for meeting other corporate needs which might arise. The authorized shares of our preferred stock, as well as authorized but unissued shares of common stock, will be available for issuance without further action by our shareholders, unless shareholder action is required by applicable law or the rules of any stock exchange on which any series of our stock may then be listed, or except as may be provided in the terms of any preferred stock created by resolution of our Board of Directors.

These provisions give our Board of Directors the power to approve the issuance of a series of preferred stock, or additional shares of common stock, that could, depending on its terms, either impede or facilitate the completion of a merger, tender offer or other takeover attempt. For example, the issuance of new shares of preferred stock might impede a business combination if the terms of those shares include voting rights which would enable a holder to block business combinations or, alternatively, might facilitate a business combination if those shares have general voting rights sufficient to cause an applicable percentage vote requirement to be satisfied.

*Special Meetings of Stockholders*. Our bylaws provide that special meetings of stockholders may be called only by the chairman or by a majority of the members of our board. Stockholders are not permitted to call a special meeting of stockholders, to require that the chairman call such a special meeting, or to require that our board request the calling of a special meeting of stockholders.

**Delaware Takeover Statute**

In general, Section 203 of the Delaware General Corporation Law prohibits a Delaware corporation that is a public company from engaging in any “business combination” (as defined below) with any “interested stockholder” (defined generally as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with such entity or person) for a period of three years following the date that such stockholder became an interested stockholder, unless: (1) prior to such date, the Board of Directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (3) on or subsequent to such date, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the Delaware General Corporation Law defines “business combination” to include: (1) any merger or consolidation involving the corporation and the interested stockholder; (2) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (3) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (4) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (5) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

**Potential for Anti-Takeover Effects**

While the foregoing provisions of our Certificate of Incorporation, bylaws and Delaware law may have an anti-takeover effect, these provisions are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors and in the policies formulated by the board, and to discourage certain types of transactions that may involve an actual or threatened change of control. In that regard, these provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

Exhibit 10.2

**Certain identified information has been excluded from this exhibit because it is both not material and is the type of information that the registrant treats as private or confidential. The omitted information is marked with "[*]."**

**EXECUTION COPY**

# FOURTH AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

**Dated as of September 7, 2021**

**Among**

**GWG DLP Funding IV, LLC,**
**as Borrower**

**THE FINANCIAL INSTITUTIONS PARTY HERETO,**
**as Lenders**

**And**

**CLMG CORP.,**

**as Administrative Agent**

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SCHEDULES



EXHIBITS



ANNEXES

This FOURTH AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Loan Agreement") is made and entered into as of September 7, 2021, among GWG DLP Funding IV, LLC, a Delaware limited liability company (the "Borrower"), the financial institutions party hereto as Lenders (the "Lenders"), and CLMG Corp., a Texas corporation, as the administrative agent for the Lenders (in such capacity, the "Administrative Agent").

**W I T N E S E T H:**

WHEREAS, the Borrower desires that the Lenders agree to extend financing to the Borrower on the terms and conditions set forth herein.

WHEREAS, the Lenders are willing to provide such financing on the terms and conditions set forth in this Loan Agreement.

WHEREAS, the Borrower, the Lenders and the Administrative Agent entered into that certain Second Amended and Restated Loan and Security Agreement, dated as of November 1, 2019 (as amended, restated, supplemented or as otherwise modified prior to the date hereof, the "Second Amended and Restated Loan Agreement"), which amended and restated that certain Amended and Restated Loan and Security Agreement dated as of September 27, 2017 (the "Amended and Restated Loan Agreement"), which itself amended and restated that certain Loan and Security Agreement, dated as of September 14, 2016 (the "Original Loan Agreement").

WHEREAS, the Borrower repaid the Second A&R Advance on January 15, 2021.

WHEREAS, after the Borrower sought other financing alternatives and offered Lenders the right to match its most favorable terms obtained, the Borrower, the Lenders and the Administrative Agent entered into that certain Third Amended and Restated Loan and Security Agreement, dated as of June 28, 2021 (as amended, restated, supplemented or as otherwise modified prior to the date hereof, the "Third Amended and Restated Loan Agreement"), which amended and restated the Second Amended and Restated Loan Agreement.

WHEREAS, the Borrower repaid the Third A&R Advance on August 8, 2021.

WHEREAS, the Borrower has requested that the Lenders make the Fourth A&R Advance on the date hereof in amount equal to $30,331,381.75 (the "Fourth A&R Advance Amount"), which will be used to (i) make a Loan to Parent documented with the Borrower/Parent Note (ii) pay the Structuring Fee, (iii) pay any costs and expenses incurred by or on behalf of the Lenders and the Administrative Agent in connection with the Fourth A&R Advance and this Loan Agreement (including, without limitation, attorneys' fees and any fees of the Insurance Consultant), and (iv) pay any attorneys' fees incurred by the Borrower in connection with the Fourth A&R Advance and this Loan Agreement.

WHEREAS, the Borrower, concurrent with the Fourth A&R Advance, intends to make a loan to Parent with the proceeds of the Fourth A&R Advance.

WHEREAS, the Lenders are willing to make the Fourth A&R Advance on the date hereof subject to the terms and conditions set forth herein (including, without limitation, the requirement that the Structuring Fee be paid concurrently with the making of the Fourth A&R Advance).

WHEREAS, the parties hereto also desire to make certain changes to the Third Amended and Restated Loan Agreement.

WHEREAS, the parties hereto wish to amend and restate the Third Amended and Restated Loan Agreement in its entirety to reflect such changes.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

Section I.1 Defined Terms. Capitalized terms used and not otherwise defined in this Loan Agreement shall have the meanings given to them in the List of Defined Terms attached hereto as Annex I.

Section I.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Loan Agreement have the meanings as so defined herein when used in the Lender Notes or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto.

(b) Each term defined in the singular form in Annex I or elsewhere in this Loan Agreement shall mean the plural thereof when the plural form of such term is used in this Loan Agreement, the Lender Notes or any other Transaction Document, and each term defined in the plural form in Annex I or elsewhere in this Loan Agreement shall mean the singular thereof when the singular form of such term is used herein or therein.

(c) The words “hereof,” “herein,” “hereunder” and similar terms when used in this Loan Agreement shall refer to this Loan Agreement as a whole and not to any particular provision of this Loan Agreement, and article, section, subsection, schedule and exhibit references herein are references to articles, sections, subsections, schedules and exhibits to this Loan Agreement unless otherwise specified.

Section I.3 Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC as in effect in the applicable jurisdiction, and not specifically defined herein, are used herein as defined in such Article 9.

Section I.4 Computation of Time Periods. Unless otherwise stated in this Loan Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

## ARTICLE II

## THE LENDERS' COMMITMENTS, BORROWING PROCEDURES, SECURITY INTEREST AND LENDER NOTES

Section II.1 Lenders' Commitments. (i) On the terms and subject to the conditions set forth in the Original Loan Agreement, the Lenders made an Advance pursuant to the Original Loan Agreement to the Borrower in the amount up to Seventy One Million Two Hundred Fifty Thousand Dollars ($71,250,000) (the "First Initial Advance") and a subsequent Advance in the amount of up to One Hundred One Million Fifty Thousand Dollars ($101,050,000) (the "Second Initial Advance"; and together with the First Initial Advance, the "Initial Advance") and (ii) on the Fourth A&R Closing Date, subject to the terms and conditions of this Agreement, Borrower may request and the Lenders shall make the Fourth A&R Advance in an amount equal to the Fourth A&R Advance Amount, in each case for the purposes set forth in Section 2.8(a); provided, however that (i) subject to Section 2.1(d) of this Loan Agreement, the aggregate principal amount of all Advances from time to time outstanding under this Loan Agreement (including any Protective Advances) shall not exceed the Borrowing Base and (ii) no Lender shall be obligated to make any Advance to the Borrower to the extent that the aggregate outstanding amount of such Advances made by such Lender hereunder exceeds such Lender's Commitment as set forth in Schedule 2.1(a), as the same is amended (or deemed amended) from time to time by Assignment and Assumption Agreements executed as provided in Section 13.4 of this Loan Agreement, nor shall any Lender be obligated to make any Advance required to be made by any other Lender.

(b) So long as the Borrower has requested the same pursuant to a Borrowing Request delivered to the Administrative Agent as set forth below, and subject to the conditions set forth in this Loan Agreement, the Lenders shall make Ongoing Maintenance Advances to the Borrower.

(c) So long as the Borrower has requested the same pursuant to a Borrowing Request delivered to the Administrative Agent as set forth below and subject to the conditions set

forth in this Loan Agreement, the Lenders may make Additional Policy Advances to the Borrower in amounts determined by the Lenders in their sole and absolute discretion; provided, however, that subject to Section 2.1(d) of this Loan Agreement, the aggregate principal amount of all Advances outstanding under this Loan Agreement (including any Protective Advances) shall not exceed the Borrowing Base.

(d) Without regard to the Borrowing Base and without any Borrowing Request, the Lenders shall be entitled to make Advances on behalf of the Borrower as the Lenders determine in their sole and absolute discretion are necessary in order to make premium payments and to pay other costs and expenses to ensure that one or more Pledged Policies selected by the Lenders in their sole and absolute discretion, other than Policies that are sold as contemplated by Section 2.7 of this Loan Agreement, remain in full force and effect, as determined by the Lenders in their sole and absolute discretion (such Advances, together with any Advances made from time to time by the Lenders hereunder to pay any costs and expenses in defending the Collateral against any lawsuits or in any other proceedings (including attorneys' fees) and any Advances made from time to time by the Lenders hereunder after and during the continuance of an Unmatured Event of Default or an Event of Default shall collectively be referred to herein as "Protective Advances"). Notwithstanding anything herein to the contrary, with respect to any Protective Advance, such Protective Advance may be made by the Lenders even if such Protective Advance, when taken together with the outstanding balance of all previous Advances, would cause the aggregate outstanding balance of the Advances to exceed the Borrowing Base as of the date of such Protective Advance. Furthermore, notwithstanding anything herein to the contrary, it is understood that with respect to the making of each of the First Initial Advance and the Second Initial Advance, the aggregate principal amount of all Advances outstanding under this Loan Agreement after the making of such Advance (including any Protective Advances) may have exceeded the Borrowing Base so long as all other conditions precedent to the making of such Advance were satisfied.

Section II.2 Borrowing Procedures.

(a) The Borrower requested each of the First Initial Advance and the Second Initial Advance hereunder by giving notice to the Administrative Agent of the proposed borrowing. Such notice (herein called a "Borrowing Request") was in the form of Exhibit A and with respect to the Borrowing Request related to the First Initial Advance, was permitted to have been prepared and delivered by the Borrower up to five (5) Business Days before the date of execution of the Original Loan Agreement such that the related Proposed First Initial Advance Notice and First Initial Advance Acceptance may have been executed concurrently with the Original Loan Agreement. The Borrowing Request for each of the First Initial Advance and the Second Initial Advance (i) specified the date and aggregate amount of the proposed First Initial Advance or Second Initial Advance, as applicable, (ii) identified the Subject Policies proposed to be pledged hereunder in connection with such Advance and confirmed that the related Collateral

Packages had been uploaded to the FTP Site, (iii) contained a statement of the amount of payments anticipated to be made to the equity holders of the Borrower with the proceeds of such Advance and the amount of such Advance that was deposited into the Reserve Account and (iv) attached a Borrowing Base Certificate, signed by an officer of the Borrower.

(b) The Borrower may request an Ongoing Maintenance Advance hereunder by delivering a fully executed and completed Borrowing Request to the Administrative Agent. Each Borrowing Request for a proposed Ongoing Maintenance Advance shall (i) specify the date and aggregate amount of the proposed Ongoing Maintenance Advance and (ii) attach a Borrowing Base Certificate, signed by an officer of the Borrower. The Borrowing Request for the initial Ongoing Maintenance Advance was permitted to have been prepared and delivered by the Borrower up to five (5) Business Days before the date of execution of the Original Loan Agreement such that the related Subsequent Advance Acceptance may have been executed concurrently with the Original Loan Agreement.

(c) In the event the Borrower desires an Additional Policy Advance, the Borrower shall notify the Administrative Agent of such desire in writing, which written notice shall identify the Additional Policies proposed to be pledged in connection with the making of such Additional Policy Advance and be accompanied by full and complete Collateral Packages for such Additional Policies. The Borrower shall not deliver any Borrowing Request with respect to an Additional Policy Advance unless and until (i) it has wired the related Expense Deposit to the Administrative Agent's Account following confirmation of the amount thereof and (ii) it has received written notice from the Administrative Agent confirming that the Administrative Agent and the Lenders have completed their due diligence with respect to the Additional Policies proposed to be pledged hereunder in connection with the making of such Additional Policy Advance, and indicating which Additional Policies, if any, will be accepted as Collateral hereunder and the estimated amounts that the Lenders will be willing to fund under this Loan Agreement with respect to such Additional Policies. After the Borrower's wiring of the related Expense Deposit to the Administrative Agent's Account and the Borrower's receipt of such written notice from the Administrative Agent, the Borrower may request an Additional Policy Advance hereunder with respect to such Additional Policies by delivering a fully executed and completed Borrowing Request to the Administrative Agent. Each Borrowing Request related to a proposed Additional Policy Advance shall (i) specify the date and aggregate amount of the proposed Additional Policy Advance, (ii) identify the Additional Policies proposed to be pledged hereunder in connection with such Additional Policy Advance and confirm that the related Collateral Packages have been uploaded to the FTP Site, (iii) contain a statement of the amount of payments anticipated to be made to the equity holders of the Borrower with the proceeds of such Additional Policy Advance and (iv) attach a Borrowing Base Certificate, signed by an officer of the Borrower. The Lenders shall be under no obligation to make any Additional Policy Advance. The Lenders may make Additional Policy Advances in their sole and absolute discretion and may require additional documentation (including opinions of counsel) and the

satisfaction of conditions, including the payment of additional fees, all as determined by the Lenders in their sole and absolute discretion.

Section II.3 Funding. No later than five (5) Business Days following the Administrative Agent's receipt of the Borrowing Request for the First Initial Advance, the Lenders, in their sole and absolute discretion and acting unanimously, determined whether to approve the Subject Policies, and the Administrative Agent notified the Borrower of (i) the determination of the amount, if any, the Lenders would fund (a "Proposed First Initial Advance", and such notice of the Proposed First Initial Advance, a "Proposed First Initial Advance Notice"), (ii) the amount of the Closing Fee and (iii) the amount of the payments to the equity holders of the Borrower that the Lenders approved with respect to such Proposed First Initial Advance. Such determination was made in the Lenders' sole and absolute discretion. As the Lenders were willing to make such Proposed First Initial Advance and the Borrower determined to accept such Proposed First Initial Advance, on or before the third (3rd) Business Day after the delivery of the Proposed First Initial Advance Notice by the Administrative Agent, the Borrower notified the Administrative Agent that the Borrower accepted the Proposed First Initial Advance (a "First Initial Advance Acceptance"). On the first (1st) Business Day following the Administrative Agent's receipt of the First Initial Advance Acceptance, and subject to the complete satisfaction of the conditions precedent set forth in Article VII with respect to the First Initial Advance and the limitations set forth in Section 2.1, the Lenders distributed funds in the amount set forth in the Proposed First Initial Advance Notice in accordance with Schedule 2.8.

(b) No later than five (5) Business Days following the Administrative Agent's receipt of the Borrowing Request for the Second Initial Advance, the Administrative Agent notified the Borrower of the resulting Second Initial Advance to be funded by the Lenders on the related Advance Date (such notice, the "Second Initial Advance Acceptance"). Subject to the complete satisfaction of the conditions precedent set forth in Article VII with respect to the Second Initial Advance and the limitations set forth in Section 2.1, the Lenders distributed funds in the amount set forth in the Second Initial Advance Acceptance in accordance with Schedule 2.8.

(c) No later than five (5) Business Days following the Administrative Agent's receipt of a Borrowing Request for an Ongoing Maintenance Advance, the Administrative Agent shall notify the Borrower of the resulting total Ongoing Maintenance Advance to be funded by the Lenders on the related Subsequent Advance Date (such notice, the related "Subsequent Advance Acceptance") subject to the immediately following sentence. Subject to the complete satisfaction of the conditions precedent set forth in Article VII with respect to such Ongoing Maintenance Advance and the limitations set forth in Section 2.1, the Lenders shall distribute funds in the amount set forth in such Subsequent Advance Acceptance to the Payment Account to be disbursed by the Securities Intermediary in accordance with the terms of the Account Control Agreement.

(d) No later than five (5) Business Days following the Administrative Agent's receipt of a Borrowing Request for an Additional Policy Advance, the Lenders shall, in their sole and absolute discretion and acting unanimously, determine whether to approve the Additional Policies, and the Administrative Agent shall notify the Borrower of the determination of the amount, if any, the Lenders will fund (a "Proposed Additional Policy Advance", and such notice of the Proposed Additional Policy Advance, a "Proposed Additional Policy Advance Notice"); provided that such determination shall be in the Lenders' sole and absolute discretion. If the Lenders are willing to make such Proposed Additional Policy Advance and the Borrower determines to accept such Proposed Additional Policy Advance, on or before the third (3rd) Business Day after the delivery of the Proposed Additional Policy Advance Notice by the Administrative Agent, the Borrower shall notify the Administrative Agent that the Borrower accepts the Proposed Additional Policy Advance (an "Additional Policy Advance Acceptance") which notice shall specify the agreed Additional Policy Advance Amount; for avoidance of doubt, if the Borrower does not deliver an Additional Policy Advance Acceptance by 5:00 pm, New York time on the third (3rd) Business Day following the delivery of the Proposed Additional Policy Advance Notice, then the Borrower shall be deemed to have rejected such Proposed Additional Policy Advance. On the third (3rd) Business Day following the Administrative Agent's receipt of the Additional Policy Advance Acceptance, and subject to the complete satisfaction of the conditions precedent set forth in Article VII with respect to such Additional Policy Advance and the limitations set forth in Section 2.1, the Lenders shall distribute funds in the amount set forth in the Proposed Additional Policy Advance Notice to the Payment Account to be disbursed by the Securities Intermediary in accordance with the terms of the Account Control Agreement.

(e) The Borrower shall not deliver more than three (3) Borrowing Requests for an Ongoing Maintenance Advance in any calendar month and shall not deliver more than one (1) Borrowing Request for an Additional Policy Advance in any calendar month. In addition, the Borrower shall not deliver any Borrowing Request if the Borrower has previously delivered a Borrowing Request to the Administrative Agent in respect of an Additional Policy Advance and the Administrative Agent has not yet delivered the related Proposed Additional Policy Advance Notice, the Borrower has not yet delivered the related Additional Policy Advance Acceptance, the Borrower has not yet rejected the related Proposed Additional Policy Advance or the Borrower has delivered the related Additional Policy Advance Acceptance and the related Subsequent Advance Date has not yet occurred, in each case, in accordance with Section 2.3(d). The Borrower shall not deliver a Borrowing Request for an Ongoing Maintenance Advance or an Additional Policy Advance unless such delivery is made on or prior to the Commitment Termination Date.

Section II.4 Representation and Warranty. Each Borrowing Request pursuant to Section 2.2 and each acceptance of an Advance by the Borrower shall automatically constitute a representation and warranty by the Borrower to the Administrative Agent and each Lender that

on the date such Borrowing Request is delivered to the Administrative Agent and on the related Advance Date (a) the representations and warranties contained in Article VIII will be true and correct in all material respects as of such Borrowing Request date and as of such Advance Date as though made on such dates, except to the extent any such representation or warranty relates to a specific date, in which case, such representation or warranty will be true and correct in all respects as of such date as though made on such date, (b) all of the conditions precedent to the making of an Advance contained in Article VII have been satisfied or will have been satisfied as of such Advance Date and (c) no Event of Default or Unmatured Event of Default has occurred and is continuing or will result from the making of such Advance.

Section II.5 Lender Notes. With respect to each Lender, the Advances made by such Lender to the Borrower shall be evidenced by a single promissory note executed by the Borrower (as the same may be amended, modified, extended or replaced from time to time, a "Lender Note" and collectively, the "Lender Notes") substantially in the form of Exhibit B hereto, with appropriate insertions to reflect Advances (or portion thereof) actually funded by such Lender, the related applicable interest rates thereof and related repayments and appropriate revisions to reflect assignments effected in accordance with Section 13.4 of this Loan Agreement, payable to such Lender. For the avoidance of doubt, any Protective Advances made by a Lender shall not be required to be evidenced in its Lender Note and the Administrative Agent's records shall constitute conclusive evidence that such Protective Advances have been made. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to its Lender Note (or on any continuation of such grid) or at such Lender's option, in the records of such Lender, which notations, if made, shall evidence, inter alia, the date of, the outstanding principal of, and the interest rates and Interest Periods applicable to the Advances made by such Lender and related repayments and appropriate revisions to reflect assignments effected in accordance with Section 13.4 of this Loan Agreement. Such notations and records (absent manifest error) shall be conclusive evidence of the subject matter thereof; provided, however, that the failure to make any such notations or maintain any such records shall not limit or otherwise affect any Obligations of the Borrower. The Borrower hereby agrees to promptly execute and deliver a new Lender Note upon any assignment to a new Lender effected in accordance with Section 13.4 of this Loan Agreement, and each Lender making an assignment of all or any portion of its Lender Note will either (i) if such assignment is an assignment of its entire Lender Note, deliver its Lender Note to the Borrower for termination and cancellation effective upon Borrower's execution and delivery of such new Lender Note to the assignee thereof or (ii) if such assignment is an assignment in part of such Lender Note, deliver its Lender Note to the Borrower for termination and cancellation effective upon Borrower's execution and delivery of a new Lender Note to the assignee thereof and a new Lender Note to such Lender.

Section II.6 Security Interest.

(a) To secure the timely repayment of the principal of, and interest on, the Advances, and all other Obligations of the Borrower to any Secured Party, and the prompt performance when due of all covenants of the Borrower hereunder and under any other Transaction Document, whether existing or arising as of the Closing Date or thereafter, due or to become due, direct or indirect, the Borrower hereby pledges and grants to the Administrative Agent, for the benefit of the Secured Parties, a continuing, first priority security interest in, and assignment of, all of the Borrower's rights, titles and interests in, to and under all of the following, whether owned, existing or arising as of the Closing Date or thereafter: all assets of the Borrower, including but not limited to all right, title and interest of the Borrower in the Pledged Policies and proceeds thereof; all accounts receivable, notes receivable, claims receivable and related proceeds including but not limited to, cash, loans, securities, and accounts; contract rights; the contracts with and the rights to and against the Securities Intermediary, in its capacity as owner of record of the Pledged Policies, and the Custodian; the Collection Account, the Reserve Account, the Payment Account, the Policy Account and any other account of the Borrower (excluding only the Borrower Account); reserve accounts; escrow agreements and related books and records; the rights under any purchase agreements relating to such Policies; all data, documents and instruments contained in the Collateral Packages; the Borrower/Parent Note; and such other assets, tangible or intangible, real or personal of the Borrower. All of the rights and assets described in the previous sentence are herein referred to collectively as "Collateral"; provided, however, that this definition of "Collateral" does not limit any other collateral that may be pledged to secure the Advances under any other Transaction Document.

(b) The Borrower shall file such financing statements, and execute and deliver such agreements, certificates and documents, and take such other actions, as the Administrative Agent requests, in each case, in order to perfect, evidence or protect the security interest granted pursuant to Section 2.6(a), including without limitation delivering a collateral assignment in respect of each Pledged Policy subject to this Loan Agreement, naming the Administrative Agent, on behalf of the Lenders, as the collateral assignee, filed with, and acknowledged to have been filed by, the applicable Issuing Insurance Company; provided that the foregoing collateral assignment shall not apply to the portion of the face amount that is retained by a third party under any Retained Death Benefit Policy. On or prior to each Advance Date, the Borrower shall have delivered or caused to be delivered, or shall deliver or cause to be delivered, completed but unsigned Change Forms for the Subject Policies to the Securities Intermediary. The Borrower shall cause the Securities Intermediary to execute all such Change Forms in blank to be held by the Securities Intermediary. If an Issuing Insurance Company updates its Change Forms, at the request of the Administrative Agent, the Borrower shall deliver or cause to be delivered completed but unsigned updated Change Forms for the related Pledged Policies within five (5) Business Days of such request. The Borrower shall cause the Securities Intermediary to execute such Change Forms in blank to be held by the Securities Intermediary. The Borrower grants to the Administrative Agent, as its irrevocable attorney-in-fact and otherwise, the right, in the Administrative Agent's sole and absolute discretion, following the occurrence of an Event of

Default, to complete or direct the Securities Intermediary to complete and send any and all Change Forms previously delivered to it by or on behalf of the Borrower or otherwise obtained by the Administrative Agent, to the applicable Issuing Insurance Companies. The Borrower hereby acknowledges that the foregoing grant has been coupled with an interest and is irrevocable. The Borrower hereby authorizes the Administrative Agent to file such financing statements and other documentation as the Administrative Agent determines are necessary or advisable to perfect such security interest without the signature of the Borrower, provided however, notwithstanding any other provision of any Transaction Document, the Administrative Agent shall have no duty or obligation to file such financing statements, continuation statements or amendments thereto. The Borrower hereby appoints the Administrative Agent as the Borrower's irrevocable attorney-in-fact, with full power and authority to take any other action to sign or endorse the Borrower's name on any Collateral, and to enforce or collect any of the Collateral, upon the occurrence and during the continuance of an Event of Default. The Borrower hereby acknowledges that the foregoing appointment of the Administrative Agent as the Borrower's irrevocable attorney-in-fact has been coupled with an interest and is irrevocable. The Borrower hereby ratifies and approves all acts of such attorney-in-fact, and agrees that the Administrative Agent will not be liable for any act or omission with respect thereto, except to the extent that such act or omission constitutes gross negligence, fraud or willful misconduct on the part of the Administrative Agent.

(c) Upon the receipt of the related Net Proceeds by the Lenders after the sale of a Pledged Policy pursuant to Section 2.7, the security interest of the Administrative Agent in such Pledged Policy for the benefit of the Secured Parties shall be released. Upon the indefeasible repayment in full of all of the Advances then outstanding and all other Obligations and termination of all Commitments and this Loan Agreement, (i) the security interest of the Administrative Agent in the Collateral for the benefit of the Secured Parties shall be released and (ii) the Administrative Agent shall file, promptly upon written request, such releases or assignments, as applicable, and to take such other actions as the Borrower shall reasonably request in writing in order to evidence any such release.

Section II.7 Sale or Other Transfer of Collateral.

Except as set forth in the second paragraph of this Section 2.7, the Borrower may not sell or otherwise transfer any Collateral except (i) with the prior written consent of the Required Lenders (such consent shall not be unreasonably withheld or delayed), and (ii) in a sale that is on arms-length terms, that is at fair market value for cash (in U.S. dollars), and that is not made to an Affiliate of the Borrower (a "Permissible Sale"). The Borrower shall apply the Net Proceeds from a Permissible Sale to prepay outstanding Advances in accordance with Section 4.1(b). The Borrower shall provide written notice of any such sale to the Administrative Agent at least seven (7) Business Days prior to any such sale and shall certify to the Administrative Agent that such sale constitutes a Permissible Sale. The Borrower agrees that it would not be unreasonable for

the Required Lenders to withhold their consent to any such sale if immediately prior to such sale there exists, or immediately after such sale there would exist, an Event of Default or an Unmatured Event of Default.

Notwithstanding the immediately preceding paragraph, if the Collateral consists of one-hundred (100) or fewer Pledged Policies insuring the lives of one-hundred (100) or fewer distinct Insureds, then, without the prior written consent of the Required Lenders, the Borrower may sell one or more of the Pledged Policies to any Person, including, without limitation, an Affiliate of the Borrower, so long as the Net Proceeds from any such sale are equal to or greater than the outstanding principal balance of all Advances plus accrued but unpaid interest thereon, plus the Yield Maintenance Fee applicable thereto, plus all other Obligations owing by the Borrower, and the Commitments and this Loan Agreement will be terminated after the application of such Net Proceeds. The Borrower shall apply the Net Proceeds from any such sale in accordance with Section 4.1(b). The Borrower shall provide written notice of any such sale to the Administrative Agent at least seven (7) Business Days prior to any such sale.

Section II.8 Permitted Purposes. (a) The Borrower has not used and it shall not use the proceeds of any Advance made hereunder, under the Amended and Restated Loan Agreement or under the Original Loan Agreement except for the following purposes:

(i) with respect to the First Initial Advance and the Second Initial Advance, (a) to pay the purchase price for the Subject Policies to the Parent pursuant to the Purchase Agreement, a portion of which funds, with respect to the First Initial Advance, were immediately used to repay indebtedness outstanding under that certain Second Amended and Restated Credit and Security Agreement dated May 11, 2015, among Parent, GWG DLP Funding II, LLC, GWG Holdings, Inc., Autobahn Funding Company LLC, DZ Bank AG Deutsche Zentral-Genossenschaftsbank; (b) to pay working capital needs and expenses of the Borrower; (c) to pay any transaction costs related to such Advance and, with respect to the First Initial Advance, to pay closing fees payable to the Lenders and the Administrative Agent; (d) with respect to the Second Initial Advance, to make payments to the sole equity holder of the Borrower (which such sole equity holder may distribute to its equity holders) in an amount that did not exceed $84,800,000, (e) with respect to the Second Initial Advance, to fund the Reserve Account, (f) with respect to the Second Initial Advance, to pay Ongoing Maintenance Costs and (g) to make any other payments or distributions, as approved in writing by the Required Lenders in their sole and absolute discretion; and

(ii) with respect to an Ongoing Maintenance Advance, (a) to pay Ongoing Maintenance Costs and/or (b) to make any other payments or distributions, as approved in writing by the Required Lenders in their sole and absolute discretion (it being understood that on and after the Second A&R Closing Date, Ongoing Maintenance

Advances shall be used solely to pay amounts identified in clause (i) of the definition of Ongoing Maintenance Costs, unless otherwise approved in writing by the Required Lenders in their sole and absolute discretion; and

(iii) with respect to an Additional Policy Advance, to make any payments or distributions, as approved in writing by the Required Lenders in their sole and absolute discretion; provided that with respect to the Fourth A&R Advance, such proceeds may be used by the Borrower (A) to make a loan to the Parent, as evidenced by the Borrower/Parent Note, (B) to pay the Structuring Fee , (C) to pay any costs and expenses incurred by or on behalf of the Lenders and the Administrative Agent in connection with the Fourth A&R Advance and this Loan Agreement (including, without limitation, attorneys' fees and any fees of the Insurance Consultant) and (D) to pay any attorneys' fees incurred by or on behalf of the Borrower in connection with the Fourth A&R Advance and this Loan Agreement.

(b) For the avoidance of doubt, all proceeds of Advances were, prior to the date hereof, deposited, and after the date hereof, shall be deposited by the Lenders (i) in accordance with Schedule 2.8 in respect of the Initial Advance and the Fourth A&R Advance, as such Schedule 2.8 may be amended from time to time, (ii) for any other Additional Policy Advance, as directed by the Lenders in their sole and absolute discretion and (iii) for any Ongoing Maintenance Advance, into the Payment Account. The Borrower has caused and shall cause any amounts on deposit in the Payment Account to be distributed by the Securities Intermediary in accordance with the terms of the Account Control Agreement, which amounts shall be used for the purposes set forth in Section 2.8(a) and as specified in the related Borrowing Request.

Section II.9 Closing Fee and other Fees. With respect to the First Initial Advance made hereunder, the Borrower paid to the Administrative Agent the Closing Fee. The Closing Fee was fully earned and due and payable on the initial Advance Date and may have been paid from the proceeds of the First Initial Advance. With respect to the first Advance on or following the Amended and Restated Closing Date, the Borrower paid to the Administrative Agent the Additional Closing Fee. With respect to the Fourth A&R Advance to be made hereunder, the Borrower shall pay to the Administrative Agent the Structuring Fee. The Structuring Fee shall be fully earned and due and payable by the Borrower to CSG Investments, Inc. on the Fourth A&R Closing Date. With respect to any other Additional Policy Advances, if any, the Borrower shall pay such fees and at such times as the Lenders and the Borrower shall agree. In the event that the Borrower requests an Advance hereunder such that after giving effect to such Advance, the principal amount of all Advances outstanding under this Loan Agreement would exceed the Borrowing Base, which request may be granted or withheld in the Lenders' sole and absolute discretion, and such Advance is made on the related Advance Date, the Borrower shall pay to the Administrative Agent a fee in an amount equal to the product of (i) such excess and (ii) [*]

percent ([*]%). Each such fee shall be fully earned and due and payable on the related Advance Date and may be paid from the proceeds of such Advance.

## ARTICLE III

## INTEREST; INTEREST PERIODS; FEES, ETC.

Section III.1 Interest Rates. The Borrower hereby promises to pay interest on the unpaid principal amount of each Advance for the period commencing on the date such Advance is made until such Advance is paid in full, with respect to each Interest Period at a rate per annum equal to the sum of (i) the Benchmark Rate for such Interest Period plus (ii) the Applicable Margin; provided however that if an Event of Default has occurred and is continuing, each Advance shall bear interest at a rate per annum equal to the Default Rate for such Interest Period. The Benchmark Rate with respect to each Interest Period shall be determined as of each Rate Calculation Date. No provision of this Loan Agreement shall require the payment or permit the collection of interest in excess of the maximum permitted by Applicable Law. In the event that any provision hereof requires payment of interest in excess of the maximum permitted by Applicable Law for any period, the interest due for such period shall equal the maximum rate permitted by Applicable Law.

Section III.2 Interest Payment Dates. Interest accrued on each Advance shall be due and payable, without duplication:

(a) on each Interest Payment Date;

(b) on the date of any prepayment, in whole or in part, of principal of outstanding Advances;

(c) on Advances accelerated pursuant to Section 10.2, immediately upon such acceleration; and

(d) on the Maturity Date.

Section III.3 Fees. The Borrower shall pay all Fees to the Persons entitled thereto.

Section III.4 Computation of Interest and Fees. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days.

## ARTICLE IV

## PAYMENTS; PREPAYMENTS

Section IV.1 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Advance on the Maturity Date. Prior thereto, the Borrower:

(a) may voluntarily prepay all or any portion of the aggregate outstanding Advances, either in whole or in part, together with the related Yield Maintenance Fee from funds available for distribution to the Borrower pursuant to clause "Eleventh" of Section 5.2(b) and/or from funds available to the Borrower from any capital contribution or other source of funding obtained by the Borrower that is not expressly prohibited by this Loan Agreement; provided, however, that no such prepayment shall constitute the payment of Required Amortization; provided further, that any such prepayment shall be applied first to the outstanding principal balance of the Fourth A&R Advance prior to its payment in full;

(b) shall apply the Net Proceeds of any sales made pursuant to Section 2.7 to repay Advances (first, to the Fourth A&R Advance until paid in full and second, to all other Advances) by depositing such Net Proceeds into the Administrative Agent's Account; provided, however, that no such prepayment shall constitute the payment of Required Amortization; provided, further, that such Net Proceeds shall first be applied to the payment of any applicable Yield Maintenance Fee, then interest accrued on such Advances, and then the repayment of Advances in the order of priority set forth above;

(c) shall, immediately upon any acceleration of the Maturity Date pursuant to Section 10.2, repay all such Advances and all other Obligations (including, without limitation, the Yield Maintenance Fee) within one (1) Business Day of the Administrative Agent's delivery of notice of such acceleration to the Borrower;

(d) shall, within thirty 30 days after (i) the number of Pledged Policies is less than or equal to two hundred and twenty-five (225), or (ii) the cumulative face amount of the Pledged Policies is less than or equal to $400,000,000, repay all the Advances and all other Obligations (including, without limitation, any Yield Maintenance Fee);

(e) [Reserved]

(f) shall, on each Distribution Date, repay the Advances from Available Amounts in accordance with the Priority of Payments (which Available Amounts shall be applied first to the outstanding principal balance of the Fourth A&R Advance).

Section IV.2 Yield Maintenance Fee. If the Borrower prepays or repays an Advance in accordance with Section 4.1 (excluding any prepayment of a portion of the Fourth A&R

Advance referenced in Section 4.1(e) so long as no Event of Default has occurred and is continuing on the date of such prepayment) or a Reduction Action occurs in respect of an Advance, whether before or after (i) the occurrence of an Event of Default or (ii) the occurrence of any Event of Bankruptcy, and notwithstanding any acceleration (for any reason) of the Obligations, the Borrower shall pay the Yield Maintenance Fee with respect to such prepayment, repayment or Reduction Action, as applicable, and such Yield Maintenance Fee shall be due and payable. The Yield Maintenance Fee shall also be payable with respect to any prepayments or distributions made by the Borrower pursuant to Section 5.2(c). For avoidance of doubt, except as set forth in Section 4.1(a), no Yield Maintenance Fee shall be payable with respect to any payments or distributions made by or on behalf of the Borrower pursuant to Section 5.2(b). Notwithstanding anything herein to the contrary, the Yield Maintenance Fee shall be payable notwithstanding acceleration of the Obligations or the Maturity Date for any reason, including, without limitation, acceleration in accordance with Section 10.2 (including, without limitation, as a result of the occurrence of an Event of Bankruptcy).

Section IV.3 Making of Payments. All payments of principal of, or interest on, the Advances, and all amounts to be deposited by the Borrower, shall be made by the Borrower no later than 1:00 p.m. (New York City time), on the day when due in Dollars in same day funds to the account designated in writing by the Administrative Agent to the Borrower (the "Administrative Agent's Account") or, with respect to other amounts payable to any Lender or the Administrative Agent, directly thereto in accordance with the directions provided by the Lender or the Administrative Agent, as applicable. Funds received by any Person after 1:00 p.m. (New York City time), on the date when due will be deemed to have been received by such Person on the next following Business Day.

Section IV.4 Due Date Extension. If any payment of principal or interest with respect to any Advance falls due on a day which is not a Business Day, then such due date shall be extended to the next following Business Day, and additional interest shall accrue at the applicable interest rate and be payable for the period of such extension.

## ARTICLE V

## ACCOUNTS; DISTRIBUTION OF COLLECTIONS

Section V.1 Accounts.

(a) Collection Account. The Borrower has established, continuously maintained and shall continue to maintain, in the name of the Borrower, an Eligible Account bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Administrative Agent, on behalf of the Secured Parties (the "Collection Account"), that at all times shall be subject to the Account Control Agreement.

(b) Reserve Account. The Borrower has established, continuously maintained and shall continue to maintain, in the name of the Borrower, an Eligible Account bearing a designation clearly indicating that the funds on deposit therein are held for the benefit of the Administrative Agent, on behalf of the Secured Parties (the "Reserve Account"), that at all times shall be subject to the Account Control Agreement. Subject to the terms of the Account Control Agreement, in the event the Calculation Date Report and the related Payment Instructions with respect to any Calculation Date occurring prior to the Amended and Restated Closing Date indicated that the then Available Amount with respect to the related Distribution Date was insufficient to make the payments in clauses "First", "Third", "Fourth", "Fifth", "Sixth" and "Seventh" of the Priority of Payments (such deficiency being "Deficiency Claim Amount"), then on the Business Day immediately prior to such Distribution Date the Administrative Agent instructed the Securities Intermediary to withdraw from the Reserve Account an amount equal to the lesser of (i) the Deficiency Claim Amount for such Distribution Date and (ii) the amount on deposit in the Reserve Account, and deposit such amount in the Collection Account. On or prior to the Closing Date, the Borrower deposited, or caused to be deposited, into the Reserve Account an amount equal to Eleven Million Two Hundred Fifty Thousand Dollars ($11,250,000). On the Advance Date related to the Second Initial Advance, the Borrower deposited an amount equal to Sixteen Million Two Hundred Fifty Thousand Dollars ($16,250,000) into the Reserve Account from the proceeds of such Advance. On the Amended and Restated Closing Date all amounts on deposit in the Reserve Account on such date were transferred by the Securities Intermediary into the Borrower Account. Within two (2) Business Days after the occurrence of an Event of Default, the Borrower shall deposit, or cause to be deposited, into the Reserve Account an amount necessary to pay projected Ongoing Maintenance Costs and Debt Service for the following twelve (12) month period, and the Borrower shall not be entitled to withdraw any such amount unless and until such Event of Default has been cured (as determined by the Required Lenders in their sole and absolute discretion) or the Administrative Agent (with the written consent of the Lenders acting in their sole and absolute discretion) has waived such Event of Default in writing.

(c) [Reserved.]

(d) Borrower Account. The Borrower has established, continuously maintained and shall continue to maintain a segregated Eligible Account with an Eligible Institution in the name of the Borrower (the "Borrower Account"). The Borrower shall be entitled to cause the withdrawal of amounts on deposit in the Borrower Account for any purpose, including, without limitation, the payment of Premiums or Expenses.

(e) Payment Account. The Borrower has established, continuously maintained and shall continue to maintain, in the name of the Borrower, an Eligible Account bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Administrative Agent, on behalf of the Secured Parties (the "Payment Account"), that at all

times shall be subject to the Account Control Agreement. All proceeds of Advances shall be deposited by the Lenders into the Payment Account or another account as set forth on Schedule 2.8. The Borrower has caused and shall cause any amounts on deposit in the Payment Account to be distributed by the Securities Intermediary in accordance with the terms of the Account Control Agreement, which amounts were used and shall be used for the purposes set forth in Section 2.8 and as specified in the related Borrowing Request. On or prior to the Closing Date, the Borrower deposited an amount equal to $25,018,088.26 into the Payment Account and an amount equal to $11,250,000 of such deposit was transferred into the Reserve Account prior to the Closing Date (it being understood that the remainder of such deposit was distributed to the Parent on the Closing Date and immediately used to repay indebtedness outstanding under that certain Second Amended and Restated Credit and Security Agreement dated May 11, 2015, among Parent, GWG DLP Funding II, LLC, GWG Holdings, Inc., Autobahn Funding Company LLC, DZ Bank AG Deutsche Zentral-Genossenschaftsbank).

(f) Administrative Agent Action. The Administrative Agent may, at any time after an Event of Default has occurred and is continuing, give written notice to the Securities Intermediary and to the Borrower, of the occurrence of such event and specifying whether the Administrative Agent is exercising its rights and remedies in relation thereto in accordance with this Loan Agreement and the Account Control Agreement, and will do any or all of the following: (i) exercise exclusive dominion and control over the funds deposited in the Accounts, (ii) have amounts that are sent to the Accounts redirected pursuant to its instructions, and (iii) take any or all other actions the Administrative Agent is permitted to take under this Loan Agreement and the Account Control Agreement for the benefit of the Secured Parties. If at any time, any Account shall cease to be an Eligible Account, the Borrower shall as promptly as reasonably practicable (but in no event more than twenty (20) Business Days) establish a replacement Eligible Account.

(g) Collections Held In Trust. If at any time the Borrower, the Servicer, the Securities Intermediary or any of their Affiliates, as the case may be, shall receive any Collections or other proceeds of any Collateral other than through payment into the Collection Account, the Borrower shall or shall cause the Servicer, the Securities Intermediary or such Affiliate to, promptly (but in any event within two (2) Business Days of receipt thereof) remit or cause to be remitted all such Collections or other proceeds to the Collection Account, unless such Collections or other proceeds constitute sale proceeds, in which case, such Collections or other proceeds shall be remitted to the Administrative Agent's Account pursuant to Section 4.1(b). All Collections received by the Borrower, the Servicer, the Securities Intermediary or any of their Affiliates, shall be (and the Borrower shall cause them to be) held by such Person in trust for the exclusive benefit of the Administrative Agent (on behalf of the Secured Parties). The outstanding principal amount of the Advances shall not be deemed repaid by any amount of the Collections held in trust by any Person, unless such amount is finally paid to the Administrative Agent in accordance with Section 5.2.

Section V.2 Application of Available Amounts.

(a) If no Event of Default or Unmatured Event of Default has occurred and is continuing, the Administrative Agent and the Borrower acting jointly, and otherwise, the Administrative Agent acting alone, shall instruct the Securities Intermediary to distribute Collections deposited in the Collection Account, and all other amounts deposited in the Collection Account, in accordance with this Section 5.2. On or prior to each Calculation Date, the Borrower shall prepare and deliver or cause to be prepared and delivered to the Administrative Agent a quarterly calculation report substantially in the form attached hereto as Exhibit D (the "Calculation Date Report") with respect to the related Distribution Date, and the Borrower shall simultaneously deliver or cause to be delivered to the Securities Intermediary the payment instructions necessary to make the payments indicated in such Calculation Date Report (the "Payment Instructions"). In delivering the instructions required under Section 5.2(b) and Section 5.2(c), the Administrative Agent shall have the right to rely absolutely upon the information in the Calculation Date Reports, unless the Administrative Agent or the Required Lenders provide alternative information to the Borrower by notice in writing (such notice an "Alternative Information Notice") not more than five (5) Business Days after receipt of the related Calculation Date Report by the Administrative Agent, in which case, provided that the Borrower shall not have objected to such Alternative Information Notice in writing within one (1) Business Day of its receipt thereof, the Administrative Agent shall have the absolute right to act in accordance with such Alternative Information Notice. In the event that the Borrower shall have objected to such Alternative Information Notice, then the Borrower and the Administrative Agent shall negotiate in good faith to resolve such objection within five (5) days following the date on which the Borrower objects, the amount subject to such objection shall be retained in the Collection Account during the pendency of such negotiations and the amount not subject to such objection shall be distributed in accordance with Section 5.2(b) or Section 5.2(c), as applicable, and in accordance with such Alternative Information Notice. The amount subject to such objection shall be distributed in accordance with Section 5.2(b) or Section 5.2(c), as applicable, (i) if such objection is resolved, on the Business Day following the date on which such objection is resolved, in which case such amounts shall be distributed in accordance with such resolution or (ii) if such objection is not resolved, on the first Business Day following the day that is five (5) days following the date on which the Borrower objects to such Alternative Information Notice, in which case such amounts shall be distributed in accordance with the relevant Alternative Information Notice. Notwithstanding the foregoing, if the Borrower fails to deliver the related Calculation Date Report or the related Payment Instructions on or prior to the related Calculation Date, then the Administrative Agent acting alone, based on information in the Administrative Agent's possession, shall be entitled to prepare such Calculation Date Report and Payment Instructions and thereby instruct the Securities Intermediary to distribute Collections deposited in the Collection Account, and all other amounts deposited in the Collection Account, to be distributed in accordance with this Section 5.2, and the Administrative Agent shall have no liability whatsoever in respect of such instructions (the procedures set forth in this sentence if the

Borrower fails to deliver the related Calculation Date Report or the related Payment Instructions on or prior to the related Calculation Date, the "Borrower Failure Procedures").

(b) If no Event of Default or Unmatured Event of Default has occurred and is continuing, on each Distribution Date, the Borrower and the Administrative Agent shall jointly instruct the Securities Intermediary to distribute from the Available Amount then on deposit in the Collection Account, in accordance with the Payment Instructions related to the Calculation Date Report for such Distribution Date, subject to the delivery of an Alternative Information Notice, and the procedures set forth in Section 5.2(a) for the resolution of any objections of the Borrower in respect of such Alternative Information Notice, or if the Borrower has failed to deliver the related Calculation Date Report or the related Payment Instructions on or prior to the related Calculation Date, the Administrative Agent acting alone shall instruct the Securities Intermediary to distribute from the Available Amount then on deposit in the Collection Account, in accordance with the Borrower Failure Procedures, and in either case, the following amounts in the following order of priority unless otherwise agreed in writing by the parties hereto (and, with respect to any payment to the Securities Intermediary or the Custodian, as consented to by such Person in writing):

First, to the Custodian and the Securities Intermediary, as applicable, the fees, and expenses due and payable thereto in accordance with the Account Control Agreement, including, but not limited to, any Claims of any Indemnified Bank Person due and payable in accordance with the Account Control Agreement; provided that the aggregate amount of Claims payable under this clause "First" shall not exceed $25,000 on any Distribution Date; provided further, that any legal fees incurred by the Custodian and the Securities Intermediary on or prior to the date hereof in connection with the negotiation and drafting of this Loan Agreement and the Account Control Agreement shall not count against such maximum amounts payable on any Distribution Date;

Second, to the applicable Issuing Insurance Company, the payment of scheduled Premiums which are due and payable prior to the following Distribution Date as set forth in the related Premium Payment Schedule;

Third, to the Servicer, to the extent due and payable, the Servicing Fee;

Fourth, to the Borrower or the Parent, for the payment or reimbursement of any reasonable administrative expenses and documented third-party expenses related to (i) the audit of the financial statements of the Borrower and the Parent pursuant to Section 9.1(d)(i) in an amount not to exceed $30,000 during the prior twelve (12) month period, (ii) Collateral Audits pursuant to Section 9.1(i) in an amount not to exceed $2,200 for each Pledged Policy during the prior twelve (12) month period (unless such Pledged Policy is a Small Face Policy and payments of

Premiums in respect of such Pledged Policy are made on an annual basis, in which case, $500 per such Pledged Policy during the prior twelve (12) month period), and (iii) any other expenses of the Borrower and the Parent in an amount not to exceed $5,000 per month;

Fifth, if the Distribution Date is the last Distribution Date of the calendar year, to the Administrative Agent for the account of the Lenders, the Loan Administration Fee for the following calendar year;

Sixth, to the Administrative Agent for the account of the Lenders, any accrued interest on the Advances then due and payable on such date;

Seventh, Reserved;

Eighth, Reserved;

Ninth, one-hundred percent (100.0%) of the remaining Available Amounts to the Administrative Agent, for the account of the Lenders, first, to repay the outstanding principal balance of the Fourth A&R Advance, and second, on a pro rata basis to repay the outstanding principal amount of all other Advances (any such amount under this clause "Ninth", the "Cash Sweep");

Tenth, to the Custodian and the Securities Intermediary, as applicable, any fees and expenses due and payable thereto that remain unpaid (including such fees and expenses not paid pursuant to clause "First" of this Section 5.2(b)); and

Eleventh, to the Borrower, any remaining Available Amounts by deposit to the Borrower Account.

(c) If an Event of Default or an Unmatured Event of Default has occurred and is continuing, the Administrative Agent acting alone shall instruct the Securities Intermediary to distribute from the Available Amount then on deposit in the Collection Account, in accordance with the Payment Instructions related to the Calculation Date Report for such Distribution Date, subject to the delivery of an Alternative Information Notice, and the procedures set forth in Section 5.2(a) for the resolution of any objections of the Borrower in respect of such Alternative Information Notice, or if the Borrower has failed to deliver the related Calculation Date Report or the related Payment Instructions on or prior to the related Calculation Date, the Administrative Agent acting alone shall instruct the Securities Intermediary to distribute from the Available Amount then on deposit in the Collection Account, in accordance with the Borrower Failure Procedures, and in either case, the following amounts in the following order of priority unless otherwise agreed in writing by the parties hereto (and, with respect to any payments to the Securities Intermediary or the Custodian as consented to by such Person in writing):

First, to the Custodian and the Securities Intermediary, as applicable, the fees, and expenses due and payable thereto in accordance with the Account Control Agreement, including, but not limited to, any Claims of any Indemnified Bank Person due and payable in accordance with the Account Control Agreement;

Second, to the applicable Issuing Insurance Company, the payment of scheduled Premiums which are due and payable prior to the following Distribution Date as set forth in the related Premium Payment Schedule;

Third, to the Servicer, to the extent due and payable, the Servicing Fee;

Fourth, if the Distribution Date is the last Distribution Date of the calendar year, to the Administrative Agent for the account of the Lenders, the Loan Administration Fee for the following calendar year;

Fifth, to the Administrative Agent for the account of the Lenders, any accrued interest on the Advances then due and payable on such date;

Sixth, to the Administrative Agent for the account of the Lenders, all outstanding principal and any other amounts with respect to the Advances and all other Obligations; provided that any remaining Available Amount under this Clause "Sixth" used to repay the Advances shall have been applied first to the outstanding principal balance of the Fourth A&R Advance until paid in full;

Seventh, to the Custodian and the Securities Intermediary, as applicable, any fees and expenses due and payable thereto that remain unpaid (including such fees and expenses not paid pursuant to clause "First" of this Section 5.2(c)); and

Eighth, to the Borrower, any remaining Available Amount by deposit to the Borrower Account.

(d) Notwithstanding anything herein to the contrary, prior to the applicable Calculation Date (including, for the avoidance of doubt, any additional Calculation Date designated by the Borrower pursuant to Section 5.2(f)), the Administrative Agent, acting at the direction of the Required Lenders in their sole and absolute discretion, may provide written notice to the Borrower that the percentage used to calculate the amount of the Cash Sweep in Clause "Ninth" of Section 5.2(b) shall be lowered to the percentage set forth in such notice with respect to the related Distribution Date.

(e) For the avoidance of doubt, no payment that is made pursuant to Clause "Ninth" of Section 5.2(b) shall constitute the payment of Required Amortization.

(f) Notwithstanding anything herein to the contrary, so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, the Borrower may designate the tenth (10th) day (or if such day is not a Business Day, the next succeeding Business Day) of any calendar month in which a Calculation Date is not scheduled to occur as an additional Calculation Date by delivering written notice of such designation to the Administrative Agent no later than five (5) Business Days prior such day. Upon the Administrative Agent's receipt of such written designation, such designated day shall constitute a Calculation Date for purposes of this Loan Agreement and the other Transaction Documents, the fifth day thereafter (or if such day is not a Business Day, the next succeeding Business Day) shall constitute a Distribution Date for purpose of this Loan Agreement and the other Transaction Documents, the Borrower shall be obligated to prepare and deliver to the Administrative Agent a Calculation Date Report on such designated Calculation Date with respect to the related Distribution Date and concurrently deliver or cause to be delivered the related Payment Instructions in accordance with Section 5.2(a), and the Available Amount on deposit in the Collection Account on such Distribution Date shall be distributed in accordance with Section 5.2(b), subject, in each case, to the procedures specified in Section 5.2(a).

(g) The Borrower may deposit any amounts received as a capital contribution from the Parent into the Borrower Account. At any time the Available Amount for distribution on the immediately following Distribution Date is insufficient to pay amounts due under Section 5.2(b) or Section 5.2(c) as applicable, the Borrower may transfer an amount equal to such deficiency into the Collection Account. Amounts transferred by the Borrower from the Borrower Account into the Collection Account shall constitute part of the Available Amount for distribution on the immediately following Distribution Date in accordance with Section 5.2(b) or Section 5.2(c), as applicable. On or prior to the date of the making of any such deposit into the Collection Account, the Borrower shall notify the Administrative Agent in writing of the amount of such deposit.

Section V.3 Permitted Investments.

(a) Funds at any time held in the Collection Account and the Reserve Account may be invested and reinvested at the direction of the Borrower (unless an Event of Default shall have occurred and be continuing, in which case at the written direction of the Administrative Agent) in one or more Permitted Investments in a manner provided in Section 5.3(c). In the absence of any such direction, funds held in the Collection Account or the Reserve Account shall not be invested. Funds at any time held in the Payment Account shall not be invested.

(b) Each investment made pursuant to this Section 5.3 on any date with respect to the Collection Account or the Reserve Account shall mature or be available not later than the Business Day preceding the Distribution Date after the day on which such investment is

made, except that any investment made on the day preceding a Distribution Date shall mature on such Distribution Date.

(c) Any investment of funds in the Reserve Account or the Collection Account shall be made in Permitted Investments in which the Administrative Agent has (or will have upon acquisition) a first priority, perfected Lien.

(d) The Administrative Agent shall not be liable in any manner by reason of any insufficiency in the Collection Account or the Reserve Account resulting from any loss on any Permitted Investment included therein.

## ARTICLE VI

## INCREASED COSTS, ETC.

Section VI.1 Increased Costs. If any change in Regulation D of the Board of Governors of the Federal Reserve System, or any Regulatory Change, in each case occurring after the Closing Date:

(A) shall subject any Affected Party to any Tax, duty or other charge with respect to any Advance made or funded by it, or shall change the basis of the imposition of any Tax on payments to such Affected Party of the principal of or interest on any Advance owed to or funded by it or any other amounts due under this Loan Agreement in respect of any Advance made or funded by it (except for changes in the rate of Tax on the overall net income of such Affected Party imposed by any applicable jurisdiction in which such Affected Party has an office);

(B) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Board of Governors of the Federal Reserve System, but excluding any reserve included in the determination of interest rates pursuant to Section 3.1), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Affected Party;

(C) shall change the amount of capital maintained or required or requested or directed to be maintained by any Affected Party; or

(D) shall impose on any Affected Party any other condition affecting any Advance made or funded by any Affected Party;

and the result of any of the foregoing is or would be to (i) increase the cost to or impose a cost on an Affected Party funding or making or maintaining any Advance (including any commitment of such Affected Party with respect to any of the foregoing), (ii) to reduce the amount of any sum

received or receivable by an Affected Party under this Loan Agreement or the Lender Notes, or (iii) in the good faith determination of such Affected Party, to reduce the rate of return on the capital of an Affected Party as a consequence of its obligations hereunder or arising in connection herewith to a level below that which such Affected Party could otherwise have achieved, and, in each case, unless any of the foregoing was imposed upon such Affected Party by a regulatory authority, such Affected Party determines that any of the foregoing also has a similar effect on any other credit facilities or other financing arrangements that are secured by life insurance policies (or interests therein) to which such Affected Party is a party to as a lender, administrative agent or other similar capacity, then after demand by such Affected Party to the Borrower (which demand shall be accompanied by a written statement setting forth the basis of such demand), the Borrower shall pay such Affected Party such additional amount or amounts as will (in the reasonable determination of such Affected Party) compensate such Affected Party for such increased cost or such reduction. Such written statement (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be rebuttable presumptive evidence of the subject matter thereof.

Section VI.2 Funding Losses. The Borrower hereby agrees that upon demand by any Affected Party (which demand shall be accompanied by a statement setting forth the basis for the calculations of the amount being claimed) the Borrower will indemnify such Affected Party against any net loss or actual expense which such Affected Party actually sustains or incurs (including, without limitation, any net loss or expense actually incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Affected Party to fund or maintain any Advance made by any Lender to the Borrower), as reasonably determined by such Affected Party, as a result of (a) any payment or prepayment (including any mandatory prepayment) of any Advance on a date other than a Distribution Date, or (b) any failure of the Borrower to borrow any Advance on the date specified therefor in a First Initial Advance Acceptance, a Second Initial Advance Acceptance, a Subsequent Advance Acceptance or an Additional Policy Advance Acceptance. Such written statement shall, in the absence of manifest error, be rebuttable presumptive evidence of the subject matter thereof.

Section VI.3 Withholding Taxes.

(a) All payments made by the Borrower hereunder shall be made free and clear of, and without reduction or withholding for or on account of, any present or future Covered Taxes. If any Covered Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Taxes) all such amounts payable hereunder at the rates or in the amounts specified herein. Whenever any Covered Taxes are payable by the Borrower, as promptly as possible thereafter, the Borrower shall send to the Administrative Agent for its own account or for the account of the related Lender, as the case may be, a certified copy or an

original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Covered Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required documentary evidence, the Borrower shall indemnify the Administrative Agent and each Lender for such Covered Taxes and any incremental Taxes that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(b) At least five (5) Business Days prior to the first date on which any payments, including discount or Fees, are payable hereunder for the account of any Lender, if such Lender is not organized under the laws of the United States, such Lender agrees to deliver to each of the Borrower, the Securities Intermediary and the Administrative Agent two (2) duly completed copies of (i) United States Internal Revenue Service Form W-8BEN or W-8ECI (or successor applicable form) certifying that such Lender is entitled to receive payments hereunder without deduction or withholding, or at a reduced rate of withholding, of any United States federal income taxes, provided such Lender is legally able to provide such forms or (ii) United States Internal Revenue Service Form W-9 or substitute W-9 (or successor applicable form) to establish an exemption from United States backup withholding tax. Each Lender shall replace or update such forms as is necessary or appropriate to maintain any applicable exemption or as is requested by the Administrative Agent, the Securities Intermediary or the Borrower.

## ARTICLE VII

## CONDITIONS TO BORROWING

The making of the Advances hereunder is subject to the following conditions precedent:

Section VII.1 Conditions Precedent to each Ongoing Maintenance Advance. The Administrative Agent and the Lenders shall have no obligation to make an Ongoing Maintenance Advance unless:

(a) Representations and Covenants. On and as of the date of such Ongoing Maintenance Advance: (i) the representations of each of the Borrower, the Parent, the Custodian, the Securities Intermediary and the Servicer set forth in the Transaction Documents shall be true and correct in all material respects with the same effect as if made on such date, and (ii) each of the Borrower, the Parent, the Custodian, the Securities Intermediary and the Servicer shall be in compliance with the covenants set forth in the Transaction Documents to which it is a party.

(b) Fees. All Fees due and payable shall have been paid.

(c) LTV. After giving effect to such Ongoing Maintenance Advance, the LTV shall not exceed [*] percent ([*]%), as determined by the Required Lenders in their sole and absolute discretion.

(d) Borrowing Base. Such Ongoing Maintenance Advance shall not exceed an amount such that such Ongoing Maintenance Advance, when taken together with the outstanding balance of all previous Advances (including any Protective Advances), would cause the aggregate outstanding balance of the Advances to exceed the Borrowing Base as of the date of such Ongoing Maintenance Advance.

(e) No Liens; First Priority Security Interest. There shall be no encumbrance or Lien on any of the Collateral other than Liens or encumbrances created or expressly permitted under the Transaction Documents.

(f) No Material Change in Laws. Since January 1, 2015, no material adverse change in any Applicable Law or any tax treatment of life insurance death benefits or proceeds shall have occurred or reasonably could be expected to occur.

(g) No Event of Default or Unmatured Event of Default. No Event of Default or Unmatured Event of Default shall have occurred and be continuing or will result from the making of such Ongoing Maintenance Advance.

(h) Borrowing Request; etc. The Administrative Agent shall have received a Borrowing Request (including a Borrowing Base Certificate) for such Ongoing Maintenance Advance (which may be an electronic or facsimile transmission).

(i) Transaction Documents. Each of the Transaction Documents shall be in full force and effect.

(j) Commitments. The Lenders' Commitments shall have not been terminated.

(k) Material Adverse Effect. No event shall have occurred during the shorter of (i) the three (3) year period preceding the date of such Ongoing Maintenance Advance and (ii) the period of time commencing on the Closing Date and ending on the date of such Ongoing Maintenance Advance, that could reasonably be expected to have a Material Adverse Effect.

(l) Other Ongoing Maintenance Advances. The Lenders shall not have made more than two (2) other Ongoing Maintenance Advances in the calendar month of the proposed Advance Date for such Ongoing Maintenance Advance.

(m) Advance Date. The proposed Advance Date for such Ongoing Maintenance Advance is on or after March 14, 2017 and on or prior to the Commitment Termination Date.

Section VII.2 Conditions Precedent to each Additional Policy Advance. The making of each Additional Policy Advance is subject to conditions precedent to be determined by the Lenders in their sole and absolute discretion, provided that the conditions precedent for the Fourth A&R Advance are set forth in Section 7.4.

Section VII.3 Lender Valuation. Lender Valuation. With respect to each Distribution Date occurring prior to September 27, 2027, the Administrative Agent shall, within three (3) Business Days prior to the related Calculation Date, provide the Borrower with the Lender Valuation of the Pledged Policies (including the amount of the Lender Valuation allocated to each individual Pledged Policy) as of such Calculation Date, along with the calculation of the Borrowing Base; provided that if such Distribution Date occurs in connection with a Calculation Date that has been designated by the Borrower pursuant to Section 5.2(f), then on such Calculation Date, the Administrative Agent shall provide the Borrower with the most recent Lender Valuation of the Pledged Policies (including the amount of the Lender Valuation allocated to each individual Pledged Policy) that it previously delivered to the Borrower, along with the most recent calculation of the Borrowing Base that it previously delivered to the Borrower. In addition, prior to September 27, 2027, with respect to each calendar month in which a Distribution Date does not occur, the Administrative Agent shall, within ten (10) Business Days after the last day of the immediately preceding calendar month, provide the Borrower with the Lender Valuation of the Pledged Policies (including the amount of the Lender Valuation allocated to each individual Pledged Policy) as of the last day of the immediately preceding calendar month. The Borrower and Required Lenders hereby acknowledge that the methodology and metrics utilized by the Required Lenders in determining the Lender Valuation may be different than the methodology and metrics utilized by the Borrower and its Affiliates in determining the value of the Pledged Policies in connection with preparing the financial statements of the Borrower and its Affiliates.

(b) Lender Valuation Dispute. Subject to the third to last sentence of this Section 7.3(b), if the Borrower disagrees with a Lender Valuation relating to a determination of the LTV, it may dispute such Lender Valuation (a "Valuation Dispute"). The Borrower shall obtain a valuation of the Collateral from a third-party acceptable to the Required Lenders in their commercially reasonable judgment who is experienced in valuing Policies (a "Borrower Valuation"). In the event the Borrower Valuation (A) is more than ten percent (10%) higher than the Lender Valuation of the Pledged Policies and (B) results in an LTV of less than [*] percent ([*]%), then, at the Administrative Agent's option, (i) on the first Distribution Date occurring after the Borrower obtains such Borrower Valuation, such Borrower Valuation will be used for the determination of the LTV (and for each subsequent Distribution Date, the Lender Valuation, as determined by the Administrative Agent from time to time, will be used for all subsequent determinations of the LTV, subject to the Borrower initiating any future Valuation Disputes in accordance with the terms hereof) or (ii) the Administrative Agent may request in writing that the Borrower repay all the Advances outstanding plus accrued interest and expenses in respect

thereof (a "Payoff Notice"). If the Borrower does not repay such amount in full within one hundred eighty (180) days of the Payoff Notice, the Borrower will no longer have the right to initiate a Valuation Dispute and the Lender Valuation, as determined by the Administrative Agent from time to time, will be used for all subsequent determinations of the LTV. During such one hundred eighty (180) day period, the LTV and the related Lender Valuation shall equal the amounts as initially calculated by the Required Lenders. No Yield Maintenance Fee shall be payable in connection with the repayment of Advances by the Borrower pursuant to this Section 7.3(b).

Section VII.4 Conditions Precedent to Fourth A&R Advance. The making of the Fourth A&R Advance is subject to the following conditions precedent:

(a) Representations and Covenants. On and as of the date of the making of the Fourth A&R Advance: (i) the representations of each of the Borrower, the Parent, the Custodian, the Securities Intermediary and the Servicer set forth in the Transaction Documents shall be true and correct with the same effect as if made on such date, and (ii) each of the Borrower, the Parent, the Custodian, the Securities Intermediary and the Servicer shall be in compliance with the covenants set forth in the Transaction Documents to which it is a party.

(b) Closing Documents. The Administrative Agent shall have received all of the following, each duly executed and dated as of the Fourth A&R Closing Date, in form and substance satisfactory to the Required Lenders:

(i) Transaction Documents. Duly executed and delivered counterparts of this Loan Agreement and each other Transaction Document, including the Borrower/Parent Note and an allonge executed in blank in favor of the Administrative Agent with respect to the Borrower/Parent Note (the "Allonge"), which Transaction Documents shall be in full force and effect.

(ii) Resolutions; Organizational Documentation. Certified copies of resolutions for the Borrower and the Parent authorizing or ratifying the execution, delivery and performance of each Transaction Document to which it is, or will be, a party, together with certified copies of the Borrower Organizational Documents and in the case of the Parent, a certified copy of its certificate of formation and limited liability company agreement.

(iii) Consents, etc. Certified copies of all documents evidencing any necessary waivers, consents and approvals required by the Borrower, the Parent and the Servicer with respect to each Transaction Document to which it is a party (including, without limitation, any and all approvals required for the Borrower or the Servicer to service the Collateral).

(iv) Incumbency and Signatures. A certificate of each of the Borrower, the Parent and the Servicer, certifying the names of its or its trustee's or members, managers, directors or officers authorized to sign each Transaction Document to which it is, or will be, a party.

(v) Good Standing Certificates. Good standing certificates for each of the Borrower, the Parent and the Servicer issued as of a recent date acceptable to the Administrative Agent by: (i) the Secretary of State (or similar governmental authority) of the jurisdiction of such Person's formation, and (ii) the Secretary of State (or similar governmental authority) of the jurisdiction where such Person's chief executive office and principal place of business are located.

(vi) [Reserved].

(vii) Lien Search Report. Results of completed UCC and tax and judgment lien searches and court searches for the jurisdictions of formation and chief executive office of the Borrower dated within two (2) weeks before the Fourth A&R Closing Date that name the Borrower as debtor (none of which shall show any of the Collateral subject to any Liens other than those created pursuant to the Transaction Documents).

(viii) Payment of Fees. Evidence (which may be in the form of one or more wire instructions and/or confirmations) that all Fees payable hereunder or under any other Transaction Document and all costs and expenses then due and payable have been paid or will be paid out of the proceeds of the Fourth A&R Advance.

(ix) Opinions of Counsel. Opinions of counsel to the Borrower, the Parent and the Servicer, in form and substance satisfactory to the Administrative Agent.

(x) Solvency Certificate. A certificate of solvency executed by an officer or director of the Parent, certifying that each of the Borrower and the Parent is and will be Solvent and able to pay its debts as they come due, and will have adequate capital to conduct its business.

(xi) Others. Such other documents as the Administrative Agent may reasonably request.

(c) LTV. After giving effect to the Fourth A&R Advance, the LTV shall not exceed [*] percent ([*]%), as determined by the Required Lenders in their sole and absolute discretion.

(d) Satisfactory Tax Review. The Required Lenders shall be satisfied with their review of all tax matters relating to the Borrower.

(e) Security Interest. The Required Lenders shall be satisfied that the Liens and security interests created under and granted by the Transaction Documents are first priority perfected exclusive Liens and will not be subject to any other senior or pari passu Liens, security interests or any other Adverse Claims prior to or after the Fourth A&R Closing Date as determined in the Required Lenders' sole and absolute discretion.

(f) No Material Change in Laws. Since January 1, 2021, no material adverse change in any Applicable Law or any tax treatment of life insurance death benefits or proceeds shall have occurred or reasonably could be expected to occur.

(g) No Event of Default or Unmatured Event of Default. No Event of Default or Unmatured Event of Default shall occur or be continuing or shall have resulted from the making of the Fourth A&R Advance.

(h) Borrowing Request; etc. The Administrative Agent shall have received a Borrowing Request (including a Borrowing Base Certificate) for the Fourth A&R Advance (which may be an electronic or facsimile transmission).

(i) Lender Notes. Each Lender shall have received an executed original of its Lender Note.

(j) Advance Date Related to Fourth A&R Advance. The proposed Advance Date for the Fourth A&R Advance shall be on or prior to the Commitment Termination Date.

(k) Transaction Documents. Each of the Transaction Documents shall be in full force and effect.

(l) Commitments. The Lenders' Commitments have not been terminated.

(m) Material Adverse Effect. No event has occurred that could reasonably be expected to have a Material Adverse Effect.

(n) Fourth A&R Advance Amount. The amount of the Fourth A&R Advance shall be equal to the Fourth A&R Advance Amount.

Section VII.5 Release. AS AN ADDITIONAL MATERIAL INDUCEMENT TO THE ADMINISTRATIVE AGENT AND THE LENDERS TO MAKE THE FOURTH A&R ADVANCE, UPON THE MAKING OF THE FOURTH A&R ADVANCE, THE BORROWER, ON BEHALF OF ITSELF AND ITS AFFILIATES, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND CONSTITUENTS (WHETHER OR NOT A PARTY HERETO)

(BORROWER AND SUCH AFFILIATES, SUCCESSORS, ASSIGNS, LEGAL REPRESENTATIVES AND CONSTITUENTS BEING REFERRED TO HEREIN COLLECTIVELY AND INDIVIDUALLY, AS "OBLIGORS, ET AL."), FULLY, FINALLY AND COMPLETELY RELEASES AND FOREVER DISCHARGES THE LENDERS, THE ADMINISTRATIVE AGENT AND THEIR RESPECTIVE OWNERS, SUCCESSORS, ASSIGNS, AFFILIATES, SUBSIDIARIES, PARENTS, OFFICERS, SHAREHOLDERS, DIRECTORS, EMPLOYEES, ATTORNEYS AND AGENTS, PAST, PRESENT AND FUTURE, AND THEIR RESPECTIVE HEIRS, PREDECESSORS, SUCCESSORS AND ASSIGNS (COLLECTIVELY AND INDIVIDUALLY, "LENDER, ET AL.") OF AND FROM ANY AND ALL CLAIMS, CONTROVERSIES, DISPUTES, LIABILITIES, OBLIGATIONS, DEMANDS, DAMAGES, EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES), DEBTS, LIENS, ACTIONS AND CAUSES OF ACTION OF ANY AND EVERY NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY THEREOF RELATING TO THE ADVANCES, THIS LOAN AGREEMENT AND/OR THE OTHER TRANSACTION DOCUMENTS AND WAIVES AND RELEASES ANY DEFENSE, RIGHT OF COUNTERCLAIM, RIGHT OF SET-OFF OR DEDUCTION TO THE PAYMENT OF THE INDEBTEDNESS EVIDENCED BY THE LENDER NOTES AND/OR ANY OTHER TRANSACTION DOCUMENT WHICH OBLIGORS, ET AL. MAY HAVE OR MAY CLAIM TO HAVE AGAINST LENDER, ET AL., OR ANY THEREOF, ARISING OUT OF, CONNECTED WITH OR RELATING TO ANY AND ALL ACTS, OMISSIONS OR EVENTS OCCURRING ON OR PRIOR TO THE FOURTH A&R CLOSING DATE. THE BORROWER HEREBY ACKNOWLEDGES, REPRESENTS AND WARRANTS TO THE LENDERS AND THE ADMINISTRATIVE AGENT THAT IT AGREES TO ASSUME THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES AND CLAIMS WHICH ARE RELEASED BY THE PROVISIONS HEREOF IN FAVOR OF LENDER, ET AL., AND WAIVES AND RELEASES ALL RIGHTS AND BENEFITS WHICH IT MIGHT OTHERWISE HAVE UNDER ANY FEDERAL, STATE OR LOCAL LAW OR STATUTE WITH REGARD TO THE RELEASE OF SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES OR CLAIMS. THE BORROWER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS EACH OF THE PROVISIONS OF THIS RELEASE. THE BORROWER FULLY UNDERSTANDS THAT THIS RELEASE CONSTITUTES A GENERAL RELEASE, AND THAT IT HAS IMPORTANT LEGAL CONSEQUENCES. THE BORROWER CONFIRMS THAT IT WILL HEREBY RELEASE ANY AND ALL RELEASED CLAIMS THAT IT MAY INDIVIDUALLY HAVE AS OF THE DATE OF THE MAKING OF THE FOURTH A&R CLOSING DATE. THE BORROWER HEREBY ACKNOWLEDGES THAT IT HAS HAD A FULL AND FAIR OPPORTUNITY TO OBTAIN A LAWYER'S ADVICE CONCERNING THE LEGAL CONSEQUENCES OF THIS RELEASE AND WAIVER.

Section VII.6 Additional Representations and Warranties (Fourth A&R Advance). As an additional material inducement to the Administrative Agent and the Lenders to make the Fourth A&R Advance, Borrower hereby represents and warrants to, and agrees with, the Lenders and the Administrative Agent that, as of the Fourth A&R Closing Date, the Borrower has no defense, counterclaim or offset to the payment or performance of any of the Borrower's obligations in regard to the Advances or any of the Transaction Documents and the Liens created and granted by the Transaction Documents continue unimpaired and of first priority and secure all existing and future obligations owed to the Lenders and/or the Administrative Agent in regard to the Advances.

## ARTICLE VIII

## REPRESENTATIONS AND WARRANTIES

Section VIII.1 Representations and Warranties of the Borrower. The Borrower makes the following representations and warranties to the Administrative Agent and each Lender:

(a) Organization, etc. The Borrower has been duly organized and is validly existing and in good standing under the laws of the State of Delaware (and is not organized under the laws of any other jurisdiction or Governmental Authority) with the requisite power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted. The Borrower is duly licensed or qualified to do business as a foreign entity in good standing in each jurisdiction in which the failure to be so licensed or qualified would be reasonably likely to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization. The Borrower has (a) all necessary power, authority and legal right to (i) execute, deliver and perform its obligations under this Loan Agreement and each of the other Transaction Documents to which it is a party, and (ii) to borrow money on the terms and subject to the conditions herein provided, and (b) duly authorized, by all necessary action, the execution, delivery and performance of this Loan Agreement and the other Transaction Documents to which it is a party, the borrowing hereunder on the terms and conditions of this Loan Agreement and the granting of security therefor on the terms and conditions provided herein.

(c) No Violation. The consummation of the transactions contemplated by this Loan Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof will not and do not (a) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, (i) the Borrower Organizational Documents, or (ii) any indenture, loan agreement, pooling and servicing agreement, sale agreement, purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Borrower is a party or by which the Borrower or any of its

properties is bound, (b) result in or require the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such indenture, loan agreement, pooling and servicing agreement, sale agreement, purchase agreement, mortgage, deed of trust, or other agreement or instrument, other than pursuant to the terms of the Transaction Documents or (c) violate any law or any order, rule, or regulation applicable to the Borrower or of any court or of any federal, state or foreign regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over the Borrower or any of its properties.

(d) Validity and Binding Nature. This Loan Agreement is, and the other Transaction Documents to which it is a party when duly executed and delivered by the Borrower and the other parties thereto will be, the legal, valid and binding obligation of the Borrower, enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(e) Government Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body required for the due execution, delivery or performance by the Borrower of any Transaction Document to which it is a party, remains unobtained or unfiled.

(f) Solvency. As of each Advance Date, after giving effect to each Advance made on such Advance Date, the Borrower was, is and will be Solvent and able to pay its debts as they come due, and had and will have adequate capital to conduct its business.

(g) Margin Regulations. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Advances, directly or indirectly, will be used for a purpose that violates, or would be inconsistent with, Regulations T, U and X promulgated by the Federal Reserve Board from time to time.

(h) Quality of Title. As of each Advance Date, the Collateral, including, without limitation, the Pledged Policies (which, for the avoidance of doubt, includes any Subject Policies), was and is owned by the Borrower (directly or through the Securities Intermediary) free and clear of any Adverse Claim.

(i) No Rescission. As of each Advance Date, no prior seller of any Pledged Policy or Subject Policy or any other Person which had an interest in any Pledged Policy or Subject Policy had or has exercised or, to the knowledge of the Borrower, the Parent or any Affiliate of any of them, attempted to exercise the right to rescind the sale of any Pledged Policy or Subject Policy.

(j) Perfection. This Loan Agreement, the Account Control Agreement, the collateral assignments filed in respect of the Pledged Policies, the Allonge, and the financing

statements filed in connection with this Loan Agreement create a valid first priority security interest in favor of the Administrative Agent (for the benefit of the Secured Parties) in the Collateral, which security interest has been perfected (free and clear of any Adverse Claim) as security for the Obligations. As of the Closing Date, the date of the Second Initial Advance and the Amended and Restated Closing Date, no effective financing statement or other instrument similar in effect covering any of the Collateral (including, without limitation, any Pledged Policies) or any interest therein owned by the Borrower (directly or through the Securities Intermediary) was on file in any recording office except for financing statements in favor of the Administrative Agent (for the benefit of the Secured Parties) in accordance with the Original Loan Agreement and the other Transaction Documents (as defined in the Original Loan Agreement). As of the Fourth A&R Closing Date and the date of any Advance following the Fourth A&R Closing Date, no effective financing statement or other instrument similar in effect covering any of the Collateral (including, without limitation, any Pledged Policies) or any interest therein owned by the Borrower (directly or through the Securities Intermediary) is on file in any recording office except for financing statements in favor of the Administrative Agent (for the benefit of the Secured Parties) in accordance with this Loan Agreement and the other Transaction Documents.

(k) Offices. The principal place of business and chief executive office of the Parent and of the Borrower is located at the address set forth on Schedule 13.2 (or at such other locations, notified to the Administrative Agent in jurisdictions where all action required hereby has been taken and completed).

(l) Compliance with Applicable Laws; Licenses, etc.

(i) The Borrower is in compliance with the requirements of all Applicable Laws, a breach of any of which, individually or in the aggregate, could reasonably be expected to have an adverse effect on any of the Pledged Policies, the business, assets, financial condition or operations of the Borrower or any of the rights or interests of the Administrative Agent or any of the Lenders hereunder or under any other Transaction Document.

(ii) The Borrower has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain could reasonably be expected to have an adverse effect on any of the Pledged Policies, any other Collateral, the business, assets, financial condition or operations of the Borrower or any of the rights or interests of the Administrative Agent or any of the Lenders hereunder or under any other Transaction Document.

(iii) The Borrower has complied with all licensure requirements in each state in which it is required to be specifically registered or licensed as a purchaser, owner or servicer of life insurance policies.

(iv) There has been no event or circumstance that could reasonably be expected to result in the revocation of any license, permit, franchise or other governmental authorization of the Borrower necessary to the ownership of its properties or to the conduct of its business.

(m) No Proceedings. There is no order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority to which the Borrower is subject, and there is no action, suit, arbitration, regulatory proceeding or investigation pending, or, to the actual knowledge of the Borrower, threatened, before or by any court, regulatory body, administrative agency or other tribunal or governmental instrumentality, against the Borrower that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and there is no action, suit, proceeding, arbitration, regulatory or governmental investigation, pending or, to the actual knowledge of the Borrower, threatened, before or by any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (A) asserting the invalidity of this Loan Agreement, the Lender Notes or any other Transaction Document, (B) seeking to prevent the issuance of the Lender Notes or the consummation of any of the other transactions contemplated by this Loan Agreement or any other Transaction Document, (C) seeking to adversely affect the federal income tax attributes of the Borrower or (D) asserting that any Pledged Policy or Policy to become a Pledged Policy is invalid, void or otherwise unenforceable for any reason.

(n) Investment Company Act, Etc. The Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, by virtue of an exemption other than pursuant to Section 3(c)(1) or Section 3(c)(7) thereof. The Borrower is not a "covered fund" under Section 13 of the Bank Holding Company Act of 1956, as amended.

(o) Eligible Policies. As of the Closing Date, (i) each Policy that was a Pledged Policy as of the Closing Date was an Eligible Policy and no Policy that was a Pledged Policy as of the Closing Date was subject to any Applicable Law that made unlawful the sale, transfer or assignment of such Pledged Policy and (ii) with respect to each Policy that was a Pledged Policy as of the Closing Date, the Borrower was not aware of any agreements, documents, assignments or instruments related to such Policy except for those documents, assignments, and instruments that constitute and were included in the related Collateral Package that was delivered to the Administrative Agent and such Collateral Package contained, at the very least, the documents set forth in Exhibit M to the Account Control Agreement. As of the date of the Borrowing Request relating to the Second Initial Advance and the date of the Second

Initial Advance, (i) each Policy that became a Pledged Policy on the relevant Advance Date was an Eligible Policy and was not subject to any Applicable Law that makes unlawful the sale, transfer or assignment of such Policy and (ii) with respect to each Policy that became a Pledged Policy on the relevant Advance Date, the Borrower was not aware of any agreements, documents, assignments or instruments related to such Policy except for those documents, assignments, and instruments that constituted and were included in the related Collateral Package that was delivered to the Administrative Agent and such Collateral Package contained, at the very least, the documents set forth in Exhibit M to the Account Control Agreement. As of the date of any Borrowing Request relating to an Additional Policy Advance and the date of such Additional Policy Advance, (i) each Additional Policy that will become a Pledged Policy on the relevant Advance Date is or will be an Eligible Policy and is not subject to any Applicable Law that makes unlawful the sale, transfer or assignment of such Additional Policy and (ii) with respect to each Additional Policy that will become a Pledged Policy on the relevant Advance Date, the Borrower is not aware of any agreements, documents, assignments or instruments related to such Policy except for those documents, assignments, and instruments that constitute and were included in the related Collateral Package that was delivered to the Administrative Agent and such Collateral Package contains, at the very least, the documents set forth in Exhibit M to the Account Control Agreement.

(p) Accuracy of Information. To the best of the Borrower's knowledge and belief, after due inquiry, and in reliance on information provided by third parties, all information furnished by, or on behalf of, the Borrower to the Administrative Agent or any other Secured Party in connection with any Transaction Document, or any transaction contemplated thereby, is or was as of the date it was furnished (if such information was furnished on an earlier date) true and accurate in every material respect (without omission of any information necessary to prevent such information from being materially misleading).

(q) No Material Adverse Change. Since the Borrower's formation, there has been no material adverse change in (A) the Borrower's (i) financial condition, business or operations or (ii) ability to perform its obligations under any Transaction Document to which the Borrower is a party or (B) any of the Collateral.

(r) Trade Names and Subsidiaries. The Borrower has not used any other names, trade names or assumed names for the five year period preceding the date of this Loan Agreement. The Borrower has no Subsidiaries nor owns or holds, directly or indirectly, any equity interest in any Person.

(s) Accounts. Set forth in Schedule 8.1(s) is a complete and accurate description, as of the Fourth A&R Closing Date, of the existing Accounts, the Policy Account and the Borrower Account. The Accounts and the Policy Account have each been validly and effectively assigned to the Administrative Agent, for the benefit of the Secured Parties, and shall

be encumbered by the Lien created pursuant to this Loan Agreement and the Account Control Agreement. The Account Control Agreement is the legal, valid and binding obligation of the parties thereto, enforceable against such parties in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity). Neither the Borrower nor the Servicer has granted any interest in any of the Accounts or the Policy Account to any Person other than the Administrative Agent and the Administrative Agent has "control" of the Accounts and the Policy Account within the meaning of the applicable UCC.

(t) Financial Statements. The financial statements required to be delivered pursuant to Section 9.1(d): (i) were, as of the date and for the periods referred to therein, complete and correct in all material respects, (ii) presented fairly the financial condition and results of operations of the related Person as at such time and (iii) were prepared in accordance with GAAP, consistently applied, except as noted therein (subject as to interim statements to normal year-end adjustments).

(u) No Event of Default. Taking into account the waiver by the Administrative Agent and the Lenders as set forth in the proviso of the last sentence of Section 13.3, no Event of Default or Unmatured Event of Default has occurred or is continuing, or, in relation to any Borrowing Request, will result from the funding of the Advance and use of funds specified therein.

(v) Foreign Assets Control Regulations, Etc.

(i) Neither the Borrower nor the Servicer nor any Affiliate of any of them is (A) a person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") (an "OFAC Listed Person") or (B) a department, agency or instrumentality of, or is otherwise controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program (each OFAC Listed Person and each other person, entity, organization and government of a country described in clause (B), a "Blocked Person").

(ii) No part of the proceeds from the Advances issued hereunder, under the Third Amended and Restated Loan Agreement, under the Second Amended and Restated Loan Agreement, under the Amended and Restated Loan Agreement or under the Original Loan Agreement constituted or constitutes or will constitute funds obtained on behalf of any Blocked Person or was used or will otherwise be used, directly by the Borrower or indirectly by the Borrower, the Servicer, the Parent or any Affiliate of any of

them in connection with any investment in, or, to the Borrower's actual knowledge, any transactions or dealings with, any Blocked Person.

(iii) To the Borrower's actual knowledge, none of the Borrower, the Parent, the Servicer or any Affiliate of any of them (A) is under investigation by any Governmental Authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under any Applicable Law (collectively, "Anti-Money Laundering Laws"), (B) has been assessed civil penalties under any Anti-Money Laundering Laws or (C) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Borrower has taken reasonable measures appropriate to the circumstances, to the extent, if any, required by Applicable Law, to ensure that the Borrower and each Affiliate thereof is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws.

(iv) No part of the proceeds from Advances funded hereunder will be used, directly or indirectly, for any improper payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage. The Borrower has taken reasonable measures appropriate to the circumstances, to the extent, if any, required by Applicable Law, to ensure that the Borrower and each Affiliate thereof is and will continue to be in compliance with all applicable current and future anti-corruption laws and regulations.

(w) Transaction Documents. The Borrower has not entered into any agreements or instruments other than the Transaction Documents. Since the date of its formation, the Borrower has not engaged in any activities except as those expressly permitted by the LLC Agreement and the other Transaction Documents.

(x) Retained Death Benefit Policies. As of each Advance Date, all Pledged Policies that constitute Retained Death Benefit Policies are listed on Schedule 8.1(x) and, except as set forth on Schedule 8.1(x), the portion of the Net Death Benefit payable to any Person other than the Securities Intermediary does not exceed fifteen percent (15%) of the Net Death Benefit of any such Retained Death Benefit Policy.

## ARTICLE IX

## COVENANTS

Section IX.1 Affirmative Covenants. Until the first day following the date on which all of the Obligations are performed and paid in full and this Loan Agreement is terminated, the Borrower hereby covenants and agrees as follows:

(a) Compliance with Laws, Etc. The Borrower shall comply in all material respects with all Applicable Laws.

(b) Preservation of Existence. The Borrower shall preserve and maintain its existence, rights, franchises and privileges, and sole jurisdiction of formation, and qualify and remain qualified in good standing as a foreign entity in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualifications could have an adverse effect on any of the Pledged Policies, any other Collateral, the business, assets, financial condition or operations of the Borrower or any of the rights or interests of the Administrative Agent or any of the Lenders hereunder or under any other Transaction Document.

(c) Performance and Compliance with the Transaction Documents and Pledged Policies. The Borrower shall timely and fully perform and comply in all material respects with all provisions, obligations, covenants and other promises required to be observed by it under the Transaction Documents and otherwise with respect to the Pledged Policies.

(d) Reporting Requirements. During the term of this Loan Agreement, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Lender:

(i) (x) as soon as available and in any event within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a copy of the unaudited financial statements of the Borrower or the Parent (so long as such unaudited financial statements are on a consolidated basis and include the Borrower), as of the end of such fiscal quarter, certified by an officer or director of the Borrower, the Parent or their investment manager (which certification shall state that the related balance sheets and statements fairly present the financial condition and results of operations for such fiscal quarter), delivery of which financial statements shall be accompanied by a certificate of such officer or director to the effect that no Event of Default or Unmatured Event of Default has occurred and is continuing or, if an Event of Default or Unmatured Event of Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (y) as soon as available, and in any event within ninety (90) days after the end of each fiscal year of the Borrower (commencing with the fiscal year ending in 2016), a copy of the audited annual balance sheet for such fiscal year of the Borrower or the Parent (so long as

such audited annual balance sheet is on a consolidated basis and includes the Borrower), as at the end of such fiscal year, together with the related audited statements of earnings, stockholders' equity and cash flows for such fiscal year, certified by an officer or director of the Borrower or the Parent (which certification shall state that the related balance sheets and statements fairly present the financial condition and results of operations for such fiscal year, subject to year-end audit adjustments), delivery of which balance sheets and statements shall be accompanied by a certificate of such officer or Director to the effect that no Event of Default or Unmatured Event of Default has occurred and is continuing;

(ii) as soon as possible and in any event within three (3) Business Days after any officer of the Borrower or the Parent has actual knowledge of (A) the occurrence of an Event of Default or an Unmatured Event of Default, an officer's certificate of the Borrower setting forth details of such event and the action that the Borrower proposes to take with respect thereto and (B) the downgrade, withdrawal or suspension of the financial strength rating of any Issuing Insurance Company, notice to the Administrative Agent thereof;

(iii) a copy of the Servicer Report on each Servicer Report Date;

(iv) promptly, from time to time, such other information, documents, records or reports respecting the Collateral, the Subject Policies or the condition or operations, financial or otherwise, of the Borrower as the Administrative Agent may from time to time reasonably request in order to protect the interests of the Administrative Agent or any Lender under or as contemplated by this Loan Agreement and the other Transaction Documents, including but not limited to, upon each sale of a Pledged Policy, a report that shall include such information as the Administrative Agent shall reasonably request, calculated as of before such sale and after such sale, taking into account the application of the proceeds of such sale;

(v) as soon as possible upon learning of the death of any Insured, an email notification to the Administrative Agent of (A) the identity of such Insured, (B) the cost basis of the Pledged Policy relating to such Insured (purchase price paid by the first person that purchased such Pledged Policy that was an Affiliate of the Borrower or the Parent, or, if such Pledged Policy was acquired by such Affiliate in a foreclosure process, the amount of indebtedness allocated to such Pledged Policy by such Affiliate plus any additional accrued and unpaid interest thereon as of the date of foreclosure and, in each case, plus premiums paid thereon after the date of foreclosure or purchase, as applicable, and until the date of the death of such Insured), (C) the Net Death Benefit of the Pledged Policy relating to such Insured, (D) the two (2) Life Expectancy Reports delivered with respect to such Insured relating to the applicable Advance and the names of the Pre-

Approved Medical Underwriters which provided such Life Expectancy Reports (unless the related Pledged Policy is a Small Face Policy, in which case, the Life Expectancy Report delivered with respect to such Insured relating to the applicable Advance and the name of the medical underwriter which provided such Life Expectancy Report, which medical underwriter shall be AVS, Fasano or another medical underwriter approved by the Required Lenders in their sole and absolute discretion), (E) the date the Pledged Policy was first acquired by an Affiliate of the Borrower or the Parent relating to such Insured and (F) the date of birth and date of death of such Insured;

(vi) no later than the Closing Date, and thereafter on December 1 of each calendar year (including the current calendar year), an annual budget substantially in form of Exhibit E (each, an "Annual Budget"). Within five (5) Business Days of delivery of the first such Annual Budget, and thereafter within twenty (20) Business Days of delivery of each subsequent Annual Budget to the Administrative Agent and each Lender, the Required Lenders will specify to the Administrative Agent, and the Administrative Agent will advise the Borrower the amount they have approved in their sole discretion for funding through Advances and/or Collections in respect of scheduled Premiums on the Pledged Policies for (a) in the case of the first such Annual Budget, the current calendar year, and (b) in the case of any subsequent Annual Budget the succeeding calendar year; provided that at any time, in their sole discretion, the Required Lenders may notify the Administrative Agent and Borrower that they approve increases in such amounts or direct decreases in such amounts;

(vii) to the extent not prohibited by Applicable Law, within two (2) Business Days after receipt by the Borrower or any Affiliate thereof, all notices, communications and other information (including medical information) related to a Pledged Policy or a related Insured; and

(viii) immediately following any change to the information provided in any Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification.

(e) Use of Advances. The Borrower shall use the proceeds of Advances in accordance with Section 2.8(a).

(f) Separate Legal Entity. The Borrower hereby acknowledges that each Lender and the Administrative Agent are entering into the transactions contemplated by this Loan Agreement and the other Transaction Documents in reliance upon the Borrower's identity as a legal entity separate from the members, shareholders or other equity owners of the Parent or any other Person. Therefore, from and after the Closing Date, the Borrower shall take all reasonable steps to continue the Borrower's identity as a separate legal entity and to make it

apparent to third Persons that the Borrower is an entity with assets and liabilities distinct from those of any other Person, and is not a division of any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the covenant set forth in Section 9.1(b), the Borrower shall take such actions as shall be required in order that:

(i) The Borrower will be a limited liability company whose primary activities are restricted in the Borrower Organizational Documents to acquiring and owning Pledged Policies and financing the acquisition thereof pursuant to this Loan Agreement;

(ii) At least one director of the Borrower (the "Independent Director") shall be an individual who (i) is not a present or former director, manager, officer, employee, supplier, customer or five percent (5%) beneficial owner of the outstanding common stock of any Person or entity beneficially owning any outstanding shares of common stock or other equity interest of the Parent or any Affiliate thereof and (ii) has at least three years of employment experience with one or more entities with a national reputation and presence that provide, in the ordinary course of its business, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities, and is currently employed by such an entity; provided, however, that an individual shall not be deemed to be ineligible to be an Independent Director solely because such individual serves or has served in the capacity of an "independent director" or similar capacity for special purpose entities formed by the Borrower or any of its Affiliates. The Borrower Organizational Documents shall provide that (i) the board of directors or the equity owners of the Borrower shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Borrower unless the Independent Director shall approve the taking of such action in writing prior to the taking of such action, and (ii) such provision cannot be amended without the prior written consent of the Independent Director;

(iii) Any employee, consultant or agent of the Borrower will be compensated from funds of the Borrower, as appropriate, for services provided to the Borrower;

(iv) The Borrower will allocate and charge fairly and reasonably overhead expenses shared with any other Person. To the extent, if any, that the Borrower and any other Person share items of expenses such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered;

(v) The Borrower shall hold itself out as a separate entity;

(vi) The Borrower's operating expenses will not be paid by any other Person except as permitted under the terms of this Loan Agreement;

(vii) The Borrower's books and records will be maintained separately from those of any other Person;

(viii) The Borrower shall pay its own liabilities out of its own funds;

(ix) The Borrower shall not acquire any obligations or securities of its members, partners or shareholders, except that the Borrower may make a loan to the Parent on the Fourth A&R Closing Date as evidenced by the Borrower/Parent Note;

(x) All audited financial statements of any Person that are consolidated to include the Borrower will contain notes clearly stating that (A) all of the Borrower's assets are owned by the Borrower, and (B) the Borrower is a separate entity;

(xi) The Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of any other Person;

(xii) The Borrower will strictly observe appropriate formalities in its dealings with all other Persons, and funds or other assets of the Borrower will not be commingled with those of any other Person, other than temporary commingling in connection with servicing the Pledged Policies to the extent explicitly permitted by the other Transaction Documents;

(xiii) The Borrower shall not, directly or indirectly, be named or enter into an agreement to be named, as a direct or contingent beneficiary or loss payee, under any insurance policy with respect to any amounts payable due to occurrences or events related to any other Person other than, for avoidance of doubt, life insurance policies purchased by the Borrower for investment purposes and pledged to the Administrative Agent and the Lenders hereunder;

(xiv) The Borrower shall maintain an arm's length relationship with its Affiliates;

(xv) Any Person that renders or otherwise furnishes services to the Borrower will be compensated thereby at market rates for such services it renders or otherwise furnishes thereto. The Borrower will not hold itself out to be responsible for the debts of any other Person; and

(xvi) The Borrower will maintain all policies and procedures or take or continue to take all actions necessary or appropriate to ensure that all factual assumptions

set forth in opinions of counsel of the Borrower or its Affiliates delivered in connection herewith or the other Transaction Documents remain true and accurate at all times.

(g) Defense. The Borrower shall, in consultation with the Administrative Agent and at the Borrower's own expense, defend the Collateral against all lawsuits and statutory claims and Liens of all Persons at any time claiming the same or any interest therein through the Borrower or any Affiliate thereof adverse to the Administrative Agent or the Secured Parties.

(h) Perfection. The Borrower shall, at the Borrower's expense, perform all acts and execute all documents requested by the Administrative Agent at any time to evidence, perfect, maintain and enforce the title or the security interest of the Administrative Agent in the Collateral and the priority thereof. The Borrower will, at the reasonable request of the Administrative Agent, deliver financing statements relating to the Collateral, and, where permitted by law, the Borrower hereby authorizes the Administrative Agent to file one or more financing statements covering all of the Collateral and other assets of the Borrower. The Borrower shall cause its primary electronic books and records relating to the Collateral to be marked, with a legend stating that the Pledged Policies and the other Collateral owned by the Borrower have been pledged to the Administrative Agent, for the benefit of the Secured Parties.

(i) Audit. The Borrower shall, and shall cause the Servicer, the Custodian and the Parent to, permit each Lender, the Administrative Agent or their duly authorized representatives, attorneys or auditors during ordinary business hours and upon three (3) Business Days written notice, to visit the offices thereof and to inspect the Collateral and the Collateral Packages, and the related accounts, records and computer systems, software and programs used or maintained by the Borrower, the Servicer, the Parent or the Custodian, as the case may be at such times as such Lender or the Administrative Agent may reasonably request, using auditors and/or accountants selected by such Lender or the Administrative Agent in its sole and absolute discretion (a "Collateral Audit") and the Borrower shall enable the Insurance Consultant to seek and receive from the related Issuing Insurance Companies any verifications of coverage related to the Pledged Policies as often as the Administrative Agent may request the Insurance Consultant to do so (though not more frequently than once per month unless an Event of Default or Unmatured Event of Default has occurred and is continuing). Unless an Event of Default or an Unmatured Event of Default has occurred and is continuing, a Collateral Audit under this Section 9.1(i) may be conducted not more frequently than once per month. The Borrower shall promptly on demand reimburse the Administrative Agent and the Lenders for all costs and expenses incurred by or on behalf of the Administrative Agent and the Lenders in connection with any Collateral Audit and their ongoing review and Insurance Consultant's ongoing review of the documents related to the Pledged Policies, including without limitation the documents on the FTP Site; provided, however, if no Event of Default or Unmatured Event of Default has occurred and is continuing, no more than one Collateral Audit per year shall be at the expense of the Borrower (all other Collateral Audits in a year being at the expense of the Lenders) and the

total expenses incurred by or on behalf of the Borrower related to a Collateral Audit (including any reimbursements actually made by the Borrower to the Lenders and the Administrative Agent in connection with such Collateral Audit), a Servicer Collateral Audit, enabling the Insurance Consultant to receive any verifications of coverage, information requests described in Section 9.1(cc) and audits conducted pursuant to Section 13.8(a)(iv), in each case, excluding any internal and third-party costs and expenses incurred in the ordinary course by or on behalf of the Borrower, shall be limited to no more than $2,200 for each Pledged Policy (or if such Pledged Policy is a Small Face Policy and payment of Premiums in respect of such Pledged Policy are made on an annual basis, $500 for each such Pledged Policy) (as adjusted annually for inflation or such higher amount if such higher amount is the Insurance Consultant's reasonably determined prevailing market cost in the industry for such Collateral Audits or ongoing reviews of the type in question as adjusted for changes in audit standards) during the shorter of (i) the prior twelve (12) month period and (ii) the period of time commencing on the most recent Advance Date and ending on the date of such Collateral Audit, verification of coverage, information request or audit, as applicable. Upon instructions from the Administrative Agent, the Borrower shall, and shall cause the Servicer (and the Administrative Agent may cause the Custodian) to release any document related to any Collateral to the Administrative Agent. If an Event of Default or Unmatured Event of Default has occurred and is continuing, the Administrative Agent, at the Borrower's expense, shall have the right to conduct a Collateral Audit at any time and as often the Administrative Agent determines is necessary or desirable. For the avoidance of doubt, any review and evaluation of Additional Policies conducted by the Administrative Agent or the Lenders in connection with a Borrowing Request shall not constitute a Collateral Audit.

(j) Additional Assistance. The Borrower shall provide such cooperation, information and assistance, and prepare and supply the Administrative Agent with such data regarding the performance by the Issuing Insurance Companies of their obligations under the Pledged Policies and the performance by the Borrower of its obligations under the Transaction Documents, as may be reasonably requested by the Administrative Agent from time to time.

(k) Accounts. The Borrower shall not maintain any bank accounts other than the Accounts, the Policy Account and the Borrower Account. The Borrower shall not close any of the Accounts or the Borrower Account unless the Required Lenders shall have consented thereto in their sole and absolute discretion.

(l) Keeping of Records and Books of Account. The Borrower shall maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate the documents relating to the Collateral in the event of the destruction thereof), and keep and maintain all records and other information, reasonably necessary or reasonably advisable for the collection of proceeds of the Pledged Policies.

(m) Deposit of the Collections. The Borrower shall deposit or cause to be deposited all Collections into the Collection Account or the Administrative Agent's Account, as applicable, in each case, in accordance with Section 5.1.

(n) Investment Company Act. The Borrower shall ensure that none of the Borrower or the Parent shall become an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, by virtue of an exemption other than pursuant to Section 3(c)(1) or Section 3(c)(7) thereof. The Borrower shall take any and all actions to ensure that it is not a "covered fund" under Section 13 of the Bank Holding Company Act of 1956, as amended.

(o) Borrower Residence. The Borrower shall at all times maintain its registered office in Delaware and its head office and principal place of business in Minnesota or Texas unless with respect to any proposed change in the location of its head office or principal place of business (i) the Borrower shall have given to the Administrative Agent not less than thirty (30) days' prior written notice thereof, clearly describing the new location, and (ii) the Borrower shall have taken such action, satisfactory to the Administrative Agent, to maintain the title or ownership of the Borrower and any security interest of the Administrative Agent, in the Collateral at all times fully perfected and first priority (subject to no Adverse Claims) and in full force and effect (including, without limitation, delivering one or more opinions of counsel providing that all such actions have been so taken, in form and substance satisfactory to the Administrative Agent).

(p) Payment of Taxes. The Borrower shall pay and discharge, as they become due, all Taxes lawfully imposed upon it or incurred by it or its properties and assets, including, without limitation, lawful claims for labor, materials and supplies which, if unpaid might become a Lien or a charge upon any of the assets of the Borrower, including, without limitation, the Collateral, provided, however, that the Borrower shall have the right to contest any such taxes, assessments, debts, claims and other charges in good faith so long as adequate reserves are maintained in accordance with GAAP.

(q) Errors and Omissions. The Borrower shall maintain, at its own expense, an errors and omissions policy, each with insurance companies rated A-, VII or higher by A.M. Best on all officers, employees or other Persons where the Borrower has the right to direct and control such individuals in any capacity with regard to the Pledged Policies to handle documents and papers related thereto. Each such policy shall insure against losses resulting from the errors, omissions and negligent acts of such officers, employees and other persons and shall be maintained in an amount of at least $2,000,000 or such lower amount as the Administrative Agent may designate in writing to the Borrower from time to time, and in a form reasonably acceptable to the Administrative Agent and naming the Administrative Agent on behalf of the Lenders as an additional loss payee. No provision of this Section 9.1(q) requiring such errors

and omissions policy shall diminish or relieve the Borrower from its duties and obligations as set forth in this Loan Agreement. Upon the request of the Administrative Agent at any time subsequent to the Closing Date, the Borrower shall cause to be delivered to the Administrative Agent a certification evidencing the Borrower's coverage under such errors and omissions policy. Any such insurance policy shall contain a provision or endorsement providing that such policy may not be canceled or modified in a materially adverse manner without ten (10) days' prior written notice to the Administrative Agent.

(r) Pledged Policies. The Borrower shall maintain the Pledged Policies in full force and effect and if any Pledged Policy enters a "grace period", the Borrower shall pay within ten (10) Business Days all Premiums due and payable with respect to such Pledged Policy and shall restore such Pledged Policy to good standing.

(s) Further Assurances. The Borrower shall procure and deliver to the Administrative Agent and/or execute any security agreement, financing statement or other writing requested by the Administrative Agent to evidence, preserve, protect or enforce the Secured Parties' rights and interests to or in the Collateral or in any other collateral agreed to by the parties.

(t) Litigation. The Borrower shall promptly notify the Administrative Agent of:

(i) any litigation, administrative proceedings, audits, actions, proceedings, claims or investigations pending or threatened in writing, conducted or to be conducted by any Person or Governmental Authority, actions, proceedings, claims or investigations pending or threatened in writing against the Borrower or the entry of any judgment against the Borrower, which in each case could reasonably be expected to involve or create a liability of the Borrower which exceeds $25,000 per incident or $100,000 in the aggregate, whether or not insured against;

(ii) the entry of any judgment against the Borrower or the creation of any Lien against any of the Collateral;

(iii) any actual or alleged violation by the Borrower of any Applicable Law which could reasonably be expected to have an adverse effect on any of the Pledged Policies, the business, assets, financial condition or operations of the Borrower or any of the rights or interests of the Administrative Agent or any of the Lenders hereunder or under any other Transaction Document; and

(iv) any pending or threatened litigation dispute or similar matter relating to any Pledged Policy or any other Policy owned by an Affiliate of the Borrower

that was originated in a similar manner or under a similar origination or financing program as a Pledged Policy.

(u) Loan Administration Fee. The Borrower shall pay the Loan Administration Fee for the following calendar year on the last Distribution Date of each calendar year.

(v) Insured Consent. The Borrower shall use, or shall cause the Servicer to use, commercially reasonable efforts to cause each Insured with respect to a Pledged Policy to consent to the release and delivery of its current and historical medical information and death certificate.

(w) Servicer Documents. The Borrower shall cause the Servicer, at the request of the Administrative Agent, to provide to the Administrative Agent all information and documentation in the possession of the Servicer with respect to the Pledged Policies and the related Insureds.

(x) Schedule of Premiums. The Borrower shall cause the Servicer to provide a schedule of Premiums due during the following twelve (12) month period on or prior to the Calculation Date with respect to each Distribution Date.

(y) In-Force Policy Illustrations. With respect to each Pledged Policy, for each calendar year, the Borrower shall use commercially reasonable efforts to cause the applicable Issuing Insurance Company to deliver to the Administrative Agent an in-force Policy Illustration in respect of such Pledged Policy no later than sixty (60) calendar days after the anniversary date of such Pledged Policy.

(z) Cooperation. The Borrower shall assist the Administrative Agent with, and take all actions reasonably requested by the Administrative Agent in connection with, the engagement of servicers, medical underwriters and tracking agents and the enabling of such parties to perform the services for which they have been retained by the Administrative Agent relating to the Pledged Policies.

(aa) [Reserved].

(ab) Other Information. The Borrower shall use commercially reasonable efforts to obtain any other information reasonably requested by the Administrative Agent with respect to the Pledged Policies and the Insureds.

(ac) Transaction Documents. The Borrower shall duly and timely perform all of its covenants and obligations under all Transaction Documents, except with the prior written consent of the Administrative Agent.

(ad) Purchase Agreements. The Borrower shall enforce each of the Parent Obligations promptly, but in any event, within three (3) Business Days of (a) if the applicable provisions of the Purchase Agreement provide for a specified cure period for such Parent Obligations, the date of the expiration of such specified cure period and (b) if the applicable provisions of the Purchase Agreement do not provide for a specified cure period for such Parent Obligations, the earlier of (i) the date on which such Parent Obligations which have not been performed have first become due and (ii) the date on which the Administrative Agent provides instruction to the Borrower to enforce such Parent Obligations.

(ae) Servicing Agreement. The Borrower shall enforce each of the Servicing Agreement Obligations and the Servicing Agreement Rights promptly, but in any event, within three (3) Business Days of (a) in the case of any Servicing Agreement Obligations, (i) if the applicable provisions of the Servicing Agreement provide for a specified cure period for such Servicing Agreement Obligations, the date of the expiration of such specified cure period and (ii) if the applicable provisions of the Servicing Agreement do not provide for a specified cure period for such Servicing Agreement Obligations, the earlier of (x) the date on which such Servicing Agreement Obligations which have not been performed have first become due and (y) the date on which the Administrative Agent provides instruction to the Borrower to enforce such Servicing Agreement Obligations and (b) in the case of such Servicing Agreement Rights, the date on which the Borrower becomes aware that such Servicing Agreement Rights are enforceable.

(af) Life Expectancy Reports. The Borrower shall, at its sole cost and expense, request and obtain further updated Life Expectancy Reports from each of 21st and AVS for each Insured related to the Pledged Policies (or one of 21st or AVS if any such Pledged Policy constitutes a Small Face Policy) no less frequently than once every five (5) calendar years (or as more frequently as may be directed in writing by the Administrative Agent to the Borrower from time to time, at the Administrative Agent's sole cost and expense (unless an Event of Default has occurred and is continuing, in which case, such updated Life Expectancy Reports shall be at the Borrower's sole cost and expense)).

(ag) [Reserved].

(ah) Beneficial Ownership Certification / Know Your Customer. If requested by Administrative Agent or any Lender, a Beneficial Ownership Certification in relation to Borrower.

Section IX.2 Negative Covenants. Until the first day following the date on which all of the Obligations are performed and paid in full and this Loan Agreement is terminated, the Borrower hereby covenants and agrees that it shall not:

(a) Assignment of Pledged Policies, Etc. Except for a Permissible Sale, sell, assign (by operation of law or otherwise) or otherwise dispose of (including by way of Division), or create or suffer to exist, any Adverse Claim upon or with respect to, any of the Pledged Policies or any other Collateral, including, without limitation, any Adverse Claim arising out of a Policy Loan.

(b) Amendments to Transaction Documents, etc. Amend, otherwise modify or waive any term or condition of (i) any Transaction Document or any Pledged Policy, except in each case with the prior written consent of the Required Lenders in their sole and absolute discretion or (ii) the Borrower Organizational Documents or any other material contract other than any Transaction Document or any Pledged Policy, except in each case with the prior written consent of the Required Lenders, such consent not to be unreasonably withheld.

(c) Deposit of Non-Collections. Deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Collection Account any cash proceeds or other assets other than Collections and other amounts allowed or required to be credited to the Collection Account in accordance with Section 5.2.

(d) Indebtedness. Contract, create, incur or assume any indebtedness other than indebtedness incurred pursuant to this Loan Agreement and the other Transaction Documents.

(e) Change of Accounts. Change or cause to be changed any of the Accounts, the Policy Account, the Borrower Account or amend the Account Control Agreement without prior written consent of the Required Lenders.

(f) Mergers, Acquisitions, Sales, Subsidiaries, etc.

(i) Be acquired directly or indirectly or be a party to any merger, division or consolidation (including, without limitation, any Division), or directly or indirectly purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, except for Permitted Investments or sell, transfer, assign, convey or lease any of its property and assets (or any interest therein) other than in a Permissible Sale;

(ii) make, incur or suffer to exist an Investment in, equity contribution to, loan or advance to, or payment obligation in respect of the deferred purchase price of, or payment for, property from, any other Person, except for Permitted Investments and except for the loan to the Parent evidenced by the Borrower/Parent Note, pursuant to the Transaction Documents;

(iii) create any direct or indirect Subsidiary or otherwise acquire direct or indirect ownership of any equity interests in any other Person other than pursuant to the Transaction Documents; or

(iv) enter into any transaction with any Affiliate of the Borrower, the Servicer or any Affiliate of any of them except for the transactions contemplated or permitted by the Transaction Documents and other transactions upon fair and reasonable terms materially no less favorable to the Borrower than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of the Borrower or the Servicer.

(g) Change in Business Policy. Make any change in the character of its business.

(h) Chief Executive Office. Move its chief executive office or jurisdiction of formation or its situs or permit the documents and books evidencing the Collateral to be moved unless (i) the Borrower shall have given to the Administrative Agent not less than thirty (30) days' prior written notice thereof, clearly describing the new location, and (ii) the Borrower shall have taken such action, satisfactory to the Administrative Agent, to maintain the title or ownership of the Borrower and any security interest of the Administrative Agent, in the Collateral at all times fully perfected and first priority (subject to no Adverse Claims) and in full force and effect. The Borrower shall not in any event become or seek to become organized under the laws of more than one jurisdiction.

(i) Business Restrictions. Engage in any business or transactions, or be a party to any documents, agreements or instruments, other than the Transaction Documents or those incidental to the purposes thereof, or make any expenditure for the purchase of any assets if such expenditure is made by the Borrower through a withdrawal of funds from an Account.

(j) Sale of Assets. Sell, transfer or convey any assets, except in a Permissible Sale.

(k) Independent Director. Remove, replace or seek to replace its Independent Director absent due cause and the express consent of the Administrative Agent and the Required Lenders, provided, however, that no such consent shall be required for the replacement of an Independent Director in the event that such Independent Director ceases to meet the qualifications set forth in Section 9.1(f)(ii), and such Independent Director is replaced by another employee of the Corporate Services Provider meeting all of the qualifications set forth in Section 9.1(f)(ii).

(l) Further Policy Acquisitions. Acquire at any time any additional Policies without the prior written consent of the Administrative Agent.

(m) Use of Funds/Proceeds. Without the prior written consent of the Administrative Agent, use the funds in the Reserve Account or any proceeds arising from a sale under Section 2.7 other than pursuant to this Loan Agreement.

(n) Accounting Changes. Change any accounting practices, policies or treatment without the prior written consent of the Administrative Agent.

(o) Foreign Assets Control Regulations, Etc. (i) Become or permit any of its Affiliated Entities to become a Blocked Person, (ii) have or permit any of its Affiliated Entities to have any investments in or engage in any dealings or transactions with any Blocked Person or (iii) violate or permit any of its Affiliated Entities to violate any Anti-Money Laundering Law.

(p) Amendments to Certain Documents. Permit any amendment or other modification or waiver to any term or condition set forth in (i) the GWG Holdings Indenture, (ii) any Collateral Document (as defined in the GWG Holdings Indenture), (iii) the GWG Note Issuance and Security Agreement or (iv) any other document or agreement pursuant to which the Parent pledges or purports to pledge or that is secured by the Parent's membership interests in the Borrower or any of the Collateral, except in each case, with the prior written consent of the Required Lenders in their sole and absolute discretion.

## ARTICLE X

## EVENTS OF DEFAULT; REMEDIES

Section X.1 Events of Default. Each of the following shall constitute an "Event of Default" under this Loan Agreement, *unless* the Required Lenders in their sole and absolute discretion shall deliver a Cure Notice to the Borrower, in which case each of the following shall constitute an Event of Default only upon (i) the expiration of the time period set forth in such Cure Notice or (ii) the earlier revocation of such Cure Notice by the Required Lenders in their sole and absolute discretion:

(a) Non-Payment. (A) The Borrower shall (i) fail to make when due any payment to any Lender or the Administrative Agent or deposit to any of the Accounts to be made by it under this Loan Agreement or any other Transaction Document when due, which failure shall have continued for three (3) Business Days or (ii) fail to make when due, any payment to any Person under this Loan Agreement or any other Transaction Document, including, without limitation, the failure to pay any Premium, which failure shall have continued for ten (10) Business Days, or (B) any Advance is not paid in full on the Maturity Date. For the avoidance of doubt, the Lenders making one or more Protective Advances to pay any Premiums due during such ten (10) Business Day period shall not constitute a cure of the related Event of Default.

(b) Breach of Representations and Warranties. Any representation or warranty made or deemed made by the Borrower or the Parent under or in connection with any Transaction Document to which it is a party or any information or report delivered by or on behalf of any such Person to the Administrative Agent or any Lender hereunder or under any other Transaction Document shall prove to have been incorrect or untrue in any material respect when made or delivered (or when such representation, warranty, information or report is deemed to have been made or delivered), and such failure remains unremedied for thirty (30) days.

(c) Non-Compliance with Other Provisions. Except as otherwise provided in this Section 10.1, (i) the Borrower shall fail to perform or observe any covenant or agreement set forth in Section 9.1(n), Section 9.1(p), Section 9.1(r), Section 9.1(v), , Section 9.1(hh), or Section 9.2 (other than Section 9.2(c)), (ii) the Borrower shall fail to perform or observe any covenant or agreement in Section 9.1(cc), Section 9.1(d)(vii), Section 9.1(dd) or Section 9.1(ee) and any such failure described in this clause (ii) shall remain unremedied for three (3) Business Days, (iii) the Borrower shall fail to perform any covenant or agreement set forth in Section 9.1(ff) and such failure shall remain unremedied for forty-five (45) days), or (iv) the Borrower or the Parent shall fail to perform or observe any other term, covenant or agreement contained in any Transaction Document to which it is party on its part to be performed or observed and any such failure described in this clause (iv) shall remain unremedied for thirty (30) days (or, in the case of a failure to comply with the covenant set forth in Section 9.1(aa) (or, with respect to a failure to deliver the Calculation Date Report or a failure to comply with any of Section 2.7, Section 9.1(b), Section 9.1(e), Section 9.1(f), Section 9.1(h), Section 9.1(i), Section 9.1(m) or Section 9.2(c), such failure shall remain unremedied for five (5) Business Days).

(d) Non-Compliance by Other Parties. Any party to any Transaction Document other than the Borrower, the Parent, the Lenders or the Administrative Agent shall fail to perform or observe any term, covenant or agreement contained in this Loan Agreement or in any other Transaction Document on its part to be performed or observed and any such failure shall remain unremedied for thirty (30) days (or, with respect to a failure by such party to make a payment or cause a payment to be made, such failure shall be unremedied for (i) if such failure relates to the payment of amounts to any Lender or the Administrative Agent or to the deposit of any amounts to the Accounts pursuant to this Loan Agreement or any other Transaction Document, one (1) Business Day or (ii) if such failure relates to the payment of amounts to any other Person, ten (10) Business Days) from the earlier of the (i) the date such Person receives notice of such failure and (ii) the date such Person has actual knowledge thereof; provided that the Borrower and/or the Parent may remedy such failure by performing or causing to be performed such action in place of such party prior to the expiration of the applicable cure period.

(e) Validity of Transaction Documents. (i) This Loan Agreement or any other Transaction Document shall (except in accordance with its terms), in whole or in part, cease to be the legally valid, binding and enforceable obligation of the Borrower or the Parent, or cease to

be in full force and effect, (ii) the Borrower or the Parent, shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability of such document, (iii) any other party (other than any of the Lenders, the Administrative Agent or any other Affected Party) shall directly or indirectly contest such effectiveness, validity, binding nature or enforceability of such document or (iv) this Loan Agreement together with the Account Control Agreement shall cease to create a valid Lien in favor of the Administrative Agent in the Collateral, or the Lien of the Administrative Agent in the Collateral shall cease to be a valid and enforceable first priority perfected Lien, free and clear of any Adverse Claim.

(f) Bankruptcy. An Event of Bankruptcy shall have occurred with respect to the Borrower or the Parent.

(g) Change in Control. A Change in Control shall have occurred with respect to the Borrower or the Parent.

(h) Tax Liens; ERISA Liens. The Internal Revenue Service shall file notice of a Lien pursuant to the Code with regard to any assets of the Borrower or the Parent, or the PBGC shall, or shall indicate its intention to, file notice of a Lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower or the Parent in excess of $100,000; provided, however, that in each case the filing of such a notice of Lien shall not be an Event of Default for so long as such filing is being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside. Notwithstanding anything provided in the preceding sentence, no Adverse Claim shall be permitted with respect to any Collateral.

(i) Defaults. A default by the Borrower (after giving effect to the applicable grace period) shall have occurred and be continuing under any instrument, agreement or legal commitment evidencing, securing or providing for indebtedness, following which the provider or holder of such indebtedness has the right to accelerate the maturity thereof.

(j) Monetary Judgment. One or more judgments for the payment of money in an aggregate amount in excess of $50,000 shall be rendered against the Borrower, and shall remain unpaid or undischarged, or a stay of execution thereof shall not be obtained, within thirty (30) days from the date of entry thereof.

(k) Material Adverse Effect. An event has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

(l) Servicer Termination Events. (i) A Servicer Termination Event shall have occurred and be continuing, but only if the Servicer has not been replaced by a Successor Servicer in accordance with the terms and conditions of the Servicing Agreement or if such Servicer Termination Event causes a Material Adverse Effect or (ii) regardless of whether a Servicer Termination Event shall have occurred or be continuing, the Servicer shall fail to

perform or observe any term, covenant or agreement contained in any Transaction Document to which it is party on its part to be performed or observed or any representation or warranty made or deemed made by the Servicer under or in connection with any Transaction Document to which it is a party or any information or report delivered by or on behalf of the Servicer to the Administrative Agent or any Lender under the Servicing Agreement or under any other Transaction Document shall prove to have been incorrect or untrue in any material respect when made or delivered (or when such representation, warranty, information or report is deemed to have been made or delivered) and, in each case, such failure or incorrect or untrue representation, warranty, information or report has a material adverse effect on the validity, enforceability, collectability, Lender Valuation or Net Death Benefit of one or more Pledged Policies.

(m) Investment Company Act. (i) The Borrower or the Parent shall become an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any of the foregoing is at any time not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, solely by virtue of an exception pursuant to Section 3(c)(1) or 3(c)(7) thereof or (ii) the Issuer shall become a "covered fund" under Section 13 of the Bank Holding Company Act of 1956, as amended.

(n) Organizational Document Amendments. The Borrower shall make any material amendment to any of the Borrower Organizational Documents without the prior written consent of the Required Lenders, such consent not to be unreasonably withheld.

(o) Subject Policy Grace Period. Any Pledged Policy enters a "grace period" and is not restored to good standing within ten (10) Business Days after the start of such "grace period"; provided, however, that any Pledged Policy may be permitted to lapse with the prior written consent of the Required Lenders, in their sole and absolute discretion.

(p) Second Initial Advance. (i) Within five (5) Business Days after the Closing Date, with respect to each Policy that became a Pledged Policy upon the making of the Second Initial Advance, (a) the Borrower or the Parent failed to submit completed Change Forms to the related Issuing Insurance Company, which Change Forms designated the Securities Intermediary as the new owner and beneficiary of such Policy, or (b) the Borrower failed to deliver a fully executed entitlement order to the Securities Intermediary, which entitlement order credits such Policy to the Policy Account, (ii) within forty-five (45) days after the Closing Date, the Second Initial Advance was not made, (iii) the number of Subject Policies related to the Second Initial Advance was less than 140 or such Subject Policies insured the lives of less than 133 distinct Insureds or (iv) within five (5) Business Days after the date on which any of the Borrower, the Securities Intermediary or the Administrative Agent received an Acknowledgement for each Policy that become a Pledged Policy upon the making of the Second Initial Advance, the Borrower failed to deliver a Borrowing Request in respect of the Second

Initial Advance to the Administrative Agent pursuant to Section 2.3(b) of the Original Loan Agreement.

Section X.2 Remedies.

(a) Optional Termination. Upon the occurrence and during the continuance of an Event of Default (other than an Event of Default described in Section 10.1(f)), the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, declare the Advances and other Obligations to be due and payable and the Lenders' Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of all the Advances and other Obligations (including, without limitation, any Yield Maintenance Fees payable pursuant to Section 4.2) shall be and become immediately due and payable (and the Maturity Date shall be deemed to have occurred), without further notice, demand or presentment, and the Lenders' Commitments shall terminate.

(b) Automatic Termination. Upon the occurrence of an Event of Default described in Section 10.1(f), the Lenders' Commitments shall be deemed to have been terminated automatically and the Commitment Termination Date shall be deemed to have occurred automatically and all outstanding Advances and other Obligations (including, without limitation, any Yield Maintenance Fees payable pursuant to Section 4.2) shall become immediately and automatically due and payable (and the Maturity Date shall be deemed to have occurred for all of the Advances), all without presentment, demand, protest, or notice of any kind.

(c) [Reserved].

(d) Additional Rights and Remedies. In addition to all rights and remedies under this Loan Agreement or otherwise, the Lenders and the Administrative Agent shall have all other rights and remedies provided under the relevant UCC and under other Applicable Laws, which rights and remedies shall be cumulative (including, without limitation, the right to exercise all rights and remedies with respect to the Borrower/Parent Note and the related Allonge). Without limiting the generality of the foregoing, on and after the occurrence of an Event of Default, the Administrative Agent (on behalf of the Secured Parties and at the direction of the Required Lenders) may without being required to give any notice (except as herein provided or as may be required by mandatory provisions of law), sell the Collateral or any part thereof (including, without limitation, the Borrower/Parent Note) in any commercially reasonable manner at public or private sale, for cash, upon credit or for future delivery, as directed by the Required Lenders, and at such price or prices as the Required Lenders, may deem satisfactory. Any Lender or the Administrative Agent may participate as a bidder in any such sale and the Administrative Agent may credit bid in such sale. The Borrower will execute and deliver such documents and take such other action as the Administrative Agent reasonably deems necessary

or advisable in order that any such sale may be made in compliance with Applicable Law. Upon any such sale, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Borrower which may be waived, and the Borrower, to the extent permitted by Applicable Law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The Administrative Agent at the direction of the Required Lenders, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the security interests in the Collateral and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(e) Power of Attorney. In furtherance of the rights, powers and remedies of the Administrative Agent and the Lenders, on and after the occurrence of an Event of Default, the Borrower hereby irrevocably appoints the Administrative Agent, its true and lawful attorney, which appointment is coupled with an interest and is irrevocable, with full power of substitution, in the name of the Borrower, or otherwise, for the sole use and benefit of the Administrative Agent (for the further benefit of the Secured Parties), but at the Borrower's expense, to the extent permitted by law and subject to the last sentence of the immediately preceding subsection, to exercise, at any time and from time to time during the continuance of an Event of Default, all or any of the following powers with respect to all or any of the Collateral:

(i) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof,

(ii) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(iii) to sell, transfer, assign, seize or otherwise deal in or with the Collateral or the proceeds or avails thereof, as fully and effectually as if the Administrative Agent was the absolute owner thereof, and

(iv) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

provided that the Administrative Agent shall give the Borrower at least ten (10) days' prior written notice of the time and place of any public sale or the time after which any private sale or other intended disposition of any of the Collateral is to be made. The Borrower agrees that such notice constitutes "reasonable notification" within the meaning of Section 9-611 (or other section of similar content) of the relevant UCC.

(f) Conflict of Rights. Notwithstanding anything to the contrary contained in this Loan Agreement, if at any time the rights, powers and privileges of the Required Lenders, or the Administrative Agent following the occurrence of an Event of Default conflict (or are inconsistent) with the rights and obligations of the Servicer, the rights, powers and privileges of the Required Lenders, or the Administrative Agent shall supersede the rights and obligations of the Servicer to the extent of such conflict (or inconsistency), with the express intent of maximizing the rights, powers and privileges of the Required Lenders and the Administrative Agent following the occurrence of an Event of Default.

(g) Contract to Extend Financial Accommodations. The parties hereto acknowledge that this Loan Agreement is, and is intended to be, a contract to extend financial accommodations to the Borrower within the meaning of Section 365(e)(2)(B) of the Federal Bankruptcy Code (11 U.S.C. § 365(e)(2)(B)) (or any amended or successor provision thereof or any amended or successor code).

(h) Cumulative Rights. For the avoidance of doubt, the rights and remedies granted to the Lenders or the Administrative Agent under this Loan Agreement, any other Transaction Document, the relevant UCC or any other Applicable Law are cumulative and not exclusive, and the exercise of any such rights and remedies will not be waived or deemed waived by any such Person merely by the receipt of or acceptance by such Person of amounts on deposit in the Collection Account that are distributed pursuant to Section 5.2(c) of this Loan Agreement.

## ARTICLE XI

## INDEMNIFICATION

Section XI.1 General Indemnity. Without limiting any other rights which any such Person may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify each Lender and the Administrative Agent (on their own behalf and on behalf of each of the Lenders' and the Administrative Agent's Affiliates and each of such entities' respective successors, transferees, participants and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing) (each of the foregoing Persons being individually called an "Indemnified Party"), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related and reasonable costs and expenses actually incurred, including reasonable attorneys' fees and disbursements actually incurred (all of the foregoing being collectively called "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to any Transaction Document or the transactions contemplated thereby, the acceptance and administration of this Loan Agreement by such Person, any commingling of funds related to the transactions contemplated hereby (whether or not permitted hereunder), or the use of proceeds therefrom by the Borrower, including (without limitation) in respect of the funding of any Advance or in respect of any Policy;

excluding, however, (i) Indemnified Amounts to the extent determined by a court of competent jurisdiction to have resulted from gross negligence, fraud or willful misconduct on the part of any Indemnified Party (BUT EXPRESSLY EXCLUDING FROM THIS CLAUSE (i), AND EXPRESSLY INCLUDING IN THE INDEMNITY SET FORTH IN THIS SECTION 11.1, INDEMNIFIED AMOUNTS ATTRIBUTABLE TO THE ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH INDEMNIFIED PARTY, IT BEING THE INTENT OF THE PARTIES THAT, TO THE EXTENT PROVIDED IN THIS SECTION 11.1, INDEMNIFIED PARTIES SHALL BE INDEMNIFIED FOR THEIR OWN ORDINARY, SOLE OR CONTRIBUTORY NEGLIGENCE NOT CONSTITUTING GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT), and (ii) any Tax upon or measured by net income (except those described in Section 6.1(a)) on any Indemnified Party; including (without limitation), however, Indemnified Amounts resulting from or relating to:

(i) any representation or warranty made by or on behalf of the Borrower or the Parent in any Transaction Document to which it is a party, which was incorrect in any respect when made;

(ii) failure by the Borrower or the Parent to comply with any covenant made by it, or perform any obligation to be performed by it, in any Transaction Document to which it is a party;

(iii) except as expressly set forth in this Loan Agreement, the failure by the Borrower or the Parent to create and maintain in favor of the Administrative Agent, for the benefit of the Secured Parties a valid perfected first priority security interest in the Collateral, free and clear of any Adverse Claim;

(iv) the Borrower's use of the proceeds of the Advances;

(v) the failure by the Borrower to pay when due any Taxes (including sales, excise or personal property taxes) payable in connection with the purchase and sale of the Collateral;

(vi) the commingling of the Collections with other funds of the Borrower;

(vii) any legal action, judgment or garnishment affecting, or with respect to, distributions on any Pledged Policy or the Transaction Documents; and

(viii) any failure to comply with any Applicable Law with respect to any Pledged Policy or any other part of the Collateral.

If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment of the amounts indemnified against in this Section 11.1 that is permissible under Applicable Law.

## ARTICLE XII

## ADMINISTRATIVE AGENT

Section XII.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Loan Agreement and the other Transaction Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Loan Agreement and the other Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Loan Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Loan Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Loan Agreement or any other Transaction Document or otherwise exist against the Administrative Agent.

Section XII.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Loan Agreement and the other Transaction Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section XII.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Loan Agreement or any other Transaction Document (except for its or such Person's own gross negligence, fraud or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower, the Parent, the Custodian, the Securities Intermediary or the Servicer or any officer thereof contained in this Loan Agreement or any other Transaction Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Loan Agreement or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Loan Agreement or any other Transaction Document or for any failure of the Borrower, the Parent, the Custodian, the Securities Intermediary or the Servicer to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as

to the observance or performance of any of the agreements contained in, or conditions of, this Loan Agreement or any other Transaction Document, or to inspect the properties, books or records of the Borrower, the Parent, the Custodian, the Securities Intermediary or the Servicer. The Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to this Loan Agreement, any other Transaction Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may affect a forfeiture, modification or termination of property of any Lender.

Section XII.4 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex, e-mail or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower or the Servicer), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat each Lender as the owner of its pro rata share of the Advances for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Loan Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Subject to the Transaction Documents, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Loan Agreement and the other Transaction Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of an interest in any of the Lender Notes.

Section XII.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default hereunder unless the Administrative Agent has received written notice from a Lender referring to this Loan Agreement, describing such Unmatured Event of Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action, subject to the Transaction Documents with respect to such Unmatured Event of Default or Event of Default as shall be directed by the Required Lenders.

Section XII.6 Non-Reliance on the Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers,

directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower or the Servicer, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Borrower and the Servicer and made its own decision to make its Advances hereunder and enter into this Loan Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Loan Agreement and the other Transaction Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and the Servicer. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower or the Servicer which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section XII.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their outstanding Advances, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of all of the Lender Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Loan Agreement, any of the other Transaction Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Administrative Agent's gross negligence, fraud or willful misconduct. The agreements in this Section 12.7 shall survive the payment of all of the Lender Notes and all other amounts payable hereunder and the termination of this Loan Agreement.

Section XII.8 The Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or the Servicer or any of their Affiliates as though the Administrative Agent were not the Administrative Agent hereunder and under the other Transaction Documents. With respect to Advances made or renewed by it, the Administrative Agent shall have the same rights and powers under this Loan Agreement and the other Transaction Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section XII.9 Successor Administrative Agent. The Administrative Agent may resign as the Administrative Agent upon twenty (20) days' notice to the Lenders effective upon the appointment of a successor agent. If the Administrative Agent shall resign as the Administrative Agent under this Loan Agreement and the other Transaction Documents, then the Required Lenders shall appoint a successor agent for the Lenders, which successor agent shall be the initial Administrative Agent, an Affiliate of either the outgoing Administrative Agent or the initial Administrative Agent or a commercial bank organized under the laws of the United States of America or any State thereof or under the laws of another country which is doing business in the United States of America and, if such successor agent is not the initial Administrative Agent, an Affiliate of either the outgoing Administrative Agent or the initial Administrative Agent, together with its Affiliates, having a combined capital, surplus and undivided profits of at least $100,000,000, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as the Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Loan Agreement or any holders of an interest in any of the Lender Notes. After any retiring Administrative Agent's resignation as the Administrative Agent, all of the provisions of this Article XII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Loan Agreement and the other Transaction Documents.

## ARTICLE XIII

## MISCELLANEOUS

Section XIII.1 Amendments, Etc. No amendment or waiver of, or consent to the Borrower's departure from, any provision of this Loan Agreement shall be effective unless it is in writing and signed by the Borrower and the Administrative Agent, with the written consent of the Required Lenders (or, in the case of any amendment, waiver or consent that would result in a decrease in the interest rate on any Advance, the extension of the Commitment Termination Date, a reduction in the principal amount of any Advance, an extension of time to make any

payment of principal or interest on any Advance, or a release of all or any of the Collateral (other than as expressly contemplated hereunder), by each Affected Party), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section XIII.2 Notices, Etc. All notices, directions, instructions, demands and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including electronic mail communication) and sent to each party entitled thereto, at its address set forth on Schedule 13.2, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices, directions, instructions, demands and communications shall be effective: (a) if sent by overnight courier, on the Business Day after the day sent, (b) if by U.S. mail, three (3) Business Days after being deposited in the mail, (c) if delivered personally, when delivered, and (d) if sent by electronic mail, when the sender thereof shall have received electronic confirmation of the transmission thereof (provided that should such day not be a Business Day, on the next Business Day), except any such notice, direction, demands or other communications to the Administrative Agent shall only be effective upon actual receipt.

Section XIII.3 No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Transaction Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. For the avoidance of doubt, the execution by the Lenders and the Administrative Agent of this Loan Agreement shall not operate as a waiver of any breach by the Borrower of any of its representations, warranties or obligations under the Amended and Restated Loan Agreement or the other Transaction Documents. The Lenders and the Administrative Agent hereby agree (i) that no Change in Control of the Borrower or the Parent occurred with respect to the series of transactions consummated by the Master Exchange Agreement and the Purchase and Contribution Agreement and (ii) that to the extent the Borrower previously deposited any amounts received as capital contributions from the Parent into the Collection Account and/or the Borrower Account, such deposits shall not constitute an Event of Default hereunder (it being understood that the foregoing agreements shall not extend to any other event or circumstance).

Section XIII.4 Binding Effect; Assignability; Term. This Loan Agreement shall be binding upon and inure to the benefit of the Borrower, each Lender and the Administrative Agent, and their respective successors and assigns, except that no party shall have the right to assign any of their respective rights, or to delegate any of their respective duties and obligations, hereunder without the prior written consent of the other parties except as set forth below. Any Lender may assign all or any portion of its Lender Note, Commitment and Advances hereunder pursuant to an assignment and assumption agreement in substantially the form attached hereto as

Exhibit C (each, an "Assignment and Assumption Agreement") or sell participation interests in its Advances and Obligations hereunder. This Loan Agreement shall create and constitute the continuing obligation of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as the Commitments have terminated and all the principal of and interest on the Advances and all other Obligations are paid in full; provided that rights and remedies of the Lenders and the Administrative Agent, as applicable, under Article XI and Section 3.1, Section 3.3 and Section 13.8 shall survive any termination of this Loan Agreement. Each Indemnified Bank Person shall be an express third-party beneficiary of Section 5.2 of this Loan Agreement and shall be entitled to bring any action necessary to enforce its rights thereunder.

Section XIII.5 GOVERNING LAW; JURY TRIAL. THIS LOAN AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, EXCLUDING CHOICE OF LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

(b) EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED BY THIS LOAN AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS.

Section XIII.6 Execution in Counterparts. This Loan Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Loan Agreement by facsimile or transmitted electronically in either Tagged Image File Format ("TIFF") or Portable Document Format ("PDF") shall be equally effective as delivery of a manually executed counterpart hereof. Any party delivering an executed counterpart of this Loan Agreement by facsimile, TIFF or PDF shall also deliver a manually executed counterpart hereof, but failure to do so shall not affect the validity, enforceability, or binding effect of this Loan Agreement.

Section XIII.7 Submission to Jurisdiction. Each party hereto hereby submits to the exclusive mandatory jurisdiction of the courts of the State of New York and of any Federal court located in the State of New York (or any appellate court from any thereof) in any action or proceeding arising out of or relating to this Loan Agreement or the transactions contemplated hereby. Each party hereto hereby irrevocably waives any objection that it may have to the laying

of venue of any such proceeding and any claim that any such proceeding has been brought in an inconvenient forum.

Section XIII.8 Costs and Expenses. In addition to its obligations under Section 3.3 and Article XI, the Borrower agrees to pay on demand:

(a) all reasonable and actual costs and expenses incurred by the Administrative Agent and each Lender in connection with (i) the preparation, execution, delivery, administration and enforcement of, or any actual or claimed breach of or any amendments, waivers or consents under or with respect to, this Loan Agreement, the Lender Notes and the other Transaction Documents (whether or not such amendment, waiver or consent becomes effective), including, without limitation, the reasonable fees and expenses of counsel to any of such Persons actually incurred in connection therewith, (ii) the perfection of Administrative Agent's security interest in the Collateral, (iii) the maintenance of the Accounts, the Policy Account and the Borrower Account, and (iv) subject to Section 9.1(i), the audit of the books, records and procedures of the Servicer or the Borrower by the Administrative Agent's auditors (which may be employees of the Administrative Agent), and

(b) all stamp and other Taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Loan Agreement, the Lender Notes or the other Transaction Documents, and agrees to indemnify each Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such Taxes and fees.

Section XIII.9 Severability of Provisions. If any one or more provisions of this Loan Agreement shall for any reason be held invalid, then such provisions shall be deemed severable from the remaining provisions of this Loan Agreement and shall in no way affect the validity or enforceability of other provisions of this Loan Agreement.

Section XIII.10 ENTIRE AGREEMENT. THIS LOAN AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS EXECUTED AND DELIVERED HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section XIII.11 Conflicts. With respect to the matters set forth herein, in the event of any conflict between the provisions of this Loan Agreement and the provisions of any collateral assignment related to a Pledged Policy, the provisions of this Loan Agreement shall govern and control.

Section XIII.12 Confidentiality. No party to this Loan Agreement that receives any Confidential Information (the "Receiving Party") from any other party (the "Disclosing Party") under this Loan Agreement or any other Transaction Document shall disclose any Confidential Information of the Disclosing Party to any Person without the consent of the Disclosing Party, other than (a) to the Servicer, the Securities Intermediary, the Custodian and the Receiving Party's Affiliates and its and their respective officers, directors, employees, trustees, agents and advisors (collectively, its "Representatives") and to actual or prospective assignees under Section 13.4, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, including any requirements to make disclosures thereof pursuant to applicable securities laws, (c) as requested or required by any state, Federal or foreign authority or examiner (including the National Association of Insurance Commissioners or any similar organization or quasi-regulatory authority) regulating the Receiving Party, the Servicer, the Securities Intermediary, the Custodian and/or their respective Affiliates, (d) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Disclosing Party received by it from the Receiving Party, (e) in connection with any litigation or proceeding to which the Receiving Party, the Servicer, the Securities Intermediary, the Custodian and/or their respective Affiliates may be a party, (f) in connection with the exercise of any right or remedy under this Loan Agreement or any other Transaction Document, and any related or subsequent sale or other transaction involving any of the Collateral or other collateral or assets pledged pursuant to any Transaction Document to secure the repayment of the Advances or (g) if any such Confidential Information becomes publicly available so long as such availability is not caused by the Receiving Party or any of its Affiliates or any of their respective officers, directors, employees, trustee, agents and advisors. Notwithstanding the foregoing, it is expressly agreed that following the Closing Date and the date hereof, the Lenders may make or cause to be made a press release, public announcement or publicity statement (including placing a "tombstone" advertisement) relating to this Loan Agreement; provided that the parties hereto will consult with each other regarding the content and timing of any such press release, public announcement or publicity statement.

Section XIII.13 Limitation on Liability. TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS LOAN AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS, THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY INDEMNIFIED PARTY SHALL NOT BE LIABLE TO ANY PARTY FOR ANY INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH THEIR RESPECTIVE ACTIVITIES RELATED TO THIS LOAN AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE TRANSACTIONS CONTEMPLATED THEREBY, THE LENDER NOTES, THE ADVANCES OR OTHERWISE IN CONNECTION WITH THE FOREGOING. WITHOUT LIMITING THE FOREGOING, THE PARTIES AGREE THAT THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY INDEMNIFIED PARTY SHALL

NOT BE SUBJECT TO ANY EQUITABLE REMEDY OR RELIEF, INCLUDING SPECIFIC PERFORMANCE OR INJUNCTION ARISING OUT OF OR RELATING TO THIS LOAN AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED THEREBY. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL LENDERS' LIABILITY FOR FAILURE TO FUND ANY ADVANCE EXCEED THE AMOUNT OF SUCH ADVANCE AND ONE MILLION DOLLARS ($1,000,000) IN AGGREGATE FOR ALL ADVANCES, AND IN FURTHER LIMITATION OF THE LENDERS' LIABILITY ARISING OUT OF THIS LOAN AGREEMENT, IN NO EVENT SHALL LENDERS' LIABILITY ARISING OUT OF THIS LOAN AGREEMENT FOR ANY REASON WHATSOEVER EXCEED ONE MILLION DOLLARS ($1,000,000) IN AGGREGATE FOR ALL SUCH LIABILITIES.

Section XIII.14 Relationship of Parties. Notwithstanding that Advances made from time to time hereunder may be used to pay Ongoing Maintenance Costs, the relationship of each Secured Party and the Borrower is solely one of lender and borrower and this Loan Agreement does not constitute a partnership, tenancy-in-common, joint tenancy or joint venture between any of the Secured Parties and the Borrower, nor does this Loan Agreement create an agency or fiduciary relationship between any of the Secured Parties and the Borrower. The Borrower is not the representative or agent of any of the Secured Parties and no Secured Party is a representative or agent of the Borrower. The parties hereto intend that the relationship among them shall be solely that of creditor and debtor. No Secured Party shall in any way be responsible or liable for the debts, losses, obligations or duties of the Borrower.

Section XIII.15 Amendment and Restatement. This Loan Agreement is an amendment and restatement, and replacement of the Third Amended and Restated Loan Agreement, the terms and conditions of which are superseded in their entirety by the terms and conditions hereof. It is intended that the amendment and restatement contained herein shall not, in any manner, be construed or constitute payment of, or impair, limit, cancel or extinguish the obligations, liabilities or indebtedness evidenced by or arising under the Third Amended and Restated Loan Agreement, in each case, as amended and restated and in effect on the date hereof, or constitute a novation with respect thereto and the Liens and security interests securing such indebtedness and other obligations and liabilities, in each case, as amended and restated and in effect on the date hereof, shall not in any manner be impaired, limited, terminated, waived or released.

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IN WITNESS WHEREOF, the parties have caused this Fourth Amended and Restated Loan and Security Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

GWG DLP FUNDING IV, LLC,
as Borrower

By: _____
Name:
Title:

CLMG CORP., as Administrative Agent

By: _____
Name:
Title:

LNV CORPORATION, as Lender

By: _____
Name:
Title:

**ANNEX I**

**LIST OF DEFINED TERMS**

"21st" means ITM TwentyFirst, LLC and its Affiliates and their respective successors.

"Account Control Agreement" means the Securities Intermediary Agreement, dated as of September 14, 2016, among the Borrower, the Administrative Agent, the Securities Intermediary, the Custodian and the Servicer, specifying the rights of the parties in the Accounts, the Policy Account and the Borrower Account, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the Transaction Documents.

"Accounts" means the Collection Account, the Reserve Account and the Payment Account, collectively.

"Acknowledgement" means, with respect to any Policy, a written acknowledgement from the related Issuing Insurance Company confirming that the records of the Issuing Insurance Company name the Securities Intermediary as the owner and beneficiary of the applicable Policy.

"Additional Closing Fee" means with respect to the first Advance on or following the Amended and Restated Closing Date, a fee in an amount equal to (i) the amount of the Facility Limit and (ii) one percent (1.00%).

"Additional Policies" means Policies to be acquired by the Borrower with some or all of the proceeds of an Additional Policy Advance and/or to be pledged to the Administrative Agent for the benefit of the Lenders in connection with an Additional Policy Advance.

"Additional Policy Advance" means (a) an Advance other than the Initial Advance pursuant to which Additional Policies are pledged to the Administrative Agent under the Loan Agreement, including, without limitation, the Advance that was made on the Amended and Restated Closing Date, the Second A&R Advance and the Third A&R Advance and (b) the Fourth A&R Advance. For purposes of clarification, no Additional Policies are being pledged to the Administrative Agent in connection with the Fourth A&R Advance.

"Additional Policy Advance Amount" with respect to any Additional Policy Advance, means the amount specified in the related Additional Policy Advance Acceptance.

"Additional Policy Advance Acceptance" has the meaning set forth in Section 2.3(d) of the Loan Agreement.

"Administrative Agent" means CLMG Corp., as Administrative Agent under the Loan Agreement.

"Administrative Agent's Account" has the meaning set forth in Section 4.3 of the Loan Agreement.

"Advance" means the Initial Advance, an Additional Policy Advance, a Protective Advance or an Ongoing Maintenance Advance, as applicable, and collectively, the "Advances".

"Advance Date" means any date on which an Advance is funded by the Lenders pursuant to the terms of the Loan Agreement, which may be the Closing Date, the date of the funding of the Second Initial Advance, any Subsequent Advance Date, including, without limitation, the Amended and Restated Closing Date, the Second A&R Closing Date, the Third A&R Closing Date, the Fourth A&R Closing Date or the date the Lenders fund any Protective Advance in their sole discretion.

"Adverse Claim" means a Lien, security interest, pledge, charge or encumbrance, or similar right or claim of any Person, other than Liens in favor of (i) the Administrative Agent pursuant to the Transaction Documents or (ii) in the case of a Retained Death Benefit Policy, an original owner, insured or seller or any family member of any of the foregoing of a Pledged Policy or Subject Policy, but only to the extent of the portion of the death benefit retained by or in favor of such Person.

"Affected Party" means each Lender, any permitted assignee of any Lender, and any holder of a participation interest in the rights and obligations of any Lender, the Administrative Agent and any Affiliate of any of the foregoing.

"Affiliate" means, with respect to any Person, any other Person that (i) directly or indirectly controls, is controlled by or is under common control with such Person or (ii) is an officer or director of such Person. A Person shall be deemed to be "controlled by" another Person if such other Person possesses, directly or indirectly, power (a) to vote five percent (5%) or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing partners of such Person, or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. The word "Affiliated" has a correlative meaning.

"Affiliated Entity" means any Subsidiary of the Borrower and any of its or the Borrower's Affiliates.

"Alternative Information Notice" has the meaning set forth in Section 5.2(a) of the Loan Agreement.

"A.M. Best" means A.M. Best Company, Inc. and any successor or successors thereto.

"Amended and Restated Closing Date" means September 27, 2017.

"Amended and Restated Loan Agreement" has the meaning set forth in the recitals to the Loan Agreement.

"Annual Budget" has the meaning specified in Section 9.1(d)(vi) of the Loan Agreement.

"Anti-Money Laundering Laws" has the meaning set forth in Section 8.1(v)(iii) of the Loan Agreement.

"Applicable Law" means, as to any Person or any matter, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of any nation or government, any

state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, in each case applicable to or binding upon such Person (or any of its property) or such matter, or to which such Person (or any of its property) or such matter is subject, including, without limitation, any laws relating to assignments of contracts, life settlements, viatical settlements, insurance, consumers and consumer protection, usury, truth-in-lending, fair credit reporting, equal credit opportunity, federal and state securities or "blue sky" laws, the Federal Trade Commission Act and ERISA and in the case of Section 6.3 of the Loan Agreement, FATCA.

"Applicable Margin" means seven and one half percent (7.50%).

"Assignment and Assumption Agreement" has the meaning set forth in Section 13.4 of the Loan Agreement.

"Available Amount" means, with respect to any Distribution Date, the amount on deposit in the Collection Account.

"AVS" means AVS Underwriting, LLC and its successors.

"Benchmark Rate" means, for any date of determination, the greater of (a) the sum of (i) the Federal Funds Rate on such date plus (ii) one-half of one percent (0.50%) and (b) one and one half of one percent (1.50%).

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Blocked Person" has the meaning set forth in Section 8.1(v)(i) of the Loan Agreement.

"Borrower" has the meaning set forth in the recitals to the Loan Agreement.

"Borrower Account" has the meaning set forth in Section 5.1(d) of the Loan Agreement.

"Borrower Failure Procedures" has the meaning set forth in Section 5.2(a) of the Loan Agreement.

"Borrower Organizational Documents" means the certificate of formation filed on May 18, 2016 with the office of the Delaware Secretary of State, and the LLC Agreement, each as the same may be amended, supplemented or otherwise modified from time to time in accordance with the Transaction Documents.

"Borrower/Parent Note" means a promissory note evidencing a thirty million dollar ($30,000,000) loan made by the Borrower to the Parent on the Fourth A&R Closing Date with proceeds of the Fourth A&R Advance.

"Borrower Valuation" has the meaning set forth in Section 7.5(b) of the Loan Agreement.

"Borrowing Base" means, on any date of determination, the lesser of: (A) the sum of all of the following amounts that have been funded or are to be funded through the succeeding Distribution Date, without duplication (i) the Initial Advance and all Additional Policy Advances, plus (ii) one-hundred percent (100%) of the sum of the Ongoing Maintenance Costs, plus (iii) one-hundred percent (100%) of any other Fees and Expense Deposits and other fees and expenses funded and to be funded as approved by the Required Lenders in their sole discretion, less (iv) the aggregate of all amounts previously paid by the Borrower to the Administrative Agent, for the account of the Lenders, in respect of principal on the Advances and any repayment of principal on the Advances to be paid pursuant to the Priority of Payments on the immediately succeeding Distribution Date; (B) sixty percent (60%) of the Lender Valuation of the Pledged Policies; (C) forty-five percent (45%) of the aggregate face amount of the Pledged Policies (other than the Excluded Policies); and (D) the Facility Limit.

"Borrowing Base Certificate" means a certificate in the form of Exhibit F to the Loan Agreement.

"Borrowing Request" has the meaning set forth in Section 2.2(a) of the Loan Agreement.

"Business Day" means any day on which commercial banks in any of New York, New York, Wilmington, Delaware Salt Lake City, Utah, Dallas, Texas or Minneapolis, Minnesota , are not authorized or are not required to be closed. Notwithstanding the immediately preceding sentence, with respect to any funding obligations of the Lenders under the Loan Agreement, Business Day means any day on which the Federal Reserve Bank of New York is open for business.

"Calculation Date" means the tenth (10th) day following March 31, June 30, September 30 or December 31 of each year, as applicable, beginning on September 30, 2016, or if such day is not a Business Day, the next succeeding Business Day, and any other days that may be designated as Calculation Dates in accordance with Section 5.2(f) of the Loan Agreement.

"Calculation Date Report" has the meaning set forth in Section 5.2(a) of the Loan Agreement.

"Cash Sweep" has the meaning set forth in Section 5.2(b) of the Loan Agreement.

"Change in Control" means a change or series of changes resulting when (i) the Borrower or the Parent, as applicable, merges or consolidates with any other Person or permits any other Person to become the successor to its business, and the Borrower or the Parent, as applicable, is not the surviving entity after such merger, consolidation or succession, other than as expressly permitted by the Transaction Documents, (ii) the Borrower or the Parent, as applicable, conveys, transfers or leases substantially all of its assets as an entirety to another Person, other than as expressly permitted by the Transaction Documents or (iii) any Person shall become the owner, directly or indirectly, beneficially or of record, of equity representing more than fifty percent (50%) of the aggregate ordinary voting power represented by the issued and outstanding equity of the Borrower or the Parent.

"Change Forms" means, with respect to any Policy, all documents required by the applicable Issuing Insurance Company to be executed by the Borrower (or the Securities Intermediary, as owner thereof for the benefit of the Borrower or the Administrative Agent as secured party pursuant to the Account Control Agreement) to effect change of ownership of and designation of a new owner and beneficiary under such Policy.

"Claims" has the meaning set forth in the Account Control Agreement.

"Closing Date" means September 14, 2016.

"Closing Fee" means, with respect to the First Initial Advance, a fee in an amount equal to the product of (i) $172,300,000 and (ii) two percent (2.00%).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Collateral" has the meaning set forth in Section 2.6(a) of the Loan Agreement.

"Collateral Audit" has the meaning set forth in Section 9.1(i) in the Loan Agreement.

"Collateral Package" means all files related to the Policies, including but not limited to, the Sale Documents and all Policy files related to the purchase or acquisition of each Policy (which shall include the most recent Policy Illustrations, Life Expectancy estimates, the Physicians Competency Statement and medical records available to the Borrower), all documents set forth on Exhibit M to the Account Control Agreement and any other documents or data as requested by the Administrative Agent.

"Collection Account" has the meaning set forth in Section 5.1(a) of the Loan Agreement.

"Collections" means, collectively, all payments made by or on behalf of the Issuing Insurance Companies or any other Person in respect of the Policies, including without limitation, all Liquidation Proceeds, all proceeds of Policy Loans or withdrawals of cash surrender value and any proceeds of any other Collateral (including any proceeds of a sale pursuant to Section 2.7 of the Loan Agreement, which proceeds shall be deposited in the Administrative Agent's Account pursuant to Section 4.1(b) of the Loan Agreement), whether in the form of cash, checks, wire transfers, electronic transfers or any other form of cash payment.

"Commitment" means, with respect to any Lender, the maximum amount that may be advanced by such Lender under the Loan Agreement as specified in Schedule 2.1(a) to the Loan Agreement as the same is amended pursuant to any Assignment and Assumption Agreement.

"Commitment Termination Date" means the earliest to occur of: (i) the Scheduled Commitment Termination Date, and (ii) the effective date on which the Lenders' Commitment is terminated following the occurrence of an Event of Default not cured within any applicable cure period, as described in Section 10.2 of the Loan Agreement.

"Confidential Information" means the terms and conditions of the Loan Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, including (i) any term sheets, loan applications or other documents related to the Loan

Agreement or the Transaction Documents and (ii) any copies of such documents or any portions thereof.

"Corporate Services Provider" means Lord Securities Corporation.

"Covered Taxes" means Taxes, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority or other taxing authority excluding, in the case of the Administrative Agent and each Lender, net income taxes imposed on the Administrative Agent or such Lender by the jurisdiction under the laws of which the Administrative Agent or such Lender is organized or any political subdivision or taxing authority thereof or therein.

"Cure Notice" means a written notice from the Required Lenders to the Borrower indicating that the Required Lenders are granting the Borrower a cure period not exceeding ninety (90) days in order to cure an occurrence that would otherwise constitute an Event of Default.

"Custodial Package" means with respect to a Policy, collectively, the documents set forth on Exhibit M to the Account Control Agreement.

"Custodian" means Wells Fargo, together with its successors and assigns, solely in its capacity as Custodian under the Account Control Agreement.

"Debt Service" means, for any period, the sum of (i) the Required Amortization and (ii) the interest accrued and that will accrue on the Advances during such period.

"Default Rate" means, in the event that an Event of Default has occurred and is continuing, the interest rate per annum at which each Loan shall bear interest, equal to the Benchmark Rate plus nine and one half percent (9.50%).

"Deficiency Claim Amount" has the meaning set forth in Section 5.1(b) of the Loan Agreement.

"Disclosing Party" has the meaning set forth in Section 13.12 of the Loan Agreement.

"Distribution Date" means the fifth day after each Calculation Date, beginning in October 2016, or if such day is not a Business Day, the next succeeding Business Day.

"Division" means the division of a limited liability company into two (2) or more limited liability companies pursuant to a "plan of division" or similar method within the meaning of the Delaware Limited Liability Company Act or similar statute in any other state.

"Dollar" and the sign "$" means lawful money of the United States of America.

"Eligibility Criteria" with respect to any Policy, means the following criteria, which are to be satisfied as of the Advance Date as of which such Policy becomes a Pledged Policy:

1. The Securities Intermediary is designated as the "owner" and "beneficiary" under the Policy by the Issuing Insurance Company.

2. The Policy is (i) a single life or survivorship policy, (ii) a fixed or variable universal life, whole life, or convertible term (provided such Policy is converted to a "permanent" life insurance policy prior to becoming a Pledged Policy), (iii) denominated and payable in U.S. Dollars and (iv) issued by a U.S. domiciled insurance company.
3. Each Insured is a United States citizen or permanent resident alien currently residing in the United States as of the date the Policy was acquired by the Borrower, and has documented social security information and photographic identification.
4. Each Insured shall be an individual seventy (70) years old or older.
5. The Policy shall be in full force.
6. The Issuing Insurance Company shall have (i) a financial strength rating of "A-" or better from A.M. Best or (ii) a financial strength rating of less than "A-" from A.M. Best that is approved by the Required Lenders in their sole and absolute discretion.
7. Medical underwriting as to Life Expectancy shall be conducted with respect to each Insured under the Policy by at least two Pre-Approved Medical Underwriters; in addition:
8. an average Life Expectancy for each Insured under the Policy shall be calculated, which shall equal the average (arithmetic mean) of the two (2) Life Expectancies provided by the Pre-Approved Medical Underwriters with respect to such Insured;
9. (x) LE Reports must not be dated more than six (6) months prior to the related Advance Date and (y) must be based on medical records obtained from the Insured that are not older than twelve (12) months as of the related Advance Date; and
10. for each Insured, the results reported in the two LE Reports used to calculate the average Life Expectancy in (g)(i) above must not differ by more than thirty percent (30%) of the longer Life Expectancy or twelve (12) months, whichever is greater.
11. Each Insured under the Policy must have an average Life Expectancy (determined in accordance with clause (g)(i) above) of no more than one-hundred eighty (180) months.
12. The Policy covering the life of an individual Insured shall not have a face amount of less than $70,000 or greater than $10.0 million, except as otherwise approved in writing by the Required Lenders.
13. The Policy is beyond all relevant policy or statutory contestability and suicide periods, including from the date of any conversion of such Policy, if applicable.
14. There must not be any outstanding Policy Loans or Liens outstanding in respect of the Policy, except for outstanding internal Policy Loans for the payment of premiums on the Policy, if any, or, if such Policy is a Retained Death Benefit Policy, any Liens identified in clause (ii) of the definition of "Adverse Claim," and, in each case, that will be fully reflected in the pricing analysis and calculation, nor any other pledge or assignment outstanding on the Policy.
15. The life expectancy reflected in the LE Report used to determine the Lender Valuation with respect to the related Advance is not less than twenty-four (24) months from the date of such Advance.
16. The Policy and the legal and beneficial interests in the death benefit (taking into account the portion of the death benefit payable to a Person other than the Securities Intermediary who is designated as the "beneficiary" under a Retained Death Benefit Policy and previously disclosed in writing to, and approved in writing by, the Administrative Agent) shall be capable of being sold, transferred and conveyed to the Borrower and its successors, assigns and designees, and the seller thereof to the Borrower shall have the right to do so, and, all related settlement contract documents and any tracking/servicing/custodial rights shall be fully assignable and transferable to the Borrower and its successors, assigns and designees or as otherwise directed by the Borrower.

17. Each Insured's primary diagnosis leading to the Life Expectancy evaluation(s) must not be HIV or AIDS.
18. The Policy shall not be purchased from a seller to which applicable state laws prohibiting the purchase or the transfer of ownership from such seller apply at the time of such purchase or transfer of ownership.
19. The original owner/beneficiary under the Policy shall have had an insurable interest at the time of the initial issuance of the Policy.
20. The Policy shall not have a death benefit that, by the terms of the Policy, will decrease over time or from time to time, unless such decrease is scheduled and can be incorporated and fully reflected in the pricing of the Policy, and where the Policy shall contain no provisions limiting the future realization of the net death benefit, other than non-payment of premiums or the Insured reaching a certain age.
21. The sale of the Policy from the Original Owner thereof and all subsequent transfers of the Policy complied with all Applicable Law.
22. The transfer of the Policy is not subject to the payment of United States state sales taxes or any other taxes payable by the Borrower.
23. The Lender Valuation in respect of such Policy does not exceed twelve and a half percent (12.5%) of the value of the Collateral as determined by the Required Lenders in their sole and absolute discretion.
24. The face amount of the Policy does not exceed five percent (5%) of the aggregate face amount of all Eligible Policies included in the Collateral.
25. The Policy was approved at the time of such Advance Date by the Required Lenders.
26. The Rescission Period with respect to such Policy shall have expired.
27. The Policy is not subject to any Applicable Law that makes unlawful the sale, transfer or assignment of such Policy.
28. The documents and agreements contained in the related Collateral Package and listed on Exhibit M to the Account Control Agreement do not contain language purporting to limit their assignability, and none of the Borrower, the Parent or any Affiliate of any of them is a party to any agreement that limits their assignability, and all such documents are fully assignable and transferable to the Borrower and its successors, assigns and designees or as otherwise directed by the Borrower.
29. With respect to such Policy, the Borrower is not aware of any agreements, documents, assignments or instruments related to such Policy except for those agreements, documents, assignments and instruments that constitute and were included in the related Collateral Package that was delivered to the Administrative Agent.
30. The related Collateral Package delivered to the Administrative Agent by or on behalf of the Borrower contain, at the very least, the documents set forth in Exhibit M to the Account Control Agreement.
31. Unless such Policy is a Retained Death Benefit Policy that has been previously disclosed in writing to and approved in writing by the Administrative Agent, such Policy is not a retained death benefit policy or similar policy in which any Person other than the Borrower has any direct or indirect interest of any kind in the death benefit payable under such Policy.
32. With respect to such Policy, no collateral assignments are on file with the related Issuing Insurance Company (other than the collateral assignment that has been or will be filed naming the Administrative Agent, on behalf of the Lenders, as the collateral assignee).

Notwithstanding any of the foregoing, if such Policy is a Small Face Policy, the Life Expectancy with respect to each Insured under such Policy may be based on estimates as determined by the Required Lenders in their sole and absolute discretion.

"Eligible Account" means either (a) a segregated account with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States or any of the states thereof, including the District of Columbia (or any domestic branch of a foreign bank), and acting as a trustee for funds deposited in such account, so long as the senior securities of such depository institution shall have a credit rating from each of Moody's and S&P in one of its generic credit rating categories no lower than "A-" or "A3", as the case may be.

"Eligible Institution" means a depositary institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any domestic branch of a foreign bank), (a) which has both (x) a long-term unsecured senior debt rating of not less than "A" by S&P and "A2" by Moody's, and (y) a short-term unsecured senior debt rating rated in the highest rating category by S&P and Moody's and (b) whose deposits are insured by the Federal Deposit Insurance Corporation.

"Eligible Policy" means a Policy that, as of the Advance Date as of which such Policy first becomes a Pledged Policy, satisfies all of the Eligibility Criteria (unless with respect to any particular criteria set forth in the Eligibility Criteria, such Policy is identified in the applicable section of the Eligibility Criteria Exception Schedule attached to the Agreement as not satisfying such particular criteria).

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001 et seq., as amended from time to time and the regulations promulgated thereunder.

"Event of Bankruptcy" shall be deemed to have occurred with respect to a Person if either:

a. a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, examinership or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, examiner, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up, examinership or composition or adjustment of debts and such case or proceeding shall remain undismissed or unstayed for a period of sixty (60) days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

33. such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any

general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

"Event of Default" has the meaning set forth in Section 10.1 of the Loan Agreement.

"Excluded Policy" means (i) any Policy pledged under the Loan Agreement for which no written acknowledgement of a collateral assignment was received by the Administrative Agent or the Securities Intermediary from the related Issuing Insurance Company within ninety (90) calendar days of the Advance Date as of which such Policy became a Pledged Policy, and (ii) any Policy pledged under the Loan Agreement in respect of which the Insurance Consultant is not authorized to, or is not accepted by the related Issuing Insurance Company to, communicate and receive verifications of coverage and obtain other information from such Issuing Insurance Company. With respect to any Policy described in clause (ii) of the first sentence of this definition, if the Insurance Consultant becomes authorized to, or becomes accepted by the related Issuing Insurance Company to, communicate and receive verifications of coverage and obtain other information from such Issuing Insurance Company, such Policy shall cease to be an Excluded Policy on the date of such authorization or acceptance.

"Expense Deposit" means, with respect to any Additional Policies proposed to be pledged under the Loan Agreement in connection with the making of an Additional Policy Advance, an amount required to reimburse the Administrative Agent and the Lenders for third-party out-of-pocket expenses incurred in connection with the review and evaluation of such Additional Policies, as determined by the Administrative Agent in its reasonable discretion.

"Expenses" means the sum of (i) the Servicing Fee, (ii) payments to the Custodian or Securities Intermediary, as applicable, related to the Pledged Policies or accounts of the Borrower and (iii) reasonable administrative expenses and documented third-party expenses payable pursuant to clause "Fourth" in Section 5.2(b) of the Loan Agreement. The schedules of such Expenses through the Closing Date were approved by the Required Lenders as of the Closing Date. The Expenses to be funded during any succeeding calendar year shall be approved by the Required Lenders in their sole and absolute discretion upon review of the Annual Budget for such succeeding calendar year as contemplated by Section 9.1(d)(vi) of the Loan Agreement (it being understood that no Expenses will be funded on or after the Second A&R Closing Date).

"Facility Limit" means $300,000,000.

"Fasano" means Fasano Associates, Inc. and its successors.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of the Loan Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Fee Letter" means that certain schedule of fees setting forth the fees of the Securities Intermediary and the Custodian, dated August 1, 2016 and executed by the Borrower in favor of Wells Fargo on August 3, 2016.

"Fees" means, collectively, the fees due and payable pursuant to the Fee Letter, the Closing Fee, the Additional Closing Fee, the Structuring Fee, the Loan Administration Fee and the Yield Maintenance Fee.

"Federal Funds Rate" means for any day of determination, the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher one hundredth of one percent (1/100 of 1%)) equal to the weighted average of the rates on overnight federal funds transactions by depositary institutions, as such rate is displayed on the FEDL01 Index Page of Bloomberg L.P. (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m. New York City time on such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (ii) if no such rate is so published for any day that is a Business Day, the Federal Funds Rate for such day shall be the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"First Initial Advance" has the meaning set forth in Section 2.1(a) of the Loan Agreement.

"First Initial Advance Acceptance" has the meaning set forth in Section 2.3(a) of the Loan Agreement.

"Fourth A&R Advance" means a loan (which is an Additional Policy Advance) to be made to the Borrower on the Fourth A&R Closing Date.

"Fourth A&R Advance Amount" has the meaning specified in the recitals to the Loan Agreement.

"Fourth A&R Closing Date" means September 7, 2021.

"FTP Site" means the File Transfer Protocol Site maintained by or on behalf of the Administrative Agent.

"GAAP" means United States generally accepted accounting principles.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"GWG Holdings Indenture" means the Indenture, dated as of October 19, 2011, among the Parent, GWG Holdings, Inc. and Bank of Utah, as trustee, as amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Loan Agreement.

"GWG Note Issuance and Security Agreement" means the Third Amended and Restated Note Issuance and Security Agreement, dated as of October 19, 2011, among the Parent, the noteholders party thereto, Lord Securities Corporation, as trustee, and GWG Lifenotes Trust, as secured party, as amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Loan Agreement.

"Indemnified Amounts" has the meaning set forth in Section 11.1 of the Loan Agreement.

"Indemnified Bank Person" has the meaning set forth in the Account Control Agreement.

"Indemnified Party" has the meaning set forth in Section 11.1 of the Loan Agreement.

"Independent Director" has the meaning set forth in Section 9.1(f)(ii) of the Loan Agreement.

"Initial Advance" has the meaning set forth in Section 2.1(a) of the Loan Agreement.

"Initial Lender" means LNV Corporation, a Nevada corporation.

"Initial Policy Purchaser" means, with respect to any Policy, any Person who purchased the Policy from the Original Owner.

"Insurance Consultant" means D3G Asset Management, LLC, a Texas limited liability company.

"Insured" means a natural person who is named as the insured on a Policy.

"Interest Payment Date" with respect to any Advance, means the first Distribution Date occurring after the initial funding of such Advance, and each subsequent Distribution Date occurring thereafter.

"Interest Period" means with respect to any Advance:

a. the period commencing on the date of the initial funding of such Advance and ending on, but not including, the last business day of the calendar quarter in which such initial funding occurs; and

34. thereafter, each subsequent calendar quarter;

provided, however, that if any Interest Period for any Advance that commences before the Maturity Date for such Advance that would otherwise end on a date occurring after the Maturity Date, such Interest Period shall end on and include the Maturity Date.

"Investment" means any investment in any Person, whether by means of share purchase, capital contribution, loan, time deposit or otherwise.

"Issuing Insurance Company" means with respect to any Policy, the insurance company that is obligated to pay the related benefit upon the death of the related Insured (or if such Policy is a Joint Policy, upon the death of the last Insured to die under such Policy) by the terms of such Policy (or the successor to such obligation).

"Joint Policy" means a Policy with more than one Insured that pays upon the death of the last Insured to die. Unless the context otherwise requires, joint Insureds of a Joint Policy shall collectively count, as applicable, as a "separate individual," as a "single insured" or as an "insured person".

"Lender" means each of the financial institutions party to the Loan Agreement as lender thereunder.

"Lender's Commitment" means, with respect to a Lender, the Commitment for such Lender as set forth on Schedule 2.1(a) of the Loan Agreement or in the Assignment and Assumption Agreement pursuant to which such Lender becomes a party to the Loan Agreement.

"Lender Note" and "Lender Notes" each has the meaning set forth in Section 2.5 of the Loan Agreement.

"Lender Valuation" means, with respect to an Advance, the value of the Subject Policies as determined by the Required Lenders in their sole and absolute discretion, and with respect to the Collateral, the value of the Pledged Policies (other than the Excluded Policies) as determined by the Required Lenders in their sole and absolute discretion and giving pro-forma effect to pending sales of one or more Pledged Policies pursuant to Section 2.7 of the Loan Agreement. The Borrower and Required Lenders hereby acknowledge that the methodology and metrics utilized by the Required Lenders in determining the Lender Valuation may be different than the methodology and metrics utilized by the Borrower and its Affiliates in determining the value of the Pledged Policies in connection with preparing the financial statements of the Borrower and its Affiliates and that such methodology and metrics utilized by the Required Lenders may change over time.

"Lien" means any mortgage, pledge, assignment, lien, security interest or other charge or encumbrance of any kind, including the retained security title of a conditional vendor or a lessor.

"Life Expectancy" means with respect to an Insured, the life expectancy, expressed in months, of such Insured as stated in the related LE Report; provided, that if an LE Report provides the life expectancy under multiple methodologies, the "Life Expectancy" of the Insured shall be the life expectancy designated as the median (or 50th percentile) life expectancy in such LE Report.

"Life Expectancy Report" or "LE Report" means, with respect to an Insured, an assessment by a Pre-Approved Medical Underwriter in a written statement as reviewed and approved by the Administrative Agent in its reasonable discretion and dated within one-hundred eighty (180) days prior to the Advance Date on which the Policy related to such Insured became or is proposed to become a Pledged Policy, with respect to the life expectancy of such Insured.

"Liquidated Policy" means any Pledged Policy that has been liquidated by the death of the related Insured.

"Liquidation Proceeds" means any and all proceeds realized from Liquidated Policies.

"LLC Agreement" means the limited liability company agreement of the Borrower, dated effective as of May 18, 2016, by and between the Parent, as member, and Albert Fioravanti, as independent director, as amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Loan Agreement.

"Loan Administration Fee" means, so long as any Advance is outstanding, (i) if no Event of Default or Unmatured Event of Default has occurred and is continuing, $50,000 per annum or (ii) if an Event of Default or Unmatured Event of Default has occurred and is continuing, $75,000 per annum, which amount shall be pro-rated for the period the Event of Default or Unmatured Event of Default continues.

"Loan Agreement" means the Fourth Amended and Restated Loan and Security Agreement, dated as of the Fourth A&R Closing Date, among the Borrower, the Lenders party thereto and the Administrative Agent, as may be amended, restated, supplemented or otherwise modified from time to time.

"LTV" means, on any date of determination, the fraction, expressed as a percentage, the numerator of which is the aggregate outstanding principal balance of all outstanding Advances, and the denominator of which is the Lender Valuation of the Pledged Policies (other than the Excluded Policies), as determined by the Required Lenders in their sole and absolute discretion.

"Master Exchange Agreement" means that certain Master Exchange Agreement dated as of January 12, 2018 by and among GWG Holdings Inc., GWG Life, LLC, GWG Life, LLC, The Beneficient Company Group, L.P., MHT Financial SPV, LLC and each Seller Exchange Trust listed in Schedule I thereto, as amended and restated on January 18, 2018 with effect from January 12, 2018, and as further amended by the First Amendment dated April 30, 2018, the Second Amendment dated June 29, 2018 and the Third Amendment dated August 10, 2018.

"Material Adverse Effect" means, with respect to any event or circumstance, a material adverse effect on:

a. any of the Collateral or the business, assets, financial condition or operations of the Borrower or the Parent;

35. the ability of the Borrower or the Parent to perform its respective obligations under any Transaction Document to which such Person is a party;

36. the validity or enforceability against the Borrower or the Parent of any Transaction Document to which such Person is a party;

37. the status, existence, perfection or priority of the Administrative Agent's (for the benefit of the Secured Parties) security interest in any of the Collateral;

38. the Lender Valuation, the Net Death Benefit or the number of Pledged Policies, including without limitation, the validity, enforceability or collectability of Pledged Policies; or

39. any of the rights or interests of the Administrative Agent or any of the Lenders under the Loan Agreement or under any other Transaction Document.

"Maturity Date" means September 27, 2029.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Death Benefit" means, with respect to a Policy, the amount projected to be paid by the Issuing Insurance Company to the Borrower or the Securities Intermediary on its behalf as a result of the death of the related Insured.

"Net Proceeds" means, with respect to a sale pursuant to Section 2.7 of the Loan Agreement, all proceeds of such sale net of the lesser of (x) the reasonable third-party out-of-pocket expenses incurred by the Borrower which have been approved by the Administrative Agent in its sole and absolute discretion and (y) the greater of (i) $20,000 and (ii) one percent (1.00%) of the face amount of the Pledged Policies related to such sale.

"Obligations" means all obligations (monetary or otherwise) of the Borrower to the Lenders or the Administrative Agent and their respective successors, permitted transferees and assigns arising under or in connection with the Loan Agreement, the Lender Notes and each other Transaction Document, in each case however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

"OFAC" has the meaning set forth in Section 8.1(v)(i) of the Loan Agreement.

"OFAC Listed Person" has the meaning set forth in Section 8.1(v)(i) of the Loan Agreement.

"OFAC Sanctions Program" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.ustreas.gov/offices/enforcement/ofac/programs/.

"Ongoing Maintenance Advance" means an Advance made after the date of the making of the First Initial Advance, the proceeds of which are used solely to pay amounts permitted pursuant to Section 2.8(a)(ii) of the Loan Agreement.

"Ongoing Maintenance Costs" means (i) the scheduled Premiums on the Pledged Policies (other than Excluded Policies) as set forth on the related Premium Payment Schedule and set forth in the related Annual Budget which has been approved by the Required Lenders pursuant to Section 9.1(d)(vi) of the Loan Agreement, as adjusted by the Administrative Agent to reflect any maturities or sales of Pledged Policies and any Advances and (ii) prior to the Second A&R Closing Date, the Expenses of the Borrower.

"Operational Plan" means a cash flow-projection for the Pledged Policies which constitute the Collateral (including any Additional Policies), through the date on which no

further Premiums will be required to keep the Pledged Policies in full force and effect, assuming that none of such Policies shall mature in such period, reasonably acceptable to the Administrative Agent and the Insurance Consultant.

"Original Loan Agreement" has the meaning set forth in the recitals to the Loan Agreement.

"Original Owner" means, with respect to a Policy, the Person to which the Policy was initially issued and who was listed as owner on the initial declarations page of such Policy or the policy application, as applicable.

"Parent" means GWG Life, LLC, a Delaware limited liability company.

"Parent Obligations" means, collectively, the Parent's obligations under the Purchase Agreement, including, without limitation, the obligation of the Parent to repurchase Pledged Policies in accordance with the terms thereof, including, without limitation, obtaining the Administrative Agent's direction with respect to any such repurchase.

"Payment Account" has the meaning set forth in Section 5.1(e) of the Loan Agreement.

"Payment Instructions" has the meaning set forth in Section 5.2(a) of the Loan Agreement.

"Payoff Notice" has the meaning set forth in Section 7.5(b) of the Loan Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permissible Sale" has the meaning set forth in Section 2.7 of the Loan Agreement.

"Permitted Investment" means, at any time:

a. marketable obligations issued by or the full and timely payment of which is directly and fully guaranteed or insured by the United States government or any other government with an equivalent rating, or any agency or instrumentality thereof when such marketable obligations are backed by the full faith and credit of the United States government or such other equivalently rated government, as the case may be, but excluding any securities which are derivatives of such obligations;

40. demand deposits, time deposits, bankers' acceptances and certificates of deposit of any domestic commercial bank or any United States branch or agency of a foreign commercial bank which (i) has capital, surplus and undivided profits in excess of $100,000,000 and which has a commercial paper or certificate of deposit rating in the highest rating category by Moody's and in one of the two highest rating categories by S&P or (ii) is set forth in a list (which may be updated from time to time) approved in writing by the Administrative Agent on behalf of the Required Lenders; and

41. the Securities Intermediary Funds (as defined in the Account Control Agreement) and any other investment approved in writing by the Administrative Agent on behalf of the Required Lenders in its sole and absolute discretion.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

"Physician's Competency Statement" means, with respect to an Insured, a letter issued by such Insured's attending physician confirming that such Insured is mentally competent as of the date of such letter.

"Pledged Policy" means each Policy pledged to secure Advances under the Loan Agreement.

"Policy" means any life insurance policy.

"Policy Account" has the meaning set forth in the Account Control Agreement.

"Policy Illustration" means, with respect to any Policy, a level premium, policy values and Net Death Benefit projection produced by the Issuing Insurance Company or an agent of the Issuing Insurance Company, using the Issuing Insurance Company's current/non-guaranteed values (with a non-guaranteed interest crediting rate not to exceed two-hundred (200) basis points over the guaranteed rate) sufficient to carry such Policy to its Policy Maturity Date, which Policy Illustration is not dated more than one-hundred eighty (180) days prior to the applicable Advance Date.

"Policy Loan" means with respect to a Policy, an outstanding loan secured thereby or that has setoff rights with respect thereto.

"Policy Maturity Date" means, with respect to a Policy, the date specified in the Policy, including any extensions thereto available and exercised under the terms of the Policy, on which coverage offered under the Policy terminates.

"Pre-Approved Medical Underwriters" means any two (2) of Fasano, AVS or 21st.

"Premium" means, with respect to any Pledged Policy, as indicated by the context, any past due premium with respect thereto, or any scheduled premium.

"Premium Payment Schedule" has the meaning set forth in the Servicing Agreement.

"Priority of Payments" means the priority of payments set forth in Section 5.2 of the Loan Agreement.

"Proposed Additional Policy Advance" has the meaning set forth in Section 2.3(d) of the Loan Agreement.

"Proposed Additional Policy Advance Notice" has the meaning set forth in Section 2.3(d) of the Loan Agreement.

"Proposed First Initial Advance" has the meaning set forth in Section 2.3(a) of the Loan Agreement.

"Proposed First Initial Advance Notice" has the meaning set forth in Section 2.3(a) of the Loan Agreement.

"Protective Advances" has the meaning set forth in Section 2.1(d) of the Loan Agreement.

"Purchase Agreement" means the Portfolio Purchase and Sale Agreement, dated as of September 14, 2016, by and between the Parent and the Borrower, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the Transaction Documents.

"Purchase and Contribution Agreement" means that certain Purchase and Contribution Agreement dated as of April 15, 2019 by and among The Beneficient Company Group, L.P., Beneficient Company Holdings, L.P., AltiVerse Capital Markets, L.L.C., Sabes AV Holdings, LLC, Jon R. Sabes, Steven F. Sabes, Insurance Strategies Fund, LLC and SFS Holdings, LLC.

"Rate Calculation Date" means for any Interest Period, the last Business Day of the previous calendar quarter, except the initial date of determination shall be the Third A&R Closing Date.

"Receiving Party" has the meaning set forth in Section 13.12 of the Loan Agreement.

"Reduction Action" means any action, inaction, transaction, event and/or circumstance, in each case, the result of which reduces the amount of interest payable by the Borrower under the Loan Agreement (including, without limitation, the replacement or exchange of one or more Lender Notes), that would otherwise have been payable if no such action, inaction, transaction, event and/or circumstance had occurred.

"Regulatory Change" means, relative to any Affected Party:

a. any change in (or the adoption, implementation, change in the phase-in or commencement of effectiveness of) any: (i) United States Federal or state law or foreign law applicable to such Affected Party, (ii) regulation, interpretation, directive, requirement or request (whether or not having the force of law) applicable to such Affected Party of (A) any court or government authority charged with the interpretation or administration of any law referred to in clause (a)(i), or of (B) any fiscal, monetary or other authority having jurisdiction over such Affected Party, or (iii) GAAP or regulatory accounting principles applicable to such Affected Party and affecting the application to such Affected Party of any law, regulation, interpretation, directive, requirement or request referred to in clause (a)(i) or (a)(ii) above;

42. any change in the application to such Affected Party of any existing law, regulation, interpretation, directive, requirement, request or accounting principles referred to in clause (a)(i), (a)(ii) or (a)(iii) above; or

43. the issuance, publication or release of any regulation, interpretation, directive, requirement or request of a type described in clause (a)(ii) above to the effect that the obligations of any Lender hereunder are not entitled to be included in the zero percent category of off-balance sheet assets for purposes of any risk-weighted capital guidelines applicable to such Lender or any related Affected Party.

For the avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board (including, without limitation, Interpretation No. 46: Consolidation of Variable Interest Entities) shall constitute a Regulatory Change, regardless of whether it occurred before or after the date hereof.

"Representatives" has the meaning set forth in Section 13.12 of the Loan Agreement.

"Required Amortization" means, (x) with respect to any Distribution Date occurring prior to the Second A&R Closing Date, the greater of (A) the product of (i) the principal amount of the Initial Advance made under the Loan Agreement and (ii) one and one-half percent (1.50%) and (B) the product of (i) the aggregate principal amount of all Advances outstanding under the Loan Agreement, calculated on the last Business Day of the calendar month immediately preceding such Distribution Date and (ii) one and one-half percent (1.50%) and (y) with respect to any Distribution Date occurring thereafter, zero dollars.

"Required Lenders" means Lenders holding more than fifty percent (50%) of the aggregate Commitments.

"Rescission Period" means, with respect to any Policy, the contractual or statutory period during which the related Original Owner or any other Person can rescind the sale of such Policy to the Initial Policy Purchaser.

"Reserve Account" has the meaning set forth in Section 5.1(b) of the Loan Agreement.

"Reserve Account Required Amount" means, as of each Distribution Date occurring prior to the Amended and Restated Closing Date, the amount necessary to pay projected Expenses and Debt Service for the following twelve (12) month period, as determined by the Administrative Agent in its reasonable discretion.

"Retained Death Benefit Policy" means a Policy in which a Person in addition to the Securities Intermediary is designated as the "beneficiary" under such Policy by the related Issuing Insurance Company.

"S&P" means S&P Global Ratings and its successors.

"Sale Documents" mean, with respect to each Policy, all agreements, documents, assignments and instruments executed and/or delivered by the Insured(s) or any other party in connection with the purchase of the related Policy, or the financing of such Policy and the

foreclosure or surrender of such Policy, including for each Policy: (i) the Policy and application for the Policy, (ii) the life settlement contract between the Original Owner of the Policy and the Initial Policy Purchaser relating to the sale of a Policy by the Original Owner to such Initial Policy Purchaser (if applicable) and the surrender, relinquishment or similar documentation (if applicable), (iii) the life settlement application, (iv) a Policy Illustration obtained no earlier than one-hundred eighty (180) calendar days prior to the Advance Date on which such Policy became or is proposed to be a Pledged Policy, (v) a HIPAA Authorization for Disclosure of Protected Health Information (and any similar document) and power of attorney related to health information, (vi) the consent of the related Insured(s), including the agreement of continued contact, (vii) list of designated contacts, (viii) the life settlement disclosure and (ix) a copy of a document identifying the related Insured(s) issued by a Governmental Authority which verifies the age (including date of birth) of such Insured(s) as set forth in the application for the Policy, or their respective equivalents.

"Scheduled Commitment Termination Date" means (i) with respect to any Ongoing Maintenance Advances, September 27, 2027 and (ii) with respect to any Additional Policy Advances, September 27, 2022.

"Second A&R Advance" means the Thirty-Seven Million, Sixty-Three Thousand, and Fifty-Six Dollar and Eighty-Seven Cent ($37,063,056.87) Additional Policy Advance that was made on the Second A&R Closing Date.

"Second A&R Closing Date" means November 1, 2019.

"Second Amended and Restated Loan Agreement" has the meaning set forth in the recitals to the Loan Agreement.

"Second Initial Advance" has the meaning set forth in Section 2.1(a) of the Loan Agreement.

"Second Initial Advance Acceptance" has the meaning set forth in Section 2.3(b) of the Loan Agreement.

"Secured Parties" means each Lender, the Administrative Agent and the Affected Parties.

"Securities Intermediary" means Wells Fargo, together with its successors and assigns, solely in its capacity as securities intermediary under the Account Control Agreement.

"Servicer" means GWG Life, LLC, a Delaware limited liability company, acting as Servicer, or any Successor Servicer.

"Servicer Collateral Audit" means an inspection by a Lender or the Administrative Agent of the Servicer pursuant to Section 5.2 of the Servicing Agreement.

"Servicer Report" means collectively, the reports required to be delivered by the Servicer under the Servicing Agreement pursuant to Section 3.4 thereof.

"Servicer Report Date" means the date the Servicer Report is to be delivered pursuant to the terms of the Servicing Agreement.

"Servicer Termination Event" means an event or circumstance with respect to the Servicer which could cause the termination of the Servicing Agreement in accordance with Article IX thereof.

"Servicing Agreement" means the Servicing Agreement, dated as of September 14, 2016, by and between the Servicer and the Borrower, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the Transaction Documents.

"Servicing Agreement Obligations" means, collectively, the Servicer's obligations under the Servicing Agreement.

"Servicing Agreement Rights" means, collectively, the Borrower's rights under the Servicing Agreement, including, without limitation, upon the Administrative Agent's instruction after the occurrence of a Servicer Termination Event, terminating the Servicing Agreement in accordance with the terms thereof.

"Servicing Fee" has the meaning set forth in the Servicing Agreement.

"Small Face Policy" means a Policy with a face amount of $750,000 or less.

"Solvent" means with respect to any Person that as of the date of determination that both (A)(i) the then fair saleable value of the property of such Person is (y) greater than the total amount of liabilities (including contingent liabilities) of such Person and (z) not less than the amount that will be required to pay the probable liabilities on such Person's then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Person; (ii) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (iii) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (B) such Person is "solvent" within the meaning given that term and similar terms under Applicable Laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Structuring Fee" means with respect to the Fourth A&R Advance, a fee in an amount equal to three hundred thousand dollars ($300,000).

"Subject Policy" means, with respect to an Advance, an Eligible Policy proposed to be pledged by the Borrower in connection with such Advance.

"Subsequent Advance Acceptance" shall have the meaning specified in Section 2.3(c) of the Loan Agreement.

"Subsequent Advance Date" with respect to an Additional Policy Advance or an Ongoing Maintenance Advance, means the date such Advance is made pursuant to and in accordance with the terms of the Loan Agreement.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power (other than securities or other ownership interests having such power only by reason of the happening of a contingency which has not occurred) to elect a majority of the Board of Directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Successor Servicer" means a successor servicer appointed pursuant to and in accordance with the terms of the Servicing Agreement.

"Tax" or "Taxes" means any and all fees (including documentation, recording, license and registration fees), taxes (including net income, gross income, franchise, value added, ad valorem, sales, use, property (personal and real, tangible and intangible) and stamp taxes), levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever, general or special, ordinary or extraordinary, together with any and all penalties, fines, additions to tax and interest thereon, imposed on a Person or for which a Person is liable either directly or by way of an obligation to reimburse or indemnify. For the avoidance of doubt, any reference to "Tax" or "Taxes" imposed on the Borrower shall include any tax withholdings on income allocated to or amounts payable to the Borrower and any tax required to be paid by the Borrower to any taxing authority or required to be withheld from any payment made by or on behalf of the Borrower, but such reference shall not include any Taxes imposed upon anyone else unless such Taxes are in whole or in part the legal responsibility or legal obligation of the Borrower or can otherwise be collected from the assets or income of the Borrower.

"Third A&R Advance" means the Fifty-Two Million and Five Hundred Thousand Dollar ($52,500,000) Additional Policy Advance to be made on the Third A&R Closing Date.

"Third A&R Closing Date" means June 28, 2021.

"Third Amended and Restated Loan Agreement" has the meaning set forth in the recitals to the Loan Agreement.

"Transaction Documents" means the Loan Agreement, the Servicing Agreement, the Purchase Agreement, the Fee Letter, the Account Control Agreement, the Lender Notes, that certain Service Agreement, dated as of September 14, 2016, by and between the Borrower and the Corporate Services Provider, the Borrower/Parent Note, and the UCC financing statements filed in connection with any of the foregoing, and in each case any other agreements, instruments, certificates or documents delivered or contemplated to be delivered in connection therewith, as any of the foregoing may be amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Loan Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Unmatured Event of Default" means any event that, if it continues uncured, will, with lapse of time or notice or both, constitute an Event of Default.

"Valuation Dispute" has the meaning set forth in Section 7.5(b) of the Loan Agreement.

"Wells Fargo" means Wells Fargo Bank, N.A.

"Yield Maintenance Fee" means, (i) with respect to the prepayment or repayment of the Fourth A&R Advance that is made within thirty-six (36) months after the Fourth A&R Closing Date or a Reduction Action in respect of the Fourth A&R Advance that occurs within thirty-six (36) months after the Fourth A&R Closing Date, an amount equal to the Applicable Margin on the amount of such prepayment or repayment or the amount of the reduction of the Fourth A&R Advance as a result of such Reduction Action, as applicable, that would have accrued from the

date of such repayment, prepayment or Reduction Action, as applicable, through the thirty-six (36) month anniversary of the Fourth A&R Closing Date, discounted at the equivalent weighted-average life U.S. Treasury yield as of the date of such repayment, prepayment on Reduction Action, as applicable, and (ii) with respect to the prepayment or repayment of any other Advance that is made within one hundred twenty (120) months after the Amended and Restated Closing Date or a Reduction Action in respect of any other Advance that occurs within one hundred twenty (120) months after the Amended and Restated Closing Date, an amount equal to the Applicable Margin on the amount of such prepayment or repayment or the amount of the reduction of such Advance as a result of such Reduction Action, as applicable, that would have accrued from the date of such prepayment, repayment or Reduction Action, as applicable, through the one hundred twenty (120) month anniversary of the Amended and Restated Closing Date, discounted at the equivalent weighted-average life U.S. Treasury yield as of the date of such prepayment, repayment or Reduction Action, as applicable, and, if applicable, assuming the earliest Advance made is repaid first.

**Certain identified information has been excluded from this exhibit because it is both not material and is the type of information that the registrant treats as private or confidential. The omitted information is marked with "[*]."**

**EXECUTION VERSION (2)**

**ACTIVE 269852356V.13**

# CREDIT AGREEMENT

Dated as of August 11, 2021

among

**GWG DLP FUNDING VI, LLC,**
as the Borrower,

**THE LENDERS PARTY HERETO**

and

**NATIONAL FOUNDERS LP,**
as the Administrative Agent

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**CREDIT AGREEMENT**

This Credit Agreement (this "Agreement") is entered into as of August 11, 2021 (the "Closing Date"), among GWG DLP Funding VI, LLC, a Delaware limited liability company (the "Borrower"), each lender from time to time party hereto (each, a "Lender") and National Founders LP, a Delaware limited partnership ("National Founders"), as the Administrative Agent.

The Borrower has requested that the one or more Lenders provide a term loan facility (the "Facility"), and the one or more Lenders are willing to do so, on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

## Article I
## DEFINITIONS AND CERTAIN RULES OF CONSTRUCTION

Section I.1 Defined Terms. As used in this Credit Agreement, the following terms shall have the meanings set forth below:

"Act" has the meaning specified in Section 10.18.

"Administrative Agent" means National Founders LP in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.2, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders in writing.

"Administrative Questionnaire" means an administrative questionnaire in a form approved by the Administrative Agent.

"Advance Rate" means [*]%.

"Affected Financial Institution" means (i) any EEA Financial Institution or (ii) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Closing Date Policy Value" means the cumulative sum, with respect to each Policy constituting a Pool Policy on the Closing Date, of such Policy's Initial Policy Value.

"Aggregate Commitment" means the aggregate of the Commitments of all of the Lenders.

"Agreement" has the meaning specified in the introductory paragraph hereto.

"Agreement Currency" has the meaning specified in Section 10.21.

"Anti-Corruption Law" means any Law of any jurisdiction applicable to GWG Holdings or any Subsidiary thereof, including either Loan Party, from time to time concerning or relating to bribery or corruption.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitment represented by such Lender's Commitment at such time, subject to adjustment as provided in Section 2.11. If the commitment of each Lender to make Loans has been terminated pursuant to Section 8.2 or if the Aggregate Commitment has expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments by such Lender. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.1 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as applicable.

"Approved Fund" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"Approved Insurer" means, as of any date of determination, any Insurer that (i) either (a) possesses a financial strength rating of at least A- by A.M. Best Company, Inc. as of such date of determination, (b) is listed on Schedule 1.1-1 or (c) has been designated by the Administrative Agent as an "Approved Insurer" in writing to the Borrower as of such date of determination and (ii) is not the subject of any Insolvency Proceeding as of such date of determination.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.6(b)(ii)), and accepted by the Administrative Agent, in substantially the form of Exhibit C or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

"Available Funds" means, with respect to any Remittance Date (such Remittance Date, the "Subject Remittance Date"), collectively:

(a) all Collections received in respect of the Pool Policies during the most recently ended Monthly Period;

(b) all investment earnings earned on investments in the Collection Account during the most recently ended Monthly Period;

(c) all amounts transferred to the Collection Account pursuant to Section 2.4(e) since the Remittance Date immediately preceding the Subject Remittance Date (or since the Closing Date if the Subject Remittance Date is the first Remittance Date); and

(d) all other amounts deposited to the Collection Account (other than amounts deposited in error) during the most recently ended Monthly Period pursuant to this Agreement or any other Loan Document (including, if such Monthly Period is the initial Monthly Period, all other amounts in the Collection Account as of the Closing Date) and not enumerated above.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (i) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (ii) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Borrower" has the meaning specified in the introductory paragraph hereto.

"Borrower Account" has the meaning specified in Section 2.4(f).

"Borrower Certification" means, with respect to any request for a Loan, a certification of the Borrower stating that (i) no Default or Event of Default will occur or be continuing after giving effect to such Loan, and (ii) the proceeds of such Loan will be used solely for Permitted Uses.

"Borrower Collateral" means the "Collateral" as defined in the Borrower Security Agreement.

"Borrower Expense" means any out-of-pocket fee, cost, expense or other amount reasonably incurred by the Borrower in connection with the maintenance of the Borrower or the operation of its business; provided, however, (i) no premium payment, or payment in respect of any Policy Loan, with respect to any Pool Policy or other Policy shall constitute a Borrower Expense, (ii) no Collateral Account Bank Fee, Securities Intermediary Fee, Servicing Fee, Valuation Agent Fee or other amount (including in respect of any indemnification obligation) payable under a Collateral Account Control Agreement, the Securities Intermediary Agreement,

the Servicing Agreement or the Valuation Agreement shall constitute a Borrower Expense and (iii) no Obligation payable to a Secured Party shall constitute a Borrower Expense.

"Borrower LLC Agreement" means that certain Limited Liability Company Agreement, dated as of August 11, 2021, between the Parent and Albert Fioravanti.

"Borrower Materials" has the meaning specified in Section 6.2.

"Borrower Security Agreement" means that certain Security Agreement, dated as of the Closing Date, between the Borrower and the Administrative Agent.

"Borrower Sale and Contribution Agreement" means the Sale and Contribution Agreement, dated as of the Closing Date, between the Parent and the Borrower.

"Borrowing" means a borrowing consisting of one or more simultaneous Loans made by the one or more Lenders pursuant to Section 2.1; provided, however, the term Borrowing when used in Section 2.9(b)(i) or 10.11 also shall refer to one or more simultaneous Loans made by the one or more Lenders pursuant to Section 2.13.

"Borrowing Base" means, as of any date of determination, the sum of (i) the aggregate Policy Value of all of the Pool Policies as of such date of determination and (ii) the amount on deposit in the Reserve Account as of such date of determination.

"Borrowing Base Certificate" means a certificate in substantially the form of Exhibit G, duly executed by a Responsible Officer of the Borrower.

"Borrowing Base Deficiency" means, at any time, that the quotient of (i) the Total Outstandings as of such time and (ii) the Borrowing Base as of such time exceeds 0.65.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, New York, New York, Wilmington, Delaware, Dallas, Texas, Salt Lake City, Utah, Minneapolis, Minnesota or the city where the Administrative Agent's Office is located (which is initially Atlanta, Georgia).

"Buyer" has the meaning specified in Section 2.12(a).

"Cash" means immediately available funds denominated in the currency of the United States as at the time shall be legal tender for payment of all public and private debts.

"Cash Equivalent Investment" means money market mutual funds that are registered with the SEC under the Investment Company Act of 1940 and operated in accordance with Rule 2a-7 thereunder and that at the time of such investment are rated Aaa-mf by Moody's and/or AAAm by S&P.

"Change in Control" means a change or series of changes resulting when (i) either Loan Party merges or consolidates with any other Person or permits any other Person to become the

successor to its business, and such Loan Party is not the surviving entity after such merger, consolidation or succession, other than as expressly permitted by the Loan Documents, (ii) either Loan Party conveys, transfers, leases or otherwise Disposes substantially all of its assets as an entirety to another Person, other than as expressly permitted by the Loan Documents, (iii) any Person shall become the owner, directly or indirectly, beneficially or of record, of Equity Interests representing more than fifty percent (50%) of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Parent, (iv) GWG Holdings ceases to own, directly or indirectly, more than fifty percent (50%) of the aggregate ordinary voting power, and aggregate economic interest, represented by the issued and outstanding Equity Interests of the Parent or (v) the Parent ceases to own directly one hundred percent (100%) of the Equity Interests of the Borrower, free and clear of all Liens other than Permitted Liens.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" has the meaning specified in the introductory paragraph hereto.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means, collectively, the Borrower Collateral and the Parent Collateral.

"Collateral Account Bank" means Wells Fargo Bank, N.A., or any other Person that becomes the "Bank" under either Collateral Account Control Agreement.

"Collateral Account Bank Fees" means, collectively, all fees due and payable to the Collateral Account Bank pursuant to either Collateral Account Control Agreement.

"Collateral Account Control Agreements" means, collectively, the Collection Account Control Agreement and the Reserve Account Control Agreement.

"Collateral Accounts" has the meaning specified in Section 2.4(a).

"Collection Account" means the account established pursuant to Section 2.4(d).

"Collection Account Control Agreement" means that certain Securities Account Control Agreement (Collection Account), dated as of the Closing Date, among the Borrower, the Collateral Account Bank and the Administrative Agent.

"Collections" means, collectively, (a) all cash collections and other cash proceeds received under any Pool Policy, including all Death Benefit payments, return of premium, investment earnings, insurance proceeds, fees and amounts payable by a liquidator, regulator, insurance fund or otherwise in connection with the insolvency or receivership of an insurance carrier, (b) all other amounts received from an Insurer under, or in connection with, any Pool Policy, including upon any surrender, lapse, rescission or voiding of such Pool Policy, (c) the Sale Price received from a sale of a Pool Policy to a Buyer pursuant to Section 2.12(a), (d) all amounts paid to or for the account of the Borrower pursuant to the terms of any Loan Document, other than any amount paid pursuant to Section 2.4(b)(i)(I) or (ii)(I) and (e) all other cash collections and other cash proceeds of the Borrower Collateral. Collections that are required to be distributed to the Borrower by deposit to the Borrower Account pursuant to Section 2.4(b)(i)(I) or (ii)(I) on any Remittance Date but are not so distributed for any reason shall not constitute Collections thereafter and shall be so distributed to the Borrower as soon as reasonably practical.

"Commitment" means, as to each Lender, its obligation to make one or more Loans to the Borrower pursuant to Section 2.1, in an aggregate principal amount at any one time outstanding not to exceed the Dollar amount set forth opposite such Lender's name on Schedule 2.1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Contestable Policy" means, as of any date, a Policy (i) that is subject to such Policy's contestability period as of such date or (ii) with respect to which the related Insurer is permitted to rescind such Policy, or otherwise refrain from paying the Death Benefit with respect to such Policy, if an Insured thereunder commits suicide on such date.

"Contingent Obligations" means, with respect to any Person, all unfunded or contingent Indebtedness and, without duplication, Potential Obligations, of such Person, including (a) Guarantees, keepwells and other contingent obligations that are required to be reserved for under Appropriate Accounting Principles, (b) the mark-to-market value of Guarantees of non-credit derivatives (*i.e.*, interest rate or foreign exchange hedges) net of restricted cash posted under collateral support annexes related thereto and (c) the effective notional value of sold credit protection (*i.e.*, credit default swaps or total return swaps) net of restricted cash posted under collateral support annexes related thereto.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound, in each case whether written or oral.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Data Tape" means an Excel spreadsheet setting forth data in respect of the Pool Policies for the data fields included in the Initial Data Tape.

"Death Benefit" means, with respect to any Policy, the net death benefit payable under such Policy.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, examinership, reorganization, rehabilitation or similar debtor relief Laws of the United States or any other applicable jurisdiction (including of any state) from time to time in effect.

"Default" means any event or condition that with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means the Interest Rate plus 2.00%.

"Defaulting Lender" means, subject to Section 2.11(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to such funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower and the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding such Loan (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian,

conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.11(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower and each other Lender promptly following such determination.

"Discount Rate" means, as of any date of determination, the per annum rate equal to the sum of (i) the weekly average yield to maturity as of such date of determination of actually traded United States Treasury securities adjusted to a constant maturity of the longer of (x) one year and (y) the available period that is closest in time to the period from such date of determination to the third anniversary of the Closing Date (in each case, as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such date of determination (or, if the Federal Reserve Statistical Release is no longer published, any publicly available source of similar market data)) and (ii) [*]%.

"Discounted Interest Amount" means, as of any date (the "Subject Prepayment Date") on which any principal of any Loan is prepaid, or is required to be prepaid, pursuant to Section 2.3(a) (the amount thereof, to the extent that a Prepayment Premium is payable under Section 2.3 in respect of such principal, the "Subject Prepaid Principal Amount") prior to the third anniversary of the Closing Date, the cumulative sum, with respect to each Remittance Date (a "Subject Remittance Date") that would occur (without regard to such prepayment) from the Subject Prepayment Date to the third (3rd) anniversary of the Closing Date, of the amount of interest on the Subject Prepaid Principal Amount that would have been payable on such Subject Remittance Date had such prepayment not occurred (assuming that the entirety of the Subject Prepaid Principal Amount would be outstanding on such Subject Remittance Date), discounted from such Subject Remittance Date to the Subject Prepayment Date at the Discount Rate as of the second (2nd) Business Day prior to the Subject Prepayment Date. For purposes of the foregoing, interest shall be calculated based upon the Interest Rate as of the Subject Prepayment Date prior to giving effect to any prepayment on the Subject Prepayment Date, except to the extent that any such calculation involves the Interest Rate as of a day prior to the Subject Prepayment Date, in which case the Interest Rate as of such day shall be used in such calculation with respect to such day.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including (i) any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, (ii) any lapse or surrender of a Policy and (iii) any transfer of any portion of the economics associated with a Policy, whether pursuant to a Swap Contract or otherwise.

"Distribution Agreement" means the Distribution Agreement, dated as of the Closing Date, between DLP Funding IV and GWG Life.

"DLP Funding IV" means GWG DLP Funding IV, LLC, a Delaware limited liability company.

"DLP Funding IV Administrative Agent" means CLMG Corp., in its capacity as the administrative agent under the Third Amended and Restated Loan and Security Agreement, dated as of June 28, 2021, among DLP Funding IV, the financial institutions party thereto and CLMG Corp., as the administrative agent thereunder, and certain related agreements.

"Dollar" and "$" mean lawful money of the United States.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Escrow Agent" means any escrow agent reasonably acceptable to the Administrative Agent.

"Eligible Medical Underwriter" means any Permanent Medical Underwriter; provided, however, if, on the date hereof, the Policy File with respect to a Pool Policy contains a Life Expectancy Report from a Historical Medical Underwriter with respect to an Insured under such Pool Policy, but not from a Permanent Medical Underwriter with respect to such Insured, such Historical Medical Underwriter shall constitute an Eligible Medical Underwriter with respect to such Insured (and with respect to such Pool Policy, as the context may require) during the period from the date hereof to the first day on which such Policy File contains a Life Expectancy Report from a Permanent Medical Underwriter with respect to such Insured (or, if sooner, the first day

on which a Life Expectancy Report from a Permanent Medical Underwriter with respect to such Insured is possessed by or on behalf of a Loan Party).

"Eligible Policy" has the meaning specified on Annex A.

"Eligible Sale Escrow Arrangement" means an escrow arrangement for the sale of one or more Policies by the Borrower under an escrow agreement entered into with an Eligible Escrow Agent containing provisions reasonably acceptable to the Administrative Agent.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership interests (including limited liability company interests) in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership interests (including limited liability company interests) in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership interests (including limited liability company interests) in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other ownership interests), and all of the other ownership interests in such Person (including partnership, limited liability company or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other ownership interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" has the meaning specified in Section 8.1.

"Exchange Act" means the Securities Exchange Act of 1934.

"Excess Cash Flow Percentage" means (i) with respect to any Remittance Date occurring prior to the second anniversary of the Closing Date, [*]%; (ii) with respect to any Remittance Date occurring on or after the second, but prior to the eighth, anniversary of the Closing Date, to the extent that the Total Outstandings would be (a) greater than or equal to [*]% of the Borrowing Base as of such Remittance Date after giving effect to the payments described in Sections 2.4(b)(i)(A) through (F), [*]%, (b) less than [*]%, but greater than or equal to [*]%, of the Borrowing Base as of such Remittance Date after giving effect to the payments described in Sections 2.4(b)(i)(A) through (F), [*]%, (c) less than [*]%, but greater than or equal to [*]%, of the Borrowing Base as of such Remittance Date after giving effect to the payments described in Sections 2.4(b)(i)(A) through (F), [*]%, or (d) less than [*]% of the Borrowing Base as of such Remittance Date after giving effect to the payments described in Sections 2.4(b)(i)(A) through

(F), [*]%, and (iii) with respect to any Remittance Date occurring on or after the eighth anniversary of the Closing Date, [*]%.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.1, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.1 and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

"Facility" has the meaning specified in the recitals hereto.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Fee Letter" means the letter agreement, dated the Closing Date, between the Borrower, National Founders, as the initial Lender, and the Administrative Agent.

"Financed Death Benefit" means, with respect to any Policy listed on Annex C, the amount equal to such Policy's Death Benefit minus such Policy's RDB Amount, if any.

"Foreign Lender" means a Recipient that is not a U.S. Person.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person, other than a natural Person, that is, or will be, engaged in making, purchasing, holding or otherwise investing in commercial loans or similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, without duplication of amounts, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"GWG Holdings" means GWG Holdings, Inc., a Delaware corporation.

"GWG Life" means GWG Life, LLC, a Delaware limited liability company.

"Higher Rate Factor" means, as of any date of determination, the percentage equal to (i) the greater of (a) the amount equal to (1) the LTV Percentage as of such date of determination minus (2) 65% and (b) zero percent divided by (ii) the LTV Percentage as of such date of determination.

"Historical Medical Underwriter" means any of Elevation Underwriting, LLC, Examination Management Services Incorporated, Longevity Services, Inc., ISC Services or Predictive Resources LLC.

"In-Force Pool Policy" means, as of any date of determination, any Policy that is a Pool Policy, and is in-force, as of such date of determination. For purposes of clarification, any Pool Policy that has been surrendered or has lapsed shall not constitute an In-Force Pool Policy.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or Contingent Obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services;

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) capital leases and Synthetic Lease Obligations;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends;

(h) any Swap Contract under which the Swap Termination Value thereof with respect to Borrower could be less than zero as of any date during the term of such Swap Contract, regardless of the actual Swap Termination Value as of any date; and

(i) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited

liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person.

"Indemnified Taxes" means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (ii) to the extent not otherwise described in clause (i) above, Other Taxes.

"Indemnitees" has the meaning specified in Section 10.4(b).

"Information" has the meaning specified in Section 10.7.

"Initial Data Tape" means, collectively, the Excel spreadsheets setting forth certain data in respect of the Pool Policies titled "ILS Data Tape_Ins_Pol_Data_Only_v5_210629.xlsx" and "RDB Info_Project Grimaldi_v1_210622.xlsx" that Sidley Austin LLP emailed on August 10, 2021.

"Initial Policy Value" means, with respect to any Policy listed on Annex C, the amount set forth next to such Policy on such annex under the column titled "Initial Policy Value."

"Insolvency Proceeding" has the meaning specified in Section 8.1(d).

"Insured" means an individual named as an insured under a Policy.

"Insurer" means the life insurance company that issued a Policy (or any successor to the obligations of such life insurance company under such Policy).

"Interest Payment Date" means each Remittance Date and the Maturity Date.

"Interest Rate" means, as of any date of determination the sum of:

(a) the percentage equal to (i) the Non-Higher Rate Factor as of such date of determination multiplied by (ii) 5.50%; and

(b) the percentage equal to (i) the Higher Rate Factor as of such date of determination multiplied by (ii) 7.00%.

"Investment" means, with respect to any Person, any investment in another Person, whether by acquisition of any Indebtedness or Equity Interest, by making any loan or advance or by becoming obligated with respect to a Contingent Obligation in respect of any obligation of such other Person.

"Investment Company Act" means the Investment Company Act of 1940.

"IRS" means the United States Internal Revenue Service.

"Judgment Currency" has the meaning specified in Section 10.21.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority, self-regulatory organization, market, exchange or clearing facility charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, self-regulatory organization, market, exchange, or clearing facility, in each case whether or not having the force of law.

"Lender" has the meaning specified in the introductory paragraph hereto.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such on Schedule 10.2 or in such Lender's Administrative Questionnaire, as applicable, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent in writing.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including (i) any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing, and (ii) with respect to any Policy, (a) any right to receive any death benefit or other proceeds under such Policy and (b) any designation by the applicable Insurer as being an owner, beneficiary or collateral assignee of such Policy).

"Life Expectancy" means, with respect to any Pool Policy, the life expectancy for each related Insured determined by an Eligible Medical Underwriter.

"Life Expectancy Report" means a physical and/or electronic official report provided by a Permanent Medical Underwriter or a Historical Medical Underwriter which was produced using the available medical records and includes at a minimum the average and 50$^{th}$ percentile number of months a person with the same age, gender and smoking status with similar conditions as represented in the medical records is anticipated to live based on the then current methodology of such Permanent Medical Underwriter or Historical Medical Underwriter, as the case may be. This report may also include descriptions of conditions or findings in respect of which the mean and median are based on factors as provided in their then current standard reports.

"Limited Guarantee" means the Guarantee, dated as of the Closing Date, made by GWG Holdings in favor of the Administrative Agent.

"Loan" has the meaning set forth in Section 2.1.

"Loan Documents" means, collectively, this Agreement, the Security Agreements, the Limited Guarantee, the Securities Intermediary Agreement, each Collateral Account Control Agreement, the Servicing Agreement, the Valuation Agreement, each Assignment and Assumption, each Note, the Fee Letter, the Portfolio Transfer Agreements, and each other

document to which a Loan Party or an Affiliate thereof is a party that states that such document is a "Loan Document."

"Loan Notice" means a notice of a Borrowing in substantially in the form of Exhibit A.

"Loan Parties" means, collectively, the Borrower and the Parent.

"LTV Percentage" means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the Total Outstandings as of such date of determination, and the denominator of which is the greater of (i) the Borrowing Base as of such date of determination and (ii) one Dollar.

"Material Adverse Effect" means a material adverse effect on (i) the business, assets, operations, prospects or condition, financial or otherwise, of either Loan Party, (ii) the legality, validity or enforceability of any of the Loan Documents, (iii) the right or ability of either Loan Party to perform any of its Obligations, (iv) the rights or remedies of the Lenders under any Loan Document or (v) either (a) the Collateral or (b) any Lien of the Administrative Agent, on behalf of itself and the other Secured Parties, on any of the Collateral or the priority of any such Lien.

"Maturity Date" means the earlier to occur of (i) the Scheduled Maturity Date and (ii) the date on which the Administrative Agent has declared the unpaid principal amount of all outstanding Loans to be due and payable, or the unpaid principal of all outstanding Loans has otherwise become due and payable, pursuant to Article VIII.

"Maximum Rate" has the meaning specified in Section 10.9.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Monthly Period" means each calendar month; provided that, the first Monthly Period shall be the period from the Closing Date through August 31, 2021.

"Monthly Period Determination Date" means, with respect to any Remittance Date, the fifth Business Day immediately preceding such Remittance Date.

"Monthly Scheduled Premium Amount" means,

(i) with respect to any Remittance Date on which the provisions of Section 2.4(b)(i) apply, the greater of (a) the amount equal to (1) the aggregate amount of premiums in respect of the Eligible Policies that are scheduled by the Servicer, in accordance with the Servicing Agreement, or, if there is not a Servicer as of such Remittance Date, that are scheduled in good faith by the Borrower consistent with past practice and consented to by the Administrative Agent (which consent may not be unreasonably withheld), to be paid during the Monthly Period that begins immediately following the month in which such Remittance Date occurs minus (2) the amount on deposit in the SI Premium/Expense Account as of such

Remittance Date (prior to giving effect to any transfer of funds to the SI Premium/Expense Account on such Remittance Date) and (b) zero Dollars; and

(ii) with respect to any Remittance Date on which the provisions of Section 2.4(b)(ii) apply, the greater of (a) the amount equal to (1) the aggregate amount of premiums in respect of the Eligible Policies that are scheduled by the Servicer, in accordance with the Servicing Agreement, or, if there is not a Servicer as of such Remittance Date, that are scheduled in good faith by the Administrative Agent, to be paid during the Monthly Period that begins immediately following the month in which such Remittance Date occurs minus (2) the amount on deposit in the SI Premium/Expense Account as of such Remittance Date (prior to giving effect to any transfer of funds to the SI Premium/Expense Account on such Remittance Date) and (b) zero Dollars.

"National Founders" has the meaning specified in the introductory paragraph hereto.

"Net Worth" means, with respect to the Borrower and any date of determination, the excess of the Total Assets of the Borrower over the total liabilities of the Borrower (with such liabilities being determined in accordance with GAAP), in each case as of such date of determination.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of a majority of Lenders or all Lenders or all affected Lenders in accordance with the terms of Section 10.1 and (ii) has been approved by the Required Lenders.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-Higher Rate Factor" means, as of any date of determination, the percentage equal to (i) 100% minus (ii) the Higher Rate Factor as of such date of determination.

"Note" means a promissory note made by the Borrower in favor of a Lender evidencing Loans made by such Lender to the Borrower, substantially in the form of Exhibit B.

"Obligations" means all advances to, and debts, liabilities, obligations (including to indemnify any Person or hold any Person harmless), covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, or now existing or hereafter arising, and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Optional Borrower Deposit" has the meaning specified in Section 2.4(e).

"Optional Borrower Deposit Amount" has the meaning specified in Section 2.4(e).

"Organization Documents" means, with respect to a Loan Party, its certificate of formation and limited liability company agreement.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 10.13).

"Overnight Rate" means, for any day, the greater of (i) an overnight rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) zero percent.

"Parent" means GWG DLP Funding Holdings VI, LLC, a Delaware limited liability company.

"Parent Collateral" means the "Collateral" as defined in the Parent Security Agreement.

"Parent Sale and Contribution Agreement" means the Sale and Contribution Agreement, dated as of the Closing Date, between GWG Life and the Parent.

"Parent Security Agreement" means that certain Security Agreement, dated as of the Closing Date, between the Parent and the Administrative Agent.

"Participant" has the meaning specified in Section 10.6(d).

"Participant Register" has the meaning specified in Section 10.6(d).

"Payoff Letter" means the letter agreement, dated August 10, 2021, from the DLP Funding IV Administrative Agent and LNV Corporation, as lender, and acknowledged by DLP Funding IV.

"Permanent Medical Underwriter" means any of AVS Underwriting, LLC, Fasano Associates Inc. or ITM TwentyFirst LLC, or any other Person that estimates life expectancies in

the ordinary course of business and at the Borrower's request has been approved in writing by the Administrative Agent as an "Eligible Medical Underwriter" hereunder.

"Permitted Liens" means any of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for state, municipal or other local Taxes if such Taxes shall not at the time be due and payable or if a Person shall currently be contesting the validity thereof in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on the books of such Person, (b) Liens imposed by Laws, such as materialmen's, warehousemen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens, arising by operation of law in the ordinary course of business for sums that are not overdue or are being contested in good faith, (c) Liens in favor of the Administrative Agent or any Lender granted pursuant to or by any Loan Document, (d) Liens on the Collateral Accounts in favor of the Collateral Account Bank permitted under the Collateral Account Control Agreements, (e) Liens on the Securities Account in favor of the Securities Intermediary permitted under the Securities Intermediary Agreement, (f) with respect to any Pool Policy, any Policy Loan thereon that is outstanding on the Closing Date and identified on Schedule 1.1-2, (g) with respect to any Policy, any right of any Insured under such Policy or the estate thereof, or of any former owner or beneficiary of such Policy, to receive any portion of the Death Benefits payable under such Policy in excess of the face amount of such Policy that is in the nature of a double indemnity or similar excess benefit payable thereunder under applicable Laws or the express terms of such Policy, (h) with respect to any Policy, any right of any irrevocable beneficiary named in respect of such Policy on or prior to the date hereof or any right, existing on or prior to the date hereof, of any Person other than the Borrower (or the Securities Intermediary on behalf of the Borrower), in each case to receive any portion of the Death Benefits payable under such Policy in an amount not exceeding the RDB Amount, if any, with respect to such Policy, (i) any right of the Securities Intermediary in and to any of the Pool Policies as the record owner or beneficiary thereof and (j) any Lien that the Administrative Agent expressly consents in writing in its sole and absolute discretion after the Closing Date as constituting a "Permitted Lien". Notwithstanding the preceding sentence, no Lien for any Indebtedness other than the Obligations may be a Permitted Lien.

"Permitted Uses" means (i) the funding of the Reserve Account, (ii) the payment of Obligations owing by the Borrower, including any fees owed to the Administrative Agent or any Lender pursuant to the Fee Letter or otherwise, (iii) the Borrower's acquisition of the Pool Policies pursuant to the Borrower Sale and Contribution Agreement and (iv) solely to the extent clauses (i) through (iii) shall have been satisfied in full, the making of Restricted Payments as permitted under Section 7.6.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA that is subject to Title IV of ERISA or Section 4975 of the Code.

"Plan Assets" means assets of any (i) employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) plan (as defined in Section 4975(e)(1) of the Code) to which Section 4975 of the Code applies or (iii) non-US, church or governmental plan subject to non-US, federal, state or local laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

"Platform" has the meaning specified in Section 6.2.

"Policy" means a life insurance policy, together with any and all applications, conditional receipts, riders, endorsements, supplements, amendments and other documents and instruments that supplement, modify or otherwise affect any term or condition of such policy.

"Policy File" means, with respect to each Pool Policy, the document file relating to such Pool Policy containing each of the following items:

(i) to the extent possessed by or on behalf of any Loan Party, including by any Servicer or the Securities Intermediary, the most recent Life Expectancy Report with respect to each Insured under such Pool Policy from each Eligible Medical Underwriter;

(ii) the most recent policy illustration;

(iii) a copy of such Pool Policy;

(iv) the most recent HIPAA form or medical power of attorney;

(v) if available, an authorization to obtain a death certificate with respect to each Insured under such Pool Policy;

(vi) evidence that the Securities Intermediary has been named as the sole owner, and the sole beneficiary (or, a beneficiary, to the extent another Person constitutes a beneficiary described in clause (h) of the definition of Permitted Liens), of such Pool Policy on the records of the applicable Insurer;

(vii) to the extent possessed by or on behalf of any Loan Party, including by any Servicer or the Securities Intermediary, (a) the Policy Purchase Documents relating to such Pool Policy and (b) all other material files, agreements, documents, instruments, papers, correspondence, communications, books and records (including all originals thereof) evidencing or otherwise relating to such Pool Policy or any Insured thereunder, including (I) all material correspondence relating to such Pool Policy or any Insured thereunder from or to any such Insured or the related Viator or Insurer, (II) all recent annual statements and verifications of coverage relating to such Pool Policy, (III) all documents effecting or confirming any change of an owner, beneficiary or assignee of such Pool Policy on the records of the related Insurer, (IV) all agreements and other documents relating to any premium finance, option or other origination program or similar

transaction with respect to which such Pool Policy was subject, (V) all information, instruments and other documents evidencing or otherwise relating to any change, amendment or other modification to any term or provision of such Pool Policy and (VI) all health, medical and prescription records and information, and other data and information, with respect to each Insured under such Pool Policy, including all tracking information regarding the health status and physical location of each such Insured and its respective designated contacts; and

(viii) each other document relating to such Pool Policy contained (or ever contained) in the electronic data room relating to the Pool Policies to which the Administrative Agent or its counsel was provided access by or on behalf of the Borrower or an Affiliate thereof in connection with the transactions contemplated by this Agreement.

"Policy Loan" means, with respect to any Policy, any loan or other cash advances made against the cash value of such Policy pursuant to the terms and conditions of such Policy.

"Policy Purchase Documents" means, with respect to a Pool Policy, collectively the following: (i) the Underlying Transfer Agreement relating to such Pool Policy; (ii) each other agreement, instrument or other document that (a) constitutes a "closing document," "transaction document" or other similarly designated document under the Underlying Transfer Agreement relating to such Pool Policy or (b) was otherwise executed and/or delivered by or on behalf of the related Viator or any beneficiary of, or any Insured under, such Pool Policy or any spouse or other relative, physician or designated contact of any such Person pursuant to, or in connection with the transactions contemplated by, the Underlying Transfer Agreement relating to such Pool Policy, including (I) all authorizations, consents and directions with respect to the obtainment, use and disclosure of nonpublic personal information (including protected health information), (II) all authorizations, consents and directions with respect to the obtainment or disclosure of information regarding the physical location of any such Insured or whether any such Insured is living or deceased (including with respect to the obtainment of a death certificate regarding any such Insured following the death of such Insured) and (III) all other authorizations, consents, waivers, releases, powers of attorney and appointment/designee letters; and (iii) each bill of sale or other instrument pursuant to which a direct or indirect interest in such Pool Policy, or any document relating to such Pool Policy or any Insured thereunder, was sold or otherwise transferred.

"Policy Valuation Date" means the last day of each calendar quarter, beginning on September 30, 2021.

"Policy Valuation Methodology" means the methodology set forth on Annex D.

"Policy Valuation Report" means a report in substantially the form of the Excel spreadsheet titled "Form of Policy Valuation Report" emailed by Sidley Austin LLP on August 10, 2021.

"Policy Value" means:

(i) as of any date of determination with respect to any Policy that is not an Eligible Policy as of such date of determination, zero Dollars;

(ii) as of any date of determination with respect to any Policy that is an Eligible Policy as of such date of determination and in respect of which the Borrower (or the Servicer on behalf of the Borrower) has provided written evidence reasonably acceptable to the Administrative Agent evidencing that each Insured under such Policy has died as of such date of determination, the product of (a) the Financed Death Benefit with respect to such Policy and (b) the Advance Rate; provided, however, this clause (ii) shall not apply as of any date of determination that is after six months following the day on which such written evidence is provided to the Administrative Agent; and

(iii) as of any date of determination with respect to any Policy that is not described in clause (i) or (ii), the net present value of such Policy's future projected cash flows as determined by the Valuation Agent (or, if permitted by Section 2.15, by the Administrative Agent) in accordance with the Policy Valuation Methodology as of the Policy Valuation Date immediately preceding such date of determination (or, if such date of determination is prior to the first Policy Valuation Date, such Policy's Initial Policy Value); provided, however, if the Valuation Agent (or, if permitted by Section 2.15, the Administrative Agent) has not delivered a Policy Valuation Report with respect to a Policy described in this clause (iii) that sets forth such net present value as of such Policy Valuation Date, the Policy Value of such Policy as of such date of determination shall be the net present value of such Policy's future projected cash flows as determined by the Valuation Agent (or, if permitted by Section 2.15, by the Administrative Agent) in accordance with the Policy Valuation Methodology that the Valuation Agent or the Administrative Agent, as the case may be, reported on a Policy Valuation Report most recently prior to such date of determination (or, if neither the Valuation Agent nor the Administrative Agent has theretofore reported such net present value on a Policy Valuation Report, then such Policy's Initial Policy Value).

"Pool Policy" means any Policy in which the Borrower now has or hereafter acquires an interest; provided that, except as otherwise expressly provided herein, the term "Pool Policy" shall exclude any Policy that has been released from the Collateral pursuant to Section 2.12(a). The Pool Policies as of the Closing Date are set forth on Annex C.

"Portfolio Transfer Agreements" means, collectively, the Borrower Sale and Contribution Agreement, the Parent Sale and Contribution Agreement and the Distribution Agreement.

"Portfolio Transfer Entitlement Order" means an entitlement order, dated the Closing Date, among DLP Funding IV, Wells Fargo Bank, N.A., in its capacity as the securities

intermediary and custodian for DLP Funding IV, the DLP Funding IV Administrative Agent, the Administrative Agent, the Borrower and the Securities Intermediary.

"Potential Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Premium and Interest Deficiency Amount" has the meaning specified in Section 2.4(e).

"Prepayment Premium" means, with respect to any prepayment pursuant to Section 2.3(a) in respect of which a Prepayment Premium is payable under Section 2.3, (i) if such prepayment occurs, or is required to occur, prior to the third anniversary of the Closing Date, the sum of (a) the Discounted Interest Amount as of the date on which such prepayment is required to occur (whether or not such prepayment actually occurs) and (b) the product of (1) the principal amount of such prepayment, to the extent that a Prepayment Premium is payable with respect thereto pursuant to Section 2.3, and (2) the applicable Prepayment Percentage, and (ii) if such prepayment occurs, or is required to occur, on or after the third anniversary of the Closing Date, the product of (a) the principal amount of such prepayment, to the extent that a Prepayment Premium is payable with respect thereto pursuant to Section 2.3, and (b) the applicable Prepayment Percentage.

"Prepayment Percentage" means, with respect to any prepayment pursuant to Section 2.3(a) in respect of which a Prepayment Premium is payable under Section 2.3, (i) if such prepayment occurs, or is required to occur, prior to the fourth anniversary of the Closing Date, [*]%, (ii) if such prepayment occurs, or is required to occur, on or after the fourth, but prior to the fifth, anniversary of the Closing Date, [*]%, (iii) if such prepayment occurs, or is required to occur, on or after the fifth, but on or prior to the sixth, anniversary of the Closing Date, [*]%, and (iii) if such prepayment occurs, or is required to occur, after the sixth anniversary of the Closing Date, [*] percent.

"Protective Advance" has the meaning specified in Section 2.13.

"Qualified Purchaser" has the meaning specified in Section 10.6(f).

"RDB Amount" means, with respect to any Policy listed on Annex C, the aggregate portion, if any, of the Death Benefit of such Policy that is allocated to any one or more Persons, other than the Securities Intermediary, as a beneficiary of such Policy.

"RDB Policy" means any Pool Policy with respect to which one or more Persons in addition to the Securities Intermediary are a beneficiary of such Pool Policy.

"RDB Policy Schedule" means the schedule of Pool Policies listed on Annex E.

"Recipient" means the Administrative Agent and any Lender, as applicable.

"Records" means, with respect to any Pool Policy, all Policy Files and other documents, books, records and other information (including computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Pool Policy or the related Insurer.

"Register" has the meaning specified in Section 10.6(c).

"Related Party" means, with respect to any Person, any Affiliate of such Person or any partner, director, officer, employee, agent, trustee, administrator, manager, advisor or representative of such Person or of any such Affiliate.

"Remittance Date" means the 16th day of each calendar month (beginning with September 16, 2021) or, if such day is not a Business Day, the next succeeding Business Day.

"Remittance Report" has the meaning assigned to it in Section 6.1(d).

"Required Lenders" means, at any time, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all of the Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Required Principal Amortization Amount" means, with respect to any Remittance Date on which Section 2.4(b)(i) applies, the product of (i) the aggregate amount of Available Funds with respect to such Remittance Date remaining after transfer thereof pursuant to Sections 2.4(b)(i)(A) through (E) on such Remittance Date and (ii) the Excess Cash Flow Percentage with respect to such Remittance Date (which Excess Cash Flow Percentage shall be determined prior to the transfer of any Available Funds from the Collection Account pursuant to Section 2.4(b)(i) on such Remittance Date).

"Required Reserve Amount" means, with respect to any Remittance Date, the aggregate amount of premiums in respect of the Pool Policies that are scheduled by the Servicer, in accordance with the Servicing Agreement, or, if there is not a Servicer as of such Remittance Date, that are scheduled in good faith by the Administrative Agent, to be paid during a period of two Monthly Periods that begins on the first day of the second calendar month that follows the month in which such Remittance Date occurs (*e.g.*, if such Remittance Date occurs in January, such two Monthly Periods are March and April), assuming that each Pool Policy will remain in full force through the end of such period without any Insured thereunder dying prior to the end of such period (but reflecting the death of any Insured under any Pool Policy that is known on such Remittance Date).

"Reserve Account" has the meaning specified in Section 2.4(e).

"Reserve Account Control Agreement" means that certain Securities Account Control Agreement (Reserve Account), dated as the Closing Date, among the Borrower, the Collateral Account Bank and the Administrative Agent.

"Resignation Effective Date" has the meaning specified in Section 9.6.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means, with respect to any Person, any director or officer of such Person or any other Person who is authorized to act for such Person (or, if any such authorized Person is not a natural person, any director or officer of such authorized Person or any other Person who is authorized to act for such authorized Person). Any document delivered hereunder that is signed by a Responsible Officer of any Person shall be conclusively presumed to have been authorized by all necessary corporate, limited liability company, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock, limited liability company interest or other Equity Interest of the Borrower, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock, limited liability company interest or other Equity Interest, or on account of any return of capital to the Borrower's stockholders, partners or members (or the equivalent Person thereof).

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Return Amount" has the meaning specified in Section 2.9(b)(iii)(A).

"S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business.

"Sale Escrowed Policy" means a Policy subject to an Eligible Sale Escrow Arrangement.

"Sale Price" has the meaning specified in Section 2.12(a)(i).

"Same Day Funds" means immediately available funds in Dollars.

"Sanction" means any economic or financial sanction or trade embargo imposed, administered or enforced from time to time by (i) the U.S. government, including any administered by OFAC or the U.S. Department of State, or (ii) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or any other relevant sanctions authority.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (i) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or any other relevant sanctions authority, (ii) any Person operating, organized or resident in a Sanctioned Country, (iii) any Person owned or controlled by any one or more Persons described in either or both of clauses (i) and (ii) or (iv) any Person otherwise the subject of any Sanction.

"Scheduled Maturity Date" means August 11, 2031; provided, however, that if such date is not a Business Day, the Scheduled Maturity Date shall be the next following Business Day.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Parties" shall mean the Lenders, the Administrative Agent and each Indemnitee.

"Securities Account" means the "Securities Account" as defined in the Securities Intermediary Agreement.

"Securities Intermediary" means Wells Fargo Bank, N.A., in its capacity as the securities intermediary under the Securities Intermediary Agreement, or any other Person that becomes the securities intermediary under the Securities Intermediary Agreement.

"Securities Intermediary Agreement" means the Securities Intermediary Agreement, dated as of the Closing Date, among the Borrower, the Securities Intermediary and the Administrative Agent.

"Securities Intermediary Fees" means, collectively, any fees due and payable to the Securities Intermediary pursuant to the Securities Intermediary Agreement.

"Security Agreements" means, collectively, the Borrower Security Agreement and the Parent Security Agreement.

"Security Entitlement" means a security entitlement (as defined in Section 8-102(a)(17) of the UCC).

"Servicer" means MLF LexServ, LLC or any other servicer appointed by the Borrower with the consent of the Administrative Agent, such consent not to be unreasonably conditioned, withheld or delayed.

"Servicer Default" means, a material breach of, or a default beyond an applicable grace or cure period under, the Servicing Agreement, or the Servicing Agreement shall terminate on or

before its scheduled expiration date or shall be declared null and void or unenforceable by a Governmental Authority or the Servicer anticipatorily repudiates its obligations thereunder, unless, in each case, the Servicing Agreement is replaced or substituted with a Servicing Agreement meeting the terms of the definition thereof under this Agreement within sixty (60) days of such occurrence.

"Servicing Agreement" means (i) the Servicing Agreement, dated as of Closing Date, by and between the Borrower and the MLF LexServ, LLC and (ii) any other servicing agreement, in form and substance reasonably satisfactory to the Administrative Agent, entered into by the Borrower after the date hereof with any replacement Servicer.

"Servicing Fees" means, collectively, all fees due and payable to the Servicer pursuant to the Servicing Agreement.

"SI Account" means any of the Securities Account, the SI Collection Account or the SI Premium/Expense Account.

"SI Collection Account" means the "Collection Account" as defined in the Securities Intermediary Agreement.

"SI Premium/Expense Account" means the "Premium/Expense Account" as defined in the Securities Intermediary Agreement.

"Solvent" means, with respect to any Person on any date of determination, that on such date (i) the fair value of the assets of such Person and its subsidiaries, on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise, (ii) the present fair saleable value of the property of such Person and its subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured, (iii) such Person and its subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such liabilities become absolute and matured and (iv) such Person and its subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

"Special Purpose Entity Requirements" means the requirements set forth in Annex B.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, trust (including any statutory trust), association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, trust (including any statutory trust), association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more

than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

"Swap Contract" means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, longevity or mortality swap transactions or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other similar master agreement relating to a similar transaction (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (i) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (ii) for any date prior to the date referenced in clause (i), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (i) a so-called synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the Indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Third Party Indemnitee" means any Person that is (i) an "Indemnified Person" under, and as defined in, the Securities Intermediary Agreement, (ii) an "Indemnified Party" under, and as defined in, either Collateral Account Control Agreement or (iii) a "Client Indemnitee" under, and as defined in, the Servicing Agreement.

"Total Assets" means, with respect to the Borrower and any date of determination, an amount equal to the sum of (i) the aggregate amount on deposit in the Reserve Account and the Collection Account, (ii) the product of (A) the Advance Rate and (B) the sum of the Financed Death Benefits with respect to each Pool Policy that is an Eligible Policy as of such date of determination and in respect of which the Borrower (or the Servicer on behalf of the Borrower) has provided written evidence reasonably acceptable to the Administrative Agent no earlier than six months prior to such date of determination evidencing that each Insured under such Pool Policy has died as of such date of determination, and (iii) net present value of the projected cash flows of the Pool Policies (other than any Policy referenced in clause (ii) and any Policy that is not an Eligible Policy as of such date of determination), discounted at the 12-month average discount rate employed by the Valuation Agent in accordance with the Policy Valuation Methodology.

"Total Credit Exposure" means, as to any Lender at any time, the sum, without duplication, of (i) its Commitment at such time and (ii) the aggregate outstanding principal amount at such time of its one or more Loans.

"Total Outstandings" means, at any time, the aggregate outstanding principal amount of all of the Loans.

"Transferring Portfolio Owner" means either DLP Funding IV or GWG Life.

"Trigger Event" means, with respect to the Borrower, the Parent or GWG Holdings, (i) the issuance to such Person of a final and nonappealable injunction or administrative order to cease and desist from causing any material violation, including any future violation, of securities laws, (ii) a final and nonappealable suspension of such Person from association with any broker or dealer, investment company or investment adviser for a period of one year or more, (iii) a final and nonappealable finding by a court or regulator, including a self-regulatory organization, with respect to the making of a materially false statement or omission by such Person or (iv) the criminal indictment of such Person with respect to a felony.

"UCC" shall have the meaning specified in the Security Agreements.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Underlying Transfer Agreement" means, with respect to a Pool Policy, the life settlement, option, relinquishment, foreclosure, purchase or other transfer agreement between the Viator with respect to such Pool Policy and the life settlement provider, lender, option holder or other Person which purchased or otherwise acquired such Pool Policy from such Viator (which,

for purposes of clarification, refers exclusively to the initial transaction if such Pool Policy has been transferred more than once).

"United States" and "U.S." mean the United States of America.

"U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 3.1(f).

"Valuation Agent" means ILS Advisory Services, LLC or any Person that becomes a replacement valuation agent in accordance with Section 2.15.

"Valuation Agent Fees" means, collectively, with respect to the Valuation Agent, any fees due and payable pursuant to the Valuation Agreement.

"Valuation Agreement" means (i) the Valuation Agreement, dated as of the Closing Date, by and among the Borrower, ILS Advisory Services, LLC and the Administrative Agent and (ii) any other valuation agreement entered into by the Administrative Agent after the date hereof in accordance with Section 2.15 with any replacement Valuation Agent.

"Viator" means, with respect to a Pool Policy, the Person that sold or otherwise transferred such Pool Policy pursuant to an Underlying Transfer Agreement.

"Withholding Agent" means the Loan Parties and the Administrative Agent.

"Write-Down and Conversion Powers" means (i) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (ii) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section I.2 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context

requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time (including prior to the date hereof) amended, restated, supplemented or otherwise modified in accordance with its terms (subject to any restrictions on such amendments, restatements supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits, Annexes and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Annexes and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

Section I.3 Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared, in conformity with GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein.

Section I.4 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section I.5 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section I.6 Business Day Convention. Unless otherwise specified, in the event any time period or any date provided in this Agreement ends or falls on a day other than a Business Day, then such time period shall be deemed to end and such date shall be deemed to fall on the

next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day.

Section I.7 Knowledge. As used in this Agreement, the term "knowledge," as of any date of determination with respect to an Affiliate of a Loan Party that is not itself a Loan Party, means the knowledge of each individual that, as of such date of determination, is an officer or employee of such Affiliate who reasonably would be expected to have direct knowledge of the subject matter to which such term relates.

## Article II
## THE COMMITMENTS AND BORROWING

Section II.1 Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make a term loan (each such loan, or a Protective Advance, a "Loan") to the Borrower in Dollars, on the Closing Date, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment; provided, however, that after giving effect to any Borrowing on the Closing Date, (i) the Total Outstandings shall not exceed the Aggregate Commitment and (ii) the aggregate outstanding principal amount of the one or more Loans of any Lender shall not exceed such Lender's Commitment. Without limiting Section 2.13, after giving effect to the Borrowing on the Closing Date, the Commitment of each Lender, and the Aggregate Commitment, shall terminate. No amount paid or prepaid hereunder may be borrowed again.

Section II.2 Borrowings of Loans. The Borrowing on the Closing Date shall be made by the Borrower irrevocably delivering a Loan Notice to the Administrative Agent on the Closing Date, appropriately completed by the Borrower and signed by a Responsible Officer of the Borrower. Following receipt of such a Loan Notice with respect to such a Borrowing, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of such Borrowing. Each Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office not later than 1:00 p.m. on the Closing Date. Upon satisfaction of the conditions set forth in Section 4.1, the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) wire transfer of such funds, (ii) to the extent such Borrowing is to be used to fund the Reserve Account, depositing the required amount into the Reserve Account, (iii) to the extent such Borrowing is to be used to fund the SI Premium/Expense Account, depositing the required amount into the SI Premium/Expense Account, or (iv) to the extent such Borrowing is to be used to pay Obligations, by remitting the applicable amount to the Person to whom such Obligations are owed, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower.

Section II.3 Prepayments.

(a) The Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Loans, in whole or in part; provided that such notice

must be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days prior to any date of prepayment. Each such notice shall be irrevocable (except as set forth in the penultimate sentence of this Section 2.3(a)) and specify the date and amount of such prepayment. The Administrative Agent shall promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment (including any applicable Prepayment Premium). If such notice is given by the Borrower, subject to the penultimate sentence of this Section 2.3(a), the Borrower shall make such prepayment, and the payment amount specified in such notice shall be due and payable, on the date specified therein. Subject to Section 2.11, each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages. Notwithstanding anything herein to the contrary, the Borrower may rescind any such notice not later than 1:00 p.m. on the Business Day before such prepayment was scheduled to take place if such prepayment would have resulted from a refinancing of the Loans, which refinancing will not be consummated or will otherwise be delayed. For the avoidance of doubt, any payment of the Required Principal Amortization Amount pursuant to Section 2.4(b)(i), or of any principal of any Loan pursuant to Section 2.4(b)(ii)(G), shall not constitute a prepayment for purposes of this Section 2.3.

(b) Without limiting Section 2.3(c), any prepayment of any Loan shall be accompanied by (i) all accrued and unpaid interest on the amount prepaid and (ii) subject to the immediately following sentence, the Prepayment Premium if such prepayment is being made pursuant to Section 2.3(a). If the LTV Percentage immediately prior to any prepayment pursuant to Section 2.3(a) is greater than 65%, a Prepayment Premium shall not be payable with respect to the portion (and only the portion) of the principal being so prepaid (which portion may be the entirety of such principal) that will result in the LTV Percentage immediately after giving effect to such prepayment being reduced to a percentage of not less than 65%.

(c) If there will not be any principal of any Loan outstanding immediately following any prepayment of a Loan pursuant to this Section 2.3, on the date of such prepayment, the Borrower shall pay to the Collateral Account Bank and the Securities Intermediary (i) the Collateral Account Bank Fees and the Securities Intermediary Fees, in each case that are then due and payable by the Borrower to the Collateral Account Bank and the Securities Intermediary, and (ii) all other amounts (including in respect of any indemnification obligation) that are then due and payable by the Borrower under a Collateral Account Control Agreement or the Securities Intermediary Agreement.

Section II.4 Settlement Procedures.

(a) Collateral Accounts. The Borrower has established and shall maintain the Collection Account, the Borrower Account and the Reserve Account (collectively, the "Collateral Accounts"). The Borrower shall maintain each Collateral Account in the name of the Borrower in accordance with Section 2.4(d), (e) or (f), as applicable, for the benefit of the Administrative Agent on behalf of the Secured Parties, that shall be subject at all times to the applicable Collateral Account Control Agreement. The Collateral Accounts shall at all times be under the exclusive dominion and control of the Administrative Agent and no Loan Party shall have any access thereto or right to make any withdrawal therefrom (except that (i) the Borrower

may have read-only online access to the Collection Account for the purpose of reviewing the activity in the Collection Account, (ii) the Borrower shall have access to the Reserve Account for the purpose of making the withdrawals permitted by Section 2.4(e) and (iii) without limiting Section 7.6, the Borrower may make withdrawals from the Borrower Account unless an Event of Default has occurred and is continuing).

(b) Remittance Date Distributions from Collection Account.

(i) On each Remittance Date, unless an Event of Default has occurred and is continuing or will occur on such Remittance Date following the application of this Section 2.4(b)(i), the Administrative Agent shall direct the Collateral Account Bank to transfer the Available Funds with respect to such Remittance Date on deposit in the Collection Account (including any amount transferred to the Collection Account from the Reserve Account or made as an Optional Borrower Deposit, in each case pursuant to Section 2.4(e)) in the following amounts and priority:

(A) *first*, on a *pari passu* basis, to the Collateral Account Bank, the Securities Intermediary, the Servicer, the Valuation Agent and each other Third Party Indemnitee, an amount equal to (1) the Collateral Account Bank Fees and the Securities Intermediary Fees, in each case that are then due and payable by the Borrower to the Collateral Account Bank and the Securities Intermediary, (2) the Servicing Fees that are then due and payable by the Borrower to the Servicer, (3) the Valuation Agent Fees that are then due and payable by the Borrower to the Valuation Agent, (4) all other amounts (including in respect of any indemnification obligation) that are then due and payable by the Borrower under a Collateral Account Control Agreement or the Securities Intermediary Agreement, (5) all other amounts (including in respect of any indemnification obligation) that are then due and payable by the Borrower under the Servicing Agreement and (6) all other amounts (including in respect of any indemnification obligation) that are then due and payable by the Borrower under the Valuation Agreement; provided, that (w) the aggregate amount payable under the foregoing clause (4) shall not exceed $250,000 during any calendar year (or, in the case of 2021, $83,333), (x) the aggregate amount payable under the foregoing clauses (2) and (5) shall not exceed $400,000 during any calendar year (or, in the case of 2021, $100,000), (y) the aggregate amount payable under the foregoing clauses (3) and (6) shall not exceed $100,000 during any calendar year (or, in the case of 2021, zero Dollars) and (z) any expense, including any attorneys' fee or expense, payable by the Borrower to the Collateral Account Bank, the Securities Intermediary, the Servicer or the Valuation Agent in connection with the negotiation and finalization of the Loan Documents entered into on the Closing Date shall not count against any cap referenced in clause (x), (y) or (z);

(B) *second*, to the Administrative Agent for the account of the Secured Parties on a *pari passu* basis, an amount equal to the Obligations that are then due and payable to the Secured Parties but are not of the type described in Section 2.4(b)(i)(E) or (F);

(C) *third*, to the SI Premium/Expense Account, the sum of (1) the Monthly Scheduled Premium Amount with respect to such Remittance Date and (2) an

amount for payment of Borrower Expenses (other than if any such Borrower Expense is payable to an Affiliate of the Borrower) that are then due and payable or that will become due and payable prior to the next Remittance Date; provided that the aggregate amount of Borrower Expenses payable under this clause (2), or under Section 2.4(b)(ii), shall not exceed $50,000 during any calendar year (or, in the case of 2021, $22,500);

(D) *fourth*, to the Reserve Account, the amount, if any, necessary to cause the amount on deposit therein to at least equal the Required Reserve Amount with respect to such Remittance Date;

(E) *fifth*, to the Administrative Agent for the account of the Lenders, an amount equal to the accrued and unpaid interest on the one or more Loans then due and payable;

(F) *sixth*, to the Administrative Agent for the account of the Lenders, an amount equal to the Required Principal Amortization Amount (which may be zero) with respect to such Remittance Date, for application to the repayment of the one or more Loans;

(G) *seventh*, on a *pari passu* basis, to the Collateral Account Bank, the Securities Intermediary, the Servicer, the Valuation Agent and each other Third Party Indemnitee, to the payment of all Servicing Fees, Valuation Agent Fees and other amounts (including in respect of any indemnification obligation) then due and payable by the Borrower under a Collateral Account Control Agreement, the Securities Intermediary Agreement, the Valuation Agreement or the Servicing Agreement, to the extent not transferred pursuant to Section 2.4(b)(i)(A);

(H) *eighth*, to the SI Premium/Expense Account, an amount for payment of Borrower Expenses that are then due and payable or that will become due and payable prior to the next Remittance Date, to the extent not transferred pursuant to Section 2.4(b)(i)(C); and

(I) *ninth*, to the Borrower by deposit into the Borrower Account, any such Available Funds remaining. For the avoidance of doubt, no Restricted Payment from any such Available Funds shall be permitted, other than pursuant to Section 7.6.

(ii) On each Remittance Date, if an Event of Default has occurred and is continuing or would occur on such Remittance Date following the application of Section 2.4(b)(i), unless the Maturity Date has occurred as result of the application of clause (ii) of the definition thereof, the Administrative Agent shall direct the Collateral Account Bank to transfer the Available Funds with respect to such Remittance Date on deposit in the Collection Account (including any amounts transferred to the Collection Account from the Reserve Account or made as an Optional Borrower Deposit, in each case pursuant to Section 2.4(e)) in the following amounts and priority:

(A) *first*, on a *pari passu* basis, to the Collateral Account Bank, the Securities Intermediary, the Servicer and each other Third Party Indemnitee, an amount equal

to (1) the Collateral Account Bank Fees, the Securities Intermediary Fees, the Servicing Fees and the Valuation Agent Fees, in each case that are then due and payable by the Borrower to the Collateral Account Bank, the Securities Intermediary, the Valuation Agent and the Servicer, and (ii) all other amounts (including in respect of any indemnification obligation) that are then due and payable by the Borrower under a Collateral Account Control Agreement, the Securities Intermediary Agreement, the Valuation Agreement or the Servicing Agreement;

(B) *second*, to the Administrative Agent for the account of the Administrative Agent and its Related Parties (but, in the case of a Related Party of the Administrative Agent, solely because of the Administrative Agent's position as such) on a *pari passu* basis, an amount equal to the Obligations that are then due and payable to such Secured Parties but are not of the type described in Section 2.4(b)(ii)(F) or (G);

(C) *third*, to the Administrative Agent for the account of the Lenders and their respective Related Parties on a *pari passu* basis, an amount equal to the Obligations that are then due and payable to such Secured Parties but are not of the type described in Section 2.4(b)(ii)(F) or (G);

(D) *fourth*, to the SI Premium/Expense Account, the sum of (1) the Monthly Scheduled Premium Amount with respect to such Remittance Date and (2) the lesser of (x) an amount for payment of Borrower Expenses (other than if any such Borrower Expense is payable to an Affiliate of the Borrower) that are then due and payable or that will become due and payable prior to the next Remittance Date and (y) the amount (which may be zero) designated by the Administrative Agent;

(E) *fifth*, to the Reserve Account, the lesser of (1) the amount, if any, necessary to cause the amount on deposit therein to at least equal the Required Reserve Amount with respect to such Remittance Date and (2) the amount (which may be zero) designated by the Administrative Agent;

(F) *sixth*, to the Administrative Agent for the account of the Lenders, an amount equal to the accrued and unpaid interest on the one or more Loans then due and payable;

(G) *seventh*, to the Administrative Agent for the account of the Lenders, an amount equal to the aggregate outstanding principal amount of the one or more Loans;

(H) *eighth*, to the SI Premium/Expense Account, an amount for payment of Borrower Expenses that are then due and payable or that will become due and payable prior to the next Remittance Date, to the extent not transferred pursuant to Section 2.4(b)(ii)(D); and

(I) *ninth*, to the Borrower by deposit into the Borrower Account, or as otherwise required by Law, any such Available Funds remaining.

(iii) Within two (2) Business Days of the Administrative Agent receiving a Remittance Report pursuant to Section 6.1(d), the Administrative Agent shall advise the Borrower in writing whether or not the Administrative Agent concurs with such Remittance Report. If the Administrative Agent advises the Borrower that the Administrative Agent concurs with such Remittance Report, Available Funds shall be applied on the related Remittance Date pursuant to Section 2.4(b)(i) or (ii), as applicable, in accordance with such Remittance Report. If the Administrative Agent advises the Borrower that the Administrative Agent does not concur with such Remittance Report, the Borrower and the Administrative Agent shall use their respective good faith efforts to resolve each item of disagreement between such parties in such Remittance Report. If such an item is resolved by the close of business on the second (2nd) Business Day immediately preceding the Remittance Date to which such Remittance Report relates, Available Funds shall be applied on such Remittance Date pursuant to Section 2.4(b)(i) or (ii), as applicable, in accordance with such Remittance Report (i) as adjusted to reflect such resolution and (ii) subject to the immediately following sentence if such sentence is applicable to any other item of such Remittance Report. If such an item is not resolved by the close of business on the second (2nd) Business Day immediately preceding the Remittance Date to which such Remittance Report relates, the Administrative Agent's position with respect to such item shall be conclusive, absent manifest error, for purposes of the application of Section 2.4(b)(i) or (ii), as applicable, on such Remittance Date.

(c) Permitted Investments. All funds held in a Collateral Account, including any investment earnings thereon, may be invested at the direction of the Borrower in permitted investments in accordance with, and as and to the extent set forth in, the Collateral Account Control Agreement applicable to such Collateral Account. All investment earnings in respect of any such investment of funds held in a Collateral Account shall be deposited into such Collateral Account.

(d) Collection Account. The Borrower has established, in the name of the Borrower, an account (the "Collection Account") at the Collateral Account Bank, and the Borrower shall maintain the Collection Account at the Collateral Bank or at a designee or agent thereof (but, in the case of such a designee or agent, only if such maintenance does not result in a breach of Section 6.12), in each case bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Administrative Agent, on behalf of the Secured Parties, and that at all times shall be subject to the Collection Account Control Agreement.

(e) Reserve Account. The Borrower has established, in the name of the Borrower, an account (the "Reserve Account") at the Collateral Account Bank, and the Borrower shall maintain the Reserve Account at the Collateral Bank or at a designee or agent thereof (but, in the case of such a designee or agent, only if such maintenance does not result in a breach of Section 6.12), in each case bearing a designation clearly indicating that the funds on deposit therein are held for the benefit of the Administrative Agent, on behalf of the Secured Parties, and that at all times shall be subject to the Reserve Account Control Agreement. In the event the Remittance Report with respect to any Remittance Date shall indicate that the then Available Funds are insufficient (i) to make the payments described in Sections 2.4(b)(i)(A) through (E) on such Remittance Date (unless an Event of Default has occurred and is continuing or will occur

on such Remittance Date following application of Section 2.4(b)(i)) or (ii) to make the payments described in Sections 2.4(b)(ii)(A) through (F) on such Remittance Date (if (x) an Event of Default has occurred and is continuing or would occur on such Remittance Date following the application of Section 2.4(b)(i) and (y) the Maturity Date has not occurred as result of the application of clause (ii) of the definition thereof) (any such deficiency described in clause (i) or (ii) being a "Premium and Interest Deficiency Amount"), then on or prior to the second Business Day immediately prior to such Remittance Date, the Borrower may deposit, or cause to be deposited, in the Collection Account, an amount (the "Optional Borrower Deposit Amount") equal to or less than the Premium and Interest Deficiency Amount (any such deposit, an "Optional Borrower Deposit"). If no Optional Borrower Deposit is made on or prior to the second Business Day immediately prior to such Remittance Date, or if the Optional Borrower Deposit Amount in respect of any Optional Borrower Deposit is less than the Premium and Interest Deficiency Amount, then on the Business Day immediately prior to such Remittance Date the Borrower shall instruct the Collateral Account Bank to withdraw from the Reserve Account an amount equal to the lesser of (i) an amount equal to (x) the Premium and Interest Deficiency Amount for such Remittance Date minus (y) the Optional Borrower Deposit Amount applicable to such Remittance Date that has been so deposited into the Collection Account (if any), and (ii) the amount on deposit in the Reserve Account, and deposit such lesser amount in the Collection Account. The Borrower hereby directs the Administrative Agent to fund $3,008,919.47 of the Borrowing being made on the Closing Date directly to the Reserve Account.

(f) Borrower Account. The Borrower has established, in the name of the Borrower, an account (the "Borrower Account") at the Collateral Account Bank, and the Borrower shall maintain the Borrower Account at the Collateral Bank or at a designee or agent thereof (but, in the case of such a designee or agent, only if such maintenance does not result in a breach of Section 6.12), in each case bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Administrative Agent, on behalf of the Secured Parties, and that at all times shall be subject to the Reserve Account Control Agreement. Without limiting Section 7.6, the Borrower may withdraw amounts from the Borrower Account unless an Event of Default has occurred and is continuing.

(g) Changes to Collateral Account Bank or Securities Intermediary. If (i) the Collateral Account Bank or Securities Intermediary becomes a Person other than Wells Fargo Bank, N.A., or a Collateral Account or SI Account becomes to be maintained by a Person other than the Collateral Account Bank (in the case of a Collateral Account) or the Securities Intermediary (in the case of an SI Account), in each case after the date hereof, and (ii) the Administrative Agent requests an opinion pursuant to this Section 2.4(g), the Borrower shall deliver to the Administrative Agent, within fifteen (15) Business Days of receiving such request, a legal opinion, in form and substance reasonably acceptable to the Administrative Agent, opining that the Administrative Agent possesses a valid and perfected security interest in each Collateral Account and SI Account and the Security Entitlements therein.

Section II.5 Interest.

(a) Subject to the provisions of Section 2.5(b), each Loan (including any Protective Advance) shall bear interest on each day on the principal amount of such Loan outstanding on such day at a per annum rate equal to the Interest Rate as of such day.

(b) If any amount of principal of any Loan is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at an interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due, whether at stated maturity, by acceleration or otherwise, then following any applicable cure period and upon the request of the Required Lenders, such amount shall thereafter bear interest at an interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws and shall continue to bear interest at such rate until but excluding the date on which such Event of Default is cured or waived.

(iii) Upon the request of the Required Lenders, while any Event of Default exists (other than as set forth in Sections 2.5(b)(i) and (ii)), the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at an interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan (including any Protective Advance) shall be due and payable in arrears on each Interest Payment Date and at such other times as may be specified herein, including, for the avoidance of doubt, as specified in Section 2.4(b)(i) or (ii). For purposes of clarification, interest on each Loan shall be due and payable in accordance with the immediately preceding sentence on a Remittance Date without regard to whether or not sufficient Available Funds are available to pay such interest on such Remittance Date in accordance with Section 2.4(b)(i) or (ii). Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Section II.6 Fees.

(a) The Borrower shall pay to National Founders for its own account, in Dollars, fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(b) Without limiting Section 2.6(a), the Borrower shall pay to the Lenders, in Dollars, such other fees as shall have been separately agreed upon in writing in the amounts and

at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

Section II.7 Computation of Interest and Fees. All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.9(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section II.8 Evidence of Debt. The one or more Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business in accordance with its usual practice. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the one or more Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender to the Borrower made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's one or more Loans to the Borrower in addition to such accounts or records. Each Lender may attach schedules to a Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

Section II.9 Payments Generally; Administrative Agent's Clawback.

(a) General. The aggregate outstanding principal amount of Loans (including any Protective Advance) and all other Obligations due to the Administrative Agent and the Lenders (other than contingent obligations not yet due and payable) shall be due and payable in full, and the Borrower shall repay such amounts, on the Maturity Date. All payments to be made by the Borrower hereunder or under any other Loan Document shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. All payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 11:00 a.m. on the date specified herein. The Administrative Agent may require that any payments due under this Agreement be made in the United States. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 11:00 a.m. shall in each case be deemed received on the next

following Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that this sentence shall not apply to payments made on the Scheduled Maturity Date without giving effect to the proviso in the definition of such term. Any Obligation hereunder shall not be reduced by any distribution if such distribution is rescinded or required to be returned to any Loan Party or any other Person for any reason.

(b) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.2 and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in Same Day Funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at the Overnight Rate, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing.

(ii) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender in Same Day Funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Overnight Rate.

(iii) Recovery of Erroneous Payments.

(A) With respect to any payment that the Administrative Agent makes for the account of a Lender hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "Return Amount"): (1) the Administrative Agent has made a

payment in excess of the amount paid by the Borrower (whether or not then owed); or (2) the Administrative Agent has for any reason otherwise erroneously made such payment, then each Lender severally agrees to repay to Administrative Agent forthwith on demand the Return Amount so distributed to such Lender, in Same Day Funds with interest thereon, for each day from the date such Return Amount is distributed to it to the date of payment to the Administrative Agent, at the Overnight Rate.

(B) Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Lender, whether or not in respect of any Obligation due and owing by the Borrower at such time, where such payment is a Return Amount, then in any such event, each Lender receiving a Return Amount severally agrees to repay to Administrative Agent forthwith on demand the Return Amount received by such Lender in Same Day Funds, with interest thereon, for each day from the date such Return Amount is received by it to the date of payment to the Administrative Agent, at the Overnight Rate. Each Lender irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Return Amount. The Administrative Agent shall inform each Lender promptly upon determining that any payment made to such Lender comprised, in whole or in part, a Return Amount.

A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this Section 2.9(b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender to the Borrower as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Loan set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 10.4(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.4(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.4(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Section II.10 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section 2.10 shall not be construed to apply to (x) any payment made by or on behalf of the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than an assignment to the Borrower (as to which the provisions of this Section 2.10 shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower's rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

Section II.11 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.1.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.8 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, as the Borrower may request (so long as no Default or Event of

Default exists and is continuing), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; third, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fifth, so long as no Default or Event of Default exists or is continuing, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments hereunder. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) Defaulting Lender Cure. If the Administrative Agent agrees in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto in writing, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Section II.12 Releases of Collateral.

(a) The Borrower may, from time to time, upon not less than five (5) Business Days' prior written notice to the Administrative Agent, request the Administrative Agent to release, and the Administrative Agent shall release, its security interest in one or more Pool Policies to the extent such release is necessary in connection with any sale of such Pool Policy to any Person (a "Buyer") and solely to the extent otherwise permitted hereunder and under the other Loan Documents; provided, that no such release pursuant to this Section 2.12(a) shall be made if the proposed sale of any Pool Policy would cause the Initial Policy Value thereof, together with the aggregate Initial Policy Values of any one or more other Pool Policies proposed

to be sold therewith and the aggregate Initial Policy Values of any one or more other Pool Policies that were previously sold by the Borrower and/or had previously lapsed or previously been surrendered (excluding any Pool Policy that had lapsed or been surrendered in accordance with clause (b)(2)(A) of the proviso of the first sentence of Section 6.14), to exceed 5% of the Aggregate Closing Date Policy Value; provided, further, that no such release pursuant to this Section 2.12(a) shall be made without the prior written consent of the Administrative Agent unless:

(i) the Buyer has deposited into an escrow account payment in full and in cash of the sales price for such Pool Policy (the "Sale Price") pursuant to an Eligible Sale Escrow Arrangement or the Sale Price is payable on the closing date of such sale into the Collection Account; unless otherwise agreed in writing by both the Administrative Agent and the Borrower, in their discretion, any such Sale Price deposited pursuant to an Eligible Sale Escrow Arrangement is to be deposited into the Collection Account simultaneously with the release of the Administrative Agent's security interest in accordance with the terms of the Eligible Sale Escrow Arrangement;

(ii) none of the Borrower, the Parent or any of their respective Affiliates receives any consideration for such sale, other than the Sale Price remitted to the Collection Account pursuant to clause (i);

(iii) each such Pool Policy is sold by the Borrower to such Buyer without recourse, provided that so long as the related purchase agreement contains a covenant of the Buyer thereunder (and each other counterparty thereto) consistent with the covenant contained in Section 10.23, the Borrower may make or provide any representations, warranties, indemnities or other undertakings of any kind required to be made in connection with such sale to such Buyer that the Borrower in good faith determines are reasonable, and shall not be required to make or provide any other representations, warranties, indemnities or other undertakings of any kind in connection with such sale, except for an agreement to refrain from conveying or pledging any right that would impair the rights of the Buyer in such Pool Policy;

(iv) no Default or Event of Default has occurred and is continuing or would result therefrom;

(v) such sale is made on arm's length terms and to a Person that is not an Affiliate of any Loan Party; and

(vi) the LTV Percentage immediately after giving effect to such sale will not exceed the LTV Percentage immediately prior to such sale.

(b) The Administrative Agent's security interest in any such Pool Policy shall be automatically released upon the receipt in the Collection Account of the Sale Price in connection with such sale. Upon the written request of the Borrower following the receipt of such amounts, and at the cost and expense of Borrower, the Administrative Agent shall deliver and, if necessary, execute such instruments and documents as the Borrower may reasonably request for purposes of effectuating such release. Notwithstanding the foregoing, if such Pool

Policy is a Sale Escrowed Policy, the release of the Administrative Agent's security interest in any such Pool Policy shall be subject to the deposit of all amounts payable by the Buyer in the escrow account designated under such Eligible Sale Escrow Arrangement, and, prior to such deposit, the Administrative Agent shall deliver to the Eligible Escrow Agent and, if necessary, and at the cost and expense of the Borrower, execute the related escrow agreement and such instruments and documents as the Borrower may reasonably request for purposes of effectuating such release, to be held in escrow pursuant to such Eligible Sale Escrow Arrangement (except as provided in clause (i) of the proviso of Section 2.12(a) above) until the Sale Price for such Policy is deposited into the Collection Account.

(c) Amounts on deposit in the Collection Account representing the Sale Price for the sale of a Pool Policy shall be distributed in accordance with Section 2.4(b)(i) or (ii) or 8.3, as applicable. For the avoidance of doubt, no Prepayment Premium shall be payable in connection with any payment of principal made with any such amount pursuant to such a section.

Section II.13 Protective Advances. If an Event of Default shall have occurred and be continuing (including following the Maturity Date), the Administrative Agent is authorized by Borrower and each Lender, from time to time at the request of the Required Lenders in their sole discretion, to make disbursements or advances to the Borrower, which the Required Lenders in their sole discretion deem necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, (b) to enhance the likelihood of, or maximize the amount of, repayment of the one or more Loans and other Obligations or (c) to pay any other amount chargeable to, or required to be paid by, either Loan Party pursuant to the terms of any Loan Document, including any principal, interest, fee or reimbursable expense (any such disbursement or advance shall constitute a Loan and is referred to herein to as a "Protective Advance"). Each Protective Advance shall be secured by the Liens in favor of the Administrative Agent, for the benefit of the Secured Parties, in and to the Collateral and shall constitute an Obligation hereunder. The Administrative Agent shall notify each Lender and the Borrower in writing of any Protective Advance, which notice shall include a description of the purpose of such Protective Advance. Each Lender agrees that it shall make available to the Administrative Agent, upon the Administrative Agent's demand, in Dollars in Same Day Funds, the amount equal to such Lender's Applicable Percentage of each such Protective Advance. If such funds are not made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to the Administrative Agent, at the Overnight Rate for three (3) Business Days and thereafter at the Interest Rate.

Section II.14 Characterization. The parties hereto acknowledge that each remittance of Collections to the Administrative Agent or any Lender hereunder are intended to have been (i) in payment of a debt incurred in the ordinary course of business or financial affairs of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

Section II.15 Replacement of Valuation Agent. If the Valuation Agent resigns or is removed, or the Valuation Agreement is terminated, in accordance with the terms of the Valuation Agreement (or otherwise with the consent of the Borrower and the Administrative

Agent), the Borrower and the Administrative Agent shall use their good faith efforts to mutually agree upon a replacement therefor, and enter into a Valuation Agreement among the Borrower, the Administrative Agent and such a replacement, as promptly as practicable. If the Borrower and the Administrative Agent do not jointly enter into such a replacement Valuation Agreement within 90 days of the date of any such resignation, removal or termination, thereafter until the Borrower and the Administrative Agent do jointly enter into such a replacement Valuation Agreement, the Administrative Agent may either (i) appoint a replacement Valuation Agent and enter into a replacement Valuation Agreement with such replacement or (ii) act as the Valuation Agent; provided that in any such case the Administrative Agent or such replacement Valuation Agent, as applicable, shall make all calculations and determinations of value in accordance with the Policy Valuation Methodology.

## Article III
## TAXES, YIELD PROTECTION AND ILLEGALITY

Section III.1 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the applicable Withholding Agent) require the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.1) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of Section 3.1(a) above, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by Borrower. The Borrower shall, and does hereby, indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.1) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Indemnification by the Lenders. Each Lender shall, and does hereby, severally indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6(d) relating to the maintenance of a Participant Register and (z) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 3.1(d).

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 3.1, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Laws or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.1(f)(ii)(A), (B) or (D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(II) executed copies of IRS Form W-8ECI;

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10-percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form 8BEN or IRS Form W-8BEN-E; or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of

the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Laws to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Laws (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 3.1(f)(ii)(D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.1 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(iv) The Borrower shall deliver to the Administrative Agent on or prior to the first Business Day following the Closing Date an executed copy of IRS Form W-8BEN-E or IRS Form W-9. If such form becomes obsolete or inaccurate in any respect, the Borrower shall provide a new IRS Form W-8BEN-E or IRS Form W-9, as applicable, or promptly notify the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.1 (including by the payment of additional amounts pursuant to this Section 3.1), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.1 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 3.1(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 3.1(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 3.1(g) the payment of which would place the

indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 3.1(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 3.1 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section III.2 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.2(e), other than as set forth below);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender any other condition, cost or expense affecting this Agreement or Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or Recipient of making, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender or Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or Recipient, the Borrower will pay to such Lender or Recipient such additional amount or amounts as will compensate such Lender or Recipient for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy),

then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in Section 3.2(a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 3.2 shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than 135 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 135-day period referred to above shall be extended to include the period of retroactive effect thereof).

Section III.3 Mitigation Obligations. Each Lender may make any Loan to the Borrower through any Lending Office, provided that the exercise of this option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. If any Lender requests compensation under Section 3.2, or requires the Borrower to pay any Indemnified Taxes or additional amounts to such Lender or any Governmental Authority for the account of such Lender pursuant to Section 3.1, then at the request of the Borrower such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate or reduce amounts payable pursuant to Section 3.1 or 3.2, as the case may be, in the future and (b) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

Section III.4 Survival. All obligations of the Borrower under this Article III shall survive termination of the Aggregate Commitment, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

## Article IV
## CONDITIONS PRECEDENT TO THE INITIAL BORROWING

Section IV.1 Conditions Precedent to the Borrowing on the Closing Date. The obligation of each Lender to make any Loan hereunder on the Closing Date or otherwise is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or copies unless otherwise specified, each (x) in the case of a document to be executed by a Person, properly executed by a Responsible Officer of such Person, (y) dated the Closing Date (or (1) in the case of certificates of governmental officials, a reasonably recent date before the Closing Date, and (2) in the case of the Payoff Letter, dated the date thereof) and (z) in form and substance satisfactory to the Administrative Agent and each Person that is a Lender on the Closing Date:

(i) executed counterparts of each Loan Document;

(ii) one or more Notes executed by the Borrower in favor of each Lender requesting a Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party, GWG Holdings and Transferring Portfolio Owner as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with each Loan Document to which such Loan Party, GWG Holdings or such Transferring Portfolio Owner, as the case may be, is a party;

(iv) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party, GWG Holdings and each Transferring Portfolio Owner is duly formed or organized, and validly existing, in good standing and qualified to engage in business in the State of Delaware;

(v) one or more legal opinions of Schulte Roth & Zabel LLP, counsel to the Loan Parties, GWG Holdings and the Transferring Portfolio Owners, addressed to the Administrative Agent and each Lender, as to the matters concerning the Loan Parties, GWG Holdings, the Transferring Portfolio Owners and the Loan Documents as the Administrative Agent may reasonably request;

(vi) a certificate signed by a Responsible Officer of each Loan Party certifying that (A) the representations and warranties of such Loan Party contained in Article V, if such Loan Party is the Borrower, and in each other Loan Document to which such Loan Party is a party (I) are true and correct on and as of the Closing Date and (II) will be true and correct on and as of the Closing Date after giving effect to the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Loan Documents, including the Borrowing contemplated to occur on the Closing Date and the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, except in each case to the

extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date, (B) no Default or Event of Default exists or will exist on and as of the Closing Date after giving effect to the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Loan Documents, including the Borrowing contemplated to occur on the Closing Date and the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, and (C) there has been no event or circumstance since such Loan Party's formation that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(vii) a certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such consents, licenses or approvals are so required;

(viii) lien and tax judgment searches of the applicable public records as it deems necessary to verify that the Administrative Agent has or, immediately following the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, will have on the Closing Date a first priority perfected Lien and security interest covering all of the Collateral;

(ix) a certificate signed by a Responsible Officer of each Loan Party, GWG Holdings and GWG Life certifying that such Loan Party, GWG Holdings or each Transferring Portfolio Owner, as the case may be, is Solvent and will be Solvent on and as of the Closing Date after giving effect to (A) the Borrowing contemplated to occur on the Closing Date pursuant to the Loan Documents and (B) the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements;

(x) a certified copy of the Organization Documents of each Loan Party, GWG Holdings and each Transferring Portfolio Owner;

(xi) a Beneficial Ownership Certification in relation to each Loan Party and GWG Holdings, if requested by any Lender;

(xii) the Payoff Letter;

(xiii) the Portfolio Transfer Entitlement Order; and

(xiv) each other document and certificate set forth on Schedule 4.1.

(b) Any fees required to be paid on or before the Closing Date that have been invoiced shall have been paid.

(c) Unless waived by the Administrative Agent, the Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced

prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings and thereafter, but relating to the transactions contemplated to occur on the Closing Date (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

(d) The representations and warranties of each Loan Party, GWG Holdings and each Transferring Portfolio Owner contained in Article V, if such Loan Party is the Borrower, and in each other Loan Document (I) shall be and correct on and as of the Closing Date and (II) will be true and correct on and as of the Closing Date after giving effect to the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Loan Documents, including the Borrowing contemplated to occur on the Closing Date and the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, except in each case to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

(e) No Default or Event of Default shall exist, or will exist on and as of the Closing Date after giving effect to the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Loan Documents, including the Borrowing contemplated to occur on the Closing Date and the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements.

(f) No event or circumstance since such Loan Party's formation that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect shall exist.

(g) Each of (i) the Administrative Agent and the Lenders shall have or, immediately following the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, shall have on the Closing Date a valid and perfected first priority lien and security interest in the Collateral in accordance with the terms of the applicable Security Agreement and, with respect to the Pool Policies, the Borrower shall have or, immediately following the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, shall have on the Closing Date a valid Security Entitlement thereto credited to the Securities Account, (ii) all filings (including all UCC financing statements and similar filings contemplated by the Security Agreements) and recordations necessary to perfect the Liens created under the Security Agreements shall have been duly made and (iii) all filing and recording fees and taxes shall have been duly paid, including in each case under, and as required by, all applicable Laws.

(h) All governmental and third party approvals necessary or, in the discretion of the initial Lender, advisable in connection with its entry into this Agreement shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired

without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on such Lender entering into this Agreement.

(i) The Administrative Agent shall have received a Loan Notice in accordance with the requirements thereof, which shall include a Borrower Certification.

(j) The Administrative Agent shall have received a completed Borrowing Base Certificate, in form and substance satisfactory to the Administrative Agent, confirming that no Borrowing Base Deficiency shall exist on the Closing Date or would arise after giving effect to the Borrowing contemplated to occur on the Closing Date and the transfers of the Pool Policies contemplated to occur pursuant to the Portfolio Transfer Agreements.

(k) After giving effect to the proposed Borrowing, the Total Outstandings would not exceed the Aggregate Commitment.

(l) In the event that the Administrative Agent determines in good faith that there has been any material change in, or in the interpretation or application by any Governmental Authority of, any applicable Law relating to the Pool Policies or the transactions contemplated by the Loan Documents, the Administrative Agent shall have received such other approvals, opinions, documents or information as the Administrative Agent may reasonably request in order to confirm (i) the satisfaction of the conditions set forth above and (ii) that each Policy included in the most recent calculation of the Borrowing Base is an Eligible Policy.

(m) Each Loan Party shall have provided to the Administrative Agent, and each Lender shall be reasonably satisfied with, the documentation and other information requested by such Lender in connection with applicable "know your customer" and anti-money-laundering rules and regulations.

Without limiting the generality of the provisions of the last paragraph of Section 9.3, for purposes of determining compliance with the conditions specified in this Section 4.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

## Article V
## REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

Section V.1 Existence, Qualification and Power. Each Loan Party (a) is duly organized, validly existing and in good standing as a limited liability company under the Laws of the State of Delaware, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business in which it is currently engaged and (ii) execute, deliver and perform its obligations

under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. Each Loan Party had at all relevant times, and now has, the power, authority and legal right to (i) acquire, own and sell, and to grant security interests in, or (ii) cause to be acquired, owned and sold, and to grant security interests in, the Pool Policies as contemplated by the Loan Documents.

Section V.2 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which it is party have been duly authorized by all necessary limited liability company or other organizational action, and do not (a) violate the terms of any of such Loan Party's Organization Documents; (b) result in any breach or contravention of, or the creation of any Lien (other than a Permitted Lien) under, or require any payment to be made under (i) any Contractual Obligation to which such Loan Party is a party or affecting it or its properties, pursuant to the terms of any such Contractual Obligation, or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; except, in the case of this clause (b), to the extent such breach or contravention could not reasonably be expected to have a Material Adverse Effect; or (c) violate in any material respect any Law.

Section V.3 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or (other than as contemplated under Section 5.22 below) filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of any Loan Document to which it is party, except such as have been duly made, effected or obtained or where the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect.

Section V.4 Binding Effect. Each Loan Document has been duly executed and delivered by each Loan Party thereto. Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party thereto enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws or other Laws affecting creditors' rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at Law.

Section V.5 No Material Adverse Effect. Since the date of the formation of either Loan Party, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

Section V.6 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of any Loan Party, GWG Life or GWG Holdings, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, either (i) by or against either Loan Party or involving any of its properties or revenues or (ii) by or against any Affiliate of either Loan Party or involving any of its properties or revenues that, in the case of

this clause, (ii) individually or in the aggregate with any one or more actions, suits, proceedings, claims or disputes described in either or both of clauses (i) and (ii), could reasonably expected to have a Material Adverse Effect.

Section V.7 No Default. No Loan Party has any Contractual Obligations other than pursuant to the Loan Documents to which it is party. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

Section V.8 Liens and Indebtedness. No property of any Loan Party is subject to any Liens other than Permitted Liens. No Loan Party has Indebtedness other than Indebtedness permitted under Section 7.3.

Section V.9 Taxes.

(a) Each Loan Party filed all federal, state and other material Tax returns and reports required to be filed, and has paid all federal, state and other material Taxes levied or imposed upon it or its properties, income or assets otherwise due and payable, except (i) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (ii) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. No Loan Party is a party to any Tax sharing agreement.

(b) For federal income tax purposes, (i) each Loan Party is disregarded as an entity separate from GWG Holdings and (ii) GWG Holdings is a domestic corporation.

Section V.10 ERISA Matters. No Loan Party nor any ERISA Affiliate of such Loan Party has incurred or could be subjected to any liability under Title IV of ERISA or Section 4975 of the Code (other than for premiums due) or maintains or contributes to, or is or has been required to maintain or contribute to, any Plan. No Loan Party holds, or is deemed to hold, any Plan Assets.

Section V.11 Ownership of Loan Parties. All of the Equity Interests of each Loan Party are duly and validly issued. There are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any such Equity Interests. All of the Equity Interests of the Borrower are owned, beneficially and of record, by the Parent free and clear of all Liens other than Permitted Liens. All of the Equity Interests of the Parent are owned, beneficially and of record, by GWG Life, and indirectly by GWG Holdings. The Parent is the sole member of the Borrower, and GWG Life is the sole member of the Parent.

Section V.12 Margin Regulations; Investment Company Act.

(a) No Loan Party is engaged nor will it engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning

of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) No Loan Party nor any Person Controlling such Loan Party is or is required to be registered as an "investment company" under the Investment Company Act.

Section V.13 Disclosure. Each Loan Party has made available to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it is subject, and has disclosed all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished), when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation; provided, further, that the Borrower is not providing any representations or warranties on the accuracy of any premium payments included on any policy illustration or generated by any actuarial model or the likelihood of increases in any premium payments, any life expectancy estimates contained in life expectancy reports or otherwise, or any other information prepared or provided by third parties (including an Insured, an Insured's physician, or an Insurer).

Section V.14 Compliance with Laws.

(a) Each Loan Party is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) any one or more failures to comply with any one or more of such requirements could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Borrower acknowledges that National Founders' obligations hereunder shall be subject to all Laws and, without limitation, the Loan Documents shall not limit the ability of National Founders to take any actions that it determines, in the exercise of its sole discretion, to be necessary or advisable to comply fully and prudently with any Law, including any regulatory margin requirement.

Section V.15 Taxpayer Identification Number; Other Identifying Information. The true and correct U.S. taxpayer identification numbers of the Loan Parties are set forth on Schedule 5.15. Each Loan Party's exact legal name at the date of this Agreement and any prior legal names, and each Loan Party's jurisdiction of organization, organizational identification number and registered office, in each case at the date of this Agreement and for the four months

immediately preceding the date of this Agreement (or if such Loan Party has existed for a period of less than four months, since its date of organization) are, in each case, as set forth on Schedule 5.15. Except as set forth on Schedule 5.15, no Loan Party has changed its name during the preceding six years nor does it have any trade names, fictitious names, assumed names or "doing business" names.

Section V.16 Anti-Corruption Laws and Sanctions. GWG Holdings has implemented and maintains in effect policies and procedures designed to ensure compliance by GWG Holdings, each Subsidiary thereof, including each Loan Party, and the respective directors, officers, employees and agents of GWG Holdings and its Subsidiaries (including any of either Loan Party) with Anti-Corruption Laws and applicable Sanctions, and GWG Holdings, each Subsidiary thereof, including each Loan Party, such officers and directors, and, to the knowledge of GWG Holdings and its Subsidiaries, such employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that could reasonably be expected to result in GWG Holdings or any Subsidiary thereof, including either Loan Party, being designated as a Sanctioned Person. None of (i) GWG Holdings, any Subsidiary thereof, including either Loan Party, or any of the respective directors, officers, employees or agents of GWG Holdings or its Subsidiaries (including any of either Loan Party) or (ii) to the knowledge of GWG Holdings and its Subsidiaries, any agent of GWG Holdings or any Subsidiary thereof, including of either Loan Party, that will act in any capacity in connection with or benefit from the Facility, is a Sanctioned Person. No Borrowing, use of proceeds of any Borrowing or other transaction contemplated by any Loan Document will violate any Anti-Corruption Law or Sanction.

Section V.17 Eligible Policies. Each Pool Policy is or, immediately following the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, will be an Eligible Policy. Each Pool Policy included in the calculation of the Borrowing Base in any Remittance Report or Borrowing Base Certificate delivered after the Closing Date will be an Eligible Policy as of the date of calculation of the Borrowing Base set forth in such Remittance Report or Borrowing Base Certificate, as the case may be.

Section V.18 Pool Policies.

(a) No selection procedures having an adverse effect on the Lenders or the Administrative Agent have been intentionally utilized in selecting any of the Policies as a Pool Policy from any other Policy in which GWG Holdings, or any Person Controlled by GWG Holdings, owns any direct or indirect economic interest which meets the eligibility criteria set forth on Annex A (other than clause (i) thereof).

(b) With respect to each Pool Policy, prior to the Borrower or an Affiliate thereof acquiring such Pool Policy, the Borrower, an Affiliate of the Borrower or a representative of the Borrower or such an Affiliate, confirmed with the related Insurer (i) that such Pool Policy was in-force, (ii) the Death Benefit with respect to such Policy, (iii) name of each owner and

beneficiary of, and Insured under, such Pool Policy and (iv) that such Pool Policy was not subject to any Lien other than a Permitted Lien.

(c) The data set forth in the Initial Data Tape with respect to the Pool Policies is true and correct in all material respects as of the Closing Date.

(d) Each Pool Policy is being serviced pursuant to the Servicing Agreement.

(e) Each Pool Policy constituting an RDB Policy is identified on the RDB Policy Schedule. The RDB Amount of each RDB Policy is the amount set forth next to such RDB Policy on the RDB Policy Schedule under the column "Current RDB Amount."

Section V.19 Solvency. Each Loan Party is Solvent, and will be Solvent after giving effect to the Borrowing on the Closing Date pursuant to the Loan Documents and the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements.

Section V.20 Notes to Financial Statements. All financial statements of the Loan Parties will contain notes clearly stating that (i) all of the Pool Policies are owned by the Borrower and (ii) the Borrower is a separate legal entity.

Section V.21 Title to Collateral. The Borrower, through the Securities Intermediary, has or, immediately following the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, will have sole good and valid title to each of the Pool Policies and the other Borrower Collateral, free and clear of all Liens other than any Permitted Lien. The Parent has sole good and valid title to the Parent Collateral, free and clear of all Liens other than any Permitted Lien.

Section V.22 Perfection. This Agreement (together with the Security Agreements, the Securities Intermediary Agreement, the Collateral Account Control Agreements, the financing statements filed on or prior to the Closing Date and payment of associated fees) is effective to create a valid and perfected first priority security interest in the Collateral (in the case of each Pool Policy, to the extent of the Borrower's Security Entitlement thereto) now existing or hereafter arising. Without limiting the foregoing, all actions (including the filing of all financing statements or other similar instruments or documents under the UCC of all applicable jurisdictions and the giving of all notices that may be required under the laws of any applicable jurisdiction) required in order to perfect and protect the interests of the Administrative Agent and the Lenders in the Collateral as against any purchasers from, or creditors of, such Loan Party have been duly taken. With respect to the Pool Policies, pursuant to the Securities Intermediary Agreement, the Borrower has or, immediately following the consummation of the transactions contemplated to occur on the Closing Date pursuant to the Portfolio Transfer Agreements, will have a valid Security Entitlement thereto credited to the Securities Account.

Section V.23 Collateral Accounts; Securities Intermediary Accounts; and Payment Instructions. No Loan Party has granted any Person, other than the Administrative Agent, dominion or control of any Collateral Account, the Securities Account, the SI Collection

Account or the SI Premium/Expense Account or the right to take dominion or control of any Collateral Account, the Securities Account, the SI Collection Account or the SI Premium/Expense Account at a future time or upon the occurrence of a future event. All Collateral Accounts are subject to the applicable Collateral Account Control Agreement duly executed and delivered by the Borrower and the Collateral Account Bank. All Insurers and other parties obligated to make payments in respect of the Borrower Collateral have been instructed to make all payments due under the Pool Policies directly to the Securities Intermediary, and the Securities Intermediary has been directed to deposit all payments received in respect of the Pool Policies directly in the SI Collection Account.

Section V.24 Use of Proceeds. No proceeds of any purchase hereunder will be used (i) for a purpose which violates, or would be inconsistent with, Regulation T, U or X promulgated by the FRB from time to time or (ii) to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934.

Section V.25 No Prior Business. None of the Loan Parties has engaged in any business activity prior to the Closing Date.

Section V.26 Affected Financial Institutions. No Loan Party is an Affected Financial Institution.

Section V.27 Servicer and Valuation Agent. Neither the Servicer nor the Valuation Agent is an Affiliate of the Borrower.

Section V.28 Non-Petition Covenants. Each material agreement to which either Loan Party is a party contains an agreement from each other party thereto substantially similar to Section 10.23, except, with respect to any such party, if such an agreement from such party exists in another agreement.

Section V.29 Beneficial Ownership Certification. The information included in each Beneficial Ownership Certification, if any, delivered to satisfy the condition set forth in Section 4.1(a)(xi) is true and correct in all material respects.

## Article VI
## AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation (other than any contingent indemnity obligations that are not then due and payable) hereunder shall remain unpaid or unsatisfied:

Section VI.1 Financial Statements. The Borrower shall deliver to the Administrative Agent for further distribution to each Lender, in form and detail reasonably satisfactory to the Administrative Agent:

(a) as soon as available, but in any event within 150 days after the end of each fiscal year of the Borrower (beginning with the fiscal year ended December 31, 2021), a

consolidated balance sheet of the Parent as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity and cash flows for such fiscal year, prepared in accordance with GAAP, and audited and accompanied by a report and opinion of Grant Thornton LLP or another independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with GAAP and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit;

(b) as soon as available, but in any event within 90 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower (commencing with the fiscal quarter ending September 30, 2021), a consolidated balance sheet of the Parent as at the end of such fiscal quarter and the related consolidated statements of income or operations for such fiscal quarter and for the portion of the Parent's fiscal year then ended, all in reasonable detail and prepared in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) on or before each Monthly Period Determination Date, a Data Tape containing updated information regarding the Pool Policies as of the end of the preceding calendar month;

(d) on or before the Monthly Period Determination Date in respect of each Remittance Date, (i) a monthly report in substantially the form of Exhibit F (the "Remittance Report") and (ii) a Borrowing Base Certificate; and

(e) promptly following any request therefor, such other information regarding the operations, business affairs or financial condition of either Loan Party, regarding any of the Collateral or regarding compliance with the terms of this Agreement and the other Loan Documents, in each case as the Administrative Agent or any Lender may reasonably request.

Section VI.2 Certificates; Other Information. The Borrower shall deliver to the Administrative Agent for further distribution to each Lender:

(a) promptly after any request by the Administrative Agent or any Lender copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or similar governing body) of the Borrower or the Parent by independent accountants in connection with the accounts or books of such Person, or any audit of any of them;

(b) concurrently with the delivery of any of the financial statements or the Remittance Report referred to in Section 6.1, a duly completed Compliance Certificate of the Borrower signed by a Responsible Officer thereof;

(c) promptly, and in any event within five Business Days after receipt thereof by a Loan Party, or any Affiliate thereof, a copy of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any

investigation or possible investigation, or any other inquiry of a material and non-ordinary course nature, by such agency regarding financial or other operational results of either Loan Party or any Affiliate thereof;

(d) promptly upon the filing or distribution thereof, copies of all registration statements (other than amendments to any registration statement (to the extent such registration statement, in the form it became effective, is delivered)) and annual, quarterly, monthly or other reports that a Loan Party files with the SEC, if any;

(e) to the extent not otherwise delivered to the Administrative Agent, promptly upon its receipt of any material notice, request for consent, financial statements, certification, report or other material communication under or in connection with any Loan Document from any Person other than the Administrative Agent or any Lender, copies of the same (excluding, in each case, any internal and/or privileged communications (including communications with counsel to any Loan Party) or any communications with any advisers of either Loan Party that are not otherwise required to be delivered under the Loan Documents); and

(f) promptly, such additional information regarding the business, financial or corporate affairs of any Loan Party or GWG Holdings, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.1 or 6.2 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which (i) the Borrower posts such documents, or provides a link thereto on the website listed on Schedule 10.2, if any, (ii) such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which the Administrative Agent has access (whether a commercial, third-party website or whether sponsored by the Administrative Agent), or (iii) the Borrower provides to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents; provided that: (x) the Borrower shall deliver paper copies of such documents to the Administrative Agent upon its request to the Borrower to deliver such paper copies and (y) the Borrower shall notify the Administrative Agent (by electronic mail) of the posting pursuant to clauses (i) and (ii) above of any such documents, and the Administrative Agent hereby agrees that it shall use commercially reasonable efforts to post such documents received pursuant to clause (ii) or (iii) above on the Borrower's behalf to a commercial, third-party or other website sponsored by the Administrative Agent and to which each Lender has access, and notify the Lenders of such posting. The Administrative Agent shall have no obligation to request the delivery or to maintain any copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents. The Borrower hereby acknowledges that the Administrative Agent may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of such Loan Party hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on DebtDomain, IntraLinks, Syndtrak or another similar electronic system (the "Platform").

Section VI.3 Notices. The Borrower shall promptly notify the Administrative Agent of:

(a) the occurrence of any Default or Event of Default;

(b) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) any breach or non-performance of, or any default under, a Contractual Obligation of either Loan Party, (ii) any dispute, litigation, investigation, proceeding or suspension between a Loan Party and any Governmental Authority or (iii) the commencement of, or any material development in, any litigation or proceeding affecting either Loan Party; and

(c) any material change in the accounting policies or financial reporting practices by either Loan Party.

Each notice pursuant to this Section 6.3 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth in reasonable detail the occurrence referred to therein and, if applicable, stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.3(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

Section VI.4 Payment of Obligations. The Borrower shall pay and discharge as the same shall become due and payable (taking into account extensions) in the ordinary course of business, all its obligations and liabilities, including (a) all Tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless (i) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Loan Party and (ii) the failure to do so could not reasonably be expected to have a Material Adverse Effect; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Loan Party; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness; except in each case, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section VI.5 Preservation of Existence, Etc. The Borrower shall preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.4 or 7.5. The Borrower shall take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section VI.6 Further Assurances. At any time or from time to time upon the reasonable request of the Administrative Agent, the Borrower shall execute and deliver such further documents and do such other acts and things as the Administrative Agent may reasonably request in order to effect fully the purposes of this Agreement and the other Loan Documents and to provide for payment of the Loans made hereunder, with interest thereon, in accordance with the terms of this Agreement.

Section VI.7 Compliance with Laws. The Borrower shall comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) failure to comply with such requirements could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section VI.8 Books and Records. The Borrower shall (a) maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied, shall be made of all financial transactions and matters involving the assets and business of the Borrower; (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower; and (c) maintain and implement administrative and operating procedures (including an ability to recreate Records relating to the Pool Policies in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable in light of industry practice for the collection of all Pool Policies (including records adequate to permit the immediate identification of each Pool Policy and all Collections of, and adjustments to, each Pool Policy).

Section VI.9 Inspection Rights. The Borrower shall permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties to examine its corporate, financial and operating records relating to the Pool Policies, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with the directors, officers and independent public accountants of the Borrower and its Affiliates, all at the expense of the Borrower, and at such reasonable times during normal business hours, upon at least five (5) Business Days' prior written notice; provided, however, that, so long as no Event of Default has occurred and is continuing, the Borrower's obligation to reimburse the Administrative Agent for expenses incurred in connection with the inspections performed by the Administrative Agent of the Loan Parties in any single calendar year, including expenses incurred in the review of the books and records of the Loan Parties in connection therewith, shall not exceed $50,000; provided, further, that so long as no Event of Default has occurred and is continuing, the Administrative Agent shall not perform audits more frequently than twice in any twelve-month period. Notwithstanding anything to the contrary in this Section 6.9, neither the Borrower nor the Parent shall be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (i) constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or the Lender (or their respective representatives or independent contractors) is prohibited by applicable Law or (iii) is subject to attorney-client or similar privilege or constitutes attorney work-product.

Section VI.10 Use of Proceeds.

(a) The Borrower shall use the proceeds of any Loan solely for Permitted Uses.

(b) The Borrower shall cause (i) the amount on deposit in the Reserve Account to be at least the Required Reserve Amount (calculated as if the Closing Date is a Remittance Date) immediately after giving effect to the Borrowing on the Closing Date and (ii) the amount on deposit in the SI Premium/Expense Account immediately after giving effect to the Borrowing on the Closing Date to equal at least the aggregate amount of premiums in respect of the Pool Policies that are scheduled by the Servicer to be paid during the period from the Closing Date to first Remittance Date.

Section VI.11 Approvals and Authorizations. The Borrower shall maintain all authorizations, consents, approvals and licenses from, exemptions of, and filings and registrations with, each Governmental Authority of the jurisdiction in which the Borrower is organized and existing, and all approvals and consents of each other Person in such jurisdiction, in each case that are required in connection with the Loan Documents, except to the extent that any one or more of such failures to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section VI.12 Security Interest. The Borrower shall maintain a first-priority (subject to Permitted Liens) perfected security interest in the Collateral (in the case of each Pool Policy, to the extent of the Borrower's Security Entitlement thereto) in favor of the Administrative Agent in accordance with the terms of the Borrower Security Agreement and, with respect to each Pool Policy, maintain a valid Security Entitlement thereto credited to the Securities Account.

Section VI.13 ERISA Matters. The Borrower shall do, or cause to be done, all things necessary to ensure that it will not be deemed to hold Plan Assets at any time.

Section VI.14 Policies In-Force. The Borrower shall maintain or cause to be maintained each Pool Policy in-force; provided that (i) neither the rescission of a Pool Policy by the Insurer nor any Pool Policy becoming void or being void *ab initio* shall constitute a breach of this Section 6.14 and (ii) the Borrower shall have the right to surrender a Pool Policy, or permit a Pool Policy to lapse, without the consent of the Administrative Agent if (a) no Event of Default has occurred and is continuing or would result from such surrender or lapse, as the case may be, and (b) either (1) such Pool Policy's Policy Value as of the date of such surrender or lapse, as the case may be, is less than or equal to zero or (2) both (A) the Borrower reasonably believes that surrendering such Pool Policy, or allowing such Pool Policy to lapse, will be accretive during the 180 days following the Closing Date and (B) surrendering such Pool Policy or allowing such Pool Policy to lapse, as the case may be, will not result in the aggregate Initial Policy Values of the Pool Policies surrendered and/or lapsed under this clause (B), and of the Pool Policies sold by the Borrower, exceeding 5% of the Aggregate Closing Date Policy Value. The Borrower shall pay Premiums, or cause Premiums to be paid, on the Pool Policies in such amounts and at such times, in all cases in accordance with the other terms of the Loan Documents, so that the aggregate Financed Death Benefit of any one or more Pool Polices that is in a state of "grace" or "lapse pending," or in any similar state, as of any date of determination does not exceed 5% of the aggregate Financed Death Benefit of all of the In-Force Pool Policies as of such date of determination.

Section VI.15 Collections. The Borrower shall (a) direct (and cause the Servicer and the Securities Intermediary to direct) all applicable Insurers and other obligors in respect of the Pool Policies and other Borrower Collateral to make all payments in respect thereof to the Securities Intermediary, (b) direct the Securities Intermediary to deposit all payments received in respect of the Pool Policies and other Borrower Collateral directly to the SI Collection Account and (c) direct all Collections deposited to the SI Collection Account to be remitted by wire transfer, within one (1) Business Day of deposit therein, directly to the Collection Account in accordance with the Securities Intermediary Agreement. If any Collections are received by any Loan Party or any of its Affiliates, the Borrower shall cause such Collections to be remitted directly to the Collection Account as soon as practicable and in any event within two Business Days of receipt of same, and, at all times prior to such remittance, such recipient shall hold such Collections in trust for the exclusive benefit of the Administrative Agent on behalf of the Secured Parties. To the extent any funds other than Collections are deposited into the Collection Account, the Borrower shall promptly (and in any event within two Business Days) identify such funds and notify the Administrative Agent of the same and direct the Administrative Agent to remit such funds to the Person entitled thereto. The Administrative Agent may at any time following the occurrence of an Event of Default request the Borrower to, and the Borrower thereupon promptly shall or shall cause its agent or representative to, direct all Insurers and other parties obligated to make payments in respect of the Borrower Collateral, the Servicer and the Securities Intermediary to remit all payments with respect to the Borrower Collateral to a new depository account or lock-box specified by the Administrative Agent (which new account shall, if so directed by the Administrative Agent, be established in the Administrative Agent's own name); provided, that, for purposes of clarification, any payment so remitted shall continue to be applied in accordance with Section 2.4(b)(i) or (ii) or 8.3, as applicable.

Section VI.16 Taxes. The Borrower shall maintain its status as an entity disregarded from a U.S. person for U.S. federal income tax purposes.

## Article VII
## NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder or any Loan or other Obligation (other than any contingent indemnity obligations that are not then due and payable) hereunder shall remain unpaid or unsatisfied:

Section VII.1 Liens. The Borrower shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than Permitted Liens.

Section VII.2 Investments. The Borrower shall not, directly or indirectly, make any Investment other than Cash Equivalent Investments maintained in the Collateral Accounts.

Section VII.3 Indebtedness; Bank Accounts. The Borrower shall not, directly or indirectly, (a) create, incur, assume or suffer to exist any Indebtedness, except Indebtedness under the Loan Documents, or (b) open or establish any bank, securities or other account

without the consent of the Administrative Agent except as contemplated by the Loan Documents (including the Borrower Account).

Section VII.4 Fundamental Changes. The Borrower shall not, directly or indirectly, merge, dissolve, liquidate, wind-up or consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except for (a) sales of Pool Policies consummated in accordance with Section 2.12(a) and (b) the lapse or surrender of any Pool Policy permitted pursuant to Section 6.14.

Section VII.5 Sale of Collateral. The Borrower shall not, directly or indirectly, sell, assign, transfer, convey or otherwise Dispose of any Collateral (including surrendering any Pool Policy or permitting any Pool Policy to lapse) except for (a) sales of Pool Policies consummated in accordance with Section 2.12(a), (b) the lapse or surrender of any Pool Policy permitted pursuant to Section 6.14 and (c) any Restricted Payment permitted pursuant to Section 7.6.

Section VII.6 Restricted Payments. The Borrower shall not, directly or indirectly, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, or issue or sell any Equity Interests, except that the Borrower may make Restricted Payments from the proceeds of any Borrowing and from amounts on deposit in the Borrower Account on any Remittance Date after giving effect to the provisions of Section 2.4(b), provided that no Default or Event of Default has occurred and is continuing or would result after giving effect to such Restricted Payment.

Section VII.7 Transactions with Affiliates. Except as expressly contemplated by the Loan Documents, the Borrower shall not, directly or indirectly, enter into any transaction of any kind with any of its Affiliates, whether or not in the ordinary course of business, unless (i) such transaction is on fair and reasonable terms no less favorable to the Borrower as would be obtainable by it at the time in a comparable arm's length transaction with a Person that is not an Affiliate of the Borrower and (ii) the Borrower has provided the Administrative Agent with written notice of such transaction at least five (5) Business Days prior to such transaction.

Section VII.8 Contractual Obligation. The Borrower shall not, directly or indirectly, enter into any Contractual Obligation (including to purchase any Policy) other than (a) a Loan Document or (b) written agreements to sell one or more Policies in accordance with Section 2.12(a).

Section VII.9 Use of Proceeds. The Borrower shall not, directly or indirectly, use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, (a) to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, (b) to purchase securities or other assets in a manner that would cause such credit extension to become a "covered transaction" as defined in Section 23A of the Federal Reserve Act (12 U.S.C. § 371c) and Regulation W of the

FRB, including any transaction where the proceeds of any Loan are used for the benefit of, or transferred to, an Affiliate of a Lender, or (c) for any use other than a Permitted Use.

Section VII.10 Sanctions. The Borrower shall not, directly or indirectly, use the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Law, (ii) for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanction applicable to any party hereto.

Section VII.11 Amendments to Certain Agreements; Non-Petition Covenants; Certain Actions With Respect to Pool Policies.

(a) The Borrower shall not, directly or indirectly, enter into, or otherwise be party to, any material agreement that does not contain an agreement from each other party thereto substantially similar to Section 10.23.

(b) The Borrower shall not, directly or indirectly, (i) amend the terms of any Pool Policy in any way that is materially adverse to the interests of Lenders, other than an amendment to which the Administrative Agent has consented in writing, (ii) request or receive any Policy Loan in respect of any Pool Policy on or following the Closing Date, (iii) elect or change any option under any Pool Policy which negatively affects the value of such Pool Policy or (iv) except for Disposing of a Pool Policy in accordance with Section 7.4 or 7.5, take any action that would cause a Pool Policy to fail to satisfy any one or more of the conditions set forth on Annex A.

(c) Without the Administrative Agent's prior written consent (which consent may not be unreasonably withheld), the Borrower shall not engage the Servicer to perform any additional service under the Servicing Agreement if doing so would result in an increase in the Servicing Fees.

Section VII.12 ERISA.

(a) The Borrower shall not, directly or indirectly, maintain or contribute to, or agree to maintain or contribute to, or permit any ERISA Affiliate of the Borrower to maintain or contribute to or agree to maintain or contribute to, any Plan.

(b) The Borrower shall not, directly or indirectly, hold Plan Assets.

Section VII.13 Representations to Credit Rating Agencies and Regulatory Bodies. The Borrower shall not, directly or indirectly, make any material misrepresentation with respect to the Loan Documents or any related transaction to any credit rating agency rating the Borrower or any Affiliate thereof or to any Governmental Authority with jurisdiction over the Borrower or any Affiliate thereof.

Section VII.14 Change in Nature of Business; Acquisition of Policies. The Borrower shall not, directly or indirectly, (a) engage in any business other than the transactions contemplated hereunder and under the other Loan Documents or agreements to sell Policies in accordance with this Agreement or (b) acquire any additional Polices after the Closing Date without the consent of the Administrative Agent.

Section VII.15 Change in Collateral Accounts. The Borrower shall not, directly or indirectly, add or terminate any Collateral Account, or make any change in the Borrower's instructions to Insurers or other parties obligated to make payments in respect of the Borrower Collateral regarding payments to be made to the SI Collection Account or any Collateral Account, unless (i) after giving effect to any such addition, termination or other change, all such parties have been instructed to make payments directly to a Collateral Account covered by a Collateral Account Control Agreement duly executed by the Borrower and the Collateral Account Bank or the SI Collection Account and (ii) in the case of any addition of a new bank proposed to be a Collateral Account Bank, the Administrative Agent shall have approved in writing the use of such bank for such purpose.

Section VII.16 Subsidiaries. The Borrower shall not, directly or indirectly, establish, create or permit to exist any Subsidiary.

## Article VIII
## EVENTS OF DEFAULT AND REMEDIES

Section VIII.1 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. Either Loan Party fails to pay, as required to be paid under any Loan Document, (i) any amount of principal of any Loan when the same shall become due and payable hereunder, whether on the Scheduled Maturity Date or otherwise, (ii) any interest on any Loan payable under any Loan Document, when the same shall become due and payable under any Loan Document and, except on or after the Maturity Date, such failure (in the case of this clause (ii)) shall continue unremedied for a period of two (2) Business Days, or (iii) any fee or other amount (other than an amount referred to in clause (i) or (ii)), when the same shall become due and payable under any Loan Document and, except on or after the Maturity Date, such failure (in the case of this clause (iii)) shall continue unremedied for a period of five (5) Business Days; or

(b) Required Reserve Deficit. If after giving effect to all payments that occur on a Remittance Date, the amount of funds in the Reserve Account on such Remittance Date fails to equal at least the Required Reserve Amount as of such Remittance Date and such failure continues for more than five (5) Business Days following such Remittance Date; or

(c) Specified Covenants. Either (i) the Borrower fails to instruct the Collateral Account Bank as and when required by the penultimate sentence of Section 2.4(e), and such failure continues for one Business Day, (ii) the Borrower fails to perform or observe any covenant in Section 6.1, 6.2, 6.3, 6.5 (as to the existence of the Borrower), 6.9, 6.10, 6.15 or 6.16

or Article VII, (iii) the Borrower fails to perform or observe any covenant in Section 6.14, and such failure continues for 15 days after the earlier of (x) the date on which written notice of such failure is received by the Borrower from the Administrative Agent and (y) the date of discovery of such failure by a Responsible Officer of the Borrower or any Affiliate thereof or (iv) the Parent fails to perform or observe any covenant in Section 4.14 (as to the existence of the Parent), 4.17 or 4.19 of the Parent Security Agreement, any of Sections 4.21 through 4.30 of the Parent Security Agreement or Article V of the Parent Security Agreement; or

(d) Insolvency Proceedings, Insolvency, Etc. Any Loan Party institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, examiner or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding (any such proceeding, with respect to any Person, being an "Insolvency Proceeding"); or is unable or admits inability to pay its debts as they fall due; or is deemed to or declared to be unable to pay its debts under applicable law; or the value of its assets are less than its liabilities (taking into account contingent and prospective liabilities); or

(e) Other Defaults. Any Loan Party fails to perform or observe in a material respect (to the extent not already qualified by materiality or Material Adverse Effect) any other covenant or agreement (not specified in any of Sections 8.1(a) through (d) or in Section 8.1(n)) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the earlier of (i) the date on which written notice of such failure is received by the applicable Loan Party from the Administrative Agent and (ii) the date of discovery of such failure by a Responsible Officer of the applicable Loan Party or any Affiliate thereof; or

(f) Borrower Certification. Any Borrower Certification proves to have been inaccurate; or

(g) Representations and Warranties. Any representation, warranty, certification or statement of fact (other than a Borrower Certification) made or deemed made by or on behalf of any Loan Party, GWG Holdings or any Transferring Portfolio Owner, including in any certificate delivered by any such Person in connection with a legal opinion described in Section 4.1(a)(v), shall be incorrect or misleading in a material respect (to the extent not already qualified by materiality or Material Adverse Effect) when made or deemed made; provided that if such breach is capable of being cured, then such breach will not constitute an Event of Default hereunder unless such breach remains unremedied for thirty (30) days after the earlier of (i) the date on which written notice of such failure is received by either Loan Party from the

Administrative Agent and (ii) the date of discovery of such failure by a Responsible Officer of either Loan Party, GWG Holdings or either Transferring Portfolio Owner; or

(h) Security Interest Failure. Either (i) the Administrative Agent fails for any reason to have a first priority perfected security interest in any Collateral (in the case of each Pool Policy, to the extent of the Borrower's Security Entitlement thereto) in accordance with the terms of the applicable Security Agreement or (ii) with respect to any Pool Policy, the Borrower fails to maintain a valid Security Entitlement thereto credited to the Securities Account; or

(i) Trigger Event or Change in Control. Any Trigger Event or Change in Control shall occur; or

(j) Invalidity of Loan Documents. Either (i) any material obligation of any Loan Party or any Affiliate thereof under any Loan Document at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations (other than contingent indemnity obligation not then due and payable), ceases to be in full force and effect, or (ii) any Loan Party or any other Person contests in any manner the validity or enforceability of any material provision of any Loan Document or (iii) any Loan Party or Affiliate thereof repudiates its liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any material provision of any Loan Document; or

(k) Judgments. Any final judgment or order by one or more courts of competent jurisdiction for the payment of money shall be rendered against any Loan Party in an aggregate amount in excess of $15,000, and the same shall remain unsatisfied, unvacated, unbonded or unstayed for a period of thirty (30) days; or

(l) Investment Company. Any Loan Party shall be required to be registered as an "investment company" under the Investment Company Act; or

(m) Servicer Default. A Servicer Default shall occur; or

(n) Special Purpose Entity Requirements. Either Loan Party, or any Person that owns any Equity Interest of the Parent, shall fail to comply with the Special Purpose Entity Requirements applicable to such Loan Party or other Person in all material respects and such failure continues for five (5) Business Days after the earlier of (i) the date on which written notice of such failure is received by either Loan Party from the Administrative Agent and (ii) the date of discovery of such failure by a Responsible Officer of either Loan Party, GWG Life or GWG Holdings; or

(o) Minimum Net Worth. The Net Worth of the Borrower as of the end of any fiscal quarter shall be less than zero Dollars; or

(p) Entitlement Order Confirmation. The Administrative Agent shall not have received a notice from the Securities Intermediary, in substantially the form of Exhibit 1 of the Entitlement Order, within one Business Day following the Closing Date; or

(q) Amendments to Loan Party's Organization Documents. Any Organization Document of either Loan Party shall have been amended, other than an amendment (i) (A) that solely cures any ambiguity, typographical or manifest error or defect in such Organization Document and (B) of which the Administrative Agent was provided notice before execution of such amendment or (ii) to which the Administrative Agent has consented in writing (such consent not to be unreasonably withheld or delayed).

Section VIII.2 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall at the request of the Required Lenders (or may with the consent of the Required Lenders) take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans (other than Protective Advances) to be terminated, whereupon such commitments and obligations shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties;

(c) deliver a notice of exclusive control in relation to any Collateral Account and give instructions to the Collateral Account Bank in relation thereto under the provisions of the applicable Collateral Account Control Agreement;

(d) deliver a notice of exclusive control in relation to the Securities Account, SI Collection Account or SI Premium/Expense Account and give instructions to the Securities Intermediary in relation thereto under the provisions of the Securities Intermediary Agreement;

(e) in addition to all other rights and remedies under the Loan Documents and/or of a secured party under the UCC and other legal or equitable remedies, realize upon the Collateral and/or immediately sell, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof, subject to, and in accordance with the terms of the Security Agreements; and

(f) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower or the Parent under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans (other than Protective Advances) shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender or other Person.

Section VIII.3 Application of Funds. After the exercise of remedies provided for in Section 8.2 (or after the Loans have automatically become immediately due and payable as set

forth in the proviso to Section 8.2), any amount received on account of the Obligations shall, subject to the provisions of Section 2.11, be applied by the Administrative Agent in the following order:

(a) *first*, on a *pari passu* basis, to the Collateral Account Bank, the Securities Intermediary and the other applicable Third Party Indemnitees, an amount equal to (i) the Collateral Account Bank Fees and the Securities Intermediary Fees owed to the Collateral Account Bank or the Securities Intermediary, in each case, then due and payable by the Borrower to such parties, and (ii) all other amounts (including in respect of any indemnification obligation) then due and payable by the Borrower under a Collateral Account Control Agreement or the Securities Intermediary Agreement;

(b) *second*, for payment of the amount (which may be zero) determined by the Administrative Agent in its sole discretion to be necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, or (ii) to enhance the likelihood of, or maximize the amount of, repayment of the one or more Loans and other Obligations;

(c) *third*, to the Reserve Account, the amount (which may be zero) determined by the Administrative Agent in its sole discretion to be necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, (ii) to enhance the likelihood of, or maximize the amount of, repayment of the one or more Loans and other Obligations or (iii) to pay, or provide for the payment of, any Borrower Expense or any other amount chargeable to, or required to be paid by, the Borrower pursuant to the terms of any Loan Document (other than any Obligation described in Section 8.3(d), (e), (h) or (i));

(d) *fourth*, to the Administrative Agent for the account of the Administrative Agent and its Related Parties (but, in the case of a Related Party of the Administrative Agent, solely because of the Administrative Agent's position as such) on a *pari passu* basis, an amount equal to the Obligations that are then due and payable to such Secured Parties but are not of the type described in Section 8.3(h) or (i);

(e) *fifth*, to the Administrative Agent for the account of the Lenders and their respective Related Parties on a *pari passu* basis, an amount equal to the Obligations that are then due and payable to such Secured Parties but are not of the type described in Section 8.3(h) or (i);

(f) *sixth*, for payment of the amount (which may be zero) determined by the Administrative Agent in its sole discretion to be necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, or (ii) to enhance the likelihood of, or maximize the amount of, repayment of the one or more Loans and other Obligations;

(g) *seventh*, to the Reserve Account, the amount (which may be zero) determined by the Administrative Agent in its sole to be necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, (ii) to enhance the likelihood of, or maximize the amount of, repayment of the one or more Loans and other Obligations or (iii) to pay, or provide for the payment of, any Borrower Expense or any other amount chargeable to, or required to be

paid by, the Borrower pursuant to the terms of any Loan Document (other than any Obligation described in Section 8.3(h) or (i));

(h) *eighth*, to the Administrative Agent for the account of the Lenders, an amount equal to the accrued and unpaid interest on the one or more Loans then due and payable;

(i) *ninth*, to the Administrative Agent for the account of the Lenders, an amount equal to aggregate outstanding principal amount of the one or more Loans; and

(j) *tenth*, after all of the Obligations have been indefeasibly paid or otherwise satisfied in full, to the Borrower by deposit into the Borrower Account, or as otherwise required by Law, any such amount remaining.

## Article IX
## ADMINISTRATIVE AGENT

Section IX.1 Appointment and Authority. Each of the Lenders hereby irrevocably appoints National Founders to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders and the Borrower shall have no rights as third party beneficiary of any such provisions, except that that the Borrower shall be entitled to rely on and enforce the provisions of Sections 9.6 and 9.10. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section IX.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section IX.3 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents or those rights and powers that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.2 and 10.1) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default, as the case may be, is given in writing to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section IX.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine

and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section IX.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section IX.6 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, if no Event of Default exists or is continuing upon the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed), and if an Event of Default exists and is continuing in consultation with the Borrower, to appoint a successor, which at all times shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders and, if no Event of Default exists or is continuing, the Borrower) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted

by applicable law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article IX and Section 10.4 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (i) while the retiring or removed Administrative Agent was acting as Administrative Agent and (ii) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other Loan Documents, including (a) acting as collateral agent or otherwise holding any collateral security on behalf of any of the Lenders and (b) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

Section IX.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section IX.8 Administrative Agent May File Proofs of Claim; Credit Bidding.

(a) In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.8 and 10.4) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.8 and 10.4.

(b) Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

(c) The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code of the United States, including under Sections 363, 1123 or 1129 of the Bankruptcy Code of the United States, or any similar Laws in any other jurisdictions to which a Loan Party is subject, (b) at any other sale or foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable Law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the

acquired assets on a ratable basis that would vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) in the asset or assets so purchased (or in the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles to make a bid, (ii) to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof shall be governed, directly or indirectly, by the vote of the Required Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in clauses (a) through (g) of Section 10.1 of this Agreement, (iii) the Administrative Agent shall be authorized to assign the relevant Obligations to any such acquisition vehicle pro rata by the Lenders, as a result of which each of the Lenders shall be deemed to have received a pro rata portion of any Equity Interests and/or debt instruments issued by such an acquisition vehicle on account of the assignment of the Obligations to be credit bid, all without the need for any Secured Party or acquisition vehicle to take any further action, and (iv) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of debt credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Lenders pro rata and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of the Obligations that had been assigned to the acquisition vehicle shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action.

Section IX.9 Collateral Matters.

(a) Without limiting the provisions of Section 9.8, the Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitment and payment in full of all Obligations (other than contingent indemnification obligations), (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) subject to Section 10.1, if approved, authorized or ratified in writing by the Required Lenders.

(b) Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property pursuant to this Section 9.9.

(c) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the

Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

## Article X
## MISCELLANEOUS

Section X.1 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any party hereto, shall be effective unless in writing signed by the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) and the Borrower or the applicable Loan Party and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.1(a) without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.2) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan, or (subject to clause (ii) of the second proviso to this Section 10.1) any fees or other amounts payable hereunder or under any other Loan Document, or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the LTV Percentage that would result in a reduction of any interest rate on any Loan or any fee payable hereunder without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(e) change Section 8.3 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(f) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender; and

(g) change any provision of this Agreement in a manner adversely affecting the rights of any of the Securities Intermediary, the Collateral Account Bank or the Servicer to

any amount owed to it under Section 2.4 or 8.3 or any other provision hereof, in each case, without the written consent of any such Person adversely affected;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

Section X.2 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 10.2(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, any other Loan Party or the Administrative Agent, to the address, electronic mail address or telephone number specified for such Person on Schedule 10.2; and

(ii) if to any other Lender, to the address, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices and other communications delivered through electronic communications to the extent provided in Section 10.2(b), shall be effective as provided in such Section 10.2(b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including email, FpML messaging, and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of

receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the recipient affirmatively confirming such receipt to the sender thereof, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's, any Loan Party's or the Administrative Agent's transmission of Borrower Materials through the Internet.

(d) Effectiveness of Facsimile of Electronic Mail Documents. Loan Documents may be transmitted by facsimile or electronic mail. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on each Loan Party, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or electronic mail document or signature.

(e) Change of Address, Etc. The Loan Parties and the Administrative Agent may change its address, electronic mail address or telephone number for notices and other communications hereunder by written notice to the other parties hereto. Each other Lender may change its address, electronic mail address or telephone number for notices and other communications hereunder by written notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that

the Administrative Agent has on record (i) an effective address, contact name, telephone number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(f) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Loan Notices) purportedly given by or on behalf of the Borrower or any other Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower or any other Loan Party. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section X.3 No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.2 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 10.8 (subject to the terms of Section 2.10), or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.2 and (ii) in addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.10, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Section X.4 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and each Lender and their respective Affiliates (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent (with any such fee or charge being limited to external counsel for the Administrative Agent)), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, and the other Loan Documents or any amendments, modifications or waivers thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent or any Lender (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender (with any such fee or charge being limited to external counsel for the Administrative Agent or a Lender)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 10.4, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof) and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all costs, losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all reasonable fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other Loan Party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any subagent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.1), (ii) any Loan or the use or proposed use of the proceeds therefrom or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing (including any such claim, litigation or proceeding arising from any sale or distribution of securities by the Borrower), whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as

determined by a court of competent jurisdiction. Without limiting the provisions of Section 3.1(c), this Section 10.4(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the applicable Loan Party for any reason fails to indefeasibly pay any amount required under Section 10.4(a) or (b) to be paid by it to the Administrative Agent (or any sub-agent thereof), or any Related Party of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought), provided further that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or against any Related Party of any of the foregoing acting for the Administrative Agent (or any sub-agent) in connection with such capacity. The obligations of the Lenders under this Section 10.4(c) are subject to the provisions of Section 2.9(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, and acknowledges that no other Person shall have, any claim against any other party hereto or any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof (except to the extent such damages are recovered by third parties in connection with claims made by such third parties that are indemnified under this Agreement). No party hereto shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such party hereto through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such party as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section 10.4 shall be payable not later than ten Business Days after demand therefor made after such amount became due and payable.

(f) Survival. The agreements in this Section 10.4 and the indemnity provisions of Section 10.2(f) shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitment and the repayment, satisfaction or discharge of all the other Obligations.

Section X.5 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

Section X.6 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 10.6(b), (ii) by way of participation in accordance with the provisions of Section 10.6(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.6(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 10.6(d) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement; provided, that, notwithstanding the foregoing, the Securities Intermediary, the Collateral Account Bank and the Servicer shall be express third party beneficiaries of this Agreement, entitled to enforce the rights provided thereto herein as if direct parties hereto.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement with respect to the Loans or the Commitment assigned.

(ii) Required Consents. Any assignment hereunder shall require prior written notification to the Borrower and prior written consent of (A) the Administrative Agent (such consent not to be unreasonably withheld or delayed), if such assignment is to a Person that is not a Lender or that is a Defaulting Lender, and (B) the Borrower (such consent not to be unreasonably withheld or delayed) if (1) an Event of Default has not occurred and is continuing and (2) such assignment is to a Person that (x) invests directly in life settlements on a principal basis (or is actually known by the assigning Lender to be an Affiliate of a Person that so invests) and (y) is not a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender.

(iii) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent and the Borrower an Administrative Questionnaire.

(iv) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 10.6(c), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.1, 3.2, and 10.4 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that

Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.6(b) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.6(d).

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of the Borrower (except to the extent required under clause (v)) or the Administrative Agent, sell participations to any Person (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (iv) such Lender provides notice of such sale to the Borrower and the Administrative Agent at least (3) Business Days prior to such sale and (v) unless an Event of Default has occurred and is continuing, the Borrower consents to such sale (such consent not to be unreasonably withheld or delayed), if such Participant is a Person that (x) invests directly in life settlements on a principal basis (or is actually known by the assigning Lender to be an Affiliate of a Person that so invests) and (y) is not a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.4(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.1 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1 and 3.2 (subject to the requirements and limitations therein, including the requirements under Section 3.1(e) (it being understood that the documentation required under Section 3.1(e) shall be delivered to the Lender who sells the

participation)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.4(b); provided that such Participant (A) agrees to be subject to the provisions of Sections 3.3 and 10.13 as if it were an assignee under Section 10.4 (b) and (B) shall not be entitled to receive any greater payment under Sections 3.1 or 3.2, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent that such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation and the same greater payment would also have applied to the relevant Lender. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 3.3 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.10 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to any Person to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Status as Qualified Purchaser. Notwithstanding anything to the contrary set forth herein or in any other Loan Document, each Lender hereunder, and each Participant, must at all times be a "qualified purchaser" as defined in the Investment Company Act (a "Qualified Purchaser"). Accordingly:

(i) each Lender represents to the Borrower, (A) on the date that it becomes a party to this Agreement (whether by being a signatory hereto or by entering into an Assignment and Assumption) and (B) on each date on which it makes a Loan hereunder, that it is a Qualified Purchaser;

(ii) each Lender agrees that it shall not assign, or grant any participations in, any of its rights or obligations under this Agreement to any Person unless such Person is a Qualified Purchaser; and

(iii) the Borrower agrees that, to the extent it has the right to consent to any assignment or participation herein, it shall not consent to such assignment or participation hereunder unless it reasonably believes that the assignee or participant is a Qualified Purchaser at the time of such assignment or participation and that such assignment or participation will not cause the Borrower, the Parent or the pool of Collateral to be required to register as an investment company under the Investment Company Act.

Section X.7 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or any Person invited to be a Lender pursuant to Section 10.1 or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any of the Borrower and their obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower that, to the Administrative Agent's or such Lender's knowledge, does not have a duty of confidentiality to any Loan Party. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement (but not any economic terms or information about any Pool Policies or Insureds) to market data collectors, similar service providers to the lending industry and service providers to the Agents and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments. "Information" means all information received from or on behalf of the Borrower relating to the Borrower or the Collateral, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower. Any Person required to

maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Loan Parties, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws. Neither the Borrower nor any Affiliate thereof shall publicly file any Loan Document with the SEC (except to the extent such Loan Document already is publicly available at such time) without having provided the Administrative Agent with a reasonable opportunity to review, and consult with the filing party regarding the scope of, the proposed filing.

Section X.8 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.11 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section X.9 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law,

(a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section X.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. “pdf” or “tiff”) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section X.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid.

Section X.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section X.13 Replacement of Lenders. If any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without

recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.6), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.1 and 3.2) and obligations under this Agreement and the related Loan Documents to a Person that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) to the extent required by the Administrative Agent pursuant to Section 10.6(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.2 or payments required to be made pursuant to Section 3.1, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of an assignment resulting from a Lender becoming a NonConsenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section X.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OTHER PARTY HERETO OR ANY RELATED PARTY OF ANY PARTY HERETO IN ANY WAY RELATING TO THIS AGREEMENT OR ANY

OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; PROVIDED, THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR AFFILIATE THEREOF OR ANY OF THEIR RESPECTIVE PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION TO THE EXTENT REQUIRED TO REALIZE UPON THE COLLATERAL IN ACCORDANCE WITH THE TERMS OF THE LOAN DOCUMENTS.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.2. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Section X.15 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD

NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section X.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Lenders are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) neither the Administrative Agent nor any Lender has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent nor any Lender has any obligation to disclose any of such interests to the Borrower or any of its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section X.17 Electronic Execution of Assignments and Certain Other Documents. The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including Assignment and Assumptions, amendments or other modifications, Loan Notices, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Section X.18 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including, the Act and the Beneficial Ownership Regulation.

Section X.19 Compliance with Laws. The Borrower acknowledges that National Founders' obligations hereunder shall be subject to all Laws and, without limitation, the Loan Documents shall not limit the ability of National Founders to take any actions that it determines, in the exercise of its sole discretion, to be necessary or advisable to comply fully and prudently with any Law, including any regulatory margin requirement.

Section X.20 Time of the Essence. Time is of the essence of the Loan Documents.

Section X.21 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Loan Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from the Borrower in the Agreement Currency, each Loan Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Loan Party (or to any other Person who may be entitled thereto under applicable law).

Section X.22 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other

agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section X.23 Non-Petition. The Administrative Agent, the Lenders, and anyone acting on behalf of the Administrative Agent or the Lenders, shall not be entitled to institute, or join any other person in bringing, instituting or joining, any bankruptcy, reorganization, arrangement, insolvency, winding-up, examinership or liquidation proceedings, or other proceedings under any applicable bankruptcy or similar law in relation to the Borrower until the date that is one year and one day (or, if longer, the applicable preference period) following the payment in full of all Obligations. The obligations of the Borrower under the Loan Documents are solely the limited liability company obligations of the Borrower. None of the parties to the Loan Documents shall have any recourse against any director, shareholder, partner or officer of the Borrower in respect of any obligations, covenant or agreement entered into or made by the Borrower pursuant to the terms of the Loan Documents or any notice or documents which it is requested to deliver hereunder or thereunder. The provisions of this Section 10.23 shall survive the termination of this Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

**GWG DLP FUNDING VI, LLC**

By: _____
Name:
Title:

**NATIONAL FOUNDERS LP,**
as the Administrative Agent

By: _____
Name:
Title:

**NATIONAL FOUNDERS LP,**
as a Lender

By: _____
Name:
Title:

**EXECUTION VERSION**

270242948V.9

SECURITY AGREEMENT

By

GWG DLP FUNDING HOLDINGS VI, LLC,
as the Pledgor,

and

NATIONAL FOUNDERS LP,
as Administrative Agent on behalf of the Secured Parties

_____

Dated as of August 11, 2021

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SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of August 11, 2021 (this "Agreement") is made by GWG DLP FUNDING HOLDINGS VI, LLC, a Delaware limited liability company (the "Pledgor"), as pledgor, assignor and debtor, in favor of NATIONAL FOUNDERS LP, in its capacity as the administrative agent under the Credit Agreement referenced below (in such capacity and together with any successor in such capacity, the "Administrative Agent"), as pledgee, assignee and secured party.

R E C I T A L S:

A. The Pledgor is the sole member of GWG DLP Funding VI, LLC (the "Borrower").

B. The Borrower has entered into that certain Credit Agreement, dated as of the date hereof (the "Credit Agreement"), among the Borrower, the lenders party thereto from time to time and the Administrative Agent.

C. The Pledgor will derive substantial direct and indirect benefits from the transactions contemplated by the Credit Agreement, including the borrowing contemplated to occur thereunder on the Closing Date (as defined in the Credit Agreement).

D. This Agreement is given by the Pledgor in favor of the Administrative Agent for the benefit of the Secured Parties (as defined in the Credit Agreement) to secure the payment and performance of all of the Obligations (as defined in the Credit Agreement).

E. It is a condition to the obligation of each Lender (as defined in the Credit Agreement) to make a Loan (as defined in the Credit Agreement) on the Closing Date under the Credit Agreement that the Pledgor execute and deliver this Agreement.

A G R E E M E N T:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Administrative Agent hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section I.1. Definitions.

(a) Capitalized terms not defined herein shall have the meanings ascribed to them in the Credit Agreement or, if not defined therein, in the UCC (as hereinafter defined); provided that in any event, the following terms shall have the meanings assigned to them in the UCC (whether or not defined in the Credit Agreement differently):

"Accounts"; "Bank"; "Chattel Paper"; "Commercial Tort Claim"; "Deposit Account"; "Documents" "Entitlement Order"; "Financial Asset"; "General Intangibles"; "Goods"; "Investment Property"; "Letter-of-Credit Rights"; "Letters of Credit"; "Money"; "Payment Intangibles"; "Proceeds"; "Records"; "Securities Account"; "Securities Intermediary"; "Security Entitlement" and "Supporting Obligations".

(b) The following terms shall have the following meanings:

"Administrative Agent" shall have the meaning assigned to such term in the preamble hereof.

"Agreement" shall have the meaning assigned to such term in the preamble hereof.

"Borrower" shall have the meaning assigned to such term in Recital A.

"Collateral" shall have the meaning assigned to such term in Section 2.1.

"Continuing Event of Default" shall mean any Event of Default that has occurred and is continuing and has not been waived or cured in accordance with the provisions of the Credit Agreement. Any Event of Default not so waived or cured prior to the exercise by the Administrative Agent of remedies under Section 8.2 of the Credit Agreement (or prior to the occurrence of an Event of Default under Section 8.1(d) of the Credit Agreement) will be a Continuing Event of Default notwithstanding any subsequent cure.

"Control" shall mean (i) in the case of each Deposit Account, "control," as such term is defined in Section 9-104 of the UCC, and (ii) in the case of any Securities Account, including any Financial Asset credited to such Securities Account, and any Security Entitlement, "control," as such term is defined in Section 8-106 of the UCC.

"Credit Agreement" shall have the meaning assigned to such term in Recital B.

"Distributions" shall mean, collectively, with respect to the Pledgor, all dividends, cash, options, warrants, rights, instruments, distributions, Death Benefits, returns of premium, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Collateral, from time to time received, receivable or otherwise distributed to the Pledgor in respect of or in exchange for any or all of the Collateral.

"Instruments" shall mean, collectively, with respect to the Pledgor, all "instruments," as such term is defined in Article 9, rather than Article 3, of the UCC, and shall include all promissory notes, drafts, bills of exchange or acceptances.

"Pledgor" shall have the meaning assigned to such term in the preamble.

"Pledgor Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock, limited liability company interest or other Equity Interest of the Pledgor, or any payment (whether in cash, securities or other

property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock, limited liability company interest or other Equity Interest, or on account of any return of capital to the Pledgor's stockholders, partners or members (or the equivalent Person thereof).

"Pool Policy Collateral" means any Collateral described in Section 2.1(b) or (c).

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that, at any time, if by reason of any mandatory provisions of Law, any or all of the perfection or priority of the Administrative Agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of the definitions relating to such provisions.

Section I.2. Interpretation. With reference to this Agreement, unless otherwise specified in this Agreement:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement (including any Loan Document), instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time (including on or prior to the date hereof) amended, restated, supplemented or otherwise modified in accordance with its terms (subject to any restrictions on such amendments, restatements supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any party to any agreement (including any Loan Document), instrument or other document shall be deemed to refer to any Person that becomes (or became, if applicable) a successor or permitted assign of such party, upon the occurrence thereof, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision of this Agreement, (iv) all references in a Loan Document to Articles, Sections, Exhibits, Annexes and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Annexes and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time (including on or prior to the date hereof), and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) This Agreement has been negotiated by the parties hereto and jointly drafted and reviewed by the parties hereto and their respective counsel. Accordingly, no provision of any Loan Document shall be interpreted in favor of, or against, a party hereto or thereto by reason of the extent to which such party or its counsel participated in the drafting of such provision or any Loan Document, and each party hereto hereby waives, to the fullest extent permitted by Law, any rule of Law that would require such interpretation but for this sentence.

## ARTICLE II
## GRANT OF SECURITY AND OBLIGATIONS

Section II.1. Grant of Security Interest. As collateral security for the payment and performance in full of all the Obligations, the Pledgor hereby pledges and grants to the Administrative Agent, for the benefit of the Secured Parties, a Lien on and security interest in all of the right, title and interest of the Pledgor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the "Collateral"):

(a) all of the Equity Interests of the Borrower, any certificate representing any such Equity Interest, the Borrower's Organization Documents, and all dividends and other distributions (whether in cash, securities or other property), cash, instruments, Chattel Paper and other rights, property, Proceeds and products from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any such Equity Interest, certificate or Organization Document, including all rights and interests of the Pledgor to receive (or to have received) any such dividend, distribution, cash, instrument, Chattel Paper or other right, property, Proceed or product;

(b) all of the Pool Policies, including all Death Benefits and returned premiums paid or payable under or otherwise with respect to each Pool Policy, but, in the case of this clause (b) only (i) from and after the Pledgor's execution of the Parent Sale and Contribution Agreement and (ii) to the extent that any Pool Policy, or any such Death Benefit or returned premium, is not effectively transferred by the Pledgor to the Borrower pursuant to the Borrower Sale and Contribution Agreement;

(c) the Policy File with respect to each Pool Policy, including the Policy Purchase Documents relating thereto, but, in the case of this clause (c) only (i) from and after the Pledgor's execution of the Parent Sale and Contribution Agreement and (ii) to the extent that any such Policy File is not effectively transferred by the Pledgor to the Borrower pursuant to the Borrower Sale and Contribution Agreement;

(d) all Instruments;

(e) all Investment Property;

(f) all General Intangibles, including all Payment Intangibles;

(g) all Money and all Deposit Accounts and all certificates of deposit;

(h) all Chattel Paper;

(i) all Letters of Credit and all Letter-of-Credit Rights;

(j) all Documents;

(k) all Supporting Obligations;

(l) all books and Records;

(m) all Accounts;

(n) all Goods;

(o) all Commercial Tort Claims;

(p) all rights, titles, interests, remedies and privileges under each Loan Document and other agreement to which the Pledgor is a party or beneficiary thereof from time to time;

(q) all Collections and all other cash and cash equivalents (i) held in, or expressly required to be deposited into, any Securities Account or any Deposit Account or (ii) received by the Administrative Agent or any other Secured Party as a result of the exercise of remedies in accordance with the Loan Documents in respect of the Collateral; and

(r) to the extent not covered by any of clauses (a) through (q) of this sentence, all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to the Pledgor from time to time with respect to any of the foregoing.

Section II.2. Filings.

(a) The Pledgor hereby irrevocably authorizes the Administrative Agent at any time and from time to time at the Pledgor's expense to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including the name of the Pledgor (and any trustee, trust or other legal entity or subdivision referenced therein), the location of the Pledgor,

whether the Pledgor is an organization, the type of organization of the Pledgor and any organizational identification number issued to the Pledgor. The Pledgor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon its receipt of a written request by the Administrative Agent. Any financing statement filed by the Administrative Agent may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner such as "all of Pledgor's right, title and interest in, to and under any and all property, whether now owned or existing or at any time hereafter acquired, created or arising, whether tangible or intangible, and regardless of where located" of the Pledgor or words of similar effect as being of an equal or lesser scope or with greater detail.

(b) The Pledgor hereby ratifies its authorization for the Administrative Agent to file in any relevant jurisdiction any financing statements relating to the Collateral if filed prior to the date hereof; provided that, if the transactions contemplated by the Loan Documents are not consummated, the Administrative Agent shall file, at its own expense, such termination statements within three (3) Business Days as are necessary to terminate any such financing statements so filed.

## ARTICLE III
## PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL

Section III.1. Financing Statements and Other Filings; Maintenance of Perfected Security Interest. The Pledgor represents and warrants that all financing statements, agreements, instruments, filings and other documents necessary to perfect the security interest granted by it to the Administrative Agent in respect of the Collateral have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each relevant governmental, municipal or other office. The Pledgor agrees that at its sole cost and expense, the Pledgor will maintain the security interest created by this Agreement in the Collateral as a perfected first priority security interest.

Section III.2. Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Administrative Agent to enforce, the Administrative Agent's security interest in the Collateral, the Pledgor represents and warrants as follows and agrees, in each case at the Pledgor's own expense, to take the following actions with respect to the following Collateral:

(a) Securities; Instruments. The Pledgor will hold in trust for the Administrative Agent upon receipt and promptly deliver to the Administrative Agent any Securities or Instruments constituting Collateral, accompanied by any necessary stock power or endorsement duly executed in blank.

(b) Deposit Accounts. As of the date hereof, the Pledgor has no Deposit Accounts. The Pledgor shall not hereafter establish or maintain any Deposit Account without the written consent of the Administrative Agent. The Pledgor shall not grant Control of any Deposit Account to any Person other than the Administrative Agent.

(c) Securities Accounts.

(i) As of the date hereof, the Pledgor has no Securities Accounts. The Pledgor shall not hereafter establish or maintain any additional Securities Account with any Securities Intermediary without the written consent of the Administrative Agent. The Pledgor shall not grant Control over any Investment Property to any Person other than the Administrative Agent.

(ii) As between the Administrative Agent and the Pledgor, the Pledgor shall bear the investment risk with respect to all Investment Property, and the risk of loss of, damage to, or destruction of, all Investment Property, whether in the possession of, or maintained as a Security Entitlement or deposit by, or subject to the Control of, the Administrative Agent, a Securities Intermediary, the Pledgor or any other Person.

Section III.3. Supplements; Further Assurances.

(a) The Pledgor shall at its sole expense take such further actions, and execute and/or deliver to the Administrative Agent such additional financing statements, amendments, assignments, agreements, notices, supplements, powers and instruments, lists, schedules, descriptions and designations of Collateral, invoices, confirmatory assignments, additional security agreements, conveyances, transfer endorsements, certificates, reports and other assurances, documents and instruments as the Administrative Agent may in its reasonable judgment deem necessary or desirable in order to create, perfect, preserve or otherwise protect the security interest in the Collateral or any part thereof as provided herein and the rights and interests granted to the Administrative Agent hereunder and under the other Loan Documents, to carry into effect the purposes hereof or better to assure and confirm the validity, enforceability and priority of the Administrative Agent's security interest in the Collateral or permit the Administrative Agent to exercise and enforce its rights, powers and remedies hereunder and under the other Loan Documents, including the filing of financing statements, continuation statements, amendments thereto and assignments thereof and other documents (including this Agreement) under the UCC (or any other similar Law) in any applicable jurisdiction with respect to the security interest created hereby, all in form reasonably satisfactory to the Administrative Agent and in such offices wherever required by Law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Administrative Agent hereunder, as against third parties, with respect to the Collateral. The Pledgor shall file and shall promptly pay the reasonable costs of, or incidental to, any recording or filing of any such financing or continuation statements concerning the Collateral.

(b) Without limiting the generality of the foregoing, the Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time upon reasonable request by the Administrative Agent such lists, schedules, descriptions and designations of the Collateral, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, certificates, reports and other assurances or instruments as the Administrative Agent shall reasonably request. If an Event of Default has occurred and is continuing, the

Administrative Agent may institute and maintain, in its own name or in the name of the Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgor.

(c) Without limiting any other right of the Administrative Agent hereunder, with respect to any Collateral constituting a receivable, the Administrative Agent may advise each obligor thereof of the Lien thereon created by this Agreement at any time.

Section III.4. Pledgor Restricted Payments. For purposes of clarification, but without limiting the immediately following sentence, neither the pledge or grant of any Lien hereunder nor any other provision of this Agreement shall restrict the Pledgor from declaring or making any Pledgor Restricted Payment. The Pledgor shall not, directly or indirectly, declare or make any Pledgor Restricted Payment of, or with respect to, any property that the Pledgor received, or that otherwise derives from any property that the Pledgor received, in contravention of any provision of the Credit Agreement (including Section 7.6 thereof).

## ARTICLE IV
## REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS

The Pledgor represents, warrants and covenants as follows:

Section IV.1. Existence, Qualification and Power. The Pledgor (a) is duly organized, validly existing and in good standing as a limited liability company under the Laws of the State of Delaware, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business in which it is currently engaged and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section IV.2. Authorization; No Contravention. The execution, delivery and performance by the Pledgor of each Loan Document to which it is party have been duly authorized by all necessary limited liability company or other organizational action, and do not (a) violate the terms of any of the Organization Documents of the Pledgor; (b) result in any breach or contravention of, or the creation of any Lien (other than a Permitted Lien) under, or require any payment to be made under (i) any Contractual Obligation to which the Pledgor is a party or affecting it or its properties, pursuant to the terms of any such Contractual Obligation, or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Pledgor or its property is subject; except, in the case of this clause (b), to the extent such breach or contravention could not reasonably be expected to have a Material Adverse Effect; or (c) violate in any material respect any Law.

Section IV.3. Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or (other than the financing statements contemplated by the Parent Sale and Contribution Agreement and the Borrower Sale and Contribution Agreement) filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Pledgor of any Loan Document to which it is party, except such as have been duly made, effected or obtained or where the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect.

Section IV.4. Binding Effect. Each Loan Document to which the Pledgor is a party has been duly executed and delivered by the Pledgor. Each such Loan Document constitutes a legal, valid and binding obligation of the Pledgor enforceable against the Pledgor in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws or other Laws affecting creditors' rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at Law.

Section IV.5. Title. Except for the security interest granted to the Administrative Agent for the benefit of the Secured Parties pursuant to this Agreement or, with respect to any Pool Policy Collateral, to the extent such Pool Policy Collateral is not effectively transferred by the Pledgor to the Borrower pursuant to the Borrower Sale and Contribution Agreement, the Pledgor owns and has rights and, as to Collateral acquired by it from time to time after the date hereof, will own and have rights in each item of Collateral, free and clear of any and all Liens or claims of others, other than Permitted Liens.

Section IV.6. Validity of Security Interest.

(a) The security interest in and Lien on the Collateral granted to the Administrative Agent for the benefit of the Secured Parties hereunder constitutes (i) a legal and valid security interest in all of such Collateral securing the payment and performance of the Obligations (subject to bankruptcy, insolvency and similar Laws affecting the enforceability of creditors' rights generally and to general principles of equity), and (ii) a perfected first priority security interest in all of such Collateral, prior to all other Liens on such Collateral subject only to Permitted Liens.

(b) The pledge hereunder to the Administrative Agent for the benefit of the Secured Parties is permitted under the underlying documentation governing or relating to the Collateral and creates a valid security interest that would be respected under the Law of each relevant jurisdiction.

Section IV.7. Defense of Claims; Transferability of Collateral. The Pledgor shall, at its own cost and expense, defend title (except to the extent possessed by the Borrower) to the Collateral pledged by it hereunder and the security interest therein, and Liens thereon granted to the Administrative Agent and the priority thereof against all claims and demands of all Persons at any time claiming any interest therein adverse to the Administrative Agent or any Lender, other than Permitted Liens. There is no agreement, order, judgment or decree, and the Pledgor shall not enter into any agreement or take any other action, that would restrict the transferability of any

of the Collateral or otherwise impair or conflict with the Pledgor's obligations or the rights of the Administrative Agent hereunder.

Section IV.8. Other Financing Statements. The Pledgor has not filed or delivered, nor authorized any third party to file or deliver and shall not file or deliver or authorize any third party to file or deliver, any valid or effective financing statement (or similar statement, instrument of registration or public notice under the Law of any jurisdiction) or collateral assignment covering or purporting to cover any interest of any kind in the Collateral, except such as have been filed or delivered solely in favor of the Administrative Agent pursuant to this Agreement. The Pledgor shall not execute, authorize or permit to be filed or delivered in any public office any financing statement (or similar statement, instrument of registration or public notice under the Law of any jurisdiction), or to any Insurer any collateral assignment, relating to any Collateral, except if solely in favor of the Administrative Agent.

Section IV.9. Consents, etc. During a Continuing Event of Default, if the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in the Loan Documents and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Administrative Agent, the Pledgor agrees to use its commercially reasonable efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

Section IV.10. Name Change; Organizational Structure; Jurisdiction of Organization. The Pledgor's sole jurisdiction of organization is Delaware. The Pledgor shall not change its name, identity or organizational structure or relocate its jurisdiction of organization without the prior written consent of the Administrative Agent.

Section IV.11. Solvency. The Pledgor is Solvent, and will be Solvent after giving effect to the Borrowing on the Closing Date pursuant to the Loan Documents.

Section IV.12. Notes to Financial Statements. All financial statements of the Pledgor will contain notes clearly stating that (i) all of the Pool Policies are owned by the Borrower and (ii) the Borrower is a separate legal entity.

Section IV.13. Payment of Obligations. The Pledgor shall pay and discharge as the same shall become due and payable (taking into account extensions) in the ordinary course of business, all its obligations and liabilities, including (a) all Tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless (i) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Pledgor and (ii) the failure to do so could not reasonably be expected to have a Material Adverse Effect; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Pledgor; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing

such Indebtedness; except in each case, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section IV.14. Preservation of Existence, Etc. The Pledgor shall preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization. The Pledgor shall take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section IV.15. Compliance with Laws. The Pledgor shall comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) failure to comply with such requirements could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section IV.16. Books and Records. The Pledgor shall (a) maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied, shall be made of all financial transactions and matters involving the assets and business of the Pledgor; and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Pledgor.

Section IV.17. Inspection Rights. The Pledgor shall permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties to examine its corporate, financial and operating records relating to the Collateral, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with the directors, officers and independent public accountants of the Pledgor and its Affiliates, all at the expense of the Pledgor, and at such reasonable times during normal business hours, upon at least five (5) Business Days' prior written notice; provided, however, that, so long as no Event of Default has occurred and is continuing, the Pledgor's obligation to reimburse the Administrative Agent for expenses incurred in connection with the inspections performed by the Administrative Agent of the Loan Parties in any single calendar year, including expenses incurred in the review of the books and records of the Loan Parties in connection therewith, shall not exceed $50,000; provided, further, that so long as no Event of Default has occurred and is continuing, the Administrative Agent shall not perform audits more frequently than twice in any twelve-month period. Notwithstanding anything to the contrary in this Section 4.17, neither the Pledgor nor the Borrower shall be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (i) constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or the Lender (or their respective representatives or independent contractors) is prohibited by applicable Law or (iii) is subject to attorney-client or similar privilege or constitutes attorney work-product.

Section IV.18. Approvals and Authorizations. The Pledgor shall maintain all authorizations, consents, approvals and licenses from, exemptions of, and filings and registrations with, each Governmental Authority of the jurisdiction in which the Pledgor is organized and existing, and all approvals and consents of each other Person in such jurisdiction, in each case that are required in connection with the Loan Documents, except to the extent that any one or more of such failures to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section IV.19. Taxes. The Pledgor shall maintain its status as an entity disregarded from a U.S. person for U.S. federal income tax purposes.

Section IV.20. Special Purpose Entity Requirements. The Pledgor shall comply with the Special Purpose Entity Requirements applicable to it.

Section IV.21. Liens. The Pledgor shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than Permitted Liens.

Section IV.22. Investments. The Pledgor shall not, directly or indirectly, make any Investment.

Section IV.23. Indebtedness. The Pledgor shall not, directly or indirectly, create, incur, assume or suffer to exist any Indebtedness, except Indebtedness under the Loan Documents.

Section IV.24. Fundamental Changes. The Pledgor shall not, directly or indirectly, merge, dissolve, liquidate, wind-up or consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person.

Section IV.25. Contractual Obligation. The Pledgor shall not, directly or indirectly, enter into any Contractual Obligation other than a Loan Document.

Section IV.26. Sanctions. The Pledgor shall not, directly or indirectly, use the proceeds of any Restricted Payment that it receives (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Law, (b) for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (c) in any manner that would result in the violation of any Sanction applicable to any party hereto.

Section IV.27. Subsidiaries. The Pledgor shall not, directly or indirectly, establish, create or permit to exist any Subsidiary other than the Borrower.

Section IV.28. ERISA.

(a) The Pledgor shall not, directly or indirectly, maintain or contribute to, or agree to maintain or contribute to, or permit any ERISA Affiliate of the Borrower to maintain or contribute to or agree to maintain or contribute to, any Plan.

(b) The Pledgor shall not, directly or indirectly, hold Plan Assets.

Section IV.29. Representations to Credit Rating Agencies and Regulatory Bodies. The Pledgor shall not, directly or indirectly, make any material misrepresentation with respect to the Loan Documents or any related transaction to any credit rating agency rating the Pledgor or any Affiliate thereof or to any Governmental Authority with jurisdiction over the Pledgor or any Affiliate thereof.

Section IV.30. Change in Nature of Business; Acquisition of Policies. The Pledgor shall not, directly or indirectly, (a) engage in any business other than the transactions contemplated hereunder and under the other Loan Documents or (b) acquire any additional Polices after the Closing Date without the consent of the Administrative Agent.

## ARTICLE V
## TRANSFERS

The Pledgor shall not sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral except to the extent expressly permitted by a Loan Document (including by Section 3.4).

## ARTICLE VI
## REMEDIES

Section VI.1. Remedies.

(a) During a Continuing Event of Default, the Administrative Agent may from time to time exercise in respect of the Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, the following remedies:

(i) personally, or by agents, nominees or attorneys, immediately take possession of the Collateral or any part thereof, from the Pledgor or any other Person who then has possession of any part thereof with or without notice or process of Law, and for that purpose may enter upon the Pledgor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of the Pledgor;

(ii) demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise,

settle, extend the time for payment and make other modifications with respect thereto; provided, that, in the event that any such payments are made directly to the Pledgor, the Pledgor shall hold all amounts received pursuant thereto in trust for the benefit of the Administrative Agent and shall promptly (but in no event later than two (2) Business Days after receipt thereof) pay such amounts to the Administrative Agent;

(iii) withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of the Pledgor constituting Collateral (A) for application to the Obligations as provided in Article VII or (B) to pay (1) premium on any one or more of the Pool Policies (to the extent constituting Collateral), (2) the principal of or interest on any loan or advance on any one or more Pool Policies (to the extent constituting Collateral) or (3) any fee, expense or other amount in furtherance of the maintenance, preservation or protection of any Collateral;

(iv) retain and apply the Distributions to (A) the Obligations as provided in Article VII or (B) the payment of (1) premium on any one or more of the Pool Policies (to the extent constituting Collateral), (2) the principal of or interest on any loan or advance on any one or more Pool Policies (to the extent constituting Collateral) or (3) any fee, expense or other amount in furtherance of the maintenance, preservation or protection of any Collateral;

(v) exercise any and all rights as beneficial and legal owner of the Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral;

(vi) sell, assign, give option or options to purchase or otherwise dispose of Collateral as provided in Section 6.1(b);

(vii) surrender any one or more Pool Policies, or cause any one or more Pool Policies to lapse, to the extent constituting Collateral;

(viii) exercise all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) or any other applicable law (including any law governing the exercise of a bank's right of setoff or bankers' Lien) when a debtor is in default under a security agreement;

(ix) deliver any instruction or Entitlement Order and take any other action provided under the Loan Documents with respect to the Collateral; and

(x) prior to the disposition of the Collateral as provided in Section 6.1(b), hold, use, collect, receive, assemble, store, process, repair or recondition the Collateral, or any part thereof, or prepare the Collateral for such disposition, in each case in any manner to the extent the Administrative Agent deems appropriate for the purpose of preserving the Collateral or the value of the Collateral, or for any other purpose deemed appropriate by the Administrative Agent.

(b) Sales of Collateral.

(i) During a Continuing Event of Default, the Administrative Agent may in its sole discretion, without demand of performance or other demand, presentment, protest, advertisement or notice (except as specified in Section 6.2), in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing). To the fullest extent permitted by applicable Law, the Administrative Agent or any Lender or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of the Collateral or any part thereof payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives, to the fullest extent permitted by Law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any Law now or hereafter existing. The Administrative Agent shall not be obligated to make any sale of the Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any such sale, whether public or private, or cause the same to be adjourned from time to time by announcement prior to or at the time and place fixed therefor, and such sale may, without further notice or publication, be made at the time and place to which it was so adjourned. The Administrative Agent and each Lender shall have the right upon any such public sale or sales, and, to the extent permitted by Law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption of the Pledgor, which right or equity of redemption is hereby waived or released.

(ii) The Administrative Agent may sell the Collateral without giving any warranties as to the Collateral and may specifically disclaim or modify any warranties of title or the like.

(iii) The Pledgor recognizes that, by reason of certain prohibitions contained in Law, rules, regulations or orders of any Governmental Authority, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Collateral under this Section 6.1, to limit purchasers to those who meet the requirements of such Law or order. The Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable Law, the Administrative Agent shall have no obligation to engage in public sales.

(iv) The Pledgor shall use its commercially reasonable efforts to do or cause to be done all such other acts as may be reasonably necessary to make any sale or sales of

all or any portion of the Collateral pursuant to this Section 6.1 valid and binding and in compliance with any and all other requirements of applicable Law.

(v) The Pledgor further agrees that a breach of any of the covenants contained in this Section 6.1 will cause irreparable injury to the Administrative Agent and the Lenders, that the Administrative Agent and the Lenders have no adequate remedy at law in respect of such a breach and, as a consequence, that, to the maximum extent permitted by applicable Law, each and every covenant contained in this Section 6.1 shall be specifically enforceable against the Pledgor, and, to the maximum extent permitted by applicable Law, the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of any such covenant except for a defense that no Event of Default has occurred and is continuing.

(vi) Section 9610 of the UCC states that in certain circumstances the Administrative Agent is able to purchase certain Collateral only if the Collateral is sold at a public sale. The Administrative Agent has advised the Pledgor that SEC staff personnel have issued various no action letters ("No Action Letters") describing procedures which, in the view of the SEC staff, permit a foreclosure sale of securities to occur in a manner that is public for purposes of Article 9 of the UCC, yet not public for purposes of Section 4(a)(2) of the United States Securities Act of 1933, as amended (the "Securities Act"). The UCC permits the Pledgor to agree on the standards for determining whether the Administrative Agent has complied with its obligations under Article 9 of the UCC. Pursuant to the UCC, the Pledgor hereby specifically agrees (1) that it shall not raise any objection to the Administrative Agent's purchase of the Collateral (through bidding on the obligations or otherwise) in connection with a sale conducted under this Section 6.1 and (2) that a foreclosure sale conducted in conformity with the principles set forth in the No Action Letters promulgated by the SEC staff (A) shall be considered to be a "public" sale for purposes of the UCC, (B) shall be considered commercially reasonable notwithstanding that the Administrative Agent has not registered or sought to register any securities constituting the Collateral under the Securities Act, even if the Pledgor agrees to pay all costs of the registration process, and (C) shall be considered to be commercially reasonable notwithstanding that the Administrative Agent purchases such Collateral at such a sale.

(vii) The Pledgor agrees that the Administrative Agent shall not have any general duty or obligation to make any effort to obtain or pay any particular price for any Collateral sold by the Administrative Agent pursuant to this Agreement. The Administrative Agent may, in its sole discretion, among other things, accept the first bid received, or decide to approach or not to approach any potential purchasers. The Pledgor hereby agrees that the Administrative Agent shall have the right to conduct, and shall not incur any liability as a result of, the sale of any Collateral, or any part thereof, at any sale conducted in a manner the Administrative Agent reasonably deems to be a commercially reasonable manner, it being agreed by the parties hereto that some or all of the Collateral is or may be of one or more types that threaten to decline speedily in value. Without in any way limiting the Administrative Agent's or any Lender's right to conduct a foreclosure sale in any manner which is considered commercially reasonable (and without limiting Section 6.2 in particular), the Pledgor hereby agrees that any foreclosure sale conducted in accordance with the following provisions shall be considered a

commercially reasonable sale, and the Pledgor hereby irrevocably waives any right to contest any such sale conducted in accordance with the following provisions:

(A) the Administrative Agent conducts such foreclosure sale in the State of New York;

(B) such foreclosure sale is conducted in accordance with the laws of the State of New York; and

(C) not more than thirty (30) days before, and not less than ten (10) days in advance of such foreclosure sale, the Administrative Agent notifies the Pledgor in accordance with Section 9.4 of the place of such foreclosure sale and time on or after which such foreclosure sale will occur, except for any Collateral that threatens to decline speedily in value, is of a type customarily sold on a recognized market or is the subject of widely distributed standard price quotations.

(c) For purposes hereof a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof, the Administrative Agent shall be free to carry out such sale pursuant to such agreement and the Pledgor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Administrative Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full.

Section VI.2. Notice of Sale. The Pledgor acknowledges and agrees (without limiting Section 6.1(b)(vi)) that, to the extent notice of sale or other disposition of the Collateral or any part thereof shall be required by Law, ten (10) Business Days' prior notice to the Pledgor of (i) the place of any public sale or private sale or other intended disposition is to take place and (ii) the time on or after which such public sale, private sale or other intended disposition is intended to occur shall be commercially reasonable notification of such matters and the Pledgor agrees that such notice constitutes a "reasonable authenticated notification of disposition" within the meaning of Section 9-611 of the UCC. No notice need be given to the Pledgor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notice of sale or other intended disposition or for the sale of any Collateral that threatens to decline speedily in value or is of a type customarily sold on a recognized market. Notwithstanding anything to the contrary herein, the Pledgor agrees that except as provided in Section 6.1 or this Section 6.2, no other notice of sale or other disposition need be given to the Pledgor.

Section VI.3. Waiver of Notice and Claims.

(a) The Pledgor hereby waives, to the fullest extent permitted by applicable Laws, notice of judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of the Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Pledgor would otherwise have under Law, and the Pledgor hereby further waives, to the fullest extent permitted by applicable Law: (i) all damages occasioned by such taking of

possession; (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder; (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law; and (iv) any claims against the Administrative Agent arising out of the exercise by the Administrative Agent of any of its rights hereunder (in each case, except for any claims, damages and demands it may have against the Administrative Agent arising from the willful misconduct or gross negligence of the Administrative Agent), including by reason of the fact that the price at which the Collateral or any part thereof may have been sold, assigned or licensed at a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree.

(b) The Administrative Agent shall not be liable for any incorrect or improper payment made pursuant to this Article VI in the absence of gross negligence or willful misconduct on the part of the Administrative Agent. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at Law or in equity, of the Pledgor therein and thereto, and shall be a perpetual bar both at Law and in equity against the Pledgor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under the Pledgor.

Section VI.4. No Waiver; Cumulative Remedies. No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy; nor shall the Administrative Agent be required to (a) demand upon, or pursue or exhaust any of their rights or remedies against, the Pledgor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (b) look first to, enforce or exhaust any other security, collateral or guaranties, (c) marshal the Collateral or any guarantee of the Obligations, or (d) effect a public sale of any Collateral. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by Law or otherwise available.

## ARTICLE VII
## APPLICATION OF PROCEEDS

The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Administrative Agent of its remedies shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, in accordance with Section 8.3 of the Credit Agreement.

ARTICLE VIII
THE ADMINISTRATIVE AGENT

Section VIII.1.Concerning Administrative Agent.

(a) The Administrative Agent has been appointed as Administrative Agent pursuant to the Credit Agreement. The actions of the Administrative Agent hereunder are subject to the provisions of the Credit Agreement. The Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including the release or substitution of the Collateral), in accordance with this Agreement and the Credit Agreement. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may resign and a successor Administrative Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Administrative Agent by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent under this Agreement, and the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Administrative Agent.

(b) Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Administrative Agent nor any of the Lenders shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not the Administrative Agent or any other Lender has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

(c) The Administrative Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

Section VIII.2.Administrative Agent May Perform.

If the Pledgor shall fail to perform any covenants contained in this Agreement (including the Pledgor's covenants to (a) pay and discharge any tax liabilities, assessments and governmental charges or levies upon it or its properties or assets and all lawful claims which, if unpaid, would by Law become a Lien upon its property, (b) discharge Liens or (c) pay or perform any obligations of the Pledgor under any Collateral) or if any representation or warranty on the part of the Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that the Administrative Agent shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which the Pledgor fails to pay or perform as and when required hereby. Any and all amounts so expended by the Administrative Agent shall be paid by the Pledgor in accordance with the provisions of Section 10.4 of the Credit Agreement. Neither the provisions of this Section 8.2 nor any action taken by the Administrative Agent pursuant to the provisions of this Section 8.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default.

Section VIII.3.Authorization for Administrative Agent to Take Certain Action.

(a) The Pledgor irrevocably authorizes the Administrative Agent, for the benefit of the Secured Parties, at any time and from time to time in the sole discretion of Administrative Agent and appoints the Administrative Agent to act as its attorney in fact (i) to execute on behalf of the Pledgor as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement or other record and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion reasonably deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Administrative Agent to the Obligations in accordance with Section 8.3 of the Credit Agreement, (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except to the extent nonpayment of such taxes, assessments, charges or fees or such Liens as are specifically permitted under the Credit Agreement), (vi) to demand, settle, compromise and adjust, and give discharges and releases concerning the Collateral, all as the Administrative Agent may reasonably deem appropriate, (vii) to commence and prosecute any actions at any court for the purposes of collecting any of the Collateral and enforcing any other right in respect thereof, (viii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Administrative Agent may reasonably deem appropriate, (ix) to direct any parties liable for any payment in connection with any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent for application in accordance with Section 8.3 of the Credit Agreement, (x) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral for application in accordance with Section 8.3 of the Credit

Agreement, (xi) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services that have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, (xii) to adjust and settle claims under any insurance policy relating thereto, (xiii) to institute any foreclosure proceedings that the Administrative Agent may reasonably deem appropriate and (xiv) to do all other acts and things deemed by the Administrative Agent to be necessary or otherwise advisable (1) to carry out this Agreement or (2) to exercise any right or benefit of the Pledgor in respect of the Collateral (to the extent permitted by applicable law); and the Pledgor agrees to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent in connection with any of the foregoing; provided that, this authorization shall not relieve the Pledgor of any of its obligations under this Agreement, the Credit Agreement or any other Loan Document. In addition to the foregoing, on the Closing Date, the Pledgor shall execute and deliver to the Administrative Agent a power of attorney (the "Power of Attorney") in the form attached hereto as Exhibit A. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocable until the date upon which this Agreement is terminated pursuant to the terms of Section 9.2. The Administrative Agent agrees that (A) except for the powers granted in clauses (i), (iii), (v) and (xiv)(1) of the first sentence of this Section 8.3(a) and clauses (i), (iii), (v) and (xiv)(A) of the Power of Attorney, it shall not exercise any power or authority granted under this Section 8.3(a) or the Power of Attorney unless an Event of Default has occurred and is continuing, and (B) the Administrative Agent shall account for any moneys received by the Administrative Agent in respect of any foreclosure on or disposition of Collateral pursuant to the Power of Attorney, provided that neither the Administrative Agent nor any other Secured Party shall have any duty as to any Collateral, and the Administrative Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers. NONE OF THE ADMINISTRATIVE AGENT, ANY OTHER SECURED PARTY OR THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY OF THE FOREGOING SHALL BE RESPONSIBLE TO THE PLEDGOR FOR (1) ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO SUCH PERSON'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION OR (2) ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Administrative Agent under this Section 8.3 and the Power of Attorney are solely to protect the Administrative Agent's and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers.

Section VIII.4.Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE ADMINISTRATIVE AGENT AS ATTORNEY-IN-FACT IN THIS ARTICLE VIII IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS AGREEMENT IS TERMINATED IN ACCORDANCE

WITH SECTION 9.2. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NONE OF THE ADMINISTRATIVE AGENT, ANY OTHER SECURED PARTY, ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY OR ANY OF THE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY OF THE FOREGOING SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL ANY SUCH PERSON BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

## ARTICLE IX
## MISCELLANEOUS

Section IX.1. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Collateral and shall (a) be binding upon the Pledgor, its respective successors and assigns and (b) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the other Secured Parties and each of their respective successors, permitted transferees and permitted assigns. No other Persons (including any other creditor of the Pledgor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (b), subject to the provisions of the Credit Agreement, any Lender may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender, herein or otherwise, subject however, to the provisions of the Credit Agreement. The Pledgor agrees that its obligations hereunder and the security interest created hereunder shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Obligations is rescinded, avoided, declared to be fraudulent or preferential, or must otherwise be restored by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Pledgor or otherwise.

Section IX.2. Termination; Release. This Agreement shall terminate upon the irrevocable repayment, satisfaction and discharge in full of all Obligations (other than any contingent indemnity obligations that are not then due and payable). Upon termination of this Agreement, the Collateral shall be released automatically from the Lien of this Agreement. The Administrative Agent may also release, from time to time, its security interest in the relevant Collateral created hereby in accordance with the provisions of the Loan Documents. Upon such release or any sale, transfer or other disposition of Collateral or any part thereof in accordance with the provisions of the Loan Documents, the Administrative Agent shall, upon the request and at the sole cost and expense of the Pledgor, assign, transfer and deliver to the Pledgor, against receipt and without recourse to or warranty by the Administrative Agent except as to the fact that the Administrative Agent has not encumbered the released assets, such of the Collateral or any part thereof to be released (in the case of a release) as may be in the possession of the

Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including any applicable UCC-3 termination financing statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

Section IX.3. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure therefrom by any party hereto, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by the Pledgor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or any other document evidencing the Obligations, no notice to or demand on the Pledgor in any case shall entitle the Pledgor to any other or further notice or demand in similar or other circumstances.

Section IX.4. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to the Pledgor, addressed to it at the address of the Pledgor set forth below and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 9.4:

GWG DLP Funding Holdings VI, LLC
325 N Saint Paul St Ste 2650
Dallas, TX, 75201-3920
Attention: Timothy Evans
Telephone: (267) 258-2856
Email: tevans@gwgh.com

with a copy (which shall not constitute notice) to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Attention: Stephen Schauder
Email: stephen.schauder@srz.com
Telephone: 212-756-2502

Section IX.5. Governing Law; Submission to Jurisdiction; Waiver of Venue; Service of Process; Waiver of Jury Trial.

(a) GOVERNING LAW. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS

AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OTHER PARTY HERETO OR ANY RELATED PARTY OF ANY PARTY HERETO IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN SECTION 9.5(b). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.4. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER

BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section IX.6. Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

Section IX.7. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or other electronic imaging means (e.g. “pdf” or “tiff”) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section IX.8. No Credit for Payment of Taxes or Imposition. The Pledgor shall not be entitled to any credit against the principal, premium, if any, or interest payable under the Credit Agreement, and the Pledgor shall not be entitled to any credit against any other sums which may become payable under the terms thereof or hereof, by reason of the payment of any Tax on the Collateral or any part thereof.

Section IX.9. No Claims Against Administrative Agent. Nothing contained in this Agreement shall constitute any consent or request by the Administrative Agent, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Collateral or any part thereof, nor as giving the Pledgor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Administrative Agent in respect thereof or any claim that any Lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the Lien hereof.

Section IX.10. No Release. Nothing set forth in this Agreement or any other Loan Document, nor the exercise by the Administrative Agent of any of the rights or remedies hereunder, shall relieve the Pledgor from the performance of any term, covenant, condition or agreement on the Pledgor’s part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or shall impose any obligation on the Administrative Agent or any other Lender to perform or observe any such term, covenant, condition or agreement on the Pledgor’s part to be so performed or

observed or shall impose any liability on the Administrative Agent or any Lender for any act or omission on the part of the Pledgor relating thereto or for any breach of any representation or warranty on the part of the Pledgor contained in this Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. Anything herein to the contrary notwithstanding, neither the Administrative Agent nor any Lender shall have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Administrative Agent or any Lender be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder. The obligations of the Pledgor contained in this Section 9.10 shall survive the termination hereof and the discharge of the Pledgor's other obligations under this Agreement, the Credit Agreement and the other Loan Documents.

Section IX.11. Administrative Agent. It is agreed that the Administrative Agent is entering into this Agreement in its capacity as Administrative Agent under the Credit Agreement, and the provisions of Article IX of the Credit Agreement applicable to the Administrative Agent thereunder shall also apply to the Administrative Agent hereunder.

Section IX.12. Non-Petition. The Administrative Agent, the Lenders, and anyone acting on behalf of the Administrative Agent or the Lenders, shall not be entitled to institute, or join any other person in bringing, instituting or joining, any bankruptcy, reorganization, arrangement, insolvency, winding-up, examinership or liquidation proceedings, or other proceedings under any applicable bankruptcy or similar law in relation to the Pledgor until the date that is one year and one day (or, if longer, the applicable preference period) following the payment in full of all Obligations. The obligations of the Pledgor under the Loan Documents are solely the limited liability company obligations of the Pledgor. None of the parties to the Loan Documents shall have any recourse against any director, shareholder, partner or officer of the Pledgor in respect of any obligations, covenant or agreement entered into or made by the Pledgor pursuant to the terms of the Loan Documents or any notice or documents which it is requested to deliver hereunder or thereunder. The provisions of this Section 9.12 shall survive the termination of this Agreement.

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IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Pledgor and the Administrative Agent as of the date first above written.

GWG DLP FUNDING HOLDINGS VI, LLC,
as Pledgor

By: _____
Name:
Title:

NATIONAL FOUNDERS LP,
as Administrative Agent

By: _____
Name:
Title:

*Signature Page to Parent Security Agreement*

**EXHIBIT A**
**FORM OF POWER OF ATTORNEY**

[_____], 20__

This Power of Attorney is executed as a deed and delivered by GWG DLP Funding Holdings VI, LLC, a Delaware limited liability company ("***Grantor***") to National Founders LP (hereinafter referred to as "***Attorney***"), as the Administrative Agent for the benefit of the Secured Parties, under (i) the Security Agreement, dated as of August 11, 2021, between Grantor and Attorney, as Administrative Agent (as amended, restated, supplemented or otherwise from time to time, the "***Security Agreement***") and (ii) other related documents (the Security Agreement and such other related documents, collectively the "***Loan Documents***"). No person to whom this Power of Attorney is presented, as authority for Attorney to take any action or actions contemplated hereby, shall be required to inquire into or seek confirmation from Grantor as to the authority of Attorney to take any action described below, or as to the existence of or fulfillment of any condition to this Power of Attorney, which is intended to grant to Attorney unconditionally the authority to take and perform the actions contemplated herein, and Grantor irrevocably waives any right to commence any suit or action, in law or equity, against any person or entity which acts in reliance upon or acknowledges the authority granted under this Power of Attorney. The power of attorney granted hereby is coupled with an interest, and may not be revoked or canceled by Grantor without Attorney's written consent.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Security Agreement.

Grantor hereby irrevocably constitutes and appoints Attorney (and all officers, employees or agents designated by Attorney), with full power of substitution, as Grantor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Attorney's discretion, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of any Loan Documents and, without limiting the generality of the foregoing, Grantor hereby grants to Attorney the power and right, on behalf of Grantor, without notice to or assent by Grantor, and at any time, to do the following: (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of the Security Agreement or any financing statement with respect to the Collateral as a financing statement or other record and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its respective sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Administrative Agent to the Obligations in accordance with Section 8.3 of the Credit Agreement, (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for

such Liens as are specifically permitted under the Credit Agreement), (vi) to demand, settle, compromise and adjust, and give discharges and releases concerning the Collateral, all as the Administrative Agent may reasonably deem appropriate, (vii) to commence and prosecute any actions at any court for the purposes of collecting any of the Collateral and enforcing any other right in respect thereof, (viii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Administrative Agent may reasonably deem appropriate, (ix) to direct any parties liable for any payment in connection with any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent for application in accordance with Section 8.3 of the Credit Agreement, (x) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral for application in accordance with Section 8.3 of the Credit Agreement, (xi) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services that have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, (xii) to adjust and settle claims under any insurance policy relating thereto, (xiii) to institute any foreclosure proceedings that the Administrative Agent may reasonably deem appropriate and (xiv) to do all other acts and things deemed by the Attorney to be necessary or otherwise advisable (A) to carry out the Security Agreement, or (B) to exercise any right or benefit of the Grantor in respect of the Collateral, and to do, at Attorney's option and Grantor's expense, at any time or from time to time, all acts and other things that Attorney reasonably deems necessary to perfect, preserve or realize upon any of the Collateral or any Lien thereon of Attorney, all as fully and effectively as Grantor might do. Grantor hereby ratifies, to the extent permitted by law, all that said Attorney shall lawfully do or cause to be done by virtue hereof.

[signature page follows]

IN WITNESS WHEREOF, this Power of Attorney has been duly executed and delivered by Grantor as of the date first above written.

GWG DLP FUNDING HOLDINGS VI, LLC

By: _____
Name:
Title:

in the presence of:

_____
Signature of Witness

Name: _____

Address: _____

Exhibit 10.33

**EXECUTION VERSION**

269814953V.10

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SECURITY AGREEMENT

By

GWG DLP FUNDING VI, LLC,
as the Pledgor,

and

NATIONAL FOUNDERS LP,
as Administrative Agent on behalf of the Secured Parties

_____

Dated as of August 11, 2021

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SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of August 11, 2021 (this "Agreement") is made by GWG DLP FUNDING VI, LLC, a Delaware limited liability company (the "Pledgor"), as pledgor, assignor and debtor, in favor of NATIONAL FOUNDERS LP, in its capacity as the administrative agent under the Credit Agreement referenced below (in such capacity and together with any successor in such capacity, the "Administrative Agent"), as pledgee, assignee and secured party.

RECITALS:

A. The Pledgor has entered into that certain Credit Agreement, dated as of the date hereof (the "Credit Agreement"), among the Pledgor, the lenders party thereto from time to time and the Administrative Agent.

B. The Pledgor will derive substantial direct and indirect benefits from the transactions contemplated by the Credit Agreement, including the borrowing contemplated to occur thereunder on the Closing Date (as defined in the Credit Agreement).

C. This Agreement is given by the Pledgor in favor of the Administrative Agent for the benefit of the Secured Parties (as defined in the Credit Agreement) to secure the payment and performance of all of the Obligations (as defined in the Credit Agreement).

D. It is a condition to the obligation of each Lender (as defined in the Credit Agreement) to make a Loan (as defined in the Credit Agreement) on the Closing Date under the Credit Agreement that the Pledgor execute and deliver this Agreement.

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Administrative Agent hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section I.1. Definitions.

(a) Capitalized terms not defined herein shall have the meanings ascribed to them in the Credit Agreement or, if not defined therein, in the UCC (as hereinafter defined); provided that in any event, the following terms shall have the meanings assigned to them in the UCC (whether or not defined in the Credit Agreement differently):

"Accounts"; "Bank"; "Chattel Paper"; "Commercial Tort Claim"; "Deposit Account"; "Documents" "Entitlement Order"; "Financial Asset"; "General Intangibles"; "Goods"; "Investment Property"; "Letter-of-Credit Rights"; "Letters of Credit"; "Money"; "Payment

Intangibles"; "Proceeds"; "Records"; "Securities Account"; "Securities Intermediary"; "Security Entitlement" and "Supporting Obligations".

(b) The following terms shall have the following meanings:

"Administrative Agent" shall have the meaning assigned to such term in the preamble hereof.

"Agreement" shall have the meaning assigned to such term in the preamble hereof.

"Collateral" shall have the meaning assigned to such term in Section 2.1.

"Continuing Event of Default" shall mean any Event of Default that has occurred and is continuing and has not been waived or cured in accordance with the provisions of the Credit Agreement. Any Event of Default not so waived or cured prior to the exercise by the Administrative Agent of remedies under Section 8.2 of the Credit Agreement (or prior to the occurrence of an Event of Default under Section 8.1(d) of the Credit Agreement) will be a Continuing Event of Default notwithstanding any subsequent cure.

"Control" shall mean (i) in the case of each Deposit Account, "control," as such term is defined in Section 9-104 of the UCC, and (ii) in the case of any Securities Account, including any Financial Asset credited to such Securities Account, and any Security Entitlement, "control," as such term is defined in Section 8-106 of the UCC.

"Credit Agreement" shall have the meaning assigned to such term in Recital A.

"Distributions" shall mean, collectively, with respect to the Pledgor, all dividends, cash, options, warrants, rights, instruments, distributions, Death Benefits, returns of premium, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Collateral, from time to time received, receivable or otherwise distributed to the Pledgor in respect of or in exchange for any or all of the Collateral.

"Instruments" shall mean, collectively, with respect to the Pledgor, all "instruments," as such term is defined in Article 9, rather than Article 3, of the UCC, and shall include all promissory notes, drafts, bills of exchange or acceptances.

"Permitted Custodial Lien" shall mean a Lien described in clause (d) or (e) of the definition of "Permitted Liens" set forth in the Credit Agreement.

"Pledgor" shall have the meaning assigned to such term in the preamble.

"Policy Collateral Assignment" shall have the meaning assigned to such term in Section 4.10.

"Securities Intermediary Account" means any of the SI Collection Account, the SI Premium Account or the Securities Account (as each such term is defined in the Credit Agreement).

"SI" means Wells Fargo Bank, N.A., in its capacity as the securities intermediary under the Securities Intermediary Agreement.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that, at any time, if by reason of any mandatory provisions of Law, any or all of the perfection or priority of the Administrative Agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of the definitions relating to such provisions.

Section I.2. Interpretation. With reference to this Agreement, unless otherwise specified in this Agreement:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement (including any Loan Document), instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time (including on or prior to the date hereof) amended, restated, supplemented or otherwise modified in accordance with its terms (subject to any restrictions on such amendments, restatements supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any party to any agreement (including any Loan Document), instrument or other document shall be deemed to refer to any Person that becomes (or became, if applicable) a successor or permitted assign of such party, upon the occurrence thereof, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision of this Agreement, (iv) all references in a Loan Document to Articles, Sections, Exhibits, Annexes and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Annexes and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time (including on or prior to the date hereof), and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) This Agreement has been negotiated by the parties hereto and jointly drafted and reviewed by the parties hereto and their respective counsel. Accordingly, no provision of any Loan Document shall be interpreted in favor of, or against, a party hereto or thereto by reason of the extent to which such party or its counsel participated in the drafting of such provision or any Loan Document, and each party hereto hereby waives, to the fullest extent permitted by Law, any rule of Law that would require such interpretation but for this sentence.

## ARTICLE II
## GRANT OF SECURITY AND OBLIGATIONS

Section II.1. Grant of Security Interest. As collateral security for the payment and performance in full of all the Obligations, the Pledgor hereby pledges and grants to the Administrative Agent, for the benefit of the Secured Parties, a Lien on and security interest in all of the right, title and interest of the Pledgor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the "Collateral"):

(a) all of the Pool Policies, including all Death Benefits and returned premiums paid or payable under or otherwise with respect to each Pool Policy;

(b) the Policy File with respect to each Pool Policy, including the Policy Purchase Documents relating thereto;

(c) each Securities Intermediary Account and all Securities Entitlements related thereto;

(d) each Collateral Account and all Securities Entitlements related thereto;

(e) all Instruments;

(f) all Investment Property;

(g) all General Intangibles, including all Payment Intangibles;

(h) all Money and all Deposit Accounts and all certificates of deposit;

(i) all Chattel Paper;

(j) all Letters of Credit and all Letter-of-Credit Rights;

(k) all Documents;

(l) all Supporting Obligations;

(m) all books and Records;

(n) all Accounts;

(o) all Goods;

(p) all Commercial Tort Claims;

(q) all rights, titles, interests, remedies and privileges under each Loan Document and other agreement to which the Pledgor is a party or beneficiary thereof from time to time;

(r) all Collections and all other cash and cash equivalents (i) held in, or expressly required to be deposited into, any Securities Account (including any Securities Intermediary Account or Collateral Account) or any Deposit Account or (ii) received by the Administrative Agent or any other Secured Party as a result of the exercise of remedies in accordance with the Loan Documents in respect of the Collateral; and

(s) to the extent not covered by any of clauses (a) through (r) of this sentence, all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to the Pledgor from time to time with respect to any of the foregoing.

Section II.2. Filings.

(a) The Pledgor hereby irrevocably authorizes the Administrative Agent at any time and from time to time at the Pledgor's expense to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including the name of the Pledgor (and any trustee, trust or other legal entity or subdivision referenced therein), the location of the Pledgor, whether the Pledgor is an organization, the type of organization of the Pledgor and any organizational identification number issued to the Pledgor. The Pledgor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon its receipt of a written request by the Administrative Agent. Any financing statement filed by the Administrative Agent may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner such as "all of Pledgor's right, title and interest in, to and under any and all property, whether now owned or existing or at any time hereafter acquired, created or arising, whether tangible or intangible, and regardless of where located" of the Pledgor or words of similar effect as being of an equal or lesser scope or with greater detail.

(b) The Pledgor hereby ratifies its authorization for the Administrative Agent to file in any relevant jurisdiction any financing statements relating to the Collateral if filed prior to the date hereof; provided that, if the transactions contemplated by the Loan Documents are not consummated, the Administrative Agent shall file, at its own expense, such termination statements within three (3) Business Days as are necessary to terminate any such financing statements so filed.

## ARTICLE III
## PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL

Section III.1. Financing Statements and Other Filings; Maintenance of Perfected Security Interest. The Pledgor represents and warrants that all financing statements, agreements, instruments, filings and other documents necessary to perfect the security interest granted by it to the Administrative Agent in respect of the Collateral have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each relevant governmental, municipal or other office. The Pledgor agrees that at its sole cost and expense, the Pledgor will maintain the security interest created by this Agreement in the Collateral as a perfected first priority security interest.

Section III.2. Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Administrative Agent to enforce, the Administrative Agent's security interest in the Collateral, the Pledgor represents and warrants as follows and agrees, in each case at the Pledgor's own expense, to take the following actions with respect to the following Collateral:

(a) Securities; Instruments. The Pledgor will hold in trust for the Administrative Agent upon receipt and promptly deliver to the Administrative Agent any Securities or Instruments constituting Collateral, accompanied by any necessary stock power or endorsement duly executed in blank.

(b) Deposit Accounts. As of the date hereof, the Pledgor has no Deposit Accounts. The Pledgor shall not hereafter establish or maintain any Deposit Account without the written consent of the Administrative Agent. The Pledgor shall not grant Control of any Deposit Account to any Person other than the Administrative Agent.

(c) Securities Accounts.

(i) As of the date hereof, the Pledgor has no Securities Accounts other than the Securities Intermediary Accounts and the Collateral Accounts. Subject only to Permitted Custodial Liens, the Administrative Agent has a perfected first priority security interest in each Securities Intermediary Account and Collateral Account, and all Securities Entitlements in respect of the Financial Assets credited thereto, which security interest is perfected by Control. The Pledgor shall not hereafter establish or maintain any additional Securities Account with any Securities Intermediary without the written consent of the

Administrative Agent. The Pledgor shall not grant Control over any Investment Property to any Person other than the Administrative Agent.

(ii) As between the Administrative Agent and the Pledgor, the Pledgor shall bear the investment risk with respect to all Investment Property, and the risk of loss of, damage to, or destruction of, all Investment Property, whether in the possession of, or maintained as a Security Entitlement or deposit by, or subject to the Control of, the Administrative Agent, a Securities Intermediary, the Pledgor or any other Person.

Section III.3. Supplements; Further Assurances.

(a) The Pledgor shall at its sole expense take such further actions, and execute and/or deliver to the Administrative Agent such additional financing statements, amendments, assignments, agreements, notices, supplements, powers and instruments, lists, schedules, descriptions and designations of Collateral, invoices, confirmatory assignments, additional security agreements, conveyances, transfer endorsements, certificates, reports and other assurances, documents and instruments as the Administrative Agent may in its reasonable judgment deem necessary or desirable in order to create, perfect, preserve or otherwise protect the security interest in the Collateral or any part thereof as provided herein and the rights and interests granted to the Administrative Agent hereunder and under the other Loan Documents, to carry into effect the purposes hereof or better to assure and confirm the validity, enforceability and priority of the Administrative Agent's security interest in the Collateral or permit the Administrative Agent to exercise and enforce its rights, powers and remedies hereunder and under the other Loan Documents, including the filing of financing statements, continuation statements, amendments thereto and assignments thereof and other documents (including this Agreement) under the UCC (or any other similar Law) in any applicable jurisdiction with respect to the security interest created hereby, all in form reasonably satisfactory to the Administrative Agent and in such offices wherever required by Law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Administrative Agent hereunder, as against third parties, with respect to the Collateral. The Pledgor shall file and shall promptly pay the reasonable costs of, or incidental to, any recording or filing of any such financing or continuation statements concerning the Collateral.

(b) Without limiting the generality of the foregoing, the Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time upon reasonable request by the Administrative Agent such lists, schedules, descriptions and designations of the Collateral, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, certificates, reports and other assurances or instruments as the Administrative Agent shall reasonably request. If an Event of Default has occurred and is continuing, the Administrative Agent may institute and maintain, in its own name or in the name of the Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection

thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgor.

(c) Without limiting any other right of the Administrative Agent hereunder, with respect to any Collateral constituting a receivable, the Administrative Agent may advise each obligor thereof of the Lien thereon created by this Agreement at any time.

Section III.4. Restricted Payments. For purposes of clarification, but without limiting any provision of the Credit Agreement (including Section 7.6 thereof) or any other Loan Document (apart from this Agreement), neither the pledge or grant of any Lien hereunder nor any other provision of this Agreement shall restrict the Pledgor from declaring or making any Restricted Payment.

## ARTICLE IV
## REPRESENTATIONS, WARRANTIES AND CERTAIN COVENANTS

The Pledgor represents, warrants and covenants as follows:

Section IV.1. Title. Except for the security interest granted to the Administrative Agent for the benefit of the Secured Parties pursuant to this Agreement, the Pledgor owns and has rights and, as to Collateral acquired by it from time to time after the date hereof, will own and have rights in each item of Collateral, free and clear of any and all Liens or claims of others, other than Permitted Liens.

Section IV.2. Validity of Security Interest.

(a) The security interest in and Lien on the Collateral granted to the Administrative Agent for the benefit of the Secured Parties hereunder constitutes (i) a legal and valid security interest in all of such Collateral securing the payment and performance of the Obligations (subject to bankruptcy, insolvency and similar Laws affecting the enforceability of creditors' rights generally and to general principles of equity), and (ii) a perfected first priority security interest in all of such Collateral, prior to all other Liens on such Collateral subject only to Permitted Liens.

(b) The pledge hereunder to the Administrative Agent for the benefit of the Secured Parties is permitted under the underlying documentation governing or relating to the Collateral and creates a valid security interest that would be respected under the Law of each relevant jurisdiction.

Section IV.3. Defense of Claims; Transferability of Collateral. The Pledgor shall, at its own cost and expense, defend title to the Collateral pledged by it hereunder and the security interest therein, and Liens thereon granted to the Administrative Agent and the priority thereof against all claims and demands of all Persons at any time claiming any interest therein adverse to the Administrative Agent or any Lender, other than Permitted Liens. There is no agreement, order, judgment or decree, and the Pledgor shall not enter into any agreement or take any other

action, that would restrict the transferability of any of the Collateral or otherwise impair or conflict with the Pledgor's obligations or the rights of the Administrative Agent hereunder.

Section IV.4. Other Financing Statements. The Pledgor has not filed or delivered, nor authorized any third party to file or deliver and shall not file or deliver or authorize any third party to file or deliver, any valid or effective financing statement (or similar statement, instrument of registration or public notice under the Law of any jurisdiction) or collateral assignment covering or purporting to cover any interest of any kind in the Collateral, except such as have been filed or delivered solely in favor of the Administrative Agent pursuant to this Agreement. The Pledgor shall not execute, authorize or permit to be filed or delivered in any public office any financing statement (or similar statement, instrument of registration or public notice under the Law of any jurisdiction), or to any Insurer any collateral assignment, relating to any Collateral, except if solely in favor of the Administrative Agent.

Section IV.5. Consents, etc. During a Continuing Event of Default, if the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in the Loan Documents and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Administrative Agent, the Pledgor agrees to use its commercially reasonable efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

Section IV.6. Name Change; Organizational Structure; Jurisdiction of Organization. The Pledgor's sole jurisdiction of organization is Delaware. The Pledgor shall not change its name, identity or organizational structure or relocate its jurisdiction of organization.

Section IV.7. Servicing Agreement. The Pledgor shall provide all information required to be provided by it to the Servicer, the SI and the Administrative Agent under the Loan Documents in accordance with the terms hereof. The Pledgor shall not permit any Person other than the Servicer (or a sub-servicer if permitted pursuant to the terms of the Servicing Agreement or a replacement Servicer selected in accordance with the Loan Documents) to service the Pool Policies in the manner currently contemplated under the Servicing Agreement.

Section IV.8. Policy Files. The Pledgor shall transfer to (except to the extent already so transferred) the SI, and cause the SI to hold on behalf of the Administrative Agent, each of the applicable Policy Files pursuant to and in accordance with the Securities Intermediary Agreement and the Pledgor shall not, at any time, cause the SI to release any Policy File in its custody to or at the direction of the Pledgor without the prior written consent of the Administrative Agent, unless such release is expressly permitted pursuant to the terms of the Credit Agreement.

Section IV.9. Pool Policies. No Insurer has recorded (a) any Person as an irrevocable beneficiary of any Pool Policy or (b) any Lien on any Pool Policy other than a security interest in favor of the Administrative Agent.

Section IV.10. Policy Collateral Assignments. During any Continuing Event of Default, promptly upon its receipt of a written request of the Administrative Agent, with respect to each Pool Policy, the Pledgor shall execute and deliver, or if applicable cause the SI to execute and deliver, to the Administrative Agent (or to an Insurer upon the direction of the Administrative Agent) any and all forms, instruments and other documents that are necessary or otherwise reasonably appropriate to cause the related Insurer to record the Administrative Agent on its books and records as the holder of the security interest in such Policy created pursuant to this Agreement (each, a "Policy Collateral Assignment"), and the Administrative Agent shall be permitted to deliver any such Policy Collateral Assignment to the related Insurer. Following the delivery of any Policy Collateral Assignment to an Insurer, the Pledgor shall, or if applicable cause the SI to, as from time to time reasonably directed by the Administrative Agent, (i) confirm with such Insurer (by obtaining a written confirmation or other written statement from such Insurer and forwarding the same to the Administrative Agent) that the Administrative Agent has been recorded on the books and records of such Insurer as the holder of the security interest on such Policy created pursuant to this Agreement and (ii) take any and all further actions that may be necessary or otherwise reasonably appropriate (including any such necessary or reasonably appropriate action requested to be taken by the Administrative Agent) to cause such Insurer to record the Administrative Agent on its books and records as the holder of the security interest on such Policy created pursuant to this Agreement. The Pledgor also agrees to furnish, or if applicable cause the SI to furnish, the Administrative Agent with all information necessary to prepare any Policy Collateral Assignment promptly upon its receipt of a written request by the Administrative Agent from time to time.

Section IV.11. Pool Policies and Insurers.

(a) Promptly upon becoming aware of the death of the Insured under a Pool Policy (or in the case of a Pool Policy that is a joint insurance policy, promptly following the death of both Insureds thereunder), the Pledgor shall take, and if applicable request the SI to take, all actions that are necessary or otherwise reasonably appropriate (including any such necessary or reasonably appropriate action requested to be taken by the Administrative Agent) to cause the related Insurer to remit the full Death Benefit payable thereunder directly to the SI Collection Account. In the event the Pledgor, or any agent or representative of the Pledgor (including the Servicer), receives any proceeds from or in respect of any Pool Policy that have not been deposited into the SI Collection Account or the Collection Account, the Pledgor shall, and shall cause each of its agents and representatives (including the Servicer) to, immediately deposit such proceeds into the SI Collection Account or the Collection Account.

(b) The Pledgor acknowledges and agrees that:

(i) the Insurers and the SI are authorized to recognize the Administrative Agent's rights under this Agreement and the other Loan Documents, and its rights and interests in, to and under the Pool Policies and Policy Files created pursuant to this Agreement and the other Loan Documents, without (A) investigating the reason for any action taken by the Administrative Agent, or the validity or the amount of any Obligation or the

existence of any default with respect thereto, or (B) obtaining the consent of, or providing any notice to, the Pledgor hereunder or under any applicable Law or otherwise;

(ii) none of the Administrative Agent or any Lender is obligated or otherwise required to pay from its own funds (A) any premium in respect of any Pool Policy, (B) any principal of, or interest on, any loan or advance on any Pool Policy or (C) any other fee, expense or other amount on or otherwise is furthermore of the maintenance, preservation or protection of any Pool Policy or other Collateral (including if not paying any premium, principal, interest or other amount will result in any Pool Policy lapsing), but any such amount described in any of clauses (A) through (C) so paid by the Administrative Agent or any Lender from its own funds shall become a part of the Obligations under the Credit Agreement secured pursuant to this Agreement and the other Loan Documents (and the Pledgor acknowledges and agrees that, without limiting the foregoing, during a Continuing Event of Default the Administrative Agent or any Lender may pay any such premium, principal, interest fee, expense or other amount from its own funds);

(iii) the exercise of any right, option, privilege or power given to the Administrative Agent under this Agreement and any other Loan Document shall be at the Administrative Agent's sole option, and the Administrative Agent may exercise any such right, option, privilege or power without any notice to, or consent of, or affecting the liability of, or releasing any interest created under this Agreement and any other Loan Document by, the Pledgor; and

(iv) the Administrative Agent may from time to time in its sole and absolute discretion direct the SI by Entitlement Order or otherwise to (A) take, or refrain from taking, any action with respect to any Financial Asset in any Securities Account (including any Securities Intermediary Account) or Collateral Account that the Pledgor would be required to take, or refrain from taking, pursuant to this Agreement or any other Loan Document, or during a Continuing Event of Default that the Administrative Agent would be permitted to take pursuant to this Agreement or any other Loan Document, if such Financial Asset was owned directly by the Pledgor and (B) take, or refrain from taking, any action that the Pledgor is required by the terms of this Agreement or any other Loan Document to cause such SI to so take or refrain from taking, as the case may be.

## ARTICLE V
## TRANSFERS

The Pledgor shall not sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral except to the extent expressly permitted by the Credit Agreement.

ARTICLE VI
REMEDIES

Section VI.1. Remedies.

(a) During a Continuing Event of Default, the Administrative Agent may from time to time exercise in respect of the Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, the following remedies:

(i) personally, or by agents, nominees or attorneys, immediately take possession of the Collateral or any part thereof, from the Pledgor or any other Person who then has possession of any part thereof with or without notice or process of Law, and for that purpose may enter upon the Pledgor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of the Pledgor;

(ii) demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, that, in the event that any such payments are made directly to the Pledgor, the Pledgor shall hold all amounts received pursuant thereto in trust for the benefit of the Administrative Agent and shall promptly (but in no event later than two (2) Business Days after receipt thereof) pay such amounts to the Administrative Agent;

(iii) withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of the Pledgor constituting Collateral (A) for application to the Obligations as provided in Article VII or (B) to pay (1) premium on any one or more of the Pool Policies, (2) the principal of or interest on any loan or advance on any one or more Pool Policies or (3) any fee, expense or other amount in furtherance of the maintenance, preservation or protection of any Pool Policy or other Collateral;

(iv) retain and apply the Distributions to (A) the Obligations as provided in Article VII or (B) the payment of (1) premium on any one or more of the Pool Policies, (2) the principal of or interest on any loan or advance on any one or more Pool Policies or (3) any fee, expense or other amount in furtherance of the maintenance, preservation or protection of any Pool Policy or other Collateral;

(v) exercise any and all rights as beneficial and legal owner of the Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral;

(vi) sell, assign, give option or options to purchase or otherwise dispose of Collateral as provided in Section 6.1(b);

(vii) surrender any one or more Pool Policies or cause any one or more Pool Policies to lapse;

(viii) exercise all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) or any other applicable law (including any law governing the exercise of a bank's right of setoff or bankers' Lien) when a debtor is in default under a security agreement;

(ix) deliver any instruction or Entitlement Order with respect to any Securities Intermediary Account or Collateral Account and take any other action provided under the Loan Documents with respect to the Collateral; and

(x) prior to the disposition of the Collateral as provided in Section 6.1(b), hold, use, collect, receive, assemble, store, process, repair or recondition the Collateral, or any part thereof, or prepare the Collateral for such disposition, in each case in any manner to the extent the Administrative Agent deems appropriate for the purpose of preserving the Collateral or the value of the Collateral, or for any other purpose deemed appropriate by the Administrative Agent.

(b) Sales of Collateral.

(i) During a Continuing Event of Default, the Administrative Agent may in its sole discretion, without demand of performance or other demand, presentment, protest, advertisement or notice (except as specified in Section 6.2), in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing). To the fullest extent permitted by applicable Law, the Administrative Agent or any Lender or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of the Collateral or any part thereof payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives, to the fullest extent permitted by Law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any Law now or hereafter existing. The Administrative Agent shall not be obligated to make any sale of the Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any such sale, whether public or private, or cause the same to be adjourned from time to time by announcement prior to or at the time and place fixed therefor, and such sale may, without further notice or publication, be made at the time and place to which it was so adjourned. The Administrative Agent and each Lender shall have the right upon any such public

sale or sales, and, to the extent permitted by Law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption of the Pledgor, which right or equity of redemption is hereby waived or released.

(ii) The Administrative Agent may sell the Collateral without giving any warranties as to the Collateral and may specifically disclaim or modify any warranties of title or the like.

(iii) The Pledgor recognizes that, by reason of certain prohibitions contained in Law, rules, regulations or orders of any Governmental Authority, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Collateral under this Section 6.1, to limit purchasers to those who meet the requirements of such Law or order. The Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable Law, the Administrative Agent shall have no obligation to engage in public sales.

(iv) The Pledgor shall use its commercially reasonable efforts to do or cause to be done all such other acts as may be reasonably necessary to make any sale or sales of all or any portion of the Collateral pursuant to this Section 6.1 valid and binding and in compliance with any and all other requirements of applicable Law.

(v) The Pledgor further agrees that a breach of any of the covenants contained in this Section 6.1 will cause irreparable injury to the Administrative Agent and the Lenders, that the Administrative Agent and the Lenders have no adequate remedy at law in respect of such a breach and, as a consequence, that, to the maximum extent permitted by applicable Law, each and every covenant contained in this Section 6.1 shall be specifically enforceable against the Pledgor, and, to the maximum extent permitted by applicable Law, the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of any such covenant except for a defense that no Event of Default has occurred and is continuing.

(vi) Section 9610 of the UCC states that in certain circumstances the Administrative Agent is able to purchase certain Collateral only if the Collateral is sold at a public sale. The Administrative Agent has advised the Pledgor that SEC staff personnel have issued various no action letters ("No Action Letters") describing procedures which, in the view of the SEC staff, permit a foreclosure sale of securities to occur in a manner that is public for purposes of Article 9 of the UCC, yet not public for purposes of Section 4(a)(2) of the United States Securities Act of 1933, as amended (the "Securities Act"). The UCC permits the Pledgor to agree on the standards for determining whether the Administrative Agent has complied with its obligations under Article 9 of the UCC. Pursuant to the UCC, the Pledgor hereby specifically agrees (1) that it shall not raise any objection to the Administrative Agent's purchase of the Collateral (through bidding on the obligations or otherwise) in connection with a sale conducted under this Section 6.1 and (2) that a foreclosure sale conducted in conformity with the principles set forth in the No Action Letters promulgated by the SEC staff (A) shall be considered to be a

"public" sale for purposes of the UCC, (B) shall be considered commercially reasonable notwithstanding that the Administrative Agent has not registered or sought to register any securities constituting the Collateral under the Securities Act, even if the Pledgor agrees to pay all costs of the registration process, and (C) shall be considered to be commercially reasonable notwithstanding that the Administrative Agent purchases such Collateral at such a sale.

(vii) The Pledgor agrees that the Administrative Agent shall not have any general duty or obligation to make any effort to obtain or pay any particular price for any Collateral sold by the Administrative Agent pursuant to this Agreement. The Administrative Agent may, in its sole discretion, among other things, accept the first bid received, or decide to approach or not to approach any potential purchasers. The Pledgor hereby agrees that the Administrative Agent shall have the right to conduct, and shall not incur any liability as a result of, the sale of any Collateral, or any part thereof, at any sale conducted in a manner the Administrative Agent reasonably deems to be a commercially reasonable manner, it being agreed by the parties hereto that some or all of the Collateral is or may be of one or more types that threaten to decline speedily in value. Without in any way limiting the Administrative Agent's or any Lender's right to conduct a foreclosure sale in any manner which is considered commercially reasonable (and without limiting Section 6.2 in particular), the Pledgor hereby agrees that any foreclosure sale conducted in accordance with the following provisions shall be considered a commercially reasonable sale, and the Pledgor hereby irrevocably waives any right to contest any such sale conducted in accordance with the following provisions:

(A) the Administrative Agent conducts such foreclosure sale in the State of New York;

(B) such foreclosure sale is conducted in accordance with the laws of the State of New York; and

(C) not more than thirty (30) days before, and not less than ten (10) days in advance of such foreclosure sale, the Administrative Agent notifies the Pledgor in accordance with Section 9.4 of the place of such foreclosure sale and time on or after which such foreclosure sale will occur, except for any Collateral that threatens to decline speedily in value, is of a type customarily sold on a recognized market or is the subject of widely distributed standard price quotations.

(c) For purposes hereof a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof, the Administrative Agent shall be free to carry out such sale pursuant to such agreement and the Pledgor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Administrative Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full.

Section VI.2. Notice of Sale. The Pledgor acknowledges and agrees (without limiting Section 6.1(b)(vi)) that, to the extent notice of sale or other disposition of the Collateral or any part thereof shall be required by Law, ten (10) Business Days' prior notice to the Pledgor of (i) the place of any public sale or private sale or other intended disposition is to take place and (ii)

the time on or after which such public sale, private sale or other intended disposition is intended to occur shall be commercially reasonable notification of such matters and the Pledgor agrees that such notice constitutes a "reasonable authenticated notification of disposition" within the meaning of Section 9-611 of the UCC. No notice need be given to the Pledgor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notice of sale or other intended disposition or for the sale of any Collateral that threatens to decline speedily in value or is of a type customarily sold on a recognized market. Notwithstanding anything to the contrary herein, the Pledgor agrees that except as provided in Section 6.1 or this Section 6.2, no other notice of sale or other disposition need be given to the Pledgor.

Section VI.3. Waiver of Notice and Claims.

(a) The Pledgor hereby waives, to the fullest extent permitted by applicable Laws, notice of judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of the Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Pledgor would otherwise have under Law, and the Pledgor hereby further waives, to the fullest extent permitted by applicable Law: (i) all damages occasioned by such taking of possession; (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder; (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law; and (iv) any claims against the Administrative Agent arising out of the exercise by the Administrative Agent of any of its rights hereunder (in each case, except for any claims, damages and demands it may have against the Administrative Agent arising from the willful misconduct or gross negligence of the Administrative Agent), including by reason of the fact that the price at which the Collateral or any part thereof may have been sold, assigned or licensed at a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree.

(b) The Administrative Agent shall not be liable for any incorrect or improper payment made pursuant to this Article VI in the absence of gross negligence or willful misconduct on the part of the Administrative Agent. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at Law or in equity, of the Pledgor therein and thereto, and shall be a perpetual bar both at Law and in equity against the Pledgor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under the Pledgor.

Section VI.4. No Waiver; Cumulative Remedies. No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other

right, power, privilege or remedy; nor shall the Administrative Agent be required to (a) demand upon, or pursue or exhaust any of their rights or remedies against, the Pledgor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (b) look first to, enforce or exhaust any other security, collateral or guaranties, (c) marshal the Collateral or any guarantee of the Obligations, or (d) effect a public sale of any Collateral. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by Law or otherwise available.

## ARTICLE VII
## APPLICATION OF PROCEEDS

The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Administrative Agent of its remedies shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, in accordance with Section 8.3 of the Credit Agreement.

## ARTICLE VIII
## THE ADMINISTRATIVE AGENT

Section VIII.1.Concerning Administrative Agent.

(a) The Administrative Agent has been appointed as Administrative Agent pursuant to the Credit Agreement. The actions of the Administrative Agent hereunder are subject to the provisions of the Credit Agreement. The Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including the release or substitution of the Collateral), in accordance with this Agreement and the Credit Agreement. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may resign and a successor Administrative Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Administrative Agent by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent under this Agreement, and the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Administrative Agent.

(b) Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Administrative Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and

preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Administrative Agent nor any of the Lenders shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not the Administrative Agent or any other Lender has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

(c) The Administrative Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

Section VIII.2.Administrative Agent May Perform.

If the Pledgor shall fail to perform any covenants contained in this Agreement (including the Pledgor's covenants to (a) pay and discharge any tax liabilities, assessments and governmental charges or levies upon it or its properties or assets and all lawful claims which, if unpaid, would by Law become a Lien upon its property, (b) discharge Liens or (c) pay or perform any obligations of the Pledgor under any Collateral) or if any representation or warranty on the part of the Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that the Administrative Agent shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which the Pledgor fails to pay or perform as and when required hereby. Any and all amounts so expended by the Administrative Agent shall be paid by the Pledgor in accordance with the provisions of Section 10.4 of the Credit Agreement. Neither the provisions of this Section 8.2 nor any action taken by the Administrative Agent pursuant to the provisions of this Section 8.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default.

Section VIII.3.Authorization for Administrative Agent to Take Certain Action.

(a) The Pledgor irrevocably authorizes the Administrative Agent, for the benefit of the Secured Parties, at any time and from time to time in the sole discretion of Administrative Agent and appoints the Administrative Agent to act as its attorney in fact (i) to execute on behalf of the Pledgor as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement or other record and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion reasonably deems necessary or desirable to perfect

and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Administrative Agent to the Obligations in accordance with Section 8.3 of the Credit Agreement, (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except to the extent nonpayment of such taxes, assessments, charges or fees or such Liens as are specifically permitted under the Credit Agreement), (vi) to demand, settle, compromise and adjust, and give discharges and releases concerning the Collateral, all as the Administrative Agent may reasonably deem appropriate, (vii) to commence and prosecute any actions at any court for the purposes of collecting any of the Collateral and enforcing any other right in respect thereof, (viii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Administrative Agent may reasonably deem appropriate, (ix) to direct any parties liable for any payment in connection with any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent for application in accordance with Section 8.3 of the Credit Agreement, (x) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral for application in accordance with Section 8.3 of the Credit Agreement, (xi) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services that have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, (xii) to adjust and settle claims under any insurance policy relating thereto, (xiii) to institute any foreclosure proceedings that the Administrative Agent may reasonably deem appropriate, (xiv) to execute and deliver to the related Insurer a Policy Collateral Assignment with respect to any Pool Policy and (xv) to do all other acts and things deemed by the Administrative Agent to be necessary or otherwise advisable (1) to carry out this Agreement or (2) to exercise any right or benefit of the Pledgor in respect of the Collateral (to the extent permitted by applicable law); and the Pledgor agrees to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent in connection with any of the foregoing; provided that, this authorization shall not relieve the Pledgor of any of its obligations under this Agreement, the Credit Agreement or any other Loan Document. In addition to the foregoing, on the Closing Date, the Pledgor shall execute and deliver to the Administrative Agent a power of attorney (the "Power of Attorney") in the form attached hereto as Exhibit A. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocable until the date upon which this Agreement is terminated pursuant to the terms of Section 9.2. The Administrative Agent agrees that (A) except for the powers granted in clauses (i), (iii), (v) and (xv)(1) of the first sentence of this Section 8.3(a) and clauses (i), (iii), (v) and (xv)(A) of the Power of Attorney, it shall not exercise any power or authority granted under this Section 8.3(a) or the Power of Attorney unless an Event of Default has occurred and is continuing, and (B) the Administrative Agent shall account for any moneys received by the Administrative Agent in respect of any foreclosure on or disposition of Collateral pursuant to the Power of Attorney, provided that neither the Administrative Agent nor any other Secured Party shall have any duty as to any Collateral, and the Administrative Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers. NONE OF THE ADMINISTRATIVE AGENT, ANY OTHER SECURED PARTY OR THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES

OF ANY OF THE FOREGOING SHALL BE RESPONSIBLE TO THE PLEDGOR FOR (1) ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO SUCH PERSON'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION OR (2) ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Administrative Agent under this Section 8.3 and the Power of Attorney are solely to protect the Administrative Agent's and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers.

Section VIII.4.Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE ADMINISTRATIVE AGENT AS ATTORNEY-IN-FACT IN THIS ARTICLE VIII IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 9.2. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NONE OF THE ADMINISTRATIVE AGENT, ANY OTHER SECURED PARTY, ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY OR ANY OF THE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY OF THE FOREGOING SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL ANY SUCH PERSON BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

## ARTICLE IX
## MISCELLANEOUS

Section IX.1. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Collateral and shall (a) be binding upon the Pledgor, its respective successors and assigns and (b) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the other Secured Parties and each of their respective successors, permitted transferees and permitted assigns. No other Persons (including any other creditor of the Pledgor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (b), subject to the provisions of the Credit Agreement, any Lender may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender, herein or otherwise, subject however, to the provisions of the Credit Agreement. The Pledgor agrees that its obligations hereunder and the security interest created

hereunder shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Obligations is rescinded, avoided, declared to be fraudulent or preferential, or must otherwise be restored by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of the Pledgor or otherwise.

Section IX.2. Termination; Release. This Agreement shall terminate upon the irrevocable repayment, satisfaction and discharge in full of all Obligations (other than any contingent indemnity obligations that are not then due and payable). Upon termination of this Agreement, the Collateral shall be released automatically from the Lien of this Agreement. The Administrative Agent may also release, from time to time, its security interest in the relevant Collateral created hereby in accordance with the provisions of the Loan Documents. Upon such release or any sale, transfer or other disposition of Collateral or any part thereof in accordance with the provisions of the Loan Documents, the Administrative Agent shall, upon the request and at the sole cost and expense of the Pledgor, assign, transfer and deliver to the Pledgor, against receipt and without recourse to or warranty by the Administrative Agent except as to the fact that the Administrative Agent has not encumbered the released assets, such of the Collateral or any part thereof to be released (in the case of a release) as may be in the possession of the Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including any applicable UCC-3 termination financing statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

Section IX.3. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure therefrom by any party hereto, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by the Pledgor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or any other document evidencing the Obligations, no notice to or demand on the Pledgor in any case shall entitle the Pledgor to any other or further notice or demand in similar or other circumstances.

Section IX.4. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to the Pledgor, addressed to it at the address of the Pledgor set forth in the Credit Agreement and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 9.4.

Section IX.5. Governing Law; Submission to Jurisdiction; Waiver of Venue; Service of Process; Waiver of Jury Trial.

(a) GOVERNING LAW. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR

TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OTHER PARTY HERETO OR ANY RELATED PARTY OF ANY PARTY HERETO IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN SECTION 9.5(b). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.4. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS

AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section IX.6. Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

Section IX.7. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or other electronic imaging means (e.g. “pdf” or “tiff”) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section IX.8. No Credit for Payment of Taxes or Imposition. The Pledgor shall not be entitled to any credit against the principal, premium, if any, or interest payable under the Credit Agreement, and the Pledgor shall not be entitled to any credit against any other sums which may become payable under the terms thereof or hereof, by reason of the payment of any Tax on the Collateral or any part thereof.

Section IX.9. No Claims Against Administrative Agent. Nothing contained in this Agreement shall constitute any consent or request by the Administrative Agent, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Collateral or any part thereof, nor as giving the Pledgor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Administrative Agent in respect thereof or any claim that any Lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the Lien hereof.

Section IX.10. No Release. Nothing set forth in this Agreement or any other Loan Document, nor the exercise by the Administrative Agent of any of the rights or remedies hereunder, shall relieve the Pledgor from the performance of any term, covenant, condition or agreement on the Pledgor’s part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or shall impose any obligation on the Administrative Agent or any other Lender to perform or observe

any such term, covenant, condition or agreement on the Pledgor's part to be so performed or observed or shall impose any liability on the Administrative Agent or any Lender for any act or omission on the part of the Pledgor relating thereto or for any breach of any representation or warranty on the part of the Pledgor contained in this Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. Anything herein to the contrary notwithstanding, neither the Administrative Agent nor any Lender shall have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Administrative Agent or any Lender be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder. The obligations of the Pledgor contained in this Section 9.10 shall survive the termination hereof and the discharge of the Pledgor's other obligations under this Agreement, the Credit Agreement and the other Loan Documents.

Section IX.11. Administrative Agent. It is agreed that the Administrative Agent is entering into this Agreement in its capacity as Administrative Agent under the Credit Agreement, and the provisions of Article IX of the Credit Agreement applicable to the Administrative Agent thereunder shall also apply to the Administrative Agent hereunder.

Section IX.12. Non-Petition. The Administrative Agent, the Lenders, and anyone acting on behalf of the Administrative Agent or the Lenders, shall not be entitled to institute, or join any other person in bringing, instituting or joining, any bankruptcy, reorganization, arrangement, insolvency, winding-up, examinership or liquidation proceedings, or other proceedings under any applicable bankruptcy or similar law in relation to the Pledgor until the date that is one year and one day (or, if longer, the applicable preference period) following the payment in full of all Obligations. The obligations of the Pledgor under the Loan Documents are solely the limited liability company obligations of the Pledgor. None of the parties to the Loan Documents shall have any recourse against any director, shareholder, partner or officer of the Pledgor in respect of any obligations, covenant or agreement entered into or made by the Pledgor pursuant to the terms of the Loan Documents or any notice or documents which it is requested to deliver hereunder or thereunder. The provisions of this Section 9.12 shall survive the termination of this Agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Pledgor and the Administrative Agent as of the date first above written.

GWG DLP FUNDING VI, LLC,
as Pledgor

By: _____
Name:
Title:

*Signature Page to Borrower Security Agreement*

NATIONAL FOUNDERS LP,
as Administrative Agent

By: _____
Name:
Title:

*Signature Page to Borrower Security Agreement*

**EXHIBIT A**
**FORM OF POWER OF ATTORNEY**

[_____], 20__

This Power of Attorney is executed as a deed and delivered by GWG DLP Funding VI, LLC, a Delaware limited liability company ("***Grantor***"), to National Founders LP (hereinafter referred to as "***Attorney***"), as the Administrative Agent for the benefit of the Secured Parties, under (i) the Security Agreement, dated as of August 11, 2021, between Grantor and Attorney, as Administrative Agent (as amended, restated, supplemented or otherwise from time to time, the "***Security Agreement***") and (ii) other related documents (the Security Agreement and such other related documents, collectively the "***Loan Documents***"). No person to whom this Power of Attorney is presented, as authority for Attorney to take any action or actions contemplated hereby, shall be required to inquire into or seek confirmation from Grantor as to the authority of Attorney to take any action described below, or as to the existence of or fulfillment of any condition to this Power of Attorney, which is intended to grant to Attorney unconditionally the authority to take and perform the actions contemplated herein, and Grantor irrevocably waives any right to commence any suit or action, in law or equity, against any person or entity which acts in reliance upon or acknowledges the authority granted under this Power of Attorney. The power of attorney granted hereby is coupled with an interest, and may not be revoked or canceled by Grantor without Attorney's written consent.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Security Agreement.

Grantor hereby irrevocably constitutes and appoints Attorney (and all officers, employees or agents designated by Attorney), with full power of substitution, as Grantor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Attorney's discretion, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of any Loan Documents and, without limiting the generality of the foregoing, Grantor hereby grants to Attorney the power and right, on behalf of Grantor, without notice to or assent by Grantor, and at any time, to do the following: (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of the Security Agreement or any financing statement with respect to the Collateral as a financing statement or other record and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its respective sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Administrative Agent to the Obligations in accordance with Section 8.3 of the Credit Agreement, (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for

such Liens as are specifically permitted under the Credit Agreement), (vi) to demand, settle, compromise and adjust, and give discharges and releases concerning the Collateral, all as the Administrative Agent may reasonably deem appropriate, (vii) to commence and prosecute any actions at any court for the purposes of collecting any of the Collateral and enforcing any other right in respect thereof, (viii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Administrative Agent may reasonably deem appropriate, (ix) to direct any parties liable for any payment in connection with any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent for application in accordance with Section 8.3 of the Credit Agreement, (x) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral for application in accordance with Section 8.3 of the Credit Agreement, (xi) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services that have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, (xii) to adjust and settle claims under any insurance policy relating thereto, (xiii) to institute any foreclosure proceedings that the Administrative Agent may reasonably deem appropriate, (xiv) to execute and deliver to the related Insurer a Policy Collateral Assignment with respect to any Pool Policy and (xv) to do all other acts and things deemed by the Attorney to be necessary or otherwise advisable (A) to carry out the Security Agreement, or (B) to exercise any right or benefit of the Grantor in respect of the Collateral, and to do, at Attorney's option and Grantor's expense, at any time or from time to time, all acts and other things that Attorney reasonably deems necessary to perfect, preserve or realize upon any of the Collateral or any Lien thereon of Attorney, all as fully and effectively as Grantor might do. Grantor hereby ratifies, to the extent permitted by law, all that said Attorney shall lawfully do or cause to be done by virtue hereof.

[signature page follows]

IN WITNESS WHEREOF, this Power of Attorney has been duly executed and delivered by Grantor as of the date first above written.

GWG DLP FUNDING VI, LLC

By: _____
Name:
Title:

in the presence of:

_____
Signature of Witness

Name: _____

Address: _____

**EXECUTION VERSION**

**270431704V.7**

**GUARANTEE**

This Guarantee, dated as of August 11, 2021 (this "Guarantee"), is made by GWG Holdings, Inc., a Delaware corporation (the "Guarantor"), in favor of National Founders LP, a Delaware limited partnership ("National Founders"), as the Administrative Agent under the Credit Agreement referenced below, for the benefit of the Secured Parties (as defined in the Credit Agreement).

GWG DLP Funding VI, LLC, a Delaware limited liability company (the "Borrower"), is a wholly-owned, indirect subsidiary of the Guarantor.

The Borrower is a party to that certain Credit Agreement, dated as of the date hereof (the "Credit Agreement;" and each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement), among the Borrower, the lenders party thereto and National Founders, as the administrative agent thereunder (in such capacity, the "Administrative Agent").

The Guarantor will derive substantial direct and indirect benefits from the transactions contemplated by the Credit Agreement, including the one or more Loans contemplated to be made thereunder on the Closing Date.

The obligation of each Lender to make a Loan to the Borrower under the Credit Agreement on the Closing Date is subject to the Guarantor executing and delivering this Guarantee.

1. Guarantee and Indemnity.

(a) The Guarantor hereby irrevocably and unconditionally guarantees the full and prompt payment when due of all of the Obligations, whether at stated maturity, by required prepayment, or upon acceleration, demand or otherwise, and at all times thereafter, but in all cases of this Section 1(a) only if a Guarantee Trigger Event (as defined below) has occurred. As used herein, the term "Guarantee Trigger Event" means the occurrence of:

(i) either Loan Party initiating or consenting to the institution of any proceeding under any Debtor Relief Law, or any Affiliate of any Loan Party initiating any proceeding under any Debtor Relief Law with respect to either Loan Party or any of its property;

(ii) either Loan Party making an assignment for the benefit of creditors;

(iii) either Loan Party applying for or consenting to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, examiner or similar officer for it or for all or any material part of its property, or any Affiliate of either Loan Party applying for the appointment of any

receiver, trustee, custodian, conservator, liquidator, rehabilitator, examiner or similar officer for either Loan Party or for all or any material part of the property of either Loan Party;

(iv) either Loan Party, or any property of either Loan Party, becoming substantively consolidated with any other Person (other than the other Loan Party) or any property thereof in connection with any proceeding under any Debtor Relief Law to which such other Person is a party or in respect of which any of its property otherwise is subject;

(v) any Change in Control;

(vi) the Borrower breaching Section 7.4 of the Credit Agreement or the Parent breaching Section 4.24 of the Parent Security Agreement; or

(vii) either Loan Party dissolving or winding up its affairs, or either Loan Party or Affiliate thereof taking any action in furtherance of dissolving or winding up the affairs of either Loan Party.

(b) Additionally, the Guarantor hereby irrevocably and unconditionally agrees to indemnify each Secured Party against, and hold each Secured Party harmless from, any and all costs, losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Secured Party (with any such fees or charges being limited to external counsel for any such Secured Party)) to the extent arising out of, or resulting from:

(i) either (A) any fraud, intentional misrepresentation, bad faith, illegal act or willful misconduct by either Loan Party or any Affiliate thereof, in each case in connection with any Loan Document or transaction contemplated thereby, any of the Collateral or either Loan Party's business, or (B) any Trigger Event;

(ii) any intentional misapplication or misappropriation of any of the Collections by or on behalf of either Loan Party or any Affiliate thereof;

(iii) any filing of any petition by either Loan Party or any Affiliate thereof that contests or opposes any motion made by any Secured Party to obtain relief from any automatic stay, or that seeks to reinstate any automatic stay, in connection with any proceeding under any Debtor Relief Law to which either Loan Party is a party or in respect of which any of its property otherwise is subject;

(iv) either Loan Party or any Affiliate thereof (A) taking any action in bad faith with the intent to directly or indirectly delay, oppose, avoid, contest, impede, obstruct, hinder, enjoin or otherwise interfere in any manner with the exercise or enforcement by any Secured Party of any of its rights or

remedies under any Loan Document or applicable Law upon the occurrence of an Event of Default, including with respect to any of the Collateral, (B) alleging, asserting or otherwise pursuing, in each case in bad faith, any claim, defense, affirmative defense, counterclaim, cause of action, setoff or other right that it purports to have against any Secured Party relating to the exercise or enforcement by such Secured Party of any of its rights or remedies under any Loan Document or applicable Law upon the occurrence of an Event of Default, including with respect to any of the Collateral, or (C) causing, conspiring, colluding with, acting in concert with or soliciting any other Person in doing or attempting to do any of the acts described in clause (A) or (B);

(v) any Loan Party or Affiliate thereof voluntarily granting or creating, or consenting to the grant or creation of, any Lien in or on any of the Collateral, other than any Lien that is in favor of the Administrative Agent or that otherwise is permitted by a Loan Document;

(vi) any breach of the first sentence of Section 5.17, or any breach of Section 5.18(c) or (e), 5.21 or 5.22, of the Credit Agreement, in each case on and as of the Closing Date for purposes of clarification; or

(vii) any breach of Section 7.5 of the Credit Agreement or Article V of the Parent Security Agreement.

(c) This Guarantee is a guaranty of payment and is not merely a guaranty of collection.

(d) Anything contained herein to the contrary notwithstanding, the obligations of the Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the United States Bankruptcy Code (the "Bankruptcy Code") or any comparable provision of any other Debtor Relief Law, including any applicable state uniform fraudulent transfer act, uniform fraudulent conveyance act or similar statute or common law.

2. **Guarantee Unconditional.** The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by (but, in each case, subject to the limitations set forth in Section 1(d)):

(a) any extension, renewal, settlement, adjustment, indulgence, forbearance, compromise, waiver or release of or with respect to the Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Obligations, whether (in any such case) by operation of law or otherwise, or any failure or omission to enforce any right, power or remedy with respect to the Obligations or any part thereof or any agreement

relating thereto, or with respect to any obligation of any other guarantor of any of the Obligations;

(b) any modification or amendment of, or supplement, to any Loan Document, including any such modification, amendment or supplement which may increase the amount of, or any interest rate applicable to, any of the Obligations, whether resulting from, or otherwise following, any increase of the Commitment of any Lender or otherwise;

(c) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Obligations or any part thereof, any other guarantee with respect to the Obligations or any part thereof, or any other obligation of any Person with respect to the Obligations or any part thereof, or any non-perfection or invalidity of any direct or indirect security for the Obligations or any part thereof;

(d) any change in the corporate, partnership, limited liability company or other existence, structure or ownership of either Loan Party or any other guarantor of any of the Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting either Loan Party or any other guarantor of any of the Obligations, or affecting any of their respective assets, or any resulting release or discharge of any obligation of either Loan Party or any other guarantor of any of the Obligations;

(e) the existence of any claim, setoff or other right which the Guarantor may have at any time against either Loan Party, any other guarantor of any of the Obligations, the Administrative Agent or any other Secured Party or any other Person, whether in connection with the transactions contemplated by the Loan Documents or in connection with any unrelated transaction; provided, that, nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(f) the enforceability or validity of the Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Obligations or any part thereof, or any other invalidity or unenforceability relating to or against either Loan Party or any other guarantor of any of the Obligations for any reason related to any Loan Document, or any provision of any applicable Law purporting to prohibit the payment by the Borrower, or by any other guarantor of any of the Obligations, of any of the Obligations or otherwise affecting any term of any of the Obligations, including resulting from any fact that (i) the act of creating the Obligations or any part thereof is *ultra vires*, (ii) any officer or other representative executing any Loan Document, or otherwise creating any Obligation, on behalf of any Loan Party acted in excess of such individual's authority or (iii) any Loan Document has been forged or otherwise is irregular or not genuine or authentic;

(g) any Secured Party taking or accepting any other security, collateral or guaranty, or other assurance of payment, for all or any part of the Obligations;

(h) any failure of the Administrative Agent to take any step to perfect and maintain any security interest in, or to preserve any right to, any security or collateral for any of the Obligations, if any;

(i) any reorganization, merger or consolidation of any Loan Party into or with any other Person;

(j) any election by, or on behalf of, any one or more of the Secured Parties in any proceeding instituted under any Debtor Relief Law;

(k) any borrowing or grant of a security interest by either Loan Party, as debtor-in-possession, under Section 364 of the Bankruptcy Code or any comparable provision of any other Debtor Relief Law;

(l) any disallowance, under Section 502 of the Bankruptcy Code or any comparable provision of any other Debtor Relief Law, of all or any portion of the claims of any Secured Party for repayment of all or any part of the Obligations; or

(m) any other act or omission to act or delay of any kind by either Loan Party, any other guarantor of any of the Obligations, any Secured Party or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 2, constitute a legal or equitable discharge of any obligation, or otherwise reduce, release, prejudice or extinguish the liability, of the Guarantor hereunder.

3. **Continuing Guarantee; Discharge Only Upon Payment In Full; Reinstatement In Certain Circumstances.** Subject to the occurrence of a Guarantee Trigger Event, the obligations of the Guarantor under Section 1(a) shall constitute a continuing and irrevocable guaranty of all of the Obligations now or hereafter existing and, subject to the immediately following sentence, the obligations of the Guarantor hereunder shall remain in full force and effect until the date on which all of the Obligations shall have been fully and finally performed and indefeasibly paid in full in cash (other than Unliquidated Obligations (as defined below) that have not yet arisen) and the Commitment of each Lender shall have terminated or expired (subject to the immediately following sentence, the "Termination Date"). If at any time any payment of any amount payable by either Loan Party or the Guarantor under any Loan Document, including a payment effected through any exercise of a right of setoff, is rescinded, or is or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of either Loan Party or the Guarantor or otherwise (including pursuant to any settlement entered into by a Secured Party in its discretion), the obligations hereunder of the Guarantor with respect to such payment, to the extent constituting an Obligation or otherwise an obligation of the Guarantor hereunder, shall be reinstated as though such payment had been due but not made at such time and this Guarantee shall be reinstated (and, if such reinstatement occurs after the Termination Date, the Termination Date shall be considered to have not

occurred from and after the date of such reinstatement until the occurrence of the date described in the first sentence of this Section 3 after such reinstatement). As used herein, the term "Unliquidated Obligation" means, at any time, any Obligation that is contingent in nature, or unliquidated, at such time.

4. **General Waivers; Additional Waivers.**

(a) The Guarantor irrevocably waives acceptance hereof, presentment, demand or action on delinquency, protest, the benefit of any statute of limitations and, to the fullest extent permitted by applicable Law, any notice not provided for under any Loan Document, as well as any requirement that at any time any action be taken by any Person against either Loan Party, any other guarantor of any of the Obligations or any other Person.

(b) Notwithstanding anything herein to the contrary, the Guarantor hereby absolutely, unconditionally, knowingly and expressly waives, to the fullest extent permitted by applicable Law:

(i) any right it may have to revoke this Guarantee as to future indebtedness or notice of acceptance hereof;

(ii) each of (A) notice of acceptance hereof, (B) notice of any Loan or other financial accommodation made or extended under any Loan Document or the creation or existence of any Obligation, (C) notice of the amount of the Obligations (subject, however, to the Guarantor's right to make inquiry of the Administrative Agent to ascertain the amount of the Obligations at any reasonable time), (D) notice of any adverse change in the financial condition of either Loan Party or any other guarantor of any of the Obligations or of any other fact that might increase the Guarantor's risk hereunder, (E) notice of presentment for payment, demand, protest, and notice thereof as to any instrument among the Loan Documents, (F) notice of any Default or Event of Default and (G) all other notices (except if such notice is specifically required to be given to the Guarantor hereunder) and demands to which the Guarantor might otherwise be entitled;

(iii) its right, if any, to require any Secured Party to institute suit, or to exhaust any right or remedy which such Secured Party has or may have, against any other Person or against any of the Collateral;

(iv) each of (A) any right to assert against any Secured Party any defense (legal or equitable), setoff, counterclaim or claim which the Guarantor may now or at any time hereafter have against any Person liable to such Secured Party, (B) any defense, setoff, counterclaim or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity or enforceability of any of the Obligations or any security therefor, (C) any defense the Guarantor has to performance

hereunder, and any right the Guarantor has to be exonerated, arising by reason of (1) the alteration by any Secured Party of any of the Obligations or (2) the acceptance by any Secured Party of anything in partial satisfaction of the Obligations, and (D) the benefit of any statute of limitation affecting the Guarantor's liability hereunder or the enforcement thereof (and any act which shall defer or delay the operation of any statute of limitation applicable to any of the Obligations shall similarly operate to defer or delay the operation of such statute of limitation applicable to the Guarantor's liability hereunder); and

(v) any defense arising by reason of or deriving from (A) any claim or defense based upon an election of any remedy by any Secured Party or (B) any election by any Secured Party under the Bankruptcy Code or any comparable provision of any other Debtor Relief Law to limit the amount of, or any collateral securing, its claim against the Guarantor.

5. **Subordination of Subrogation.** Until all of the Obligations have been fully and finally performed and indefeasibly paid in full in cash (other than Unliquidated Obligations), (i) the Guarantor shall not have any right of subrogation with respect to any of the Obligations and (ii) the Guarantor waives any right to enforce any remedy which any Secured Party now has or hereafter may have against either Loan Party, any endorser or any guarantor of all or any part of the Obligations or any other Person, and until such time the Guarantor waives any benefit of, and any right to participate in, any security or collateral given to any Secured Party to secure the payment or performance of all or any part of the Obligations or any other liability of either Loan Party to a Secured Party. Should the Guarantor have the right, notwithstanding the foregoing, to exercise any such right of subrogation, the Guarantor hereby expressly and irrevocably (i) subordinates any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or setoff that the Guarantor may have to the payment in full in cash of the Obligations until all of the Obligations are fully and finally performed and indefeasibly paid in full in cash (other than Unliquidated Obligations) and (ii) waives any and all defenses available to a surety, guarantor or accommodation co-obligor until all of the Obligations are fully and finally performed and indefeasibly paid in full in cash (other than Unliquidated Obligations that have not yet arisen). The Guarantor acknowledges and agrees that this subordination is intended to benefit the Secured Parties and shall not limit or otherwise affect the Guarantor's liability hereunder or the enforceability of this Guarantee, and that the Secured Parties are intended third party beneficiaries of the waivers and agreements set forth in this Section 5.

6. **Limitation of Guarantee.** Notwithstanding any other provision of this Guarantee, the amount guaranteed by the Guarantor hereunder shall be limited to the an amount required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provision of any other Debtor Relief Law, including any applicable state uniform fraudulent transfer act, uniform fraudulent conveyance act or similar statute or common law. In determining the limitations, if any,

on the amount of the Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties to this Guarantee that any right of subrogation, indemnification or contribution which the Guarantor may have under this Guarantee, any other agreement or applicable Law shall be taken into account.

7. **Stay of Acceleration.** If acceleration of the time for payment of any amount payable by either Loan Party under any Loan Document is stayed upon the insolvency, bankruptcy or reorganization of such Loan Party or any Affiliate thereof, such amount otherwise subject to acceleration under the terms of such Loan Document shall nonetheless be payable by the Guarantor hereunder forthwith, to the extent such amount constitutes an Obligation.

8. **Representations and Warranties.** The Guarantor represents and warrants to the Administrative Agent that:

(a) it is (i) duly organized and validly existing and in good standing under the Laws of the State of Delaware and (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under this Guarantee and to consummate the transactions herein contemplated;

(b) the execution, delivery and performance of this Guarantee have been duly authorized by all necessary corporate or other organizational action, and do not (i) violate the terms of any Organization Document of the Guarantor; (ii) result in any breach or contravention of, or the creation of any Lien (other than a Permitted Lien) under, or require any payment to be made under (A) any Contractual Obligation to which the Guarantor is a party or affecting it or its properties, pursuant to the terms of any such Contractual Obligation, or (B) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Guarantor or its property is subject; except, in the case of this clause (ii), to the extent such breach or contravention could not reasonably be expected to have a Material Adverse Effect; or (iii) violate in any material respect any Law;

(c) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Guarantor of this Guarantee, except such as have been duly made, effected or obtained or where the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect;

(d) this Guarantee (i) has been duly executed and delivered by the Guarantor and (ii) constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws or other Laws affecting creditors' rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at Law; and

(e) as of the date of this Guarantee, and after giving effect to any Borrowing under the Credit Agreement on the Closing Date, it is or will be, as applicable, Solvent.

9. **Certain Affirmative Covenants.** Until the Termination Date, the Guarantor shall:

(a) promptly notify the Administrative Agent of the occurrence of any Guarantee Trigger Event; and

(b) both (i) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 10 and (ii) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except, in the case of this clause (ii), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

10. Consolidation, Merger and Disposal of Assets. Until the Termination Date, the Guarantor shall not consolidate or merge with or into, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of, any Person, unless the Person formed by such consolidation or merger or into which the Guarantor is merged or the Person which acquires by operation of Law or by conveyance or transfer substantially all of the Guarantor's assets (i) shall be a legal entity organized under the Laws of the United States, a state of the United States or the District of Columbia and (ii) shall assume all of the Guarantor's obligations and liabilities under or otherwise arising with respect to this Agreement, including any such obligation or liability that arose prior to such consolidation, merger or Disposal, as the case may be.

11. **Notices.** All notices, requests and other communications to any party hereunder shall be given in the manner prescribed in Section 10.2 of the Credit Agreement with respect to the Administrative Agent at its notice address therein and, with respect to the Guarantor, as set forth below, or such other address as such parties may hereafter specify for such purpose in accordance with the provisions of Section 10.2 of the Credit Agreement.

If to GWG Holdings, Inc.:
GWG Holdings, Inc.
325 N Saint Paul St Ste 2650
Dallas, TX, 75201-3920
Attn: Timothy Evans
Email: tevans@gwgh.com

12. **No Waivers.** No failure or delay by the Administrative Agent or any other Secured Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided

in this Guarantee and the other Loan Documents shall be cumulative and not exclusive of any right or remedy provided by law.

13. **Successors and Assigns.** This Guarantee is for the benefit of the Administrative Agent and the other Secured Parties and their respective successors and permitted assigns; provided, that, the Guarantor shall not have any right to assign any of its obligations hereunder without the prior written consent of the Administrative Agent, and any such purported assignment by the Guarantor in violation of this Section 13 shall be null and void; and (i) in the event of an assignment by any Secured Party of any right with respect to any Obligation in accordance with the applicable terms of the Loan Documents, the rights hereunder, to the extent applicable to the right in respect of such Obligation so assigned, may be transferred with such right so assigned and (ii) for the avoidance of doubt, the Guarantor expressly consents to the right of the Administrative Agent to assign its rights under this Guarantee to any Person appointed as a successor "Administrative Agent" pursuant to the terms of the Credit Agreement. In no event shall any delegation by the Guarantor of any obligation hereunder release or otherwise discharge the Guarantor from such obligation, unless the Administrative Agent hereafter consents in writing to such release or other discharge. This Guarantee shall be binding upon the Guarantor and its successors and assigns.

14. **Changes in Writing.** Neither this Guarantee nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by the Guarantor and the Administrative Agent.

15. **Governing Law; Submission to Jurisdiction, Etc.**

(a) THIS GUARANTEE AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS GUARANTEE AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OTHER PARTY HERETO OR ANY RELATED PARTY OF ANY PARTY HERETO IN ANY WAY RELATING TO THIS GUARANTEE OR THE TRANSACTIONS RELATING HERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN

RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) THE GUARANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE IN ANY COURT REFERRED TO IN SECTION 15(b). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11. NOTHING IN THIS GUARANTEE WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

16. **No Strict Construction.** The Guarantor has participated in the negotiation and drafting of this Guarantee. In the event an ambiguity or question of intent or interpretation arises, this Guarantee shall be construed as if drafted jointly by the Guarantor and the Secured Parties and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provisions of this Guarantee.

17. **Taxes; Expenses of Enforcement; Etc.**

(a) **Taxes.**

(i) Any and all payments by or on account of any obligation of the Guarantor hereunder shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the applicable withholding agent) require the deduction or withholding of any Tax from any such payment by the Guarantor, then the Guarantor shall be entitled to make such deduction or withholding.

(ii) If the Guarantor shall be required by any applicable Laws to withhold or deduct any Taxes from any payment hereunder, then (1) the Guarantor

shall withhold or make such deductions, (2) the Guarantor shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (3) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the Guarantor shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 17(a)) the applicable Secured Party receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) Upon request by the Administrative Agent, after any payment of Taxes by the Guarantor to a Governmental Authority as provided in this Section 17(a), the Guarantor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(iv) The Guarantor shall, and does hereby, indemnify, jointly and severally, each Secured Party, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 17(a)) payable or paid by such Secured Party or required to be withheld or deducted from a payment to such Secured Party, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Guarantor by a Secured Party, or by the Administrative Agent on behalf of a Secured Party, shall be conclusive absent manifest error.

(v) For purposes of this Section 17(a), references to the Borrower in the defined terms used in Section 3.1 of the Credit Agreement shall include reference to the Guarantor and references to the Lender(s) or the Recipient(s) in the defined terms used in Section 3.1 of the Credit Agreement shall include reference to each Secured Party.

(vi) Notwithstanding anything to the contrary in this Section 17(a), the indemnification obligations of the Guarantor under this Section 17(a) shall apply without duplication of the indemnification obligations of the Loan Parties or the Guarantor under Section 3.1(a) of the Credit Agreement and without duplication of any recovery under Section 3.1(c) of the Credit Agreement. The Guarantor shall be entitled to the benefits of Section 3.1(g) of the Credit Agreement with respect to any indemnification

payments or payments of additional amounts made by the Guarantor pursuant to this Section 17 to same extent as the Borrower is entitled to the benefits of Section 3.1(g) of the Credit Agreement with respect to indemnification payments or payments of additional amounts made by the Borrower pursuant to Section 3.1 of the Credit Agreement.

(b) The Guarantor shall pay on demand all reasonable out-of-pocket expenses (including the fees, charges and disbursements of outside counsel) in any way relating to the enforcement or protection of any of the rights of any Secured Party under this Guarantee or in respect of any of the Obligations, including any incurred during any workout, restructuring or negotiation in respect of any of the Obligations and any incurred in the preservation, protection or enforcement of any right of any Secured Party in any proceeding under any Debtor Relief Law.

18. **Termination.** This Guarantee and the Guarantor's obligations hereunder shall terminate on the Termination Date (subject to potential reinstatement under Section 3); provided, however, no such termination shall relieve the Guarantor from any liability with respect to any breach of this Guarantee occurring prior to such termination.

19. **Financial Information.** The Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Loan Parties and any and all endorsers and/or other guarantors of all or any part of the Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Obligations, or any part thereof, that diligent inquiry would reveal, and the Guarantor hereby agrees that none of the Secured Parties shall have any duty to advise the Guarantor of any information known to such Secured Party regarding such condition or any such circumstance. In the event any Secured Party, in its sole discretion, undertakes at any time or from time to time to provide any such information to the Guarantor, such Secured Party shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Secured Party, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (iii) to make any other or future disclosure of such information or any other information to the Guarantor.

20. **Severability.** Wherever possible, each provision of this Guarantee shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Guarantee shall be prohibited by or invalid under any applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guarantee.

21. **Merger.** This Guarantee represents the final agreement of the Guarantor with respect to the matters contained herein and may not be contradicted by evidence of any prior or contemporaneous agreement, or any subsequent oral agreement, between the Guarantor and any Secured Party.

22. **Headings.** Section headings in this Guarantee are for convenience of reference only and shall not govern the interpretation of any provision of this Guarantee.

23. **Counterparts.** This Guarantee may be executed in any number of counterparts by facsimile or other written form of communication, each of which shall be deemed to be an original as against the party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

24. **Certain Rules of Construction.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (i) any definition of, or reference to, any agreement (including this Guarantee or any other Loan Document), instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time (including on or prior to the date hereof) amended, supplemented, restated, waived or otherwise modified (subject to any restriction on any such amendment, supplement, restatement, waiver or modification set forth herein), (ii) any reference herein to any party to this Guarantee or any other agreement (including any other Loan Document), instrument or other document shall be deemed to refer to any Person that becomes (or became, if applicable) a successor or assign of such party, upon the occurrence thereof, (iii) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Guarantee in its entirety and not to any particular provision hereof, (iv) all references herein to articles, sections, exhibits and schedules shall be construed to refer to articles and sections of, and exhibits and schedules to, this Guarantee, (v) any reference herein to any treaty, law, rule or regulation, or to any provision of any treaty, law, rule or regulation, shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and rules issued thereunder or pursuant thereto, in each case whether prior to, on or after the date hereof, (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, and (vii) all references herein to “$,” “funds” and “dollars” refer to United States currency. In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”.

[signature page follows]

IN WITNESS WHEREOF, this Guarantee has been executed and delivered by the undersigned as of the date first above written.

GWG HOLDINGS, INC.

By: _____
Name:
Title:

*Signature Page to the Guarantee*

**Exhibit 21**

**List of Subsidiaries of GWG Holdings, Inc.**
**As of November 5, 2021**

| Name | State or Other Jurisdiction of Incorporation or Formation |
|---|---|
| GWG Life, LLC | Delaware |
| GWG DLP Funding IV, LLC | Delaware |
| GWG DLP Funding V Holdings, LLC | Delaware |
| GWG DLP Funding V, LLC | Delaware |
| GWG DLP Funding Holdings VI, LLC | Delaware |
| GWG DLP Funding VI, LLC | Delaware |
| GWG Life Trust | Utah |
| GWG MCA Capital, Inc. | Delaware |
| GWG Life USA, LLC | Delaware |
| FOXO Technologies, Inc. | Delaware |
| The Beneficient Company Group, L.P | Delaware |
| Beneficient Company Holdings, L.P. | Delaware |
| Beneficient Capital Company, L.L.C. | Delaware |
| Beneficient Administrations and Clearing Company, L.L.C. | Delaware |
| The Beneficient Company Group (USA), L.L.C | Delaware |
| The Beneficient Company Group (USA) II, L.L.C | Delaware |
| Beneficient Fiduciary Financial, L.L.C. | Delaware |
| Beneficient Capital Markets, L.L.C. | Delaware |
| Ben Liquidity, L.L.C. | Delaware |

| | |
|---|---|
| Ben Custody, L.L.C. | Delaware |
| Ben Insurance, L.L.C. | Delaware |
| Ben Markets, L.L.C. | Delaware |
| PEN Indemnity Insurance Company, Ltd. | Bermuda |

**Exhibit 22**

**GWG Holdings, Inc.**

**Subsidiary Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities**

The entities in the table that follows are the issuer and guarantor of the L Bonds sold under registration statements declared effective by the SEC and governed by the Amended and Restated Indenture dated as of October 23, 2017 between GWG Holdings, Inc. ("GWG Holdings"), GWG Life, LLC ("GWG Life"), and Bank of Utah (as trustee) (as amended, the "Indenture"). The entities in the table that follows are also guarantors of the Seller Trust L Bonds issued under a Supplemental Indenture to the Indenture.

The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings and a pledge of all of GWG Holdings' common stock held by Beneficient Capital Company, L.L.C. and AltiVerse Capital Markets, L.L.C. (which together represent approximately 12% of our outstanding common stock), and are guaranteed by a guarantee by GWG Life and corresponding grant of a security interest in substantially all the assets of GWG Life. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds and Seller Trust L Bonds. GWG Life's equity in its subsidiaries, GWG Life Trust, GWG DLP Funding V Holdings, LLC and GWG DLP Funding IV, LLC, serves as collateral for the L Bond and Seller Trust L Bond obligations of GWG Holdings.

On December 31, 2020, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into a subsequent Supplemental Indenture that provides for the issuance of two series of Liquidity Bonds. The Liquidity Bonds are issued by GWG Life and guaranteed by GWG Holdings.

| Entity Name | Jurisdiction of Organization | Security | Role |
|---|---|---|---|
| GWG Holdings, Inc. | Delaware | L Bonds and Seller Trust L Bonds | Issuer / Pledged Collateral |
| GWG Life, LLC | Delaware | L Bonds and Seller Trust L Bonds | Guarantor / Pledged Collateral |
| GWG Holdings, Inc. | Delaware | Liquidity Bonds | Guarantor / Pledged Collateral |
| GWG Life, LLC | Delaware | Liquidity Bonds | Issuer / Pledged Collateral |

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated November 5, 2021, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of GWG Holdings, Inc. on Form 10-K for the year ended December 31, 2020. We consent to the incorporation by reference of said report in the Registration Statements of GWG Holdings, Inc. on Forms S-1 (File Nos. 333-237458 and 333-237458-01) and Form S-8 (File No. 333-226974).

/s/ GRANT THORNTON LLP

Dallas, Texas
November 5, 2021

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-1 (File Nos. 333-237458 and 237458-01) and Form S-8 (File No. 333-226974) of GWG Holdings, Inc. and Subsidiaries of our report dated March 27, 2020, except for Notes 2, 6, and 21, as to which the date is November 5, 2021, relating to the consolidated financial statements which appear in this annual report on Form 10-K of GWG Holdings, Inc. and Subsidiaries for the year ended December 31, 2020.

/s/ WHITLEY PENN LLP

Dallas, Texas
November 5, 2021

**Exhibit 31.1**

SECTION 302 CERTIFICATION

I, Murray T. Holland, certify that:

1. I have reviewed this annual report on Form 10-K of GWG Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ Murray T. Holland
Murray T. Holland
Chief Executive Officer

**Exhibit 31.2**

SECTION 302 CERTIFICATION

I, Timothy L. Evans, certify that:

1. I have reviewed this annual report on Form 10-K of GWG Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

/s/ Timothy L. Evans
Timothy L. Evans
Chief Financial Officer

**Exhibit 32.1**

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of GWG Holdings, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Murray T. Holland, Chief Executive Officer of the Company, and I, Timothy L. Evans, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Murray T. Holland
Murray T. Holland
*Chief Executive Officer*

November 5, 2021

/s/ Timothy L. Evans
Timothy L. Evans
*Chief Financial Officer*

November 5, 2021

January 25, 2021

GWG Life, LLC
325 North St. Paul Street, Suite 2650
Dallas TX 75201
United States of America

Dear Sirs

**Re: GWG Life Settlements Portfolio – Quarterly Valuation as of December 31, 2020**

You have asked that we prepare a valuation of your portfolio as of the Valuation Date set out in Appendix A. Terms used in this letter and not otherwise defined herein have the meaning specified in your Subscription Agreement with us or on the ClariNet LS website.

**Assumptions and Reliance**

- In preparing this valuation, we have relied upon the accuracy of the data contained in your ClariNet LS account as of the Pricing Date specified in Appendix A.
- We have performed no testing of such data to determine its accuracy or completeness.
- We have prepared this valuation solely with respect to the Portfolio identified in Appendix A as of the Pricing Date.
- We have used assumptions as to discount rates and survival curve construction which have been specified by you and which are set out in Appendix B.
- We have assumed that you have independently determined that the premium schedule used to value each Case is sufficient to carry the relevant Policy through to maturity.
- The survival curves used in valuation have been generated by reference to mortality factors and underwriting dates supplied by you. We understand that these mortality factors reflect your determination of the Longest LE for the relevant Insured (as defined in Appendix C). We have not made any independent investigation of this determination.

**Valuation**

Based on the composition of the Portfolio as of the Pricing Date, we find that the Net Present Value of the Portfolio on the Valuation Date is as specified in Appendix A.

Yours faithfully

**CLEARLIFE LIMITED**

By: 
Name: Mark Venn
Title: CEO

**Appendix A**
**Valuation Inputs and Outputs**

| Description | Current Quarter | Previous Quarter |
|---|---|---|
| Valuation Date | December 31, 2020 | September 30, 2020 |
| Pricing Date: | January 25, 2021 | October 20, 2020 |
| ClariNet LS Portfolio Name: | 2020_12 Portfolio Snapshot | 2020_09 Portfolio Snapshot |
| Total Face Amount of Active Policies: | $1,923,409,420 | $1,943,998,920 |
| Total Net Death Benefit of Active Policies: | $1,900,715,313 | $1,921,066,881 |
| Number of Active Policies: | 1,058 | 1,081 |
| Number of Unique Surviving Insureds: | 978 | 1,004 |
| Discount Rate: | 8.25% | 8.25% |
| Net Present Value: | $791,911,388 | $787,260,480 |

**Definitions**

- **Total Face Amount:** this is the sum of the Face Amounts for each Case included in the Portfolio on the Valuation Date.
- **Total Net Death Benefit:** This is the Net Death Benefit on the Valuation Date for each Case included in the Portfolio as of the Pricing Date. This excludes any Retained Death Benefit ("RDB") amounts. Where the Case has a RDB amount which varies over time, the number shown here reflects the RDB amount as of the Valuation Date. The Net Death Benefit associated with each Case may vary over time and may not equal the Face Amount for the relevant Case.
- **Number of Active Policies:** This is the number of Cases in the Portfolio on the Valuation Date with a Status other than MAT, PEND, SOLD, EXP, SURR or LAPS.
- **Number of Unique Surviving Insureds:** This is the number of unique surviving Insureds referenced by the Active Policies in the Portfolio on the Valuation Date. This number may be fewer than the Number of Active Policies, where a single Insured is referenced by more than one Active Policy.
- **Net Present Value:** This is the sum of the net present values calculated on the Pricing Date for all Active Policies in the Portfolio on the Valuation Date, determined by discounting the future mortality-adjusted cashflows back to the Valuation Date at the Discount Rate.

CLEARLIFE

**Appendix B**
**Valuation Template Settings**

| Parameter Name | Current Quarter | Previous Quarter |
|---|---|---|
| Fees Template | Zero Fees | Zero Fees |
| Q(x) Adjustment | None | None |
| Mortality Table Name | 2015 ANB | 2015 ANB |
| Improvement Rates | 0% | 0% |
| Survival Factor Interpolation Type | Piecewise Constant Qx | Piecewise Constant Qx |
| Interpolate VBT Table Row Based on DOB at LE Review Date | False | False |
| Calculation of Joint Life Survival Curve | Frasierized | Frasierized |
| Smoking Status Override | Non-smoker | Non-smoker |
| LE Calculation Type | Mean | Mean |
| Calculation of LE Review Date Given Multiple Reports | Blended | Blended |
| NDB Collection Lag | 0M | 0M |
| Longevity Calculation Type | Monthly | Monthly |
| Number of months to stress Qx | 0 | 0 |
| Interest payment during NDB collection lag | None | None |
| User-defined NDB collection lag interest rate | 0% | 0% |
| Aging underwriter reports | Regular | Regular |
| Improvement Start Type | TableStartDate | TableStartDate |
| Blending methodology when combining life expectancy reports | Lx | Lx |
| Apply Improvement Rate Before Mortality Calculation | False | False |
| Set Value Date to next Policy monthiversary | True | True |
| Set LE Report Date(s) to Policy monthiversary | True | True |
| Include Other Purchase Costs in IRR | True | True |
| Include Origination Fee in IRR | True | True |
| Subtract the specified number from the Mean LE50 | 0 | 0 |
| Exclude Paid Premiums in Portfolio Valuation | False | False |
| Use Previous Month NDB When Calculating Expected Cashflows | False | False |
| Premium Payment Day of Month | Do Not Shift | Do Not Shift |
| Premium Payment Month Shift | Following | Following |

**Appendix C**
**Longest LE Definition**

**Longest LE**: The LE Estimate used for each Policy within the Portfolio for purposes of calculating A2E analytics and Fair Market Value prospectively:

- For any Policy owned as of December 31, 2018 that was purchased prior to LE underwriting changes by ITM TwentyFirst Services in 2013, the longer of the two LEs utilized in the valuation of the Policy following receipt of the updated LEs ordered in response to the 2013 changes;
- For any Policy owned as of December 31, 2018 that was purchased after the LE underwriting changes by ITM TwentyFirst Services in 2013, the longest LE on file that was utilized in the pricing of the Policy at the closing of the Policy purchase (in instances where additional LE Reports were ordered, these were incorporated into the analysis whether in receipt of the LE Report at the time of closing or not, so long as the LE Report was received by a date no more than 30 calendar days subsequent to the closing date of the Policy purchase); and
- For any Policy purchased subsequent to December 31, 2018 (i.e. future purchases for purposes of the initial A2E analysis), the longest life expectancy utilized in the pricing of the Policy at the closing of the Policy purchase so long as the LE Report is received by a date no more than 30 calendar days subsequent to the closing date of the Policy purchase.

**Exhibit 99.2**

| | Face Amount | Gender | Age (ALB) [1] | LE (mo.) [2] | Insurance Company | S&P Rating |
|---|---|---|---|---|---|---|
| 1 | $ 5,000,000 | F | 95 | 10 | The Lincoln National Life Insurance Company | AA- |
| 2 | $ 687,006 | M | 85 | 41 | The State Life Insurance Company | AA- |
| 3 | $ 325,000 | M | 91 | 22 | The Lincoln National Life Insurance Company | AA- |
| 4 | $ 5,000,000 | M | 94 | 26 | United States Life Insurance Company in the City of New York | A+ |
| 5 | $ 2,000,000 | M | 91 | 51 | Transamerica Life Insurance Company | A+ |
| 6 | $ 1,000,000 | M | 90 | 47 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 7 | $ 3,500,000 | F | 94 | 39 | The Lincoln National Life Insurance Company | AA- |
| 8 | $ 1,200,000 | M | 92 | 40 | Transamerica Life Insurance Company | A+ |
| 9 | $ 1,000,000 | M | 84 | 70 | Transamerica Life Insurance Company | A+ |
| 10 | $ 800,000 | M | 84 | 70 | Columbus Life Insurance Company | AA- |
| 11 | $ 2,000,000 | M | 79 | 91 | American General Life Insurance Company | A+ |
| 12 | $ 1,000,000 | M | 85 | 88 | Protective Life Insurance Company | AA- |
| 13 | $ 5,000,000 | M | 81 | 109 | Massachusetts Mutual Life Insurance Company | AA+ |
| 14 | $ 5,000,000 | M | 81 | 109 | Massachusetts Mutual Life Insurance Company | AA+ |
| 15 | $ 2,000,000 | M | 83 | 79 | The Lincoln National Life Insurance Company | AA- |
| 16 | $ 1,358,500 | M | 84 | 53 | Metropolitan Life Insurance Company | AA- |
| 17 | $ 500,000 | F | 83 | 91 | Columbus Life Insurance Company | AA- |
| 18 | $ 1,000,000 | F | 92 | 62 | Security Life of Denver Insurance Company | A+ |
| 19 | $ 5,000,000 | F | 95 | 28 | ReliaStar Life Insurance Company | A+ |
| 20 | $ 1,000,000 | M | 91 | 33 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 21 | $ 5,000,000 | F | 87 | 38 | Transamerica Life Insurance Company | A+ |
| 22 | $ 1,000,000 | M | 83 | 84 | Metropolitan Life Insurance Company | AA- |
| 23 | $ 450,000 | M | 78 | 87 | Jackson National Life Insurance Company | A |
| 24 | $ 500,000 | M | 85 | 36 | Transamerica Life Insurance Company | A+ |
| 25 | $ 750,000 | M | 88 | 51 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 26 | $ 5,000,000 | M | 94 | 33 | Equitable Financial Life Insurance Company | A+ |
| 27 | $ 7,600,000 | M | 89 | 67 | Transamerica Life Insurance Company | A+ |
| 28 | $ 2,000,000 | M | 89 | 19 | Lincoln Benefit Life Company | BBB |
| 29 | $ 500,000 | M | 89 | 67 | Brighthouse Life Insurance Company | AA- |
| 30 | $ 2,225,000 | F | 94 | 55 | Transamerica Life Insurance Company | A+ |
| 31 | $ 2,000,000 | F | 87 | 82 | Transamerica Life Insurance Company | A+ |
| 32 | $ 5,000,000 | F | 90 | 67 | American General Life Insurance Company | A+ |
| 33 | $ 4,000,000 | F | 93 | 51 | Transamerica Life Insurance Company | A+ |
| 34 | $ 550,000 | M | 87 | 72 | Genworth Life Insurance Company | NR |
| 35 | $ 1,000,000 | M | 84 | 63 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 36 | $ 350,000 | M | 88 | 26 | Jackson National Life Insurance Company | A |
| 37 | $ 5,000,000 | M | 88 | 71 | American General Life Insurance Company | A+ |
| 38 | $ 2,500,000 | M | 90 | 32 | Brighthouse Life Insurance Company | AA- |
| 39 | $ 1,803,455 | F | 93 | 31 | Brighthouse Life Insurance Company | AA- |
| 40 | $ 1,529,270 | F | 93 | 31 | Brighthouse Life Insurance Company | AA- |
| 41 | $ 1,841,877 | M | 78 | 104 | Metropolitan Life Insurance Company | AA- |
| 42 | $ 6,000,000 | F | 89 | 73 | American General Life Insurance Company | A+ |
| 43 | $ 1,000,000 | M | 84 | 79 | Metropolitan Tower Life Insurance Company | AA- |
| 44 | $ 2,500,000 | F | 90 | 44 | American General Life Insurance Company | A+ |
| 45 | $ 2,000,000 | M | 90 | 23 | Brighthouse Life Insurance Company | AA- |
| 46 | $ 5,000,000 | F | 89 | 66 | Equitable Financial Life Insurance Company | A+ |
| 47 | $ 500,000 | F | 93 | 42 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 48 | $ 10,000,000 | M | 86 | 34 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 49 | $ 5,000,000 | F | 96 | 39 | American General Life Insurance Company | A+ |
| 50 | $ 1,800,000 | M | 91 | 34 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 51 | $ 500,000 | M | 95 | 27 | Massachusetts Mutual Life Insurance Company | AA+ |
| 52 | $ 6,608,699 | F | 88 | 74 | Nassau Life Insurance Company | BB |
| 53 | $ 5,000,000 | M | 88 | 53 | Lincoln Life & Annuity Company of New York | AA- |
| 54 | $ 1,500,000 | M | 84 | 44 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 55 | $ 8,500,000 | M | 92 | 54 | Massachusetts Mutual Life Insurance Company | AA+ |
| 56 | $ 1,800,000 | F | 89 | 28 | The Lincoln National Life Insurance Company | AA- |
| 57 | $ 3,000,000 | F | 94 | 55 | Massachusetts Mutual Life Insurance Company | AA+ |
| 58 | $ 750,000 | M | 89 | 55 | West Coast Life Insurance Company | AA- |
| 59 | $ 2,000,000 | M | 93 | 22 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 60 | $ 8,000,000 | M | 86 | 69 | Equitable Financial Life Insurance Company | A+ |
| 61 | $ 2,000,000 | M | 91 | 34 | Equitable Financial Life Insurance Company | A+ |
| 62 | $ 1,750,000 | M | 91 | 34 | Equitable Financial Life Insurance Company | A+ |
| 63 | $ 4,785,380 | F | 93 | 16 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 64 | $ 1,365,000 | F | 91 | 60 | Transamerica Life Insurance Company | A+ |
| 65 | $ 2,000,000 | M | 85 | 65 | Transamerica Life Insurance Company | A+ |
| 66 | $ 500,000 | M | 94 | 40 | The Lincoln National Life Insurance Company | AA- |
| 67 | $ 3,601,500 | M | 84 | 61 | Transamerica Life Insurance Company | A+ |
| 68 | $ 10,000,000 | M | 88 | 49 | Equitable Financial Life Insurance Company | A+ |
| 69 | $ 5,000,000 | F | 92 | 19 | Transamerica Life Insurance Company | A+ |
| 70 | $ 1,500,000 | M | 89 | 70 | The Lincoln National Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 71 | $ | 7,600,000 | F | 89 | 71 | Transamerica Life Insurance Company | A+ |
| 72 | $ | 1,680,000 | F | 86 | 26 | Equitable Financial Life Insurance Company | A+ |
| 73 | $ | 3,000,000 | M | 89 | 40 | Brighthouse Life Insurance Company | AA- |
| 74 | $ | 1,500,000 | M | 94 | 35 | Ameritas Life Insurance Corp. | A+ |
| 75 | $ | 4,200,000 | F | 89 | 79 | Transamerica Life Insurance Company | A+ |
| 76 | $ | 2,000,000 | F | 90 | 73 | Lincoln Benefit Life Company | BBB |
| 77 | $ | 5,000,000 | M | 95 | 22 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 78 | $ | 3,000,000 | M | 87 | 46 | Protective Life Insurance Company | AA- |
| 79 | $ | 5,000,000 | M | 93 | 33 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 80 | $ | 1,000,000 | F | 94 | 41 | Transamerica Life Insurance Company | A+ |
| 81 | $ | 3,000,000 | F | 86 | 70 | West Coast Life Insurance Company | AA- |
| 82 | $ | 2,000,000 | M | 89 | 56 | Pacific Life Insurance Company | AA- |
| 83 | $ | 7,500,000 | M | 93 | 27 | The Lincoln National Life Insurance Company | AA- |
| 84 | $ | 5,000,000 | F | 96 | 17 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 85 | $ | 250,000 | M | 86 | 45 | American General Life Insurance Company | A+ |
| 86 | $ | 1,900,000 | M | 88 | 34 | American National Insurance Company | A |
| 87 | $ | 1,500,000 | F | 90 | 73 | Lincoln Benefit Life Company | BBB |
| 88 | $ | 2,000,000 | F | 83 | 45 | Transamerica Life Insurance Company | A+ |
| 89 | $ | 500,000 | M | 83 | 44 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 90 | $ | 2,500,000 | M | 94 | 20 | Pacific Life Insurance Company | AA- |
| 91 | $ | 5,000,000 | M | 88 | 40 | Transamerica Life Insurance Company | A+ |
| 92 | $ | 5,000,000 | M | 90 | 52 | Security Life of Denver Insurance Company | A+ |
| 93 | $ | 2,250,000 | M | 84 | 64 | Massachusetts Mutual Life Insurance Company | AA+ |
| 94 | $ | 4,445,467 | M | 93 | 34 | The Penn Mutual Life Insurance Company | A+ |
| 95 | $ | 5,000,000 | M | 81 | 46 | West Coast Life Insurance Company | AA- |
| 96 | $ | 4,000,000 | M | 90 | 13 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 97 | $ | 1,009,467 | M | 84 | 30 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 98 | $ | 1,000,000 | F | 94 | 32 | United of Omaha Life Insurance Company | A+ |
| 99 | $ | 3,000,000 | M | 86 | 63 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 100 | $ | 4,000,000 | F | 90 | 15 | ReliaStar Life Insurance Company of New York | A+ |
| 101 | $ | 3,000,000 | M | 86 | 89 | Principal Life Insurance Company | A+ |
| 102 | $ | 4,000,000 | M | 84 | 50 | Brighthouse Life Insurance Company | AA- |
| 103 | $ | 5,000,000 | M | 84 | 40 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 104 | $ | 800,000 | M | 93 | 34 | National Western Life Insurance Company | A- |
| 105 | $ | 4,500,000 | M | 88 | 41 | Equitable Financial Life Insurance Company | A+ |
| 106 | $ | 5,000,000 | F | 94 | 34 | Massachusetts Mutual Life Insurance Company | AA+ |
| 107 | $ | 5,000,000 | M | 84 | 29 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 108 | $ | 1,000,000 | M | 71 | 49 | The Lincoln National Life Insurance Company | AA- |
| 109 | $ | 5,000,000 | M | 85 | 46 | Pacific Life Insurance Company | AA- |
| 110 | $ | 10,000,000 | M | 87 | 79 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 111 | $ | 2,000,000 | F | 88 | 64 | The Lincoln National Life Insurance Company | AA- |
| 112 | $ | 3,500,000 | F | 89 | 52 | Equitable Financial Life Insurance Company | A+ |
| 113 | $ | 1,167,000 | M | 77 | 29 | Transamerica Life Insurance Company | A+ |
| 114 | $ | 5,000,000 | M | 85 | 60 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 115 | $ | 5,000,000 | M | 89 | 40 | The Lincoln National Life Insurance Company | AA- |
| 116 | $ | 5,000,000 | M | 81 | 46 | Lincoln Benefit Life Company | BBB |
| 117 | $ | 2,500,000 | M | 83 | 64 | Massachusetts Mutual Life Insurance Company | AA+ |
| 118 | $ | 2,500,000 | M | 83 | 64 | Massachusetts Mutual Life Insurance Company | AA+ |
| 119 | $ | 5,000,000 | M | 87 | 46 | Equitable Financial Life Insurance Company | A+ |
| 120 | $ | 3,500,000 | F | 95 | 45 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 121 | $ | 200,000 | M | 80 | 43 | ReliaStar Life Insurance Company | A+ |
| 122 | $ | 2,000,000 | F | 86 | 66 | Pacific Life Insurance Company | AA- |
| 123 | $ | 4,000,000 | M | 85 | 50 | The Lincoln National Life Insurance Company | AA- |
| 124 | $ | 1,000,000 | M | 86 | 29 | Equitable Financial Life Insurance Company | A+ |
| 125 | $ | 1,000,000 | F | 90 | 50 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 126 | $ | 2,500,000 | F | 88 | 57 | ReliaStar Life Insurance Company | A+ |
| 127 | $ | 3,000,000 | F | 90 | 50 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 128 | $ | 300,000 | M | 82 | 44 | The Penn Mutual Life Insurance Company | A+ |
| 129 | $ | 2,000,000 | F | 90 | 59 | Equitable Financial Life Insurance Company | A+ |
| 130 | $ | 1,000,000 | F | 93 | 27 | West Coast Life Insurance Company | AA- |
| 131 | $ | 3,500,000 | M | 88 | 47 | Equitable Financial Life Insurance Company | A+ |
| 132 | $ | 5,000,000 | M | 85 | 79 | Principal Life Insurance Company | A+ |
| 133 | $ | 5,000,000 | M | 83 | 96 | The Lincoln National Life Insurance Company | AA- |
| 134 | $ | 2,000,000 | F | 93 | 27 | West Coast Life Insurance Company | AA- |
| 135 | $ | 1,000,000 | M | 88 | 43 | The Lincoln National Life Insurance Company | AA- |
| 136 | $ | 3,000,000 | M | 84 | 77 | Principal Life Insurance Company | A+ |
| 137 | $ | 3,000,000 | M | 93 | 23 | Transamerica Life Insurance Company | A+ |
| 138 | $ | 5,000,000 | M | 92 | 51 | The Lincoln National Life Insurance Company | AA- |
| 139 | $ | 1,000,000 | M | 86 | 54 | Equitable Financial Life Insurance Company | A+ |
| 140 | $ | 3,000,000 | F | 80 | 104 | Metropolitan Tower Life Insurance Company | AA- |
| 141 | $ | 130,000 | M | 85 | 25 | Genworth Life Insurance Company | NR |
| 142 | $ | 2,000,000 | F | 81 | 96 | Accordia Life and Annuity Company | A- |
| 143 | $ | 500,000 | M | 79 | 67 | The Lincoln National Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 144 | $ | 4,300,000 | F | 85 | 74 | American National Insurance Company | A |
| 145 | $ | 6,000,000 | M | 84 | 79 | Equitable Financial Life Insurance Company | A+ |
| 146 | $ | 3,000,000 | M | 79 | 62 | Equitable Financial Life Insurance Company | A+ |
| 147 | $ | 2,000,000 | F | 85 | 77 | Transamerica Life Insurance Company | A+ |
| 148 | $ | 1,000,000 | M | 81 | 82 | Transamerica Life Insurance Company | A+ |
| 149 | $ | 3,000,000 | M | 85 | 86 | ReliaStar Life Insurance Company | A+ |
| 150 | $ | 750,000 | M | 84 | 45 | The Lincoln National Life Insurance Company | AA- |
| 151 | $ | 1,000,000 | M | 90 | 25 | The Lincoln National Life Insurance Company | AA- |
| 152 | $ | 2,500,000 | M | 78 | 77 | American General Life Insurance Company | A+ |
| 153 | $ | 2,000,000 | M | 87 | 40 | Ohio National Life Assurance Corporation | A- |
| 154 | $ | 1,000,000 | M | 87 | 40 | Ohio National Life Assurance Corporation | A- |
| 155 | $ | 3,000,000 | M | 92 | 54 | Equitable Financial Life Insurance Company | A+ |
| 156 | $ | 800,000 | M | 94 | 30 | The Lincoln National Life Insurance Company | AA- |
| 157 | $ | 156,538 | F | 73 | 69 | New York Life Insurance Company | AA+ |
| 158 | $ | 500,000 | M | 92 | 58 | Brighthouse Life Insurance Company | AA- |
| 159 | $ | 3,000,000 | M | 88 | 25 | U.S. Financial Life Insurance Company | NR |
| 160 | $ | 3,000,000 | M | 81 | 63 | First Allmerica Financial Life Insurance Company | A- |
| 161 | $ | 250,000 | M | 93 | 50 | Brighthouse Life Insurance Company | AA- |
| 162 | $ | 7,000,000 | M | 87 | 61 | Genworth Life Insurance Company | NR |
| 163 | $ | 5,000,000 | M | 84 | 58 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 164 | $ | 8,000,000 | M | 80 | 77 | Brighthouse Life Insurance Company | AA- |
| 165 | $ | 2,275,000 | M | 89 | 59 | ReliaStar Life Insurance Company | A+ |
| 166 | $ | 1,250,000 | M | 86 | 96 | Brighthouse Life Insurance Company | AA- |
| 167 | $ | 1,750,000 | M | 86 | 69 | Equitable Financial Life Insurance Company | A+ |
| 168 | $ | 7,000,000 | F | 82 | 104 | Pacific Life Insurance Company | AA- |
| 169 | $ | 3,000,000 | F | 89 | - | Equitable Financial Life Insurance Company | A+ |
| 170 | $ | 490,620 | M | 82 | 57 | Ameritas Life Insurance Corp. | A+ |
| 171 | $ | 1,250,000 | M | 93 | 9 | Columbus Life Insurance Company | AA- |
| 172 | $ | 300,000 | M | 93 | 9 | Columbus Life Insurance Company | AA- |
| 173 | $ | 1,500,000 | M | 87 | 46 | American General Life Insurance Company | A+ |
| 174 | $ | 1,703,959 | M | 90 | 37 | The Lincoln National Life Insurance Company | AA- |
| 175 | $ | 1,556,751 | F | 100 | 20 | Accordia Life and Annuity Company | A- |
| 176 | $ | 5,000,000 | M | 81 | 132 | Pruco Life Insurance Company | AA- |
| 177 | $ | 2,000,000 | M | 92 | 53 | Security Life of Denver Insurance Company | A+ |
| 178 | $ | 2,000,000 | M | 92 | 53 | Security Life of Denver Insurance Company | A+ |
| 179 | $ | 2,000,000 | M | 92 | 53 | Security Life of Denver Insurance Company | A+ |
| 180 | $ | 1,000,000 | M | 90 | 32 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 181 | $ | 3,000,000 | M | 85 | 39 | Pacific Life Insurance Company | AA- |
| 182 | $ | 3,000,000 | M | 85 | 39 | Minnesota Life Insurance Company | AA- |
| 183 | $ | 3,000,000 | M | 85 | 39 | Pruco Life Insurance Company | AA- |
| 184 | $ | 1,682,773 | F | 96 | 33 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 185 | $ | 5,000,000 | F | 84 | 92 | ReliaStar Life Insurance Company | A+ |
| 186 | $ | 1,000,000 | F | 87 | 65 | The Lincoln National Life Insurance Company | AA- |
| 187 | $ | 6,000,000 | M | 85 | 76 | Equitable Financial Life Insurance Company | A+ |
| 188 | $ | 2,500,000 | M | 85 | 79 | Equitable Financial Life Insurance Company | A+ |
| 189 | $ | 854,980 | M | 81 | 78 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 190 | $ | 2,500,000 | M | 85 | 79 | Equitable Financial Life Insurance Company | A+ |
| 191 | $ | 2,000,000 | M | 73 | 40 | Brighthouse Life Insurance Company | AA- |
| 192 | $ | 2,000,000 | M | 73 | 40 | Brighthouse Life Insurance Company | AA- |
| 193 | $ | 5,000,000 | M | 91 | 50 | Security Life of Denver Insurance Company | A+ |
| 194 | $ | 4,000,000 | M | 82 | 42 | Massachusetts Mutual Life Insurance Company | AA+ |
| 195 | $ | 6,000,000 | F | 92 | 38 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 196 | $ | 4,000,000 | F | 80 | 110 | American General Life Insurance Company | A+ |
| 197 | $ | 3,000,000 | F | 89 | 58 | Brighthouse Life Insurance Company | AA- |
| 198 | $ | 1,000,000 | F | 82 | 85 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 199 | $ | 1,000,000 | M | 91 | 22 | Massachusetts Mutual Life Insurance Company | AA+ |
| 200 | $ | 1,000,000 | F | 92 | 8 | State Farm Life Insurance Company | AA |
| 201 | $ | 1,000,000 | M | 72 | 130 | The Lincoln National Life Insurance Company | AA- |
| 202 | $ | 5,000,000 | M | 85 | 46 | Pacific Life Insurance Company | AA- |
| 203 | $ | 400,000 | M | 82 | 80 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 204 | $ | 3,000,000 | M | 76 | 69 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 205 | $ | 3,100,000 | F | 95 | 17 | Lincoln Benefit Life Company | BBB |
| 206 | $ | 1,000,000 | M | 84 | 102 | Brighthouse Life Insurance Company | AA- |
| 207 | $ | 3,000,000 | M | 97 | 27 | West Coast Life Insurance Company | AA- |
| 208 | $ | 2,000,000 | M | 73 | 107 | Transamerica Life Insurance Company | A+ |
| 209 | $ | 1,000,000 | M | 73 | 107 | Genworth Life Insurance Company | NR |
| 210 | $ | 1,400,000 | F | 81 | 106 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 211 | $ | 500,000 | M | 77 | 93 | Ameritas Life Insurance Corp. | A+ |
| 212 | $ | 370,000 | M | 77 | 93 | Ameritas Life Insurance Corp. | A+ |
| 213 | $ | 250,000 | M | 81 | 115 | Protective Life Insurance Company | AA- |
| 214 | $ | 6,000,000 | M | 85 | 89 | Equitable Financial Life Insurance Company | A+ |
| 215 | $ | 500,000 | M | 77 | 121 | Protective Life Insurance Company | AA- |
| 216 | $ | 2,141,356 | M | 76 | 88 | New York Life Insurance Company | AA+ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 217 | $ | 1,210,000 | M | 86 | 34 | The Lincoln National Life Insurance Company | AA- |
| 218 | $ | 2,204,843 | M | 76 | 88 | New York Life Insurance Company | AA+ |
| 219 | $ | 1,000,000 | M | 87 | 24 | American General Life Insurance Company | A+ |
| 220 | $ | 3,000,000 | M | 81 | 79 | Protective Life Insurance Company | AA- |
| 221 | $ | 500,000 | M | 94 | 20 | Allianz Life Insurance Company of North America | AA |
| 222 | $ | 250,000 | F | 94 | 41 | Transamerica Life Insurance Company | A+ |
| 223 | $ | 476,574 | M | 84 | 47 | Transamerica Life Insurance Company | A+ |
| 224 | $ | 750,000 | M | 80 | 106 | Protective Life Insurance Company | AA- |
| 225 | $ | 2,502,000 | M | 83 | 119 | Transamerica Life Insurance Company | A+ |
| 226 | $ | 1,000,000 | M | 74 | 159 | Equitable Financial Life Insurance Company | A+ |
| 227 | $ | 750,000 | M | 77 | 99 | Security Life of Denver Insurance Company | A+ |
| 228 | $ | 2,500,000 | M | 77 | 109 | The Lincoln National Life Insurance Company | AA- |
| 229 | $ | 2,500,000 | M | 77 | 109 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 230 | $ | 2,500,000 | M | 81 | 108 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 231 | $ | 2,500,000 | M | 81 | 108 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 232 | $ | 1,103,922 | F | 94 | 34 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 233 | $ | 2,000,000 | M | 91 | 11 | Transamerica Life Insurance Company | A+ |
| 234 | $ | 10,000,000 | F | 92 | 43 | West Coast Life Insurance Company | AA- |
| 235 | $ | 1,500,000 | F | 91 | 67 | Transamerica Life Insurance Company | A+ |
| 236 | $ | 200,000 | M | 82 | 83 | Pruco Life Insurance Company | AA- |
| 237 | $ | 320,987 | F | 86 | 67 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 238 | $ | 1,000,000 | F | 84 | 84 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 239 | $ | 200,000 | F | 91 | 49 | The Lincoln National Life Insurance Company | AA- |
| 240 | $ | 150,000 | M | 81 | 72 | Genworth Life Insurance Company | NR |
| 241 | $ | 200,000 | M | 85 | 39 | Protective Life Insurance Company | AA- |
| 242 | $ | 150,000 | M | 85 | 39 | Protective Life Insurance Company | AA- |
| 243 | $ | 150,000 | M | 85 | 39 | Protective Life Insurance Company | AA- |
| 244 | $ | 350,000 | M | 85 | 39 | The Lincoln National Life Insurance Company | AA- |
| 245 | $ | 1,000,000 | M | 74 | 56 | Protective Life and Annuity Insurance Company | AA- |
| 246 | $ | 300,000 | F | 87 | 37 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 247 | $ | 100,000 | F | 93 | 22 | United States Life Insurance Company in the City of New York | A+ |
| 248 | $ | 100,000 | F | 93 | 22 | United States Life Insurance Company in the City of New York | A+ |
| 249 | $ | 200,000 | M | 73 | 148 | Protective Life Insurance Company | AA- |
| 250 | $ | 800,000 | M | 85 | 42 | North American Company for Life and Health Insurance | A+ |
| 251 | $ | 100,946 | F | 82 | 124 | Genworth Life and Annuity Insurance Company | NR |
| 252 | $ | 150,000 | M | 73 | 91 | Protective Life Insurance Company | AA- |
| 253 | $ | 775,000 | M | 84 | 85 | The Lincoln National Life Insurance Company | AA- |
| 254 | $ | 10,000,000 | F | 80 | 124 | ReliaStar Life Insurance Company | A+ |
| 255 | $ | 250,000 | M | 85 | 102 | ReliaStar Life Insurance Company | A+ |
| 256 | $ | 3,000,000 | M | 85 | 115 | Brighthouse Life Insurance Company | AA- |
| 257 | $ | 2,400,000 | M | 90 | 13 | Genworth Life Insurance Company | NR |
| 258 | $ | 250,000 | M | 75 | 31 | Protective Life Insurance Company | AA- |
| 259 | $ | 1,000,000 | M | 71 | 57 | Transamerica Life Insurance Company | A+ |
| 260 | $ | 2,000,000 | M | 82 | 71 | Genworth Life Insurance Company | NR |
| 261 | $ | 385,000 | M | 88 | 36 | Brighthouse Life Insurance Company | AA- |
| 262 | $ | 500,000 | M | 88 | 36 | Brighthouse Life Insurance Company | AA- |
| 263 | $ | 3,500,000 | M | 89 | 34 | Pacific Life Insurance Company | AA- |
| 264 | $ | 4,000,000 | M | 91 | 27 | Brighthouse Life Insurance Company | AA- |
| 265 | $ | 1,000,000 | M | 82 | 69 | Accordia Life and Annuity Company | A- |
| 266 | $ | 5,616,468 | M | 72 | 152 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 267 | $ | 3,000,000 | M | 80 | 92 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 268 | $ | 5,000,000 | M | 80 | 92 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 269 | $ | 800,000 | M | 79 | 80 | The Lincoln National Life Insurance Company | AA- |
| 270 | $ | 2,147,816 | F | 89 | 80 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 271 | $ | 2,500,000 | M | 78 | 86 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 272 | $ | 500,000 | F | 95 | 25 | Massachusetts Mutual Life Insurance Company | AA+ |
| 273 | $ | 1,000,000 | F | 95 | 25 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 274 | $ | 1,000,000 | F | 95 | 25 | Massachusetts Mutual Life Insurance Company | AA+ |
| 275 | $ | 250,000 | M | 71 | 134 | Pruco Life Insurance Company | AA- |
| 276 | $ | 500,000 | M | 79 | 75 | United of Omaha Life Insurance Company | A+ |
| 277 | $ | 3,500,000 | M | 97 | 28 | ReliaStar Life Insurance Company | A+ |
| 278 | $ | 650,000 | F | 76 | 47 | Security Life of Denver Insurance Company | A+ |
| 279 | $ | 2,000,000 | M | 90 | 20 | Brighthouse Life Insurance Company | AA- |
| 280 | $ | 3,000,000 | M | 90 | 20 | Brighthouse Life Insurance Company | AA- |
| 281 | $ | 3,000,000 | M | 83 | 60 | American General Life Insurance Company | A+ |
| 282 | $ | 3,000,000 | M | 72 | 86 | ReliaStar Life Insurance Company | A+ |
| 283 | $ | 2,000,000 | M | 72 | 86 | Equitable Financial Life Insurance Company | A+ |
| 284 | $ | 5,000,000 | F | 77 | 149 | West Coast Life Insurance Company | AA- |
| 285 | $ | 500,000 | M | 78 | 107 | Pruco Life Insurance Company | AA- |
| 286 | $ | 5,014,318 | M | 80 | 108 | American General Life Insurance Company | A+ |
| 287 | $ | 250,000 | M | 89 | - | Midland National Life Insurance Company | A+ |
| 288 | $ | 500,000 | M | 80 | 61 | Equitable Financial Life Insurance Company | A+ |
| 289 | $ | 2,000,000 | M | 79 | 92 | Pruco Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 290 | $ | 250,000 | M | 81 | 70 | Midland National Life Insurance Company | A+ |
| 291 | $ | 2,000,000 | M | 80 | 117 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 292 | $ | 1,250,000 | M | 75 | 90 | West Coast Life Insurance Company | AA- |
| 293 | $ | 2,000,000 | F | 89 | 38 | New York Life Insurance Company | AA+ |
| 294 | $ | 300,000 | F | 80 | 104 | Minnesota Life Insurance Company | AA- |
| 295 | $ | 700,000 | M | 86 | 61 | Banner Life Insurance Company | AA- |
| 296 | $ | 3,000,000 | M | 89 | 67 | Transamerica Life Insurance Company | A+ |
| 297 | $ | 1,000,000 | M | 88 | 36 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 298 | $ | 2,000,000 | M | 72 | 86 | Equitable Financial Life Insurance Company | A+ |
| 299 | $ | 1,000,000 | M | 88 | 36 | Jackson National Life Insurance Company | A |
| 300 | $ | 400,000 | M | 74 | 132 | The Lincoln National Life Insurance Company | AA- |
| 301 | $ | 1,000,000 | M | 79 | 80 | Transamerica Life Insurance Company | A+ |
| 302 | $ | 420,000 | M | 77 | 93 | RiverSource Life Insurance Company | AA- |
| 303 | $ | 250,000 | F | 74 | 101 | Ohio National Life Assurance Corporation | A- |
| 304 | $ | 300,000 | F | 85 | 60 | Brighthouse Life Insurance Company | AA- |
| 305 | $ | 100,000 | F | 74 | 143 | North American Company for Life and Health Insurance | A+ |
| 306 | $ | 1,000,000 | F | 78 | 103 | United of Omaha Life Insurance Company | A+ |
| 307 | $ | 5,000,000 | M | 77 | 112 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 308 | $ | 250,000 | M | 77 | 45 | American General Life Insurance Company | A+ |
| 309 | $ | 7,500,000 | F | 80 | 146 | Security Life of Denver Insurance Company | A+ |
| 310 | $ | 3,000,000 | F | 76 | 194 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 311 | $ | 1,000,000 | M | 81 | 72 | First Allmerica Financial Life Insurance Company | A- |
| 312 | $ | 200,000 | F | 82 | 106 | West Coast Life Insurance Company | AA- |
| 313 | $ | 500,000 | M | 81 | 68 | Equitable Financial Life Insurance Company | A+ |
| 314 | $ | 200,000 | M | 85 | 44 | Kansas City Life Insurance Company | NR |
| 315 | $ | 417,300 | M | 87 | 60 | Jackson National Life Insurance Company | A |
| 316 | $ | 2,000,000 | M | 81 | 54 | Athene Annuity & Life Assurance Company | A |
| 317 | $ | 1,445,000 | F | 84 | 69 | Equitable Financial Life Insurance Company | A+ |
| 318 | $ | 1,500,000 | F | 84 | 69 | Equitable Financial Life Insurance Company | A+ |
| 319 | $ | 10,000,000 | M | 88 | 40 | The Lincoln National Life Insurance Company | AA- |
| 320 | $ | 1,000,000 | M | 89 | 26 | Texas Life Insurance Company | NR |
| 321 | $ | 2,500,000 | M | 73 | 143 | Pruco Life Insurance Company | AA- |
| 322 | $ | 2,500,000 | M | 73 | 143 | Pruco Life Insurance Company | AA- |
| 323 | $ | 572,429 | F | 97 | 15 | ReliaStar Life Insurance Company | A+ |
| 324 | $ | 3,000,000 | M | 78 | 73 | Transamerica Advisors Life Insurance Company | NR |
| 325 | $ | 200,000 | M | 85 | 26 | The Lincoln National Life Insurance Company | AA- |
| 326 | $ | 3,000,000 | F | 83 | 55 | New York Life Insurance Company | AA+ |
| 327 | $ | 340,000 | F | 89 | 46 | Jackson National Life Insurance Company | A |
| 328 | $ | 1,000,000 | F | 89 | 59 | West Coast Life Insurance Company | AA- |
| 329 | $ | 750,000 | M | 72 | 133 | The Northwestern Mutual Life Insurance Company | AA+ |
| 330 | $ | 2,000,000 | M | 87 | 54 | New York Life Insurance Company | AA+ |
| 331 | $ | 300,000 | M | 77 | 83 | New England Life Insurance Company | A+ |
| 332 | $ | 10,000,000 | M | 77 | 102 | Equitable Financial Life Insurance Company | A+ |
| 333 | $ | 400,000 | M | 79 | 54 | Protective Life Insurance Company | AA- |
| 334 | $ | 1,784,686 | M | 78 | 127 | Transamerica Life Insurance Company | A+ |
| 335 | $ | 1,700,000 | M | 86 | 31 | The Lincoln National Life Insurance Company | AA- |
| 336 | $ | 1,014,136 | M | 91 | 20 | Equitable Financial Life Insurance Company | A+ |
| 337 | $ | 1,500,000 | M | 74 | 88 | Midland National Life Insurance Company | A+ |
| 338 | $ | 750,000 | M | 75 | 102 | Transamerica Life Insurance Company | A+ |
| 339 | $ | 1,000,000 | F | 85 | 50 | Lincoln Benefit Life Company | BBB |
| 340 | $ | 150,000 | M | 75 | 20 | Protective Life Insurance Company | AA- |
| 341 | $ | 500,000 | M | 84 | 51 | American General Life Insurance Company | A+ |
| 342 | $ | 1,500,000 | F | 75 | 137 | Pruco Life Insurance Company | AA- |
| 343 | $ | 500,000 | F | 88 | 73 | Equitable Financial Life Insurance Company | A+ |
| 344 | $ | 750,000 | M | 70 | 101 | Pacific Life Insurance Company | AA- |
| 345 | $ | 1,000,000 | F | 82 | 91 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 346 | $ | 355,700 | M | 80 | 73 | Security Life of Denver Insurance Company | A+ |
| 347 | $ | 750,000 | M | 74 | 101 | North American Company for Life and Health Insurance | A+ |
| 348 | $ | 500,000 | M | 96 | 34 | ReliaStar Life Insurance Company | A+ |
| 349 | $ | 6,637,021 | M | 82 | 165 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 350 | $ | 209,176 | M | 92 | 44 | The Lincoln National Life Insurance Company | AA- |
| 351 | $ | 400,000 | M | 71 | 135 | The Lincoln National Life Insurance Company | AA- |
| 352 | $ | 400,000 | M | 76 | 164 | Protective Life Insurance Company | AA- |
| 353 | $ | 1,000,000 | M | 79 | 107 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 354 | $ | 500,000 | F | 93 | 12 | Transamerica Life Insurance Company | A+ |
| 355 | $ | 400,000 | F | 93 | 12 | Lincoln Benefit Life Company | BBB |
| 356 | $ | 8,500,000 | M | 89 | 70 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 357 | $ | 1,000,000 | M | 80 | 124 | Security Mutual Life Insurance Company of New York | NR |
| 358 | $ | 550,000 | M | 83 | 44 | Pruco Life Insurance Company | AA- |
| 359 | $ | 300,000 | M | 83 | 44 | Pruco Life Insurance Company | AA- |
| 360 | $ | 1,220,000 | M | 83 | 69 | ReliaStar Life Insurance Company of New York | A+ |
| 361 | $ | 500,000 | M | 90 | 19 | New England Life Insurance Company | A+ |
| 362 | $ | 1,500,000 | M | 74 | 63 | The Lincoln National Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 363 | $ | 1,000,000 | M | 80 | 96 | Transamerica Life Insurance Company | A+ |
| 364 | $ | 350,000 | M | 71 | 79 | RiverSource Life Insurance Company | AA- |
| 365 | $ | 4,547,770 | F | 79 | 150 | Principal Life Insurance Company | A+ |
| 366 | $ | 3,000,000 | F | 81 | 69 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 367 | $ | 250,000 | F | 72 | 54 | Transamerica Life Insurance Company | A+ |
| 368 | $ | 600,000 | M | 89 | 98 | Equitable Financial Life Insurance Company | A+ |
| 369 | $ | 1,275,000 | M | 89 | 22 | Metropolitan Tower Life Insurance Company | AA- |
| 370 | $ | 370,000 | F | 79 | 96 | Minnesota Life Insurance Company | AA- |
| 371 | $ | 754,428 | M | 80 | 17 | North American Company for Life and Health Insurance | A+ |
| 372 | $ | 6,000,000 | M | 86 | 67 | Transamerica Life Insurance Company | A+ |
| 373 | $ | 500,000 | M | 76 | 91 | Ohio National Life Assurance Corporation | A- |
| 374 | $ | 1,500,000 | M | 92 | 32 | Equitable Financial Life Insurance Company | A+ |
| 375 | $ | 850,000 | F | 86 | 57 | Zurich American Life Insurance Company | A |
| 376 | $ | 5,500,000 | M | 85 | 86 | Brighthouse Life Insurance Company | AA- |
| 377 | $ | 700,000 | M | 75 | 102 | Massachusetts Mutual Life Insurance Company | AA+ |
| 378 | $ | 1,500,000 | M | 87 | 34 | Lincoln Benefit Life Company | BBB |
| 379 | $ | 250,000 | M | 71 | 167 | Protective Life Insurance Company | AA- |
| 380 | $ | 7,097,434 | M | 81 | 126 | The Lincoln National Life Insurance Company | AA- |
| 381 | $ | 8,000,000 | M | 85 | 96 | Brighthouse Life Insurance Company | AA- |
| 382 | $ | 4,000,000 | M | 85 | 65 | The Lincoln National Life Insurance Company | AA- |
| 383 | $ | 330,000 | M | 92 | 36 | Equitable Financial Life Insurance Company | A+ |
| 384 | $ | 175,000 | M | 92 | 36 | Brighthouse Life Insurance Company | AA- |
| 385 | $ | 335,000 | M | 92 | 36 | Brighthouse Life Insurance Company | AA- |
| 386 | $ | 500,000 | F | 96 | 44 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 387 | $ | 1,250,000 | M | 83 | 66 | Equitable Financial Life Insurance Company | A+ |
| 388 | $ | 5,000,000 | M | 75 | 136 | Brighthouse Life Insurance Company | AA- |
| 389 | $ | 2,000,000 | M | 77 | 93 | Security Life of Denver Insurance Company | A+ |
| 390 | $ | 1,000,000 | M | 71 | 82 | The Savings Bank Mutual Life Insurance Company of Massachusetts | A- |
| 391 | $ | 5,000,000 | M | 79 | 100 | American General Life Insurance Company | A+ |
| 392 | $ | 350,000 | M | 82 | 75 | Equitable Financial Life Insurance Company | A+ |
| 393 | $ | 320,000 | M | 71 | 136 | Transamerica Premier Life Insurance Company | A+ |
| 394 | $ | 2,500,000 | M | 76 | 47 | Transamerica Life Insurance Company | A+ |
| 395 | $ | 3,000,000 | F | 86 | 46 | Equitable Financial Life Insurance Company | A+ |
| 396 | $ | 1,000,000 | M | 73 | 109 | Transamerica Life Insurance Company | A+ |
| 397 | $ | 5,000,000 | F | 90 | 22 | Security Life of Denver Insurance Company | A+ |
| 398 | $ | 1,500,000 | M | 77 | 93 | Security Life of Denver Insurance Company | A+ |
| 399 | $ | 172,245 | F | 79 | 30 | Symetra Life Insurance Company | A |
| 400 | $ | 500,000 | M | 78 | 37 | William Penn Life Insurance Company of New York | AA- |
| 401 | $ | 420,000 | M | 76 | 121 | Protective Life Insurance Company | AA- |
| 402 | $ | 800,000 | M | 78 | 91 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 403 | $ | 100,000 | M | 76 | 107 | Protective Life Insurance Company | AA- |
| 404 | $ | 150,000 | M | 75 | 20 | Equitable Financial Life Insurance Company | A+ |
| 405 | $ | 4,000,000 | M | 77 | 119 | Equitable Financial Life Insurance Company of America | A+ |
| 406 | $ | 750,000 | M | 88 | 47 | Equitable Financial Life Insurance Company | A+ |
| 407 | $ | 250,000 | M | 89 | 39 | ReliaStar Life Insurance Company | A+ |
| 408 | $ | 2,500,000 | M | 89 | 34 | Equitable Financial Life Insurance Company | A+ |
| 409 | $ | 1,000,000 | M | 83 | 85 | Principal Life Insurance Company | A+ |
| 410 | $ | 1,980,000 | M | 90 | 18 | New York Life Insurance Company | AA+ |
| 411 | $ | 175,000 | F | 74 | 81 | The Lincoln National Life Insurance Company | AA- |
| 412 | $ | 500,000 | M | 77 | 77 | William Penn Life Insurance Company of New York | AA- |
| 413 | $ | 1,000,000 | M | 71 | 129 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 414 | $ | 250,000 | F | 73 | 126 | Protective Life Insurance Company | AA- |
| 415 | $ | 1,000,000 | M | 89 | 18 | Metropolitan Tower Life Insurance Company | AA- |
| 416 | $ | 300,000 | M | 77 | 87 | Protective Life Insurance Company | AA- |
| 417 | $ | 300,000 | M | 73 | 77 | Protective Life Insurance Company | AA- |
| 418 | $ | 2,000,000 | M | 77 | 115 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 419 | $ | 3,000,000 | M | 73 | 176 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 420 | $ | 1,500,000 | F | 85 | 55 | Protective Life Insurance Company | AA- |
| 421 | $ | 500,000 | F | 70 | 142 | Banner Life Insurance Company | AA- |
| 422 | $ | 2,000,000 | M | 83 | 79 | The Lincoln National Life Insurance Company | AA- |
| 423 | $ | 1,100,000 | M | 81 | 106 | Accordia Life and Annuity Company | A- |
| 424 | $ | 125,000 | M | 90 | 29 | Jackson National Life Insurance Company | A |
| 425 | $ | 1,187,327 | M | 85 | 61 | Transamerica Life Insurance Company | A+ |
| 426 | $ | 267,988 | M | 77 | 31 | Minnesota Life Insurance Company | AA- |
| 427 | $ | 1,200,000 | M | 73 | 127 | Massachusetts Mutual Life Insurance Company | AA+ |
| 428 | $ | 5,000,000 | M | 75 | 95 | Transamerica Life Insurance Company | A+ |
| 429 | $ | 600,000 | M | 82 | 75 | Equitable Financial Life Insurance Company | A+ |
| 430 | $ | 160,000 | M | 76 | 73 | RiverSource Life Insurance Company | AA- |
| 431 | $ | 1,000,000 | F | 93 | 29 | Brighthouse Life Insurance Company | AA- |
| 432 | $ | 300,000 | M | 75 | 164 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 433 | $ | 500,000 | M | 74 | 83 | Lincoln Benefit Life Company | BBB |
| 434 | $ | 1,000,000 | F | 88 | 40 | American General Life Insurance Company | A+ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 435 | $ | 1,200,000 | F | 82 | 102 | Athene Annuity & Life Assurance Company | A |
| 436 | $ | 300,000 | M | 74 | 106 | Farmers New World Life Insurance Company | NR |
| 437 | $ | 3,000,000 | M | 88 | 55 | Transamerica Life Insurance Company | A+ |
| 438 | $ | 100,000 | M | 79 | 119 | Protective Life Insurance Company | AA- |
| 439 | $ | 1,000,000 | M | 76 | 99 | American General Life Insurance Company | A+ |
| 440 | $ | 5,000,000 | M | 71 | 88 | Athene Annuity & Life Assurance Company | A |
| 441 | $ | 10,000,000 | M | 88 | 92 | Pacific Life Insurance Company | AA- |
| 442 | $ | 250,000 | F | 78 | 139 | Protective Life Insurance Company | AA- |
| 443 | $ | 92,000 | F | 74 | 167 | Protective Life Insurance Company | AA- |
| 444 | $ | 200,000 | M | 70 | 133 | Pruco Life Insurance Company | AA- |
| 445 | $ | 200,000 | M | 70 | 133 | Pruco Life Insurance Company | AA- |
| 446 | $ | 190,000 | F | 77 | 159 | Protective Life Insurance Company | AA- |
| 447 | $ | 1,000,000 | M | 81 | 50 | Brighthouse Life Insurance Company | AA- |
| 448 | $ | 5,000,000 | M | 81 | 106 | Equitable Financial Life Insurance Company | A+ |
| 449 | $ | 650,000 | M | 71 | 155 | The Lincoln National Life Insurance Company | AA- |
| 450 | $ | 1,000,000 | M | 75 | 35 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 451 | $ | 1,000,000 | M | 84 | 65 | The Lincoln National Life Insurance Company | AA- |
| 452 | $ | 846,510 | M | 71 | 103 | The Lincoln National Life Insurance Company | AA- |
| 453 | $ | 846,210 | M | 71 | 103 | The Lincoln National Life Insurance Company | AA- |
| 454 | $ | 2,000,000 | F | 81 | 136 | The Lincoln National Life Insurance Company | AA- |
| 455 | $ | 202,700 | M | 75 | 87 | Farmers New World Life Insurance Company | NR |
| 456 | $ | 500,000 | M | 79 | 65 | Delaware Life Insurance Company | BBB+ |
| 457 | $ | 10,000,000 | M | 78 | 113 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 458 | $ | 1,000,000 | M | 88 | 48 | The Lincoln National Life Insurance Company | AA- |
| 459 | $ | 232,000 | M | 76 | 148 | Protective Life Insurance Company | AA- |
| 460 | $ | 809,320 | M | 78 | 65 | Commonwealth Annuity and Life Insurance Company | A- |
| 461 | $ | 2,200,000 | F | 81 | 118 | ReliaStar Life Insurance Company | A+ |
| 462 | $ | 100,000 | M | 80 | 36 | Equitable Financial Life Insurance Company | A+ |
| 463 | $ | 3,500,000 | M | 69 | 176 | Pruco Life Insurance Company | AA- |
| 464 | $ | 492,547 | M | 71 | 88 | Equitable Financial Life Insurance Company | A+ |
| 465 | $ | 1,000,000 | F | 96 | 14 | The Lincoln National Life Insurance Company | AA- |
| 466 | $ | 250,000 | M | 75 | 153 | The Lincoln National Life Insurance Company | AA- |
| 467 | $ | 1,000,000 | M | 73 | 102 | Transamerica Life Insurance Company | A+ |
| 468 | $ | 1,000,000 | M | 91 | 13 | Sun Life Assurance Company of Canada (United States Branch) | AA |
| 469 | $ | 1,000,000 | M | 73 | 123 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 470 | $ | 1,000,000 | M | 70 | 96 | Pruco Life Insurance Company | AA- |
| 471 | $ | 3,000,000 | M | 73 | 134 | Transamerica Life Insurance Company | A+ |
| 472 | $ | 8,800,000 | F | 85 | 71 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 473 | $ | 3,000,000 | M | 73 | 125 | Genworth Life Insurance Company | NR |
| 474 | $ | 1,200,000 | M | 73 | 127 | Genworth Life Insurance Company | NR |
| 475 | $ | 2,000,000 | M | 85 | 46 | Brighthouse Life Insurance Company | AA- |
| 476 | $ | 2,000,000 | M | 85 | 46 | Brighthouse Life Insurance Company | AA- |
| 477 | $ | 2,000,000 | F | 69 | 165 | Brighthouse Life Insurance Company | AA- |
| 478 | $ | 5,000,000 | M | 88 | 39 | Transamerica Life Insurance Company | A+ |
| 479 | $ | 100,000 | M | 74 | 74 | Massachusetts Mutual Life Insurance Company | AA+ |
| 480 | $ | 2,000,000 | M | 74 | 153 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 481 | $ | 8,600,000 | M | 78 | 123 | Equitable Financial Life Insurance Company | A+ |
| 482 | $ | 4,000,000 | M | 83 | 118 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 483 | $ | 250,000 | F | 79 | 122 | Equitable Financial Life Insurance Company | A+ |
| 484 | $ | 1,000,000 | M | 73 | 102 | Protective Life Insurance Company | AA- |
| 485 | $ | 4,000,000 | M | 79 | 91 | Security Mutual Life Insurance Company of New York | NR |
| 486 | $ | 1,000,000 | M | 85 | 59 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 487 | $ | 185,000 | M | 75 | 101 | Genworth Life Insurance Company | NR |
| 488 | $ | 2,500,000 | M | 78 | 113 | Banner Life Insurance Company | AA- |
| 489 | $ | 10,000,000 | M | 81 | 95 | Equitable Financial Life Insurance Company | A+ |
| 490 | $ | 250,000 | F | 76 | 77 | Protective Life Insurance Company | AA- |
| 491 | $ | 500,000 | M | 70 | 48 | Transamerica Life Insurance Company | A+ |
| 492 | $ | 5,000,000 | F | 87 | 39 | Security Mutual Life Insurance Company of New York | NR |
| 493 | $ | 1,000,000 | M | 74 | 132 | Accordia Life and Annuity Company | A- |
| 494 | $ | 400,000 | F | 74 | 110 | Equitable Financial Life Insurance Company of America | A+ |
| 495 | $ | 250,000 | M | 79 | 46 | Genworth Life and Annuity Insurance Company | NR |
| 496 | $ | 300,000 | F | 89 | 63 | Equitable Financial Life Insurance Company | A+ |
| 497 | $ | 2,000,000 | M | 73 | 157 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 498 | $ | 600,000 | M | 72 | 63 | William Penn Life Insurance Company of New York | AA- |
| 499 | $ | 600,000 | M | 88 | 32 | Massachusetts Mutual Life Insurance Company | AA+ |
| 500 | $ | 500,000 | F | 70 | 103 | American General Life Insurance Company | A+ |
| 501 | $ | 5,000,000 | F | 82 | 68 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 502 | $ | 80,000 | F | 88 | 21 | Protective Life Insurance Company | AA- |
| 503 | $ | 540,000 | M | 70 | 142 | Protective Life Insurance Company | AA- |
| 504 | $ | 200,000 | M | 80 | 40 | Brighthouse Life Insurance Company | AA- |
| 505 | $ | 100,000 | M | 80 | 40 | Brighthouse Life Insurance Company | AA- |
| 506 | $ | 1,100,000 | M | 72 | 128 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 507 | $ | 730,000 | M | 81 | 72 | Transamerica Life Insurance Company | A+ |

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|---|---|---|---|---|---|---|---|
| 508 | $ | 1,000,000 | F | 77 | 111 | ReliaStar Life Insurance Company | A+ |
| 509 | $ | 1,000,000 | M | 80 | 68 | Metropolitan Tower Life Insurance Company | AA- |
| 510 | $ | 250,000 | M | 85 | 56 | Equitable Financial Life Insurance Company | A+ |
| 511 | $ | 1,029,871 | M | 81 | 107 | Principal Life Insurance Company | A+ |
| 512 | $ | 4,000,000 | M | 73 | 105 | Brighthouse Life Insurance Company | AA- |
| 513 | $ | 100,000 | M | 80 | 84 | Transamerica Life Insurance Company | A+ |
| 514 | $ | 265,000 | M | 70 | 129 | Protective Life Insurance Company | AA- |
| 515 | $ | 89,626 | F | 79 | 85 | Ameritas Life Insurance Corp. | A+ |
| 516 | $ | 2,000,000 | F | 87 | 48 | The Lincoln National Life Insurance Company | AA- |
| 517 | $ | 5,000,000 | M | 82 | 82 | The Lincoln National Life Insurance Company | AA- |
| 518 | $ | 70,000 | M | 83 | 25 | Pioneer Mutual Life Insurance Company | NR |
| 519 | $ | 252,259 | M | 75 | 79 | Massachusetts Mutual Life Insurance Company | AA+ |
| 520 | $ | 1,350,000 | M | 76 | 90 | The Lincoln National Life Insurance Company | AA- |
| 521 | $ | 150,000 | M | 78 | 73 | Genworth Life Insurance Company | NR |
| 522 | $ | 8,000,000 | F | 79 | 109 | West Coast Life Insurance Company | AA- |
| 523 | $ | 500,000 | M | 85 | 25 | Genworth Life and Annuity Insurance Company | NR |
| 524 | $ | 1,000,000 | F | 91 | 35 | Equitable Financial Life Insurance Company | A+ |
| 525 | $ | 400,000 | M | 70 | 104 | Jackson National Life Insurance Company | A |
| 526 | $ | 500,000 | F | 89 | 63 | Equitable Financial Life Insurance Company | A+ |
| 527 | $ | 500,000 | F | 94 | 11 | Transamerica Life Insurance Company | A+ |
| 528 | $ | 838,529 | M | 86 | 80 | Transamerica Life Insurance Company | A+ |
| 529 | $ | 229,725 | F | 72 | 78 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 530 | $ | 500,000 | M | 77 | 68 | The Lincoln National Life Insurance Company | AA- |
| 531 | $ | 250,000 | M | 69 | 92 | Transamerica Life Insurance Company | A+ |
| 532 | $ | 1,000,000 | M | 81 | 110 | Equitable Financial Life Insurance Company | A+ |
| 533 | $ | 1,000,000 | M | 81 | 110 | Equitable Financial Life Insurance Company | A+ |
| 534 | $ | 250,000 | M | 92 | 13 | Wilton Reassurance Life Company of New York | NR |
| 535 | $ | 500,000 | M | 80 | 64 | American General Life Insurance Company | A+ |
| 536 | $ | 1,000,000 | M | 78 | 119 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 537 | $ | 150,000 | M | 63 | 75 | Jackson National Life Insurance Company | A |
| 538 | $ | 1,200,000 | F | 83 | 87 | Equitable Financial Life Insurance Company | A+ |
| 539 | $ | 500,000 | F | 83 | 101 | Ohio National Life Assurance Corporation | A- |
| 540 | $ | 313,413 | M | 94 | 26 | United States Life Insurance Company in the City of New York | A+ |
| 541 | $ | 1,000,000 | M | 85 | 54 | The Penn Mutual Life Insurance Company | A+ |
| 542 | $ | 10,000,000 | M | 69 | 74 | The Lincoln National Life Insurance Company | AA- |
| 543 | $ | 1,000,000 | M | 86 | 113 | ReliaStar Life Insurance Company | A+ |
| 544 | $ | 1,000,000 | F | 79 | 109 | Companion Life Insurance Company | AA- |
| 545 | $ | 105,333 | F | 71 | 105 | Lincoln Benefit Life Company | BBB |
| 546 | $ | 67,602 | F | 71 | 105 | Allstate Life Insurance Company of New York | A+ |
| 547 | $ | 13,250,000 | M | 73 | 181 | TIAA-CREF Life Insurance Company | AA+ |
| 548 | $ | 2,000,000 | F | 90 | 48 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 549 | $ | 415,000 | M | 79 | 84 | United States Life Insurance Company in the City of New York | A+ |
| 550 | $ | 500,000 | M | 73 | 92 | The Lincoln National Life Insurance Company | AA- |
| 551 | $ | 250,000 | F | 69 | 168 | Principal Life Insurance Company | A+ |
| 552 | $ | 1,000,000 | F | 76 | 126 | American General Life Insurance Company | A+ |
| 553 | $ | 500,000 | M | 74 | 130 | Protective Life Insurance Company | AA- |
| 554 | $ | 5,000,000 | M | 76 | 96 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 555 | $ | 300,000 | M | 94 | 18 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 556 | $ | 10,000,000 | M | 75 | 137 | Principal Life Insurance Company | A+ |
| 557 | $ | 2,000,072 | M | 78 | 141 | American General Life Insurance Company | A+ |
| 558 | $ | 300,000 | M | 79 | 62 | First Allmerica Financial Life Insurance Company | A- |
| 559 | $ | 1,000,000 | M | 92 | 10 | Security Life of Denver Insurance Company | A+ |
| 560 | $ | 306,552 | M | 71 | 131 | First Allmerica Financial Life Insurance Company | A- |
| 561 | $ | 750,000 | F | 80 | 61 | Delaware Life Insurance Company | BBB+ |
| 562 | $ | 5,000,000 | M | 76 | 96 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 563 | $ | 600,000 | M | 86 | 18 | The Lincoln National Life Insurance Company | AA- |
| 564 | $ | 500,000 | M | 83 | 95 | Pruco Life Insurance Company | AA- |
| 565 | $ | 560,000 | M | 72 | 112 | Equitable Financial Life Insurance Company | A+ |
| 566 | $ | 800,000 | M | 83 | 59 | Minnesota Life Insurance Company | AA- |
| 567 | $ | 100,000 | M | 79 | 111 | Genworth Life Insurance Company | NR |
| 568 | $ | 450,000 | M | 90 | 25 | American General Life Insurance Company | A+ |
| 569 | $ | 180,000 | F | 85 | 53 | Midland National Life Insurance Company | A+ |
| 570 | $ | 1,000,000 | M | 81 | 59 | Transamerica Life Insurance Company | A+ |
| 571 | $ | 5,000,000 | M | 71 | 104 | The Lincoln National Life Insurance Company | AA- |
| 572 | $ | 1,000,000 | M | 84 | 51 | Transamerica Life Insurance Company | A+ |
| 573 | $ | 750,000 | M | 83 | 76 | Metropolitan Tower Life Insurance Company | AA- |
| 574 | $ | 500,000 | F | 89 | 54 | Brighthouse Life Insurance Company | AA- |
| 575 | $ | 500,000 | F | 95 | 10 | The Lincoln National Life Insurance Company | AA- |
| 576 | $ | 656,656 | M | 79 | 59 | Equitable Financial Life Insurance Company of America | A+ |
| 577 | $ | 1,000,000 | M | 73 | 25 | Equitable Financial Life Insurance Company of America | A+ |
| 578 | $ | 3,000,000 | F | 86 | 42 | Equitable Financial Life Insurance Company | A+ |
| 579 | $ | 390,025 | M | 76 | 113 | Genworth Life and Annuity Insurance Company | NR |
| 580 | $ | 400,000 | M | 94 | 13 | The Lincoln National Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 581 | $ | 300,000 | M | 79 | 49 | United States Life Insurance Company in the City of New York | A+ |
| 582 | $ | 250,000 | M | 84 | 37 | United of Omaha Life Insurance Company | A+ |
| 583 | $ | 500,000 | M | 84 | 51 | Transamerica Life Insurance Company | A+ |
| 584 | $ | 500,000 | M | 78 | 84 | New York Life Insurance Company | AA+ |
| 585 | $ | 500,000 | M | 78 | 84 | New York Life Insurance Company | AA+ |
| 586 | $ | 1,500,000 | F | 93 | 17 | Transamerica Life Insurance Company | A+ |
| 587 | $ | 500,000 | F | 93 | 17 | Transamerica Life Insurance Company | A+ |
| 588 | $ | 800,000 | F | 84 | 62 | John Alden Life Insurance Company | NR |
| 589 | $ | 100,000 | M | 72 | 94 | Nassau Life Insurance Company | BB |
| 590 | $ | 3,000,000 | F | 80 | 127 | ReliaStar Life Insurance Company | A+ |
| 591 | $ | 5,000,000 | M | 74 | 117 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 592 | $ | 4,000,000 | M | 74 | 117 | Equitable Financial Life Insurance Company of America | A+ |
| 593 | $ | 74,000 | M | 86 | 50 | Transamerica Premier Life Insurance Company | A+ |
| 594 | $ | 8,000,000 | M | 78 | 152 | Brighthouse Life Insurance Company | AA- |
| 595 | $ | 694,487 | M | 90 | 36 | The Lincoln National Life Insurance Company | AA- |
| 596 | $ | 1,000,000 | M | 69 | 119 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 597 | $ | 350,000 | M | 69 | 95 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 598 | $ | 1,532,043 | M | 74 | 126 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 599 | $ | 1,000,000 | M | 92 | 41 | Equitable Financial Life Insurance Company | A+ |
| 600 | $ | 1,500,000 | M | 78 | 99 | American General Life Insurance Company | A+ |
| 601 | $ | 1,500,000 | M | 78 | 99 | American General Life Insurance Company | A+ |
| 602 | $ | 250,995 | M | 73 | 147 | State Farm Life Insurance Company | AA |
| 603 | $ | 200,000 | M | 73 | 147 | State Farm Life Insurance Company | AA |
| 604 | $ | 2,400,000 | M | 87 | 30 | Nassau Life Insurance Company | BB |
| 605 | $ | 2,000,000 | M | 74 | 135 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 606 | $ | 2,000,000 | M | 89 | 54 | American National Insurance Company | A |
| 607 | $ | 1,000,000 | M | 78 | 75 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 608 | $ | 100,000 | M | 85 | 70 | Protective Life Insurance Company | AA- |
| 609 | $ | 4,383,532 | M | 72 | 152 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 610 | $ | 900,000 | M | 72 | 156 | American General Life Insurance Company | A+ |
| 611 | $ | 306,854 | M | 83 | 48 | Voya Retirement Insurance and Annuity Company | A+ |
| 612 | $ | 314,000 | M | 76 | 124 | Genworth Life Insurance Company | NR |
| 613 | $ | 120,000 | F | 88 | 52 | The Lincoln National Life Insurance Company | AA- |
| 614 | $ | 77,000 | F | 88 | 52 | The Lincoln National Life Insurance Company | AA- |
| 615 | $ | 1,000,000 | M | 74 | 130 | Transamerica Life Insurance Company | A+ |
| 616 | $ | 250,000 | M | 76 | 124 | Genworth Life Insurance Company | NR |
| 617 | $ | 200,000 | M | 88 | 34 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 618 | $ | 385,741 | M | 74 | 71 | Security Life of Denver Insurance Company | A+ |
| 619 | $ | 4,000,000 | M | 76 | 124 | Equitable Financial Life Insurance Company | A+ |
| 620 | $ | 5,000,000 | M | 75 | 154 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 621 | $ | 250,000 | M | 70 | 132 | American General Life Insurance Company | A+ |
| 622 | $ | 1,000,000 | M | 75 | 137 | Protective Life Insurance Company | AA- |
| 623 | $ | 1,000,000 | F | 81 | 110 | American General Life Insurance Company | A+ |
| 624 | $ | 1,000,000 | M | 77 | 72 | Accordia Life and Annuity Company | A- |
| 625 | $ | 989,361 | M | 70 | 127 | Metropolitan Tower Life Insurance Company | AA- |
| 626 | $ | 1,000,000 | M | 84 | 61 | Massachusetts Mutual Life Insurance Company | AA+ |
| 627 | $ | 217,578 | M | 72 | 68 | Sunset Life Insurance Company of America | NR |
| 628 | $ | 6,805,007 | M | 83 | 176 | Brighthouse Life Insurance Company | AA- |
| 629 | $ | 2,600,000 | M | 78 | 85 | Nassau Life Insurance Company | BB |
| 630 | $ | 200,000 | M | 92 | 33 | American General Life Insurance Company | A+ |
| 631 | $ | 1,500,000 | M | 87 | 57 | Metropolitan Tower Life Insurance Company | AA- |
| 632 | $ | 1,100,000 | F | 88 | 94 | Transamerica Life Insurance Company | A+ |
| 633 | $ | 3,042,627 | M | 78 | 95 | Massachusetts Mutual Life Insurance Company | AA+ |
| 634 | $ | 315,577 | F | 75 | 110 | The Lincoln National Life Insurance Company | AA- |
| 635 | $ | 250,000 | M | 82 | 109 | Accordia Life and Annuity Company | A- |
| 636 | $ | 6,000,000 | M | 75 | 168 | Equitable Financial Life Insurance Company | A+ |
| 637 | $ | 1,000,000 | M | 78 | 92 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 638 | $ | 218,362 | M | 86 | 87 | The Lincoln National Life Insurance Company | AA- |
| 639 | $ | 500,000 | M | 82 | 43 | Lincoln Benefit Life Company | BBB |
| 640 | $ | 1,500,000 | M | 78 | 92 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 641 | $ | 1,000,000 | F | 91 | 37 | Transamerica Life Insurance Company | A+ |
| 642 | $ | 750,000 | M | 78 | 93 | Midland National Life Insurance Company | A+ |
| 643 | $ | 3,500,000 | M | 77 | 146 | Ameritas Life Insurance Corp. | A+ |
| 644 | $ | 1,500,000 | M | 77 | 146 | Ameritas Life Insurance Corp. | A+ |
| 645 | $ | 650,000 | M | 75 | 103 | Protective Life Insurance Company | AA- |
| 646 | $ | 3,250,000 | F | 89 | 63 | Brighthouse Life Insurance Company | AA- |
| 647 | $ | 3,075,000 | F | 89 | 63 | Brighthouse Life Insurance Company | AA- |
| 648 | $ | 3,000,000 | M | 74 | 130 | Guardian Life Insurance Company of America | AA+ |
| 649 | $ | 250,000 | M | 69 | 119 | Wilco Life Insurance Company | NR |
| 650 | $ | 750,000 | M | 78 | 118 | Lincoln Benefit Life Company | BBB |
| 651 | $ | 5,000,000 | M | 88 | 66 | Banner Life Insurance Company | AA- |
| 652 | $ | 10,000,000 | M | 87 | 66 | Pacific Life Insurance Company | AA- |
| 653 | $ | 500,000 | M | 74 | 150 | The Lincoln National Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 654 | $ | 855,000 | M | 88 | 63 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 655 | $ | 4,000,000 | F | 91 | 65 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 656 | $ | 500,000 | M | 73 | 139 | United of Omaha Life Insurance Company | A+ |
| 657 | $ | 1,000,000 | M | 73 | 139 | Lincoln Benefit Life Company | BBB |
| 658 | $ | 1,000,000 | M | 79 | 129 | North American Company for Life and Health Insurance | A+ |
| 659 | $ | 1,000,000 | M | 68 | 154 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 660 | $ | 1,000,000 | M | 87 | 38 | Security Mutual Life Insurance Company of New York | NR |
| 661 | $ | 340,000 | M | 82 | 77 | The Lincoln National Life Insurance Company | AA- |
| 662 | $ | 1,000,000 | M | 72 | 121 | Brighthouse Life Insurance Company | AA- |
| 663 | $ | 380,000 | M | 82 | 77 | The Lincoln National Life Insurance Company | AA- |
| 664 | $ | 1,000,000 | M | 75 | 125 | Nationwide Life and Annuity Insurance Company | A+ |
| 665 | $ | 785,000 | M | 86 | 78 | Pacific Life Insurance Company | AA- |
| 666 | $ | 184,000 | M | 78 | 86 | Protective Life Insurance Company | AA- |
| 667 | $ | 500,000 | F | 81 | 115 | Accordia Life and Annuity Company | A- |
| 668 | $ | 750,000 | M | 74 | 119 | USAA Life Insurance Company | AA+ |
| 669 | $ | 1,500,000 | M | 83 | 96 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 670 | $ | 10,074,335 | F | 88 | 63 | Security Life of Denver Insurance Company | A+ |
| 671 | $ | 3,000,000 | M | 87 | 62 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 672 | $ | 300,000 | F | 90 | 52 | Accordia Life and Annuity Company | A- |
| 673 | $ | 2,000,000 | M | 87 | 36 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 674 | $ | 1,600,000 | M | 87 | 50 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 675 | $ | 1,700,000 | M | 87 | 50 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 676 | $ | 1,000,000 | F | 93 | 48 | The Lincoln National Life Insurance Company | AA- |
| 677 | $ | 1,000,000 | M | 84 | 53 | Ameritas Life Insurance Corp. of New York | A+ |
| 678 | $ | 2,000,000 | M | 84 | 53 | Metropolitan Life Insurance Company | AA- |
| 679 | $ | 1,000,000 | M | 75 | 67 | Protective Life Insurance Company | AA- |
| 680 | $ | 2,216,571 | F | 88 | 63 | Security Life of Denver Insurance Company | A+ |
| 681 | $ | 500,000 | M | 69 | 120 | Protective Life Insurance Company | AA- |
| 682 | $ | 1,000,000 | M | 72 | 121 | Brighthouse Life Insurance Company | AA- |
| 683 | $ | 1,500,000 | M | 80 | 43 | Security Life of Denver Insurance Company | A+ |
| 684 | $ | 750,000 | M | 84 | 94 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 685 | $ | 1,500,000 | M | 90 | 29 | Lincoln Life & Annuity Company of New York | AA- |
| 686 | $ | 250,000 | F | 70 | 170 | West Coast Life Insurance Company | AA- |
| 687 | $ | 1,000,000 | F | 94 | 31 | Brighthouse Life Insurance Company | AA- |
| 688 | $ | 4,000,000 | M | 68 | 81 | William Penn Life Insurance Company of New York | AA- |
| 689 | $ | 750,000 | F | 73 | 148 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 690 | $ | 402,500 | M | 88 | 40 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 691 | $ | 700,000 | M | 94 | 39 | Ohio National Life Assurance Corporation | A- |
| 692 | $ | 1,500,000 | M | 73 | 118 | Equitable Financial Life Insurance Company | A+ |
| 693 | $ | 10,000,000 | M | 89 | 26 | The Lincoln National Life Insurance Company | AA- |
| 694 | $ | 1,000,000 | M | 77 | 142 | Banner Life Insurance Company | AA- |
| 695 | $ | 323,027 | F | 83 | 125 | The Lincoln National Life Insurance Company | AA- |
| 696 | $ | 250,000 | M | 69 | 99 | Pacific Life Insurance Company | AA- |
| 697 | $ | 1,000,000 | M | 73 | 161 | Transamerica Life Insurance Company | A+ |
| 698 | $ | 500,000 | M | 77 | 94 | Protective Life Insurance Company | AA- |
| 699 | $ | 500,000 | M | 82 | 101 | Transamerica Life Insurance Company | A+ |
| 700 | $ | 1,000,000 | M | 84 | 87 | Pruco Life Insurance Company | AA- |
| 701 | $ | 1,000,000 | F | 77 | 116 | Security Life of Denver Insurance Company | A+ |
| 702 | $ | 450,000 | M | 89 | 24 | North American Company for Life and Health Insurance | A+ |
| 703 | $ | 700,000 | M | 79 | 121 | Brighthouse Life Insurance Company | AA- |
| 704 | $ | 1,000,000 | M | 75 | 131 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 705 | $ | 3,528,958 | F | 86 | 72 | The Lincoln National Life Insurance Company | AA- |
| 706 | $ | 500,000 | M | 93 | 11 | Transamerica Life Insurance Company | A+ |
| 707 | $ | 500,000 | M | 90 | 21 | The Lincoln National Life Insurance Company | AA- |
| 708 | $ | 10,000,000 | F | 77 | 179 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 709 | $ | 1,500,000 | M | 70 | 129 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 710 | $ | 1,000,000 | F | 89 | 67 | ReliaStar Life Insurance Company | A+ |
| 711 | $ | 1,000,000 | M | 80 | 104 | Genworth Life and Annuity Insurance Company | NR |
| 712 | $ | 850,000 | M | 72 | 121 | Brighthouse Life Insurance Company | AA- |
| 713 | $ | 1,000,000 | F | 92 | 27 | Nationwide Life and Annuity Insurance Company | A+ |
| 714 | $ | 2,500,000 | M | 85 | 93 | West Coast Life Insurance Company | AA- |
| 715 | $ | 250,000 | M | 66 | 136 | American General Life Insurance Company | A+ |
| 716 | $ | 1,000,000 | M | 83 | 78 | The Lincoln National Life Insurance Company | AA- |
| 717 | $ | 1,000,000 | M | 88 | 51 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 718 | $ | 100,000 | M | 69 | 65 | State Farm Life Insurance Company | AA |
| 719 | $ | 500,000 | F | 93 | 41 | Brighthouse Life Insurance Company | AA- |
| 720 | $ | 600,000 | M | 91 | 36 | Ohio National Life Assurance Corporation | A- |
| 721 | $ | 6,500,000 | M | 84 | 95 | Pacific Life Insurance Company | AA- |
| 722 | $ | 350,000 | M | 87 | 29 | The Lincoln National Life Insurance Company | AA- |
| 723 | $ | 100,000 | M | 70 | 131 | Shenandoah Life Insurance Company | NR |
| 724 | $ | 500,000 | M | 69 | 123 | United of Omaha Life Insurance Company | A+ |
| 725 | $ | 1,000,000 | M | 72 | 121 | Brighthouse Life Insurance Company | AA- |
| 726 | $ | 2,000,000 | M | 84 | 115 | Equitable Financial Life Insurance Company | A+ |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 727 | $ | 800,000 | M | 83 | 97 | The Lincoln National Life Insurance Company | AA- |
| 728 | $ | 360,000 | M | 99 | 9 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 729 | $ | 12,450,000 | M | 79 | 113 | Brighthouse Life Insurance Company | AA- |
| 730 | $ | 250,000 | M | 73 | 40 | Brighthouse Life Insurance Company | AA- |
| 731 | $ | 570,000 | M | 72 | 113 | Nationwide Life Insurance Company | A+ |
| 732 | $ | 200,000 | M | 77 | 29 | First Penn-Pacific Life Insurance Company | A- |
| 733 | $ | 338,259 | M | 94 | 6 | Lincoln Life & Annuity Company of New York | AA- |
| 734 | $ | 1,697,278 | M | 81 | 88 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 735 | $ | 450,000 | F | 83 | 61 | The Lincoln National Life Insurance Company | AA- |
| 736 | $ | 805,000 | M | 100 | 19 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 737 | $ | 2,000,000 | M | 83 | 93 | Brighthouse Life Insurance Company | AA- |
| 738 | $ | 6,000,000 | M | 80 | 189 | Principal Life Insurance Company | A+ |
| 739 | $ | 1,000,000 | M | 82 | 131 | Transamerica Life Insurance Company | A+ |
| 740 | $ | 1,750,000 | M | 90 | 21 | American General Life Insurance Company | A+ |
| 741 | $ | 1,750,000 | M | 90 | 21 | American General Life Insurance Company | A+ |
| 742 | $ | 1,000,000 | M | 75 | 67 | Protective Life Insurance Company | AA- |
| 743 | $ | 1,000,000 | M | 75 | 67 | Protective Life Insurance Company | AA- |
| 744 | $ | 1,000,000 | M | 73 | 169 | Ameritas Life Insurance Corp. | A+ |
| 745 | $ | 4,000,000 | M | 75 | 78 | The Lincoln National Life Insurance Company | AA- |
| 746 | $ | 100,000 | M | 79 | 70 | Equitable Financial Life Insurance Company of America | A+ |
| 747 | $ | 5,000,000 | M | 73 | 177 | The Lincoln National Life Insurance Company | AA- |
| 748 | $ | 500,000 | M | 89 | 40 | The Lincoln National Life Insurance Company | AA- |
| 749 | $ | 2,000,000 | M | 87 | 71 | Protective Life Insurance Company | AA- |
| 750 | $ | 534,703 | M | 73 | 97 | Pacific Life Insurance Company | AA- |
| 751 | $ | 1,000,000 | M | 74 | 77 | Equitable Financial Life Insurance Company | A+ |
| 752 | $ | 9,635,575 | M | 87 | 99 | ReliaStar Life Insurance Company | A+ |
| 753 | $ | 400,000 | M | 72 | 96 | Metropolitan Life Insurance Company | AA- |
| 754 | $ | 200,000 | M | 72 | 129 | Allstate Life Insurance Company of New York | A+ |
| 755 | $ | 100,000 | M | 82 | 12 | William Penn Life Insurance Company of New York | AA- |
| 756 | $ | 100,000 | M | 82 | 12 | William Penn Life Insurance Company of New York | AA- |
| 757 | $ | 300,000 | M | 89 | 35 | Transamerica Life Insurance Company | A+ |
| 758 | $ | 50,000 | M | 82 | 12 | William Penn Life Insurance Company of New York | AA- |
| 759 | $ | 1,050,000 | M | 86 | 54 | American General Life Insurance Company | A+ |
| 760 | $ | 100,000 | M | 82 | 12 | William Penn Life Insurance Company of New York | AA- |
| 761 | $ | 200,000 | M | 70 | 181 | North American Company for Life and Health Insurance | A+ |
| 762 | $ | 5,400,000 | M | 91 | 37 | The Lincoln National Life Insurance Company | AA- |
| 763 | $ | 1,000,000 | F | 90 | 55 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 764 | $ | 100,000 | M | 85 | 63 | ReliaStar Life Insurance Company | A+ |
| 765 | $ | 1,500,000 | M | 68 | 150 | Metropolitan Life Insurance Company | AA- |
| 766 | $ | 100,000 | M | 89 | 48 | North American Company for Life and Health Insurance | A+ |
| 767 | $ | 250,000 | M | 72 | 114 | Genworth Life and Annuity Insurance Company | NR |
| 768 | $ | 450,000 | M | 81 | 167 | Genworth Life and Annuity Insurance Company | NR |
| 769 | $ | 5,000,000 | F | 91 | 39 | Nassau Life Insurance Company | BB |
| 770 | $ | 12,000,000 | M | 75 | 140 | American General Life Insurance Company | A+ |
| 771 | $ | 500,000 | F | 87 | 59 | The Lincoln National Life Insurance Company | AA- |
| 772 | $ | 500,000 | F | 87 | 59 | The Lincoln National Life Insurance Company | AA- |
| 773 | $ | 1,000,000 | M | 83 | 82 | The Lincoln National Life Insurance Company | AA- |
| 774 | $ | 1,700,000 | M | 78 | 137 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 775 | $ | 750,000 | M | 73 | 138 | Pekin Life Insurance Company | NR |
| 776 | $ | 350,000 | M | 72 | 34 | The Lincoln National Life Insurance Company | AA- |
| 777 | $ | 6,000,000 | M | 78 | 156 | United of Omaha Life Insurance Company | A+ |
| 778 | $ | 100,000 | M | 82 | 59 | Genworth Life and Annuity Insurance Company | NR |
| 779 | $ | 4,000,000 | F | 81 | 165 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 780 | $ | 3,000,000 | M | 86 | 37 | Transamerica Life Insurance Company | A+ |
| 781 | $ | 100,000 | F | 81 | 112 | Genworth Life and Annuity Insurance Company | NR |
| 782 | $ | 500,000 | M | 83 | 93 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 783 | $ | 4,000,000 | M | 92 | 19 | The Lincoln National Life Insurance Company | AA- |
| 784 | $ | 125,000 | M | 86 | 27 | Accordia Life and Annuity Company | A- |
| 785 | $ | 250,000 | M | 82 | 72 | ReliaStar Life Insurance Company of New York | A+ |
| 786 | $ | 250,000 | M | 82 | 62 | Brighthouse Life Insurance Company | AA- |
| 787 | $ | 265,000 | M | 79 | 113 | ReliaStar Life Insurance Company | A+ |
| 788 | $ | 350,000 | M | 82 | 79 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 789 | $ | 500,000 | M | 82 | 72 | ReliaStar Life Insurance Company of New York | A+ |
| 790 | $ | 500,000 | M | 76 | 92 | Pruco Life Insurance Company | AA- |
| 791 | $ | 916,983 | F | 88 | 75 | Pacific Life Insurance Company | AA- |
| 792 | $ | 1,000,000 | M | 69 | 154 | Banner Life Insurance Company | AA- |
| 793 | $ | 1,000,000 | M | 81 | 78 | North American Company for Life and Health Insurance | A+ |
| 794 | $ | 1,000,000 | M | 78 | 96 | Genworth Life and Annuity Insurance Company | NR |
| 795 | $ | 1,470,000 | M | 74 | 105 | Brighthouse Life Insurance Company | AA- |
| 796 | $ | 2,000,000 | M | 82 | 122 | The Lincoln National Life Insurance Company | AA- |
| 797 | $ | 2,000,000 | M | 78 | 117 | Brighthouse Life Insurance Company | AA- |
| 798 | $ | 3,500,000 | M | 70 | 144 | Equitable Financial Life Insurance Company | A+ |
| 799 | $ | 637,901 | F | 84 | 33 | Beneficial Life Insurance Company | NR |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 800 | $ | 1,000,000 | M | 89 | 30 | Lincoln Benefit Life Company | BBB |
| 801 | $ | 3,000,000 | M | 68 | 124 | U.S. Financial Life Insurance Company | NR |
| 802 | $ | 475,000 | F | 80 | 104 | American General Life Insurance Company | A+ |
| 803 | $ | 240,000 | M | 72 | 98 | New York Life Insurance and Annuity Corporation | AA+ |
| 804 | $ | 3,000,000 | M | 79 | 122 | Massachusetts Mutual Life Insurance Company | AA+ |
| 805 | $ | 1,000,000 | M | 72 | 111 | USAA Life Insurance Company | AA+ |
| 806 | $ | 12,000,000 | M | 81 | 87 | Brighthouse Life Insurance Company | AA- |
| 807 | $ | 1,060,000 | M | 79 | 87 | Metropolitan Life Insurance Company | AA- |
| 808 | $ | 1,000,000 | F | 88 | 64 | Nationwide Life and Annuity Insurance Company | A+ |
| 809 | $ | 800,000 | F | 98 | 41 | The Lincoln National Life Insurance Company | AA- |
| 810 | $ | 500,000 | M | 84 | 59 | Protective Life Insurance Company | AA- |
| 811 | $ | 850,000 | M | 69 | 176 | Principal Life Insurance Company | A+ |
| 812 | $ | 100,000 | F | 76 | 94 | State Farm Life Insurance Company | AA |
| 813 | $ | 5,600,000 | M | 79 | 104 | ReliaStar Life Insurance Company | A+ |
| 814 | $ | 500,000 | M | 77 | 87 | Protective Life Insurance Company | AA- |
| 815 | $ | 250,000 | F | 70 | 166 | Transamerica Life Insurance Company | A+ |
| 816 | $ | 1,000,000 | M | 90 | 32 | The Lincoln National Life Insurance Company | AA- |
| 817 | $ | 500,000 | M | 72 | 143 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 818 | $ | 300,000 | M | 72 | 151 | Protective Life Insurance Company | AA- |
| 819 | $ | 1,000,000 | M | 80 | 76 | Pacific Life Insurance Company | AA- |
| 820 | $ | 4,000,000 | F | 86 | 71 | The Lincoln National Life Insurance Company | AA- |
| 821 | $ | 3,000,000 | M | 68 | 229 | Equitable Financial Life Insurance Company | A+ |
| 822 | $ | 1,000,000 | F | 88 | 18 | American General Life Insurance Company | A+ |
| 823 | $ | 3,750,000 | M | 79 | 52 | Brighthouse Life Insurance Company | AA- |
| 824 | $ | 750,000 | M | 77 | 152 | The Lincoln National Life Insurance Company | AA- |
| 825 | $ | 500,000 | M | 72 | 143 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 826 | $ | 2,000,000 | M | 69 | 190 | Accordia Life and Annuity Company | A- |
| 827 | $ | 350,000 | M | 70 | 125 | Transamerica Life Insurance Company | A+ |
| 828 | $ | 300,000 | M | 85 | 59 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 829 | $ | 300,000 | M | 85 | 59 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 830 | $ | 500,000 | M | 73 | 139 | Lincoln Benefit Life Company | BBB |
| 831 | $ | 500,000 | M | 74 | 47 | Banner Life Insurance Company | AA- |
| 832 | $ | 1,251,474 | M | 74 | 119 | Equitable Financial Life Insurance Company | A+ |
| 833 | $ | 1,500,000 | M | 85 | 67 | Talcott Resolution Life and Annuity Insurance Company | BBB |
| 834 | $ | 1,000,000 | M | 74 | 101 | Protective Life Insurance Company | AA- |
| 835 | $ | 1,945,741 | M | 81 | 63 | Security Life of Denver Insurance Company | A+ |
| 836 | $ | 1,650,000 | M | 74 | 101 | Protective Life Insurance Company | AA- |
| 837 | $ | 3,000,000 | M | 73 | 101 | The Lincoln National Life Insurance Company | AA- |
| 838 | $ | 3,000,000 | M | 73 | 101 | The Lincoln National Life Insurance Company | AA- |
| 839 | $ | 1,000,000 | M | 70 | 84 | Metropolitan Tower Life Insurance Company | AA- |
| 840 | $ | 1,000,000 | M | 77 | 118 | Protective Life Insurance Company | AA- |
| 841 | $ | 500,000 | M | 88 | 51 | Protective Life Insurance Company | AA- |
| 842 | $ | 350,000 | M | 78 | 88 | Protective Life Insurance Company | AA- |
| 843 | $ | 500,000 | M | 72 | 131 | Protective Life Insurance Company | AA- |
| 844 | $ | 3,261,000 | M | 90 | 36 | Pacific Life Insurance Company | AA- |
| 845 | $ | 491,028 | M | 72 | 141 | Lincoln Benefit Life Company | BBB |
| 846 | $ | 10,000,000 | F | 92 | 43 | Pacific Life Insurance Company | AA- |
| 847 | $ | 570,000 | M | 75 | 74 | Transamerica Life Insurance Company | A+ |
| 848 | $ | 1,000,000 | M | 76 | 110 | Banner Life Insurance Company | AA- |
| 849 | $ | 600,000 | M | 77 | 139 | Equitable Financial Life Insurance Company | A+ |
| 850 | $ | 1,000,000 | F | 98 | 18 | ReliaStar Life Insurance Company | A+ |
| 851 | $ | 2,000,000 | M | 72 | 84 | Ohio National Life Assurance Corporation | A- |
| 852 | $ | 1,000,000 | F | 70 | 213 | Transamerica Life Insurance Company | A+ |
| 853 | $ | 225,000 | M | 88 | 68 | Farm Bureau Life Insurance Company | NR |
| 854 | $ | 1,000,000 | M | 69 | 167 | Equitable Financial Life Insurance Company | A+ |
| 855 | $ | 100,000 | M | 84 | 87 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 856 | $ | 1,000,000 | M | 76 | 171 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 857 | $ | 3,500,000 | M | 88 | 80 | Brighthouse Life Insurance Company | AA- |
| 858 | $ | 3,718,702 | F | 87 | 75 | ReliaStar Life Insurance Company | A+ |
| 859 | $ | 750,000 | M | 76 | 140 | Genworth Life and Annuity Insurance Company | NR |
| 860 | $ | 1,000,000 | F | 74 | 87 | United of Omaha Life Insurance Company | A+ |
| 861 | $ | 100,000 | F | 79 | 126 | Midland National Life Insurance Company | A+ |
| 862 | $ | 400,000 | M | 67 | 39 | Ohio National Life Assurance Corporation | A- |
| 863 | $ | 100,000 | M | 82 | 26 | Jackson National Life Insurance Company | A |
| 864 | $ | 5,500,000 | M | 94 | 10 | Transamerica Life Insurance Company | A+ |
| 865 | $ | 1,000,000 | M | 69 | 134 | Pruco Life Insurance Company | AA- |
| 866 | $ | 800,000 | M | 77 | 127 | Protective Life Insurance Company | AA- |
| 867 | $ | 1,000,000 | M | 84 | 65 | North American Company for Life and Health Insurance | A+ |
| 868 | $ | 3,000,000 | M | 82 | 104 | Transamerica Life Insurance Company | A+ |
| 869 | $ | 1,000,000 | M | 74 | 75 | Transamerica Life Insurance Company | A+ |
| 870 | $ | 2,100,000 | F | 86 | 65 | The Lincoln National Life Insurance Company | AA- |
| 871 | $ | 4,000,000 | F | 89 | 29 | Pacific Life Insurance Company | AA- |
| 872 | $ | 400,000 | M | 91 | 28 | Brighthouse Life Insurance Company | AA- |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 873 | $ | 500,000 | M | 85 | 62 | Pacific Life Insurance Company | AA- |
| 874 | $ | 657,217 | M | 89 | 41 | Athene Annuity & Life Assurance Company | A |
| 875 | $ | 500,000 | M | 93 | 26 | Pacific Life Insurance Company | AA- |
| 876 | $ | 250,000 | M | 83 | 102 | Ohio National Life Assurance Corporation | A- |
| 877 | $ | 100,000 | M | 85 | 72 | Protective Life Insurance Company | AA- |
| 878 | $ | 400,000 | M | 84 | 75 | Security Mutual Life Insurance Company of New York | NR |
| 879 | $ | 1,500,000 | M | 84 | 48 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 880 | $ | 1,000,000 | M | 82 | 44 | Transamerica Life Insurance Company | A+ |
| 881 | $ | 300,000 | M | 77 | 134 | Banner Life Insurance Company | AA- |
| 882 | $ | 600,000 | M | 77 | 134 | Banner Life Insurance Company | AA- |
| 883 | $ | 2,000,000 | M | 71 | 93 | North American Company for Life and Health Insurance | A+ |
| 884 | $ | 500,000 | F | 79 | 113 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 885 | $ | 876,519 | M | 77 | 175 | Brighthouse Life Insurance Company | AA- |
| 886 | $ | 1,500,000 | M | 79 | 128 | Principal Life Insurance Company | A+ |
| 887 | $ | 1,500,000 | M | 83 | 50 | Equitable Financial Life Insurance Company | A+ |
| 888 | $ | 500,000 | M | 67 | 125 | Security Mutual Life Insurance Company of New York | NR |
| 889 | $ | 1,790,000 | M | 73 | 228 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 890 | $ | 1,000,000 | M | 81 | 76 | North American Company for Life and Health Insurance | A+ |
| 891 | $ | 150,000 | M | 71 | 102 | Massachusetts Mutual Life Insurance Company | AA+ |
| 892 | $ | 250,000 | M | 72 | 75 | Protective Life Insurance Company | AA- |
| 893 | $ | 500,000 | M | 93 | 30 | The Lincoln National Life Insurance Company | AA- |
| 894 | $ | 250,000 | M | 67 | 61 | The Lincoln National Life Insurance Company | AA- |
| 895 | $ | 500,000 | M | 75 | 109 | Massachusetts Mutual Life Insurance Company | AA+ |
| 896 | $ | 5,000,000 | M | 92 | 32 | Transamerica Life Insurance Company | A+ |
| 897 | $ | 1,500,000 | M | 90 | 33 | Transamerica Life Insurance Company | A+ |
| 898 | $ | 2,000,000 | F | 93 | 33 | Security Life of Denver Insurance Company | A+ |
| 899 | $ | 1,000,000 | M | 94 | 21 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 900 | $ | 7,000,000 | M | 76 | 141 | Protective Life Insurance Company | AA- |
| 901 | $ | 500,000 | M | 82 | 71 | Protective Life Insurance Company | AA- |
| 902 | $ | 1,000,000 | M | 69 | 139 | Security Life of Denver Insurance Company | A+ |
| 903 | $ | 1,500,000 | M | 81 | 123 | Transamerica Life Insurance Company | A+ |
| 904 | $ | 150,000 | M | 85 | 62 | Jackson National Life Insurance Company | A |
| 905 | $ | 300,000 | M | 71 | 89 | Protective Life Insurance Company | AA- |
| 906 | $ | 500,000 | M | 72 | 96 | Equitable Financial Life Insurance Company of America | A+ |
| 907 | $ | 4,000,000 | M | 83 | 60 | Brighthouse Life Insurance Company | AA- |
| 908 | $ | 500,000 | M | 72 | 54 | Symetra Life Insurance Company | A |
| 909 | $ | 200,000 | M | 76 | 51 | Equitable Financial Life Insurance Company | A+ |
| 910 | $ | 1,008,097 | M | 87 | 44 | Equitable Financial Life Insurance Company | A+ |
| 911 | $ | 500,000 | F | 72 | 72 | Kansas City Life Insurance Company | NR |
| 912 | $ | 900,000 | M | 71 | 120 | Protective Life Insurance Company | AA- |
| 913 | $ | 900,000 | F | 94 | 49 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 914 | $ | 250,000 | M | 69 | 138 | Pruco Life Insurance Company | AA- |
| 915 | $ | 500,000 | M | 78 | 87 | Equitable Financial Life Insurance Company of America | A+ |
| 916 | $ | 500,000 | M | 78 | 87 | Equitable Financial Life Insurance Company | A+ |
| 917 | $ | 1,015,462 | M | 80 | 26 | Transamerica Life Insurance Company | A+ |
| 918 | $ | 850,000 | M | 73 | 144 | Protective Life Insurance Company | AA- |
| 919 | $ | 1,000,000 | M | 72 | 100 | Protective Life Insurance Company | AA- |
| 920 | $ | 2,500,000 | M | 76 | 116 | American General Life Insurance Company | A+ |
| 921 | $ | 215,000 | M | 82 | 88 | Texas Life Insurance Company | NR |
| 922 | $ | 355,468 | M | 77 | 63 | Great American Life Insurance Company | A+ |
| 923 | $ | 1,000,000 | F | 92 | 45 | American General Life Insurance Company | A+ |
| 924 | $ | 1,250,000 | M | 76 | 150 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 925 | $ | 1,000,000 | M | 86 | 56 | Wilco Life Insurance Company | NR |
| 926 | $ | 353,743 | M | 80 | 67 | Equitable Financial Life Insurance Company | A+ |
| 927 | $ | 1,000,000 | M | 75 | 169 | North American Company for Life and Health Insurance | A+ |
| 928 | $ | 1,000,000 | M | 80 | 93 | The Lincoln National Life Insurance Company | AA- |
| 929 | $ | 3,000,000 | F | 92 | 31 | The Lincoln National Life Insurance Company | AA- |
| 930 | $ | 750,000 | M | 77 | 66 | Security Life of Denver Insurance Company | A+ |
| 931 | $ | 500,000 | M | 73 | 105 | Allstate Life Insurance Company of New York | A+ |
| 932 | $ | 1,000,000 | M | 83 | 114 | Pacific Life Insurance Company | AA- |
| 933 | $ | 1,000,000 | M | 87 | 92 | Metropolitan Tower Life Insurance Company | AA- |
| 934 | $ | 7,000,000 | F | 89 | 65 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 935 | $ | 10,000,000 | M | 87 | 55 | The Lincoln National Life Insurance Company | AA- |
| 936 | $ | 800,000 | M | 77 | 95 | Protective Life Insurance Company | AA- |
| 937 | $ | 1,500,000 | M | 85 | 66 | Brighthouse Life Insurance Company | AA- |
| 938 | $ | 2,500,000 | M | 83 | 97 | American General Life Insurance Company | A+ |
| 939 | $ | 750,000 | M | 80 | 39 | Genworth Life Insurance Company | NR |
| 940 | $ | 2,000,000 | M | 71 | 128 | Transamerica Life Insurance Company | A+ |
| 941 | $ | 600,000 | M | 74 | 84 | The Lincoln National Life Insurance Company | AA- |
| 942 | $ | 1,000,000 | M | 77 | 89 | Protective Life Insurance Company | AA- |
| 943 | $ | 2,000,000 | M | 80 | 176 | Equitable Financial Life Insurance Company | A+ |
| 944 | $ | 500,000 | M | 73 | 153 | United States Life Insurance Company in the City of New York | A+ |
| 945 | $ | 600,000 | M | 81 | 83 | Talcott Resolution Life and Annuity Insurance Company | BBB |

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|---|---|---|---|---|---|---|---|
| 946 | $ | 247,000 | M | 76 | 32 | Jackson National Life Insurance Company | A |
| 947 | $ | 1,000,000 | M | 76 | 134 | Security Life of Denver Insurance Company | A+ |
| 948 | $ | 700,000 | F | 91 | 52 | The Lincoln National Life Insurance Company | AA- |
| 949 | $ | 1,000,000 | M | 71 | 140 | Brighthouse Life Insurance Company | AA- |
| 950 | $ | 300,000 | M | 90 | 60 | Brighthouse Life Insurance Company | AA- |
| 951 | $ | 250,000 | F | 71 | 109 | Genworth Life and Annuity Insurance Company | NR |
| 952 | $ | 1,000,000 | M | 76 | 155 | Protective Life Insurance Company | AA- |
| 953 | $ | 2,500,000 | M | 92 | 54 | Brighthouse Life Insurance Company | AA- |
| 954 | $ | 2,500,000 | M | 92 | 54 | Brighthouse Life Insurance Company | AA- |
| 955 | $ | 1,000,000 | M | 79 | 117 | Equitable Financial Life Insurance Company | A+ |
| 956 | $ | 4,000,000 | M | 79 | 118 | Equitable Financial Life Insurance Company | A+ |
| 957 | $ | 6,628,020 | F | 86 | 50 | Transamerica Life Insurance Company | A+ |
| 958 | $ | 400,000 | M | 67 | 158 | Transamerica Life Insurance Company | A+ |
| 959 | $ | 1,000,000 | M | 82 | 79 | Protective Life Insurance Company | AA- |
| 960 | $ | 200,000 | F | 68 | 29 | Pruco Life Insurance Company | AA- |
| 961 | $ | 200,000 | M | 88 | 15 | Equitable Financial Life Insurance Company | A+ |
| 962 | $ | 1,008,022 | M | 77 | 131 | Equitable Financial Life Insurance Company | A+ |
| 963 | $ | 200,000 | M | 81 | 32 | Equitable Financial Life Insurance Company | A+ |
| 964 | $ | 248,280 | M | 70 | 96 | The Ohio State Life Insurance Company | NR |
| 965 | $ | 300,000 | M | 74 | 142 | Brighthouse Life Insurance Company | AA- |
| 966 | $ | 200,000 | M | 77 | 22 | North American Company for Life and Health Insurance | A+ |
| 967 | $ | 250,000 | M | 75 | 81 | American General Life Insurance Company | A+ |
| 968 | $ | 350,000 | M | 68 | 22 | EMC National Life Company | NR |
| 969 | $ | 250,000 | M | 73 | 89 | American General Life Insurance Company | A+ |
| 970 | $ | 300,000 | F | 76 | 25 | North American Company for Life and Health Insurance | A+ |
| 971 | $ | 250,000 | M | 68 | 71 | Transamerica Life Insurance Company | A+ |
| 972 | $ | 500,000 | M | 73 | 48 | Security Life of Denver Insurance Company | A+ |
| 973 | $ | 1,000,000 | F | 88 | 33 | Transamerica Life Insurance Company | A+ |
| 974 | $ | 1,000,000 | M | 72 | 146 | The Lincoln National Life Insurance Company | AA- |
| 975 | $ | 500,000 | M | 72 | 146 | The Lincoln National Life Insurance Company | AA- |
| 976 | $ | 500,000 | M | 77 | 69 | Ameritas Life Insurance Corp. | A+ |
| 977 | $ | 250,000 | M | 72 | 106 | American General Life Insurance Company | A+ |
| 978 | $ | 493,000 | M | 77 | 76 | The Lincoln National Life Insurance Company | AA- |
| 979 | $ | 250,000 | M | 75 | 90 | North American Company for Life and Health Insurance | A+ |
| 980 | $ | 250,000 | M | 73 | 107 | Principal Life Insurance Company | A+ |
| 981 | $ | 375,000 | M | 72 | 85 | U.S. Financial Life Insurance Company | NR |
| 982 | $ | 1,500,000 | M | 68 | 150 | New York Life Insurance and Annuity Corporation | AA+ |
| 983 | $ | 539,300 | M | 74 | 90 | Farmers New World Life Insurance Company | NR |
| 984 | $ | 5,000,000 | M | 70 | 210 | The Lincoln National Life Insurance Company | AA- |
| 985 | $ | 250,000 | M | 79 | 59 | Transamerica Life Insurance Company | A+ |
| 986 | $ | 1,000,000 | M | 82 | 86 | American General Life Insurance Company | A+ |
| 987 | $ | 250,000 | M | 77 | 93 | Protective Life Insurance Company | AA- |
| 988 | $ | 800,000 | M | 79 | 8 | Banner Life Insurance Company | AA- |
| 989 | $ | 1,285,000 | F | 89 | 56 | Connecticut General Life Insurance Company | A |
| 990 | $ | 300,000 | M | 81 | 64 | Jackson National Life Insurance Company | A |
| 991 | $ | 5,500,000 | M | 88 | 30 | The Lincoln National Life Insurance Company | AA- |
| 992 | $ | 1,858,989 | F | 93 | 28 | New York Life Insurance and Annuity Corporation | AA+ |
| 993 | $ | 5,000,000 | M | 76 | 78 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 994 | $ | 343,000 | M | 80 | 96 | Equitable Financial Life Insurance Company | A+ |
| 995 | $ | 2,000,000 | M | 75 | 114 | ReliaStar Life Insurance Company | A+ |
| 996 | $ | 1,000,000 | M | 72 | 164 | Accordia Life and Annuity Company | A- |
| 997 | $ | 250,000 | F | 77 | 109 | Wilton Reassurance Life Company of New York | NR |
| 998 | $ | 1,000,000 | M | 73 | 153 | United States Life Insurance Company in the City of New York | A+ |
| 999 | $ | 700,000 | M | 81 | 62 | William Penn Life Insurance Company of New York | AA- |
| 1000 | $ | 300,000 | M | 81 | 62 | William Penn Life Insurance Company of New York | AA- |
| 1001 | $ | 200,000 | M | 77 | 84 | Transamerica Life Insurance Company | A+ |
| 1002 | $ | 750,000 | M | 67 | 148 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 1003 | $ | 500,000 | M | 90 | 42 | Lincoln Life & Annuity Company of New York | AA- |
| 1004 | $ | 1,000,000 | M | 76 | 121 | Security Life of Denver Insurance Company | A+ |
| 1005 | $ | 250,000 | M | 90 | 42 | The Lincoln National Life Insurance Company | AA- |
| 1006 | $ | 250,000 | M | 90 | 42 | The Lincoln National Life Insurance Company | AA- |
| 1007 | $ | 400,000 | M | 94 | 22 | The Lincoln National Life Insurance Company | AA- |
| 1008 | $ | 250,000 | M | 84 | 34 | North American Company for Life and Health Insurance | A+ |
| 1009 | $ | 750,000 | M | 84 | 34 | North American Company for Life and Health Insurance | A+ |
| 1010 | $ | 1,000,000 | M | 88 | 53 | Banner Life Insurance Company | AA- |
| 1011 | $ | 1,000,000 | M | 75 | 54 | Transamerica Life Insurance Company | A+ |
| 1012 | $ | 5,000,000 | M | 87 | 43 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 1013 | $ | 5,000,000 | M | 87 | 43 | Pacific Life Insurance Company | AA- |
| 1014 | $ | 1,000,000 | F | 93 | 25 | Protective Life Insurance Company | AA- |
| 1015 | $ | 250,000 | F | 69 | 90 | The Lincoln National Life Insurance Company | AA- |
| 1016 | $ | 250,000 | F | 69 | 90 | The Lincoln National Life Insurance Company | AA- |
| 1017 | $ | 409,053 | F | 93 | 25 | ReliaStar Life Insurance Company | A+ |
| 1018 | $ | 500,000 | M | 73 | 109 | Protective Life Insurance Company | AA- |

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|---|---|---|---|---|---|---|---|
| 1019 | $ | 1,000,000 | M | 88 | 53 | Banner Life Insurance Company | AA- |
| 1020 | $ | 5,000,000 | F | 74 | 159 | Equitable Financial Life Insurance Company | A+ |
| 1021 | $ | 1,000,000 | M | 84 | 17 | Protective Life Insurance Company | AA- |
| 1022 | $ | 1,000,000 | M | 80 | 88 | Protective Life Insurance Company | AA- |
| 1023 | $ | 2,000,000 | F | 91 | 42 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 1024 | $ | 2,500,000 | M | 66 | 110 | Transamerica Life Insurance Company | A+ |
| 1025 | $ | 6,000,000 | M | 74 | 153 | Protective Life Insurance Company | AA- |
| 1026 | $ | 365,000 | M | 84 | 51 | Nationwide Life and Annuity Insurance Company | A+ |
| 1027 | $ | 380,000 | F | 92 | 31 | Security Life of Denver Insurance Company | A+ |
| 1028 | $ | 500,000 | M | 73 | 53 | Protective Life Insurance Company | AA- |
| 1029 | $ | 1,000,000 | M | 87 | 51 | Massachusetts Mutual Life Insurance Company | AA+ |
| 1030 | $ | 1,000,000 | M | 87 | 51 | Massachusetts Mutual Life Insurance Company | AA+ |
| 1031 | $ | 1,000,000 | M | 67 | 42 | Pruco Life Insurance Company | AA- |
| 1032 | $ | 501,712 | M | 74 | 133 | New England Life Insurance Company | A+ |
| 1033 | $ | 300,000 | M | 74 | 134 | Security Life of Denver Insurance Company | A+ |
| 1034 | $ | 1,000,000 | M | 71 | 156 | Transamerica Life Insurance Company | A+ |
| 1035 | $ | 295,800 | M | 78 | 82 | First Allmerica Financial Life Insurance Company | A- |
| 1036 | $ | 1,000,000 | M | 71 | 175 | Principal Life Insurance Company | A+ |
| 1037 | $ | 1,000,000 | M | 67 | 18 | John Hancock Life Insurance Company (U.S.A.) | AA- |
| 1038 | $ | 4,000,000 | M | 89 | 26 | William Penn Life Insurance Company of New York | AA- |
| 1039 | $ | 5,000,000 | F | 79 | 95 | The Lincoln National Life Insurance Company | AA- |
| 1040 | $ | 400,000 | M | 78 | 71 | Massachusetts Mutual Life Insurance Company | AA+ |
| 1041 | $ | 100,000 | F | 71 | 21 | Nationwide Life and Annuity Insurance Company | A+ |
| 1042 | $ | 305,000 | M | 74 | 91 | Metropolitan Life Insurance Company | AA- |
| 1043 | $ | 700,000 | M | 92 | 30 | Ameritas Life Insurance Corp. | A+ |
| 1044 | $ | 1,000,000 | M | 82 | 17 | West Coast Life Insurance Company | AA- |
| 1045 | $ | 1,000,000 | F | 86 | 81 | American General Life Insurance Company | A+ |
| 1046 | $ | 400,000 | M | 88 | 58 | ReliaStar Life Insurance Company | A+ |
| 1047 | $ | 900,000 | M | 72 | 97 | Banner Life Insurance Company | AA- |
| 1048 | $ | 500,000 | M | 69 | 39 | Athene Annuity & Life Assurance Company | A |
| 1049 | $ | 600,000 | M | 71 | 169 | The Lincoln National Life Insurance Company | AA- |
| 1050 | $ | 6,000,000 | M | 72 | 166 | Equitable Financial Life Insurance Company | A+ |
| 1051 | $ | 750,000 | M | 76 | 76 | Genworth Life and Annuity Insurance Company | NR |
| 1052 | $ | 484,824 | M | 67 | 198 | Brighthouse Life Insurance Company | AA- |
| 1053 | $ | 510,546 | M | 70 | 94 | Brighthouse Life Insurance Company | AA- |
| 1054 | $ | 750,000 | M | 88 | 56 | Lincoln Benefit Life Company | BBB |
| 1055 | $ | 350,000 | M | 87 | 33 | Equitable Financial Life Insurance Company | A+ |
| 1056 | $ | 600,000 | M | 80 | 63 | Athene Annuity & Life Assurance Company | A |
| 1057 | $ | 500,000 | M | 71 | 114 | Transamerica Life Insurance Company | A+ |
| 1058 | $ | 205,000 | F | 73 | 65 | Brighthouse Life Insurance Company | AA- |
| | | 1,900,715,313 | | | | | |

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| (1) | Age Last Birthday (“ALB”) – the insured’s age is current as of the measurement date. |
| (2) | The insured’s life expectancy estimate, other than for a small face value insurance policy (i.e., a policy with $1 million in face value benefits or less), is the longest life expectancy estimate provided by independent third-party medical-actuarial underwriting firms at the time of purchase, actuarially adjusted through the measurement date. |