Saba Capital Management, L.P.
Form 4
April 18, 2019

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Saba Capital Management, L.P.

(Last) (First) (Middle)

405 LEXINGTON AVENUE, 58TH FLOOR

(Street)

NEW YORK, NY 10174

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
WESTERN ASSET HIGH INCOME FUND II INC. [HIX]

3. Date of Earliest Transaction (Month/Day/Year)
04/16/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
_X_ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/16/2019		P		11,866	A	$ 6.64	10,637,576	I	0
Common Stock	04/17/2019		P		21,487	A	$ 6.59	10,659,063	I	0

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Saba Capital Management, L.P. 405 LEXINGTON AVENUE 58TH FLOOR NEW YORK, NY 10174		X		
Weinstein Boaz 405 LEXINGTON AVENUE 58TH FLOOR NEW YORK, NY 10174		X		

Signatures

William Manzolillo	04/18/2019
**Signature of Reporting Person	Date

Boaz Weinstein	04/18/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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$
—

$
—

$
—

Total:

Whole loans
$
128,108

$
128,108

$
—

$
130,445

$
4,620

B notes
—

—

—

—

—

Mezzanine loans
38,072

38,072

—

38,072

1,269

Bank loans
1,350

1,350

(570
)

—

—

Middle market loans
—

—

—

—

—

Residential mortgage loans
2,082

2,082

—

2,082

148

Loans receivable - related party
—

—

—

—

—

$
169,612

$
169,612

$
(570
)

$
170,599

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$
6,037

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
DECEMBER 31, 2015

Troubled- Debt Restructurings
The following tables show troubled-debt restructurings in the Company's loan portfolio (in thousands):

	Number of Loans	Pre-Modification Outstanding Recorded Balance	Post-Modification Outstanding Recorded Balance
Year Ended December 31, 2015:			
Whole loans	3	$99,959	$99,959
B notes	—	—	—
Mezzanine loans	1	38,072	—
Bank loans	—	—	—
Middle market loans	—	—	—
Residential mortgage loans	—	—	—
Loans receivable - related party	—	—	—
Total loans	4	$138,031	$99,959
Year Ended December 31, 2014:			
Whole loans	3	$99,739	$99,739
B notes	—	—	—
Mezzanine loans	1	38,072	38,072
Bank loans	—	—	—
Middle market loans	—	—	—
Loans receivable - related party	—	—	—
Total loans	4	$137,811	$137,811

As of December 31, 2015, one commercial real estate loan troubled-debt restructuring has subsequently defaulted. As of December 31, 2014, no commercial real estate loan troubled-debt restructurings had subsequently defaulted.

NOTE 11 - BUSINESS COMBINATIONS

On February 26, 2014, the Company made an additional capital contribution to LCF which gave the Company majority ownership at 50.2%. As a result, the Company began consolidating the LCF joint venture. The joint venture was established for the purpose of originating and acquiring life settlement contracts through a financing facility. On April 30, 2015, the Company committed to another capital contribution in the amount of $750,000, increasing its ownership of LCF to 60.7%. The first installment of $375,000 was funded on April 30, 2015 and the second installment of $375,000 was funded on July 30, 2015. On December 15, 2015, the Company committed to an additional capital contribution in the amount of $1,250,000, increasing its ownership of LCF to 70.9%. The first installment of $750,000 was funded on January 5, 2016 and the second installment of $500,000 will be funded no later than July 1, 2016.

The Company engaged a third party expert to assist in determining the fair values of the assets acquired and liabilities assumed on this investment. Based on the final valuation, which determined an enterprise value of LCF of approximately $4.1 million, and in accordance with guidance on business combinations, the Company confirmed that no further adjustments are necessary.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
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DECEMBER 31, 2015

NOTE 12 - INTANGIBLE ASSETS

The following table summarizes the activity of intangible assets for the year ended December 31, 2015 (in thousands):

	Management Contracts	Wholesale/Correspondent Relationships	Mortgage Servicing Rights	Total
Balance, January 1, 2015	$9,434	$ 302	$8,874	$18,610
Additions	—	—	16,552	16,552
Sales	—	—	—	—
Amortization	(4,118)	(212)	(4,504)	(8,834)
Total before impairment adjustment	5,316	90	20,922	26,328
Temporary impairment adjustment	—	—	(100)	(100)
Balance, December 31, 2015	$5,316	$ 90	$20,822	$26,228

Management Contracts and Wholesale/Correspondent Relationships

For the years ended December 31, 2015, 2014, and 2013, the Company recognized $3.9 million, $5.1 million, and $5.3 million, respectively, of fee income on management contracts.

For the years ended December 31, 2015, 2014, and 2013, the Company recorded amortization expense of $4.3 million, $2.1 million, and $2.0 million in relation to the Company's management contracts and wholesale/correspondent relationships. In January 2016 a RCAM-managed CLO was called and $2.4 million of impairment, on a pre-tax basis, was recorded in depreciation and amortization on the Company's consolidated statements of operations on the related management contract, as of December 31, 2015. The Company expects to record amortization expense on its management contracts and wholesale/correspondent relationships of approximately $1.5 million for the year ending December 31, 2016, $1.3 million for the year ending December 31, 2017, $1.2 million for the year ending December 31, 2018, $514,000 for the year ending December 31, 2019, and $515,000 for the year ending December 31, 2020. The weighted average amortization period was 5.8 years and 6.6 years at December 31, 2015 and 2014, respectively.

Mortgage Servicing Rights

Through the Company's wholly-owned residential mortgage originator PCM, residential mortgage loans are sold through one of the following methods: (i) sales to or pursuant to programs sponsored by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and Government National Mortgage Association, or (ii) sales to private investors. The Company may have continuing involvement in mortgage loans sold by retaining servicing rights and servicing obligations.

The total servicing portfolio consists of loans associated with capitalized mortgage servicing rights (“MSRs”) and loans held for sale. In accordance with guidance on servicing assets and liabilities, the Company utilizes the amortization method for the subsequent measurement of its MSRs. The total servicing portfolio was $2.0 billion and $894.8 million as of December 31, 2015 and December 31, 2014, respectively. MSRs recorded in the Company's consolidated balance sheets are related to the capitalized servicing portfolio and are created through the sale of originated loans.

For the years ended December 31, 2015, 2014, and 2013, the Company recorded amortization expense of $4.5 million, $1.6 million, and $254,000, respectively, of amortization expense related to mortgage servicing rights. The Company expects to recognize amortization related to its mortgage servicing rights portfolio in the amount of $4.6 million for the year ending December 31, 2016, $4.4 million for the year ending December 31, 2017, $4.3 million for the year ending December 31, 2018, $3.8 million for the year ending December 31, 2019, and $2.5 million for the year ending December 31, 2020. The weighted average amortization period was 1.2 years and 1.4 years at December 31, 2015 and December 31, 2014, respectively.

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The activity in the loan servicing portfolio associated with capitalized servicing rights consisted of (in thousands):

	December 31, 2015	December 31, 2014
Balance, beginning of period	$894,767	$433,153
Additions	1,236,145	519,915
Payoffs, sales and curtailments	(132,639)	(58,301)
Balance, end of period	$1,998,273	$894,767

The value of MSRs is driven by the net positive, or in some cases net negative, cash flows associated with servicing activities. These cash flows include contractually specified servicing fees, late fees and other ancillary servicing revenue and were recorded within fee income as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Servicing fees from capitalized portfolio	$3,773	$1,649	$178
Late Fees	$106	$81	$7
Other ancillary servicing revenue	$11	$6	$1

NOTE 13 - BORROWINGS

The Company historically has financed the acquisition of its investments, including investment securities and loans, through the use of secured and unsecured borrowings in the form of securitized notes, repurchase agreements, secured term facilities, warehouse facilities, convertible senior notes, senior secured revolving credit agreements and trust preferred securities issuances. Certain information with respect to the Company's borrowings is summarized in the following table (in thousands, except percentages):

	Principal Outstanding	Unamortized Issuance Costs and Discounts	Outstanding Borrowings	Weighted Average Borrowing Rate	Weighted Average Remaining Maturity	Value of Collateral
As of December 31, 2015:						
RREF CDO 2006-1 Senior Notes	$52,772	$—	$52,772	2.60%	30.6 years	$94,379
RREF CDO 2007-1 Senior Notes	91,752	—	91,752	1.65%	30.8 years	210,904
RCC CRE Notes 2013 Senior Notes	58,465	664	57,801	3.21%	13.0 years	104,439
RCC 2014-CRE2 Senior Notes	198,594	2,991	195,603	1.68%	16.3 years	313,663
RCC 2015-CRE3 Senior Notes	282,127	3,466	278,661	2.25%	16.2 years	341,099
RCC 2015-CRE4 Senior Notes	223,735	3,160	220,575	2.06%	16.6 years	308,042
Apidos Cinco CDO Senior Notes	135,417	—	135,417	1.25%	4.4 years	154,584
Unsecured Junior Subordinated Debentures (1)	51,548	135	51,413	4.40%	20.8 years	—
6.0% Convertible Senior Notes	115,000	4,917	110,083	6.00%	2.9 years	—
8.0% Convertible Senior Notes	100,000	4,599	95,401	8.00%	4.0 years	—
CRE - Term Repurchase Facilities (2)	225,346	2,418	222,928	2.64%	17 days	321,267
CMBS - Term Repurchase Facility (3)	25,658	2	25,656	1.57%	18 days	31,650
	26,659	415	26,244	5.85%	2.9 years	89,181

Trust Certificates - Term Repurchase Facility (4)						
Residential Investments - Term Repurchase Facility (5)	782	—	782	2.75%	264 days	835
Residential Mortgage Financing Agreements	85,819	—	85,819	3.10%	257 days	120,952
CMBS - Short Term Repurchase Agreements (6)	57,407	—	57,407	2.06%	18 days	79,347
Senior Secured Revolving Credit Agreement	190,000	3,026	186,974	3.09%	3.2 years	376,306
Total	$1,921,081	$25,793	$1,895,288	2.89%	10.4 years	$2,546,648

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	Principal Outstanding	Unamortized Issuance Costs and Discounts	Outstanding Borrowings	Weighted Average Borrowing Rate	Weighted Average Remaining Maturity	Value of Collateral
As of December 31, 2014:						
RREF CDO 2006-1 Senior Notes	$61,423	$—	$61,423	2.12%	31.6 years	$139,242
RREF CDO 2007-1 Senior Notes	130,340	133	130,207	1.19%	31.8 years	271,423
RCC CRE Notes 2013 Senior Notes	226,840	2,683	224,157	2.11%	14.0 years	249,983
RCC 2014-CRE2 Senior Notes	235,344	3,687	231,657	1.45%	17.3 years	346,585
Apidos CDO III Senior Notes	74,646	—	74,646	1.18%	5.7 years	85,553
Apidos Cinco CDO Senior Notes	255,664	201	255,463	0.81%	5.4 years	272,512
Moselle CLO S.A. Senior Notes, at fair value (7)	63,321	—	63,321	1.49%	5.0 years	93,576
Moselle CLO S.A. Securitized Borrowings, at fair value (8)	5,619	—	5,619	1.49%	5.0 years	—
Unsecured Junior Subordinated Debentures (1)	51,548	343	51,205	4.19%	21.8 years	—
6.0% Convertible Senior Notes	115,000	6,626	108,374	6.00%	3.9 years	—
CRE - Term Repurchase Facilities (2)	207,640	1,958	205,682	2.43%	20 days	297,571
CMBS - Term Repurchase Facility (3)	24,967	—	24,967	1.35%	20 days	30,180
Residential Investments - Term Repurchase Facility (5)	22,248	36	22,212	1.16%	1 day	27,885
Residential Mortgage Financing Agreements	102,576	—	102,576	2.78%	207 days	147,472
CMBS - Short Term Repurchase Agreements (6)	44,225	—	44,225	1.63%	17 days	62,446
Senior Secured Revolving Credit Agreement	113,500	2,363	111,137	2.66%	3.7 years	262,687
Total	$1,734,901	$18,030	$1,716,871	2.09%	10.0 years	$2,287,115

(1) Amount represents junior subordinated debentures issued to RCT I and RCT II in May 2006 and September 2006, respectively.

(2) Amounts also include accrued interest expense of $315,000 and $198,000 related to CRE repurchase facilities as of December 31, 2015 and 2014, respectively.

(3) Amounts also include accrued interest expense of $18,000 and $12,000 related to CMBS repurchase facilities as of December 31, 2015 and 2014, respectively. Amounts do not reflect CMBS repurchase agreement borrowings that are components of linked transactions as of December 31, 2014.

(4) Amount also includes accrued interest expense of $61,000 related to trust certificate repurchase facilities as of December 31, 2015.

(5) Amounts also include accrued interest expense of $30,000 and $20,000 related to residential investment repurchase facilities as of December 31, 2015 and 2014, respectively.

(6) Amounts also include accrued interest expense of $40,000 and $31,000 related to CMBS short term repurchase facilities as of December 31, 2015 and 2014, respectively.

(7) The fair value option was elected for the borrowings associated with Moselle CLO. As such, the outstanding borrowings and principal outstanding amounts are stated at fair value. The unpaid principal amounts of these borrowings were $63.3 million at December 31, 2014.

(8) The securitized borrowings were collateralized by the same assets as the Moselle CLO Senior Notes.

Securitizations

The following table sets forth certain information with respect to the Company's securitizations:

Securitization	Closing Date	Maturity Date	Reinvestment Period End	Total Note Paydowns as of December 31, 2015 (in millions)
RREF CDO 2006-1 Senior Notes	August 2006	August 2046	September 2011	$180.5
RREF CDO 2007-1 Senior Notes	June 2007	September 2046	June 2012	$252.0
RCC CRE Notes 2013 Senior Notes	December 2013	December 2028	N/A	$202.4
RCC 2014-CRE2 Senior Notes	July 2014	April 2032	N/A	$36.8
RCC 2015-CRE3 Senior Notes	February 2015	March 2032	N/A	$—
RCC 2015-CRE4 Senior Notes	August 2015	August 2032	N/A	$—
Apidos Cinco CDO Senior Notes	May 2007	May 2020	May 2014	$186.6

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In June 2015, the Company called Apidos CDO III, substantially liquidating the securitization's assets. Proceeds from the sale of these assets, plus proceeds from previous sales and paydowns in the CDO, were used to pay down the securitization's $262.5 million of Senior Notes in full.

In December 2014, Moselle CLO S.A. was called and liquidated, and as a result, all of the assets were sold.

The investments held by the Company's securitizations collateralize the securitization's borrowings and, as a result, are not available to the Company, its creditors, or stockholders. All senior notes retained at closing or subsequently repurchased by the Company as of December 31, 2015 eliminate in consolidation.

Resource Real Estate Funding CDO 2006-1

In August 2006, the Company closed RREF CDO 2006-1, a $345.0 million CDO transaction that provided financing for commercial real estate loans. RREF CDO 2006-1 issued a total of $308.7 million of senior notes at par to investors of which RCC Real Estate purchased 100% of the Class J senior notes (rated BB: Fitch) and Class K senior notes (rated B:Fitch) for $43.1 million. In addition, Resource Real Estate Funding 2006-1 CDO Investor, LLC, a subsidiary of RCC Real Estate, purchased a $36.3 million equity interest representing 100% of the outstanding preference shares. The senior notes purchased by RCC Real Estate are subordinated in right of payment to all other senior notes issued by RREF CDO 2006-1 but are senior in right of payment to the preference shares. The equity interest is subordinated in right of payment to all other securities issued by RREF CDO 2006-1.

At closing, the senior notes issued to investors by RREF CDO 2006-1 consisted of the following classes: (i) $129.4 million of Class A-1 notes bearing interest at one-month LIBOR plus 0.32%; (ii) $17.4 million of Class A-2 notes bearing interest at one-month LIBOR plus 0.35%; (iii) $5.0 million of Class A-2 notes bearing interest at a fixed rate of 5.842%; (iv) $6.9 million of Class B notes bearing interest at one-month LIBOR plus 0.40%; (v) $20.7 million of Class C notes bearing interest at one-month LIBOR plus 0.62%; (vi) $15.5 million of Class D notes bearing interest at one-month LIBOR plus 0.80%; (vii) $20.7 million of Class E notes bearing interest at one-month LIBOR plus 1.30%; (viii) $19.8 million of Class F notes bearing interest at one-month LIBOR plus 1.60%; (ix) $17.3 million of Class G notes bearing interest at one-month LIBOR plus 1.90%; (x) $12.9 million of Class H notes bearing interest at one-month LIBOR plus 3.75%; (xi) $14.7 million of Class J notes bearing interest at a fixed rate of 6.00%; and (xii) $28.4 million of Class K notes bearing interest at a fixed rate of 6.00%. All of the notes issued mature in August 2046, although the Company has the right to call the notes anytime after August 2016 until maturity.

During the years ended December 31, 2015, 2014, and 2013, the Company did not repurchase any notes.

During the the year ended December 31, 2015 the Company reissued $6.3 million of Class F notes at a weighted average price of 96.02% to par which resulted in a $249,000 loss on the reissuance of debt in the consolidated statements of operations.

During the the year ended December 31, 2014 the Company reissued $6.7 million of Class A-1 notes at a price of 98.94% to par, and $12.0 million of Class A-2 notes at a price of 95.56% to par, which resulted in a $604,000 loss on the reissuance of debt in the consolidated statements of operations.

Resource Real Estate Funding CDO 2007-1

In June 2007, the Company closed RREF CDO 2007-1, a $500.0 million CDO transaction that provided financing for commercial real estate loans and commercial mortgage-backed securities. RREF CDO 2007-1 issued a total of $265.6 million of senior notes at par to unrelated investors. RCC Real Estate purchased 100% of the Class H senior notes (rated BBB+:Fitch), Class K senior notes (rated BBB-:Fitch), Class L senior notes (rated BB:Fitch) and Class M senior notes (rated B: Fitch) for $68.0 million. In addition, Resource Real Estate Funding 2007-1 CDO Investor, LLC, a subsidiary of RCC Real Estate, purchased a $41.3 million equity interest representing 100% of the outstanding preference shares. The senior notes purchased by RCC Real Estate are subordinated in right of payment to all other senior notes issued by RREF CDO 2007-1 but are senior in right of payment to the preference shares. The equity interest is subordinated in right of payment to all other securities issued by RREF CDO 2007-1.

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At closing, the senior notes issued to investors by RREF CDO 2007-1 consisted of the following classes: (i) $180.0 million of Class A-1 notes bearing interest at one-month LIBOR plus 0.28%; (ii) $50.0 million of unissued Class A-1R notes, which allowed the CDO to fund future funding obligations under the existing whole loan participations that had future funding commitments; the undrawn balance of the Class A-1R notes accrued a commitment fee at a rate per annum equal to 0.18%, the drawn balance bore interest at one-month LIBOR plus 0.32%; (iii) $57.5 million of Class A-2 notes bearing interest at one-month LIBOR plus 0.46%; (iv) $22.5 million of Class B notes bearing interest at one-month LIBOR plus 0.80%; (v) $7.0 million of Class C notes bearing interest at a fixed rate of 6.423%; (vi) $26.8 million of Class D notes bearing interest at one-month LIBOR plus 0.95%; (vii) $11.9 million of Class E notes bearing interest at one-month LIBOR plus 1.15%; (viii) $11.9 million of Class F notes bearing interest at one-month LIBOR plus 1.30%; (ix) $11.3 million of Class G notes bearing interest at one-month LIBOR plus 1.55%; (x) $11.3 million of Class H notes bearing interest at one-month LIBOR plus 2.30%; (xi) $11.3 million of Class J notes bearing interest at one-month LIBOR plus 2.95%; (xii) $10.0 million of Class K notes bearing interest at one-month LIBOR plus 3.25%; (xiii) $18.8 million of Class L notes bearing interest at a fixed rate of 7.50%; and (xiv) $28.8 million of Class M notes bearing interest at a fixed rate of 8.50%. The Company has the right to call the notes anytime after July 2017 until maturity.
During the years ended December 31, 2015, 2014, and 2013, the Company did not repurchase any notes.

During the year ended December 31, 2015, the Company reissued $11.8 million of Class D notes at a weighted average price of 90.18% to par, which resulted in a $1.2 million loss on the reissuance of debt in the consolidated statements of operations.
During the the year ended December 31, 2014 the Company reissued $25.0 million of Class A-1 notes at a price of 92.53% to par, and $15.0 million of Class D notes at a weighted average price of 86.85% to par, which resulted in a $3.8 million loss on the reissuance of debt in the consolidated statements of operations.
RCC CRE Notes 2013
In December 2013, the Company closed RCC CRE Notes 2013, a $307.8 million CRE securitization transaction that provided financing for transitional commercial real estate loans. RCC CRE Notes 2013 issued a total of $260.8 million of senior notes at par to unrelated investors. RCC Real Estate purchased 100% of the Class D senior notes (rated BBB:DBRS), Class E senior notes (rated BB:DBRS) and Class F senior notes (rated B:DBRS) for $30.0 million. In addition, Resource Real Estate Funding 2013 Notes Investor, LLC, a subsidiary of RCC Real Estate, purchased a $16.9 million equity interest representing 100% of the outstanding preference shares. The senior notes purchased by RCC Real Estate are subordinated in right of payment to all other senior notes issued by RCC CRE Notes 2013 but are senior in right of payment to the preference shares. The equity interest is subordinated in right of payment to all other securities issued by RCC CRE Notes 2013.
At closing, the senior notes issued to investors by RCC CRE Notes 2013 consisted of the following classes: (i) $136.9 million of Class A notes bearing interest at one-month LIBOR plus 1.30%; (ii) $78.5 million of Class A-S notes bearing interest at one-month LIBOR plus 2.15%; (iii) $30.8 million of Class B notes bearing interest at one-month LIBOR plus 2.85%; (iv) $14.6 million of Class C notes bearing interest at one-month LIBOR plus 3.50%; (v) $13.8 million of Class D notes bearing interest at one-month LIBOR plus 4.50%; (vi) $9.2 million of Class E notes bearing interest at one-month LIBOR plus 5.50%; (vii) and $6.9 million of Class F notes bearing interest at one-month LIBOR plus 6.50%. All of the notes issued mature in December 2028, although the Company has the right to call the notes anytime after January 2016 until maturity.
RCC 2014-CRE2
In July 2014, the Company closed RCC 2014-CRE2, a $353.9 million CRE securitization transaction that provided financing for transitional commercial real estate loans. RCC 2014-CRE2 issued a total of $253.3 million of senior notes at par to unrelated investors. RCC Real Estate purchased 100% of the Class C senior notes (rated B2:Moody's)

for $17.7 million. In addition, Resource Real Estate Funding 2014-CRE2 Investor, LLC, a subsidiary of RCC Real Estate, purchased a $100.9 million equity interest representing 100% of the outstanding preference shares. The senior notes purchased by RCC Real Estate are subordinated in right of payment to all other senior notes issued by RCC 2014-CRE2, but are senior in right of payment to the preference shares. The equity interest is subordinated in right of payment to all other securities issued by RCC 2014-CRE2.
At closing, the senior notes issued to investors by RCC 2014-CRE2 consisted of the following classes: (i) $196.4 million of Class A notes bearing interest at one-month LIBOR plus 1.05%; (ii) $38.9 million of Class B notes bearing interest at one-month LIBOR plus 2.50%; and (iii) $17.7 million of Class C notes bearing interest at one-month LIBOR plus 4.25%. All of the notes issued mature in April 2032, although the Company has the right to call the notes anytime after July 2016 until maturity.

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RCC 2015-CRE3
In February 2015, the Company closed RCC 2015-CRE3, a $346.2 million CRE securitization transaction that provided financing for transitional commercial real estate loans. RCC 2015-CRE3 issued a total of $282.1 million of senior notes at par to unrelated investors. RCC Real Estate purchased 100% of the Class E and Class F senior notes for $20.8 million and $15.6 million, respectively. In addition, Resource Real Estate Funding 2015-CRE3 Investor, LLC, a subsidiary of RCC Real Estate, purchased a $27.7 million equity interest representing 100% of the outstanding preference shares. The senior notes purchased by RCC Real Estate are subordinated in right of payment to all other senior notes issued by RCC 2015-CRE3, but are senior in right of payment to the preference shares. The equity interest is subordinated in right of payment to all other securities issued by RCC 2015-CRE3.
At closing, the senior notes issued to investors by RCC 2015-CRE3 consisted of the following classes: (i) $193.9 million of Class A notes bearing interest at one-month LIBOR plus 1.40%; (ii) $17.3 million of Class A-S notes bearing interest at one-month LIBOR plus 1.65%; (iii) $19.5 million of Class B notes bearing interest at one-month LIBOR plus 2.40%; (iv) $20.8 million of Class C notes bearing interest at one-month LIBOR plus 3.15%; (v) $30.7 million of Class D notes bearing interest at one-month LIBOR plus 4.00%; (vi) $20.8 million of Class E notes bearing interest at one-month LIBOR plus 4.75%; (vii) and $15.6 million of Class F notes bearing interest at one-month LIBOR plus 5.50%. All of the notes issued mature in March 2032, although the Company has the right to call the notes anytime after March 2017 until maturity. There is no reinvestment period in RCC 2015-CRE3; however, principal repayments, for a period ending in February 2017, may be used to purchase funding participations with respect to existing collateral held outside of the securitization.
RCC 2015-CRE4
In August 2015, the Company closed RCC 2015-CRE4, a $312.9 million CRE securitization transaction that provided financing for transitional commercial real estate loans. RCC 2015-CRE4 issued a total of $223.7 million of senior notes at par to unrelated investors. RCC Real Estate purchased 100% of the Class C senior notes for $26.6 million. In addition, Resource Real Estate Funding 2015-CRE4 Investor, LLC, a subsidiary of RCC Real Estate purchased a $62.6 million equity interest representing 100% of the outstanding preference shares. The senior notes purchased by RCC Real Estate are subordinated in right of payment to all other senior notes issued by RCC 2015-CRE4, but are senior in right of the payment to the preference shares. The equity interest is subordinated in right of payment to all other securities issued by RCC 2015-CRE4.
At closing, the senior notes issued to investors by RCC 2015-CRE4 consisted of the following classes: (i) $179.9 million of Class A notes bearing interest at one-month LIBOR plus 1.40%; (ii) $43.8 million of Class B notes bearing interest at one-month LIBOR plus 3.00%; (iii) $26.6 million of Class C notes bearing interest at one-month LIBOR plus 4.75%. All of the notes issued mature in August 2032, although the Company has the right to call the notes anytime after September 2017 until maturity. There is no reinvestment period in RCC 2015-CRE4; however, principal repayments, for a period ending in September 2017, may be used to purchase funding participations with respect to existing collateral held outside of the securitization.
Apidos CDO III
In May 2006, the Company closed Apidos CDO III, a $285.5 million CDO transaction that provided financing for bank loans. Apidos CDO III issued a total of $262.5 million of senior notes at par to investors and RCC Commercial purchased a $23.0 million equity interest representing 100% of the outstanding preference shares. The equity interest is subordinated in right of payment to all other securities issued by Apidos CDO III.
At closing, the senior notes issued to investors by Apidos CDO III consist of the following classes: (i) $212.0 million of Class A-1 notes bearing interest at 3-month LIBOR plus 0.26%; (ii) $19.0 million of Class A-2 notes bearing interest at 3-month LIBOR plus 0.45%; (iii) $15.0 million of Class B notes bearing interest at 3-month LIBOR plus 0.75%; (iv) $10.5 million of Class C notes bearing interest at 3-month LIBOR plus 1.75%; and (v) $6.0 million of Class D notes bearing interest at 3-month LIBOR plus 4.25%. All of the notes issued mature on September 12, 2020,

although the Company has the right to call the notes anytime after September 12, 2011 until maturity.
In June 2015, the Company called Apidos CDO III, substantially liquidating the securitization's assets. Proceeds from the sale of these assets, plus proceeds from previous sales and paydowns in the CDO, were used to pay down the securitization's remaining senior notes.

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Apidos Cinco CDO
In May 2007, the Company closed Apidos Cinco CDO, a $350.0 million CDO transaction that provided financing for bank loans. Apidos Cinco CDO issued a total of $322.0 million of senior notes at par to investors and RCC Commercial II purchased a $28.0 million equity interest representing 100% of the outstanding preference shares. The equity interest is subordinated in right of payment to all other securities issued by Apidos Cinco CDO.
The senior notes issued to investors by Apidos Cinco CDO consist of the following classes: (i) $37.5 million of Class A-1 notes bearing interest at LIBOR plus 0.24%; (ii) $200.0 million of Class A-2a notes bearing interest at LIBOR plus 0.23%; (iii) $22.5 million of Class A-2b notes bearing interest at LIBOR plus 0.32%; (iv) $19.0 million of Class A-3 notes bearing interest at LIBOR plus 0.42%; (v) $18.0 million of Class B notes bearing interest at LIBOR plus 0.80%; (vi) $14.0 million of Class C notes bearing interest at LIBOR plus 2.25%; and (vii) $11.0 million of Class D notes bearing interest at LIBOR plus 4.25%. The Company has the right to call the notes anytime after May 14, 2011 until maturity.
Moselle CLO S.A.
In February 2014, the Company purchased 100% of the Class 1 Subordinated Notes and 67.9% of the Class 2 Subordinated Notes, which represented 88.6% of the outstanding subordinated notes in the European securitization Moselle CLO S.A. Due to the Company's economic interest combined with its contractual, unilateral kick-out rights acquired upon its purchase of a majority of the subordinate notes, the Company determined that it had a controlling financial interest and consolidated Moselle CLO (see Note 3). The notes purchased by the Company are subordinated in right of payment to all other notes issued by Moselle CLO.
The balances of the senior notes issued to investors when the Company acquired a controlling financial interest in February 2014 were as follows: (i) €24.9 million of Class A-1E notes bearing interest at LIBOR plus 0.25%; (ii) $24.9 million of Class A-1L notes bearing interest at LIBOR plus 0.25%; (iii) €10.3 million of Class A-1LE notes bearing interest at LIBOR plus 0.31%; (iv) $10.3 million of Class A-1LE notes bearing interest at LIBOR plus 0.31%; (v) €13.8 million of Class A-2E notes bearing interest at LIBOR plus 0.40%; (vi) $13.8 million of Class A-2L notes bearing interest at LIBOR plus 0.40%; (vii) €6.8 million of Class A-3E notes bearing interest at LIBOR plus 0.70%; (viii) $6.8 million of Class A-3L notes bearing interest at LIBOR plus 0.75%; (ix) €16 million of Class B-1E notes bearing interest at LIBOR plus 1.80%; and (x) $16.0 million of Class B-1L notes bearing interest at LIBOR plus 1.85%.
The Company had the right to call the notes anytime after January 6, 2010 until maturity and in November 2014, the Company exercised this right and substantially liquidated the securitization's assets. Proceeds from the sale of these assets were used to pay down the senior notes and securities borrowings in full as of December 31, 2015.
Unsecured Junior Subordinated Debentures
In May 2006 and September 2006, the Company formed RCT I and RCT II, respectively, for the sole purpose of issuing and selling capital securities representing preferred beneficial interests. Although the Company owns $774,000 of the common securities of RCT I and RCT II, RCT I and RCT II are not consolidated into the Company's consolidated financial statements because the Company is not deemed to be the primary beneficiary of these entities. In connection with the issuance and sale of the capital securities, the Company issued junior subordinated debentures to RCT I and RCT II of $25.8 million each, representing the Company's maximum exposure to loss. The debt issuance costs associated with the junior subordinated debentures for RCT I and RCT II are included in borrowings and are being amortized into interest expense in the consolidated statements of operations using the effective yield method over a ten year period.
The debt issuance costs associated with the junior subordinated debentures for RCT I and RCT II at December 31, 2015 were $54,000 and $80,000, respectively. The debt issuance costs associated with the junior subordinated debentures for RCT I and RCT II at December 31, 2014 were $160,000 and $183,000, respectively. The rates for RCT I and RCT II, at December 31, 2015, were 4.55% and 4.25%, respectively. The rates for RCT I and RCT II, at December 31, 2014, were 4.21% and 4.18%, respectively.

The rights of holders of common securities of RCT I and RCT II are subordinate to the rights of the holders of capital securities only in the event of a default; otherwise, the common securities' economic and voting rights are pari passu with the capital securities. The capital and common securities of RCT I and RCT II are subject to mandatory redemption upon the maturity or call of the junior subordinated debentures held by each. Unless earlier dissolved, RCT I will dissolve on May 25, 2041 and RCT II will dissolve on September 29, 2041. The junior subordinated debentures are the sole assets of RCT I and RCT II, mature on September 30, 2036 and October 30, 2036, respectively, and may be called at par by the Company any time after September 30, 2011 and October 30, 2011,

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respectively. The Company records its investments in RCT I and RCT II's common securities of $774,000 each as investments in unconsolidated entities and records dividend income upon declaration by RCT I and RCT II.

6.0% Convertible Senior Notes

On October 21, 2013, the Company issued and sold in a public offering $115.0 million aggregate principal amount of its 6.0% Convertible Senior Notes due 2018, ("6.0% Convertible Senior Notes"). After deducting the underwriting discount and the estimated offering costs, the Company received approximately $111.1 million of net proceeds. The discount of $4.9 million on the 6.0% Convertible Senior Notes reflects the difference between the stated value of the debt and the fair value of the notes as if they were issued without a conversion feature and at a higher rate of interest that the Company estimated would have been applicable without the conversion feature. The discount will be amortized on a straight-line basis as additional interest expense through maturity on December 1, 2018. Interest on the 6.0% Convertible Senior Notes is paid semi-annually. Prior to December 1, 2018, the 6.0% Convertible Senior Notes are not redeemable at the Company's option, except to preserve the Company's status as a REIT. On or after December 1, 2018, the Company may redeem all or a portion of the 6.0% Convertible Senior Notes at a redemption price equal to the principal amount plus accrued and unpaid interest. Holders of 6.0% Convertible Senior Notes may require the Company to repurchase all or a portion of the 6.0% Convertible Senior Notes at a purchase price equal to the principal amount plus accrued and unpaid interest on December 1, 2018, or upon the occurrence of certain defined fundamental changes. The 6.0% Convertible Senior Notes had an original conversion rate of 150.1502 common shares per $1,000 principal amount of 6.0% Convertible Senior Notes (equivalent to an initial conversion price of $6.66 per common share). Upon conversion of 6.0% Convertible Senior Notes by a holder, the holder will receive cash, the Company's common shares or a combination of cash and common shares, at the Company's election. In connection with the Company's one-for-four reverse stock split, the 6.0% Convertible Senior Notes automatically adjusted from 150.1502 common shares per $1,000 principal amount of such notes to 37.5376 common shares per $1,000 principal amount of such notes. The conversion price was adjusted from $6.66 to $26.64 as a result of the stock split.

8.0% Convertible Senior Notes

In January 2015, the Company issued and sold in a public offering $100.0 million aggregate principal amount of its 8.0% Convertible Senior Notes due 2020, ("8.0% Convertible Senior Notes"). After deducting a $1.0 million underwriting discount and deferred debt issuance costs totaling $2.1 million, the Company received approximately $97.0 million of net proceeds. In addition, the Company recorded a discount of $2.5 million (the offset of which was recorded in additional paid-in capital) on the 8.0% Convertible Senior Notes that reflects the difference between the stated value of the debt and the fair value of the notes as if they were issued without a conversion feature. The aforementioned market discounts and the deferred debt issuance costs will be amortized on a straight-line basis as additional interest expense through maturity on January 15, 2020. Interest on the 8.0% Convertible Senior Notes is paid semi-annually. Prior to January 15, 2020, the 8.0% Convertible Senior Notes are not redeemable at the Company's option, except to preserve the Company's status as a REIT. On or after January 15, 2020, the Company may redeem all or a portion of the 8.0% Convertible Senior Notes at a redemption price equal to the principal amount plus accrued and unpaid interest. Holders of 8.0% Convertible Senior Notes may require the Company to repurchase all or a portion of the 8.0% Convertible Senior Notes at a purchase price equal to the principal amount plus accrued and unpaid interest on January 15, 2020, or upon the occurrence of certain defined fundamental changes. The 8.0% Convertible Senior Notes had an original conversion rate of 187.4414 common shares per $1,000 principal amount of 8.0% Convertible Senior Notes (equivalent to an initial conversion price of $5.34 per common share). Upon conversion of 8.0% Convertible Senior Notes by a holder, the holder will receive cash, the Company's common shares or a combination of cash and common shares, at the Company's election. In connection with the Company's one-for-four reverse stock split, the 8.0% Convertible Senior Notes automatically adjusted from 187.4414 common shares per $1,000 principal amount of such notes to 46.86035 shares of common stock per $1,000 principal amount of such notes. The conversion price was adjusted from $5.34 to $21.36 as a result of the stock split.

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Repurchase and Credit Facilities

Borrowings under the repurchase agreements were guaranteed by the Company or one of its subsidiaries. The following table sets forth certain information with respect to the Company's borrowings at December 31, 2015 and 2014 (dollars in thousands):

	As of December 31, 2015				As of December 31, 2014			
	Outstanding Borrowings	Value of Collateral	Number of Positions as Collateral	Weighted Average Interest Rate	Outstanding Borrowings	Value of Collateral	Number of Positions as Collateral	Weighted Average Interest Rate
CMBS Term Repurchase Facility								
Wells Fargo Bank [(1)]	$25,656	$31,650	21	1.57%	$24,967	$30,180	33	1.35%
CRE Term Repurchase Facilities								
Wells Fargo Bank [(2)]	123,937	179,169	9	2.39%	179,762	258,223	15	2.38%
Deutsche Bank AG [(3)]	—	—	—	—%	25,920	39,348	2	2.78%
Morgan Stanley Bank [(4)]	98,991	142,098	7	2.96%	—	—	—	—%
Trust Certificates Term Repurchase Facility								
RSO Repo SPE Trust 2015 [(5)]	26,244	89,181	1	5.85%	—	—	—	—%
Short-Term Repurchase Agreements - CMBS								
Wells Fargo Securities, LLC	13,548	19,829	3	1.93%	10,442	17,695	1	1.66%
Deutsche Bank Securities, LLC	43,859	59,518	17	2.10%	33,783	44,751	8	1.62%
Residential Investments Term Repurchase Facility								
Wells Fargo Bank [(6)]	782	835	1	2.75%	22,212	27,885	6	1.16%
Residential Mortgage Financing Agreements								
New Century Bank	43,789	61,111	199	3.17%	41,387	51,961	158	2.82%
Wells Fargo Bank	42,030	59,841	166	3.03%	61,189	95,511	104	2.75%
Totals	$418,836	$643,232			$399,662	$565,554		

(1)

The Wells Fargo Bank CMBS term repurchase facility includes $2,000 and $0, of deferred debt issuance costs as of December 31, 2015 and 2014, respectively.

(2) The Wells Fargo Bank CRE term repurchase facility includes $675,000 and $1.7 million of deferred debt issuance costs as of December 31, 2015 and 2014, respectively.

(3) The Deutsche Bank CRE term repurchase facility includes $0 and $268,000 of deferred debt issuance costs as of December 31, 2015 and 2014, respectively.

(4) The Morgan Stanley Bank CRE term repurchase facility includes $1.7 million and $0 of deferred debt issuance costs as of December 31, 2015 and 2014, respectively.

(5) The RSO Repo SPE Trust 2015 term repurchase facility includes $415,000 and $0 of deferred debt issuance costs as of December 31, 2015 and 2014, respectively.

(6) The Wells Fargo Bank residential investments term repurchase facility includes $0 and $36,000 of deferred debt issuance costs as of December 31, 2015 and 2014, respectively.

As the result of an accounting standards update adopted on January 1, 2015 (see Note 2), the Company unlinked its previously linked transactions and disclosed affected asset, liability, income and expense balances at their gross values in its consolidated financial statements. Accordingly, the Company had no repurchase agreements being accounted for as linked transactions as of December 31, 2015.

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The assets in the following table were accounted for as linked transactions. These linked repurchase agreements are not included in borrowings on the Company's consolidated balance sheets at that date (see Note 22).

	As of December 31, 2014			
	Borrowings Under Linked Transactions [(1)]	Value of Collateral Under Linked Transactions	Number of Positions as Collateral Under Linked Transactions	Weighted Average Interest Rate of Linked Transactions
CMBS Term Repurchase Facility				
Wells Fargo Bank	$4,941	$6,371	7	1.67%
Short-Term Repurchase Agreements - CMBS				
Wells Fargo Securities, LLC	4,108	6,233	2	1.37%
Deutsche Bank Securities, LLC	24,348	36,001	10	1.57%
Totals	$33,397	$48,605		

The following table shows information about the amount at risk under the repurchase facilities (dollars in thousands):

	Amount at Risk [(1)]	Weighted Average Maturity in Days	Weighted Average Interest Rate
As of December 31, 2015:			
CMBS Term Repurchase Facility			
Wells Fargo Bank, National Association	$6,053	18 days	1.57%
Residential Investments Term Repurchase Facility			
Wells Fargo Bank, National Association	$54	264 days	2.75%
CRE Term Repurchase Facilities			
Wells Fargo Bank, National Association	$54,674	18 days	2.39%
Morgan Stanley Bank, National Association	$41,248	15 days	2.96%
Trust Certificates Term Repurchase Facility			
RSO Repo SPE Trust 2015	$62,575	2.9 years	5.85%
Short-Term Repurchase Agreements - CMBS			
Wells Fargo Securities, LLC	$6,288	11 days	1.93%
Deutsche Bank Securities, LLC	$16,330	20 days	2.05%
Residential Mortgage Financing Agreements			
New Century Bank	$17,322	124 days	3.17%
Wells Fargo Bank, National Association	$17,811	134 days	3.03%

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As of December 31, 2014:			
CMBS Term Repurchase Facility			
Wells Fargo Bank, National Association	$6,486	20 days	1.35%
Residential Investments Term Repurchase Facility			
Wells Fargo Bank, National Association	$5,017	1 day	1.16%
CRE Term Repurchase Facilities			
Wells Fargo Bank, National Association	$76,148	20 days	2.38%
Deutsche Bank AG	$13,017	19 days	2.78%
Short-Term Repurchase Agreements - CMBS			
Wells Fargo Securities, LLC	$2,127	9 days	1.66%
Deutsche Bank Securities, LLC	$11,810	20 days	1.62%
Residential Mortgage Financing Agreements			
New Century Bank	$853	242 days	2.82%
Wells Fargo Bank, National Association	$6,902	183 days	2.75%

(1) Equal to the estimated fair value of securities or loans sold, plus accrued interest income, minus the sum of repurchase agreement liabilities plus accrued interest expense.

Residential Investments – Term Repurchase Facility

In June 2014, the Company's wholly-owned subsidiaries, RCC Resi Portfolio, RCC Resi TRS, and RCC Resi Depositor (the “Sellers”) entered into a master repurchase and securities contract (the “2014 Facility”) with Wells Fargo Bank, NA ("Wells Fargo"). Under the 2014 Facility, from time to time, the parties may enter into transactions in which the Sellers and Wells Fargo agree to transfer from the Sellers to Wells Fargo all of their right, title and interest to certain residential mortgage backed securities and other assets against the transfer of funds by Wells Fargo to the Sellers, with a simultaneous agreement by Wells Fargo to transfer back to the Sellers such assets at a date certain or on demand, against the transfer of funds from the Sellers to Wells Fargo. The original maximum amount of the 2014 Facility was $285.0 million which had an original one year term with a one year extension option, and a maximum interest rate of 1.45% and 3.00% on residential mortgage-backed securities and jumbo mortgage loans, respectively. The 2014 Facility had an original maturity date of June 22, 2015. Over the course of five amendments, the most recent of which was entered into with Wells Fargo on September 20, 2015, the Company extended the 2014 Facility's termination date to September 20, 2016. Additionally, the amendments reduced the 2014 Facility's original maximum borrowing amount from a total of $285.0 million to $30.0 million with respect to certificates of trust and zero with respect to residential mortgage backed securities. There were no other material changes to the agreement over the course of the five amendments. The facility currently charges a fee for unused balance of 25 basis points on the difference between a threshold equal to 40% of the maximum borrowing amount with respect to certificates of trust and the average daily borrowing balance of that month.

The 2014 Facility contains customary events of default, including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, guarantor defaults, and the institution of bankruptcy or insolvency proceedings that remain unstayed. The remedies for such events of default are also customary for this type of transaction and include the acceleration of all obligations of the Sellers to repay the purchase price for purchased assets.

The 2014 Facility also contains margin call provisions relating to a decline in the market value of a security. Under these circumstances, Wells Fargo may require the Sellers to transfer cash in an amount sufficient to eliminate any margin deficit resulting from such a decline.

Under the terms of the 2014 Facility and pursuant to a guarantee agreement dated June 20, 2014 (the “2014 Guaranty”), the Company guaranteed the payment and performance of (a) all payment obligations owing by the Sellers to Wells Fargo under or in connection with the 2014 Facility and any other governing agreements and any and all extensions, renewals, modifications, amendments or substitutions of the foregoing; (b) all expenses, including, without limitation, reasonable attorneys' fees and disbursements, that are incurred by Wells Fargo in the enforcement of any of the foregoing or any obligation of the registrant; and (c) any other obligations

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of the Sellers with respect to Wells Fargo under each of the governing documents. The 2014 Guaranty includes covenants that, among other things, limit the Company's leverage and debt service ratios and require maintenance of certain levels of cash and net worth. Sellers and the Company were in compliance with all financial debt covenants under the 2014 Facility and 2014 Guaranty as of December 31, 2015.

CMBS – Term Repurchase Facility

In February 2011, the Company's wholly-owned subsidiaries, RCC Commercial and RCC Real Estate (collectively, the "RCC Subsidiaries"), entered into a master repurchase and securities contract (the "2011 Facility") with Wells Fargo Bank, National Association ("Wells Fargo"). Under the 2011 Facility, from time to time, the parties may enter into transactions in which the RCC Subsidiaries and Wells Fargo agree to transfer from the RCC Subsidiaries to Wells Fargo all of their right, title and interest to certain commercial mortgage backed securities and other assets (the "Assets") against the transfer of funds by Wells Fargo to the RCC Subsidiaries, with a simultaneous agreement by Wells Fargo to transfer back to the RCC Subsidiaries such Assets at a date certain or on demand, against the transfer of funds from the RCC Subsidiaries to Wells Fargo. The maximum amount of the 2011 Facility is $100.0 million which had an original two year term with a one year option to extend, and an interest rate equal to the one-month LIBOR plus 1.00% plus a .25% initial structuring fee and a .25% extension fee upon exercise. In April 2014, the Company agreed to a third amendment of the facility, which extended the termination date to January 31, 2016. In May 2015, the Company agreed to a fourth amendment of the facility, which extended the termination date to January 31, 2017. The RCC Subsidiaries may enter into interest rate swaps and cap agreements for securities whose average life exceeds two years to mitigate interest rate risk under the 2011 Facility.

The 2011 Facility contains customary events of default, including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, guarantor defaults, and the institution of bankruptcy or insolvency proceedings that remain unstayed. The remedies for such events of default are also customary for this type of transaction and include the acceleration of all obligations of the RCC Subsidiaries to repay the purchase price for purchased assets.

The 2011 Facility also contains margin call provisions relating to a decline in the market value of a security. Under these circumstances, Wells Fargo may require the RCC Subsidiaries to transfer cash in an amount sufficient to eliminate any margin deficit resulting from such a decline.

Under the terms of the 2011 Facility and pursuant to a guarantee agreement dated February 1, 2011 (the "2011 Guaranty"), the Company guaranteed the payment and performance of (a) all payment obligations owing by the RCC Subsidiaries to Wells Fargo under or in connection with the Facility and any other governing agreements and any and all extensions, renewals, modifications, amendments or substitutions of the foregoing; (b) all expenses, including, without limitation, reasonable attorneys' fees and disbursements, that are incurred by Wells Fargo in the enforcement of any of the foregoing or any obligation of the registrant; and (c) any other obligations of the RCC Subsidiaries with respect to Wells Fargo under each of the governing documents. The 2011 Guaranty includes covenants that, among other things, limit the Company's leverage and debt service ratios and require maintenance of certain levels of cash and net worth. The RCC Subsidiaries were in compliance with all financial debt covenants as of December 31, 2015 and the Company was in compliance with all financial covenants under the 2011 Guaranty as of December 31, 2015.

CRE – Term Repurchase Facilities

On February 27, 2012, the RCC Real Estate's wholly-owned subsidiary, RCC Real Estate SPE 4 LLC ("SPE 4"), entered into a master repurchase and securities agreement (the "2012 Facility") with Wells Fargo to finance the origination of commercial real estate loans. The 2012 Facility had an original maximum amount of $150.0 million and an initial 18 month term. The Company paid an origination fee of 37.5 basis points (0.375%). On April 2, 2013, the Company entered into an amendment which increased the size to $250.0 million and extended the current term of the 2012 Facility to February 27, 2015. The amendment also provides two additional one year extension options at the

Company's discretion. The Company paid an additional structuring fee of $101,000 and an extension fee of $938,000 in connection with the amendment and will amortize the additional fees over the term of the extension.
On October 31, 2014, the Company agreed to a modification of the terms of the 2012 Facility. The modification increases the facility maximum by $150.0 million to $400.0 million and extends the 2012 Facility's maturity date to August 27, 2016. The modification also increased the 2012 Facility's maximum single asset concentration limit, reduced the minimum portfolio debt yield tests requirement, and decreased pricing spreads on select portfolio assets. The Company also provides for two additional one year extension options at the Company's discretion.The Company paid a structuring fee of $1.6 million upon the closing of the modification.

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This 2012 Facility contains customary events of default, including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, guarantor defaults, and the institution of bankruptcy or insolvency proceedings that remain unstayed. The remedies for such events of default are also customary for this type of transaction and include the acceleration of all obligations of the Company to repay the purchase price for purchased assets.

The 2012 Facility also contains margin call provisions relating to a decline in the market value of a security. Under these circumstances, Wells Fargo may require the Company to transfer cash in an amount sufficient to eliminate any margin deficit resulting from such a decline.

Under the terms of the 2012 Facility and pursuant to a guarantee agreement dated February 27, 2012 (the “2012 Guaranty”), the Company guaranteed the payment and performance of (a) all payment obligations owing by the Company to Wells Fargo under or in connection with the 2012 Facility and any other governing agreements and any and all extensions, renewals, modifications, amendments or substitutions of the foregoing; (b) all expenses, including, without limitation, reasonable attorneys' fees and disbursements, that are incurred by Wells Fargo in the enforcement of any of the foregoing or any obligation of the registrant; and (c) any other obligations of the Company with respect to Wells Fargo under each of the governing documents. The 2012 Guaranty includes covenants that, among other things, limit the the Company's leverage and debt service ratios and require maintenance of certain levels of cash and net worth. SPE 4 was in compliance with all financial covenants as of December 31, 2015 and the Company was in compliance with all financial covenants under the 2012 Guaranty as of December 31, 2015.

On July 19, 2013, RCC Real Estate's wholly-owned subsidiary, RCC Real Estate SPE 5 ("SPE 5"), entered into a master repurchase and securities agreement (the "DB Facility") with Deutsche Bank AG, Cayman Islands Branch ("DB") to finance the origination of commercial real estate loans. The Company paid a structuring fee of 0.25% of the maximum facility amount, as well as other reasonable closing costs. The DB Facility had a maximum amount of $200.0 million and an initial 12 month term that ended on July 19, 2014. The Company paid an extension fee of 0.25% of the maximum facility amount to exercise the first of two one-year extensions at the option of SPE 5 and subject further to the right of SPE 5 to repurchase the assets held in the DB Facility earlier. The Company guaranteed SPE 5's performance of its obligations under the DB Facility. On July 19, 2015, the Company elected to not exercise the extension on the DB Facility and it matured.

On September 10, 2015, RCC Real Estate's wholly-owned subsidiary, RCC Real Estate SPE 6 ("SPE 6"), entered into a master repurchase and securities agreement (the "Morgan Stanley Facility”) with Morgan Stanley Bank, NA ("Morgan Stanley") to finance the origination of commercial real estate loans. The Company paid a commitment fee of 0.65% of the maximum facility amount, as well as other standard costs. The Morgan Stanley Facility has a maximum capacity of $250.0 million and an initial three year term that expires on September 10, 2018 with annual one year extension options, and an interest rate of one-month LIBOR plus an applicable spread ranging from 2.25% to 2.75%. Morgan Stanley charges an unused fee of 0.50% if the average daily outstanding borrowings are less than or equal to 50% of the Morgan Stanley Facility amount, and of 0.25% if the amount the average daily outstanding borrowings are greater than 50% but less than 65% of the Morgan Stanley Facility amount. Morgan Stanley has agreed to waive this unused fee until January 2016.

The Morgan Stanley Facility contains events of default (subject to certain materiality thresholds and grace periods) customary for this type of financing arrangement, including but not limited to: payment defaults; a change of control of SPE 6 or the Company; breaches of covenants and/or certain representations and warranties; a judgment in an amount greater than $250,000 against SPE 6 or $15.0 million in the aggregate against the Company; or a default involving the failure to pay or acceleration of a monetary obligation in excess of $250,000 of SPE 6 or $15.0 million of the Company. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the Morgan Stanley Facility and the liquidation of assets

subject to the facility by Morgan Stanley. The Company and SPE 6 were in compliance with all financial covenants under the terms of the facility as of December 31, 2015.

Trust Certificates - Term Repurchase Facility

On November 20, 2015, RCC Real Estate entered into a repurchase and securities agreement (the "Term Repurchase Trust Facility") with RSO Repo SPE Trust 2015 (the "Term Repurchase Trust"), a structure that provides financing under a structured sale of trust certificates to qualified institutional buyers through an offering led by Wells Fargo Securities, LLC. The Term Repurchase Trust Facility sold trust certificates of $26.6 million with an initial three year term that expires on November 20, 2018, and an interest rate of one-month LIBOR plus an applicable spread of 5.50%. The Company has the ability to call the Term Repurchase Trust Facility at any time and in so doing would be subject to an early repurchase fee until the payment date in May 2017, after which it is freely prepayable.

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The Term Repurchase Trust Facility contains events of default, including but not limited to: payment defaults, including the a margin deficit; a change in control of the Company; breaches of covenants and/or certain representations and warranties; or failure to pay indebtedness for borrowed money, or any interest or premium thereon when due in excess of $2.0 million. The remedies for such events of default include: immediate repayment of the repurchase obligations and retainment of all income received on the purchased asset and the pledged collateral. The Company was in compliance with all financial covenants under the terms of the facility as of December 31, 2015.

Short-Term Repurchase Agreements - CMBS

On March 8, 2005, RCC Real Estate entered into a master repurchase and securities agreement with Deutsche Bank Securities Inc. to finance the purchase of CMBS and the origination of commercial real estate loans. There is no stated maximum amount of the facility and the repurchase agreement has no stated maturity date with monthly resets of interest rates. The Company guaranteed RCC Real Estate’s performance of its obligations under the repurchase agreement.

On February 14, 2012, RCC Real Estate entered into a master repurchase and securities agreement with Wells Fargo Securities, LLC to finance the purchase of CMBS. There is no stated maximum amount of the facility and the repurchase agreement has no stated maturity date, interest rates reset monthly. The Company guaranteed RCC Real Estate’s performance of its obligations under the repurchase agreement.

Residential Mortgage Financing Agreements

PCM has a master repurchase agreement (the "New Century Facility") with New Century Bank d/b/a Customer's Bank ("New Century") to finance the acquisition of residential mortgage loans. The New Century Facility has a maximum amount of $65.0 million and a termination date of August 29, 2016, which was amended from the original terms over the course of nine amendments. The New Century Facility bears interest at one-month LIBOR plus an applicable rate between 2.63% and 4.875%.

The New Century Facility contains provisions that provide New Century with certain rights if certain credit events have occurred with respect to one or more assets financed on the New Century Facility to either require PCM to repay a portion of the advance on such asset(s) or repay such advance in full (by repurchase of such asset(s)). Depending on the nature of the credit event, such repayment may be required notwithstanding the availability of interest and principal payments from assets financed on the New Century Facility, or may only be required to the extent of the availability of such payments.

The New Century Facility contains events of default (subject to certain materiality thresholds and grace periods) customary for this type of financing arrangement, including but not limited to: payment defaults; bankruptcy or insolvency proceedings; a change in the nature of PCM's business as a mortgage banker as presently conducted or a change in senior management, including the employment of two senior members of PCM's management staff; breaches of covenants and/or certain representations and warranties; performance defaults by PCM; a judgment in an amount greater than $10,000 against PCM or $50,000 in the aggregate against PCM. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the New Century Facility and the liquidation by New Century of assets then subject to the New Century Facility. The agreement requires PCM to maintain a minimum maintenance balance account at all times of $1.5 million.

In July 2014, PCM entered into a master repurchase agreement (the "Wells Fargo Facility") with Wells Fargo to finance the acquisition of residential mortgage loans. The Wells Fargo Facility contains provisions that provide Wells Fargo with certain rights if certain credit events have occurred with respect to one or more assets financed on the Wells Fargo Facility to either require PCM to repay a portion of the advance on such asset(s) or repay such advance in full (by repurchase of such asset(s)). Depending on the nature of the credit event, such repayment may be required notwithstanding the availability of interest and principal payments from assets financed on the Wells Fargo Facility, or may only be required to the extent of the availability of such payments. The Wells Fargo Facility has a maximum

amount of $100.0 million, a termination date of September 29, 2016, which was amended from the original terms over the course of four amendments, and bears interest at a rate of one-month LIBOR plus an applicable loan margin. The loan margin for jumbo loans that have been purchased and held by Wells Fargo for over 90 days is 3.00%; the loan margin for all other jumbo loans financed is 2.50%. The loan margin for agency loans that have been purchased and held by Wells Fargo is 2.38%.

The Wells Fargo Facility contains events of default (subject to certain materiality thresholds and grace periods) customary for this type of financing arrangement, including but not limited to: payment defaults; bankruptcy or insolvency proceedings; a change in the nature of PCM's business as a mortgage banker as presently conducted; breaches of covenants and/or certain representations and warranties; performance defaults by PCM; and a judgment in an amount greater than $250,000 against PCM. The remedies for

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such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the Wells Fargo Facility and the liquidation by Wells Fargo of assets then subject to the Wells Fargo Facility.
PCM was in compliance with all covenants under the agreement as of December 31, 2015.
Senior Secured Revolving Credit Facility
On September 18, 2014, the Company's wholly-owned subsidiary, Northport LLC, closed a $110.0 million syndicated senior secured revolving credit facility ("Northport Credit Facility") with JP Morgan as the agent bank to finance the origination of middle market and syndicated loans. The availability under the Northport Credit Facility was increased to $125.0 million as of September 30, 2014 and again to $140.0 million with an additional commitment from ING Bank early in March 2015. During the second quarter 2015, the Company entered into the first and second amendments of the Northport Credit Facility which increased the original commitment from $225.0 million to $300.0 million and secured $85.0 million of additional availability, bringing the total available under the Northport Credit Facility to $225.0 million as of December 31, 2015. As of December 31, 2015, $190.0 million was outstanding on the Northport Credit Facility. Under the first amendment, both the ability to access draws on the Northport Credit Facility and maturity have been extended six months until March 31, 2018 and March 31, 2019 respectively.
Under the terms of the second amendment, the applicable margins increased 25 basis points. Accordingly, the Northport Credit Facility bears interest rates, at the Company's election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.75% or (ii) the applicable base rate (prime rate of 3.5% as of December 31, 2015) plus 1.75%. During the six month period following September 18, 2014, the Company was charged a commitment fee on any unused balance of 0.375% per annum if the unused balance was greater than 35% of the total commitment or 0.50% per annum if it was less than 35% of the total commitment. Following that period, the commitment fee on any unused balance became 0.375% per annum if the outstanding balance is greater than 35% of the total commitment or 1.00% per annum if the outstanding balance is 35% or less of the total commitment. At December 31, 2015, there was an unused balance of $35.0 million on the facility.

Amounts available to borrow under the Northport Credit Facility are subject to compliance with a borrowing base computation that applies different advance rates to different types of assets held by Northport LLC that are pledged as collateral. Under the Northport Credit Facility, the Company has made certain customary representations and warranties and is required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. At December 31, 2015, the Company is in compliance with all covenants under the agreement. The Company guarantees Northport LLC's performance of its obligations under the Northport Credit Facility.
Contractual maturity dates of the Company's borrowings by category and year are presented in the table below:

	Total	2016	2017	2018	2019	2020 and Thereafter
CDOs	$279,941	$—	$—	$—	$—	$279,941
CRE Securitizations	752,640	—	—	—	—	752,640
Repurchase Agreements	418,836	392,592	—	26,244	—	—
Unsecured Junior Subordinated Debentures	51,413	—	—	—	—	51,413
6.0 % Convertible Notes	110,083	—	—	110,083	—	—
8.0 % Convertible Notes	95,401	—	—	—	—	95,401
Senior Secured Revolving Credit Facility	186,974	—	—	—	186,974	—
Total	$1,895,288	$392,592	$—	$136,327	$186,974	$1,179,395

NOTE 14 - STOCK INCENTIVE PLANS AND SHARE ISSUANCE AND REPURCHASE
Upon formation of the Company, the 2005 Stock Incentive Plan (the “2005 Plan”) was adopted for the purpose of attracting and retaining executive officers, employees, directors and other persons and entities that provide services to the Company. The 2005 Plan authorized the issuance of up to 383,333 shares of common stock in the form of options to purchase common stock, stock awards, performance shares and stock appreciation rights.

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In July 2007, the Company's shareholders approved the 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan authorized the issuance of up to 500,000 shares of common stock in the form of options to purchase common stock, stock awards, performance shares and stock appreciation rights. On June 23, 2011, the 2007 Plan was amended to: (i) increase the number of shares authorized for issuance under the Plan from 500,000 shares to 1,350,000 shares; (ii) extend the expiration date of the Plan to June 23, 2021; (iii) provide that the administrator making certain determinations after a change of control, as defined in the 2007 Plan, will be comprised of the same persons who constitute the administrator immediately before the change of control; and (iv) make other clarifying and updating amendments to the Plan.
The following table summarizes the Company's preferred stock:

	Year ended December 31, 2015		Total Outstanding	
	Number of Shares Sold	Weighted Average Offering Price	Number of Shares	Weighted Average Offering Price
8.50% Series A Preferred Stock	—	$—	1,069,016	$24.05
8.25% Series B Preferred Stock	139,333	$22.34	5,740,479	$23.81
8.625% Series C Preferred Stock	—	$—	4,800,000	$25.00

On or after June 14, 2017, the Company may, at its option, redeem the Series A preferred stock, in whole or part, at any time and from time to time, for cash at $25.00 per share, plus accrued and unpaid dividends, if any, to the redemption date.
On or after October 2, 2017, the Company may, at its option, redeem the Series B preferred stock, in whole or part, at any time and from time to time, for cash at $25.00 per share, plus accrued and unpaid dividends, if any, to the redemption date.
On or after July 30, 2024, the Company may, at its option, redeem the Series C preferred stock, in whole or part, at any time and from time to time, for cash at $25.00 per share, plus accrued and unpaid dividends, if any, to the redemption date.
Under a dividend reinvestment plan authorized by the board of directors on March 21, 2013, the Company is authorized to issue up to 5,000,000 shares of common stock. During the year ended December 31, 2015, the Company sold 20,963 shares of common stock through this program, resulting in proceeds of approximately $328,000.
Under a share repurchase plan authorized by the board of directors on August 3, 2015, the Company is authorized to repurchase up to $50.0 million of its outstanding equity and debt securities. Since the inception of the program through December 31, 2015, the Company has repurchased $25.9 million of its common stock, representing approximately 2.0 million shares or 5.9% of the Company's outstanding balance.

NOTE 15 - SHARE-BASED COMPENSATION
The following table summarizes the Company's restricted common stock transactions:

	Non-Employee Directors	Non-Employees	Employees	Total
Unvested shares as of January 1, 2015	12,301	453,213	40,396	505,910
Issued	13,896	250,390	43,326	307,612
Vested	(10,930)	(81,281)	(21,561)	(113,772)
Forfeited	—	(4,665)	(3,716)	(8,381)
Unvested shares as of December 31, 2015	15,267	617,657	58,445	691,369

The Company is required to value any unvested shares of restricted common stock granted to non-employees at the current market price. The estimated fair value of the unvested shares of restricted stock granted during the years ended December 31, 2015, 2014, and 2013, including the grant date fair value of shares issued to the Company's seven non-employee directors, was $5.1 million, $4.9 million, and $3.7 million, respectively. The estimated fair value of the

unvested shares of restricted stock granted during the years ended December 31, 2015, 2014, and 2013, including the grant date fair value of shares issued to the Company's employees, was $737,000, $132,000, and $1.5 million, respectively.

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The Company reports any unvested shares of restricted common stock granted to non-employee directors at the fair value on the grant date amortized over the service period. The amortization recognized during the years ended December 31, 2015, 2014, and 2013, was $257,000 and $256,000 and $218,000, respectively.
As of December 31, 2015 the total unrecognized restricted common stock expense for non-employees was $2.3 million, with a weighted average amortization period remaining of 1.8 years.
The following table summarizes the restricted common stock grants during the year ended December 31, 2015:

Date	Shares	Vesting/Year	Date(s)
February 3, 2015	1,819	100%	2/3/16
February 5, 2015	241,524	33.3%	2/5/16, 2/5/17, 2/5/18
February 5, 2015	28,818	33.3%	2/5/16, 2/5/17, 2/5/18
March 9, 2015	8,047	100%	3/9/16
March 12, 2015	1,906	100%	3/12/16
March 31, 2015	8,841	100%	5/15/16 [(1)]
June 8, 2015	2,124	100%	6/8/16
August 10, 2015	14,503	100%	3/31/16, 3/31/17, 3/31/18
September 1, 2015 [(2)]	30	various	various

(1) In connection with a grant of restricted common stock made on September 24, 2014, the Company agreed to issue up to 17,682 additional shares of common stock if certain commercial real estate loan origination performance thresholds were achieved by personnel from the Company’s commercial real estate loan origination team. The performance criteria are measured at the end of two annual measurement periods which began April 1, 2014. The agreement also provided dividend equivalent rights pursuant to which the dividends that would have been paid on the shares had they been issued on the date of grant were paid at the end of each annual measurement period if the performance criteria were met. If the performance criteria are not met, the accrued dividends are forfeited. As a consequence, the Company did not record the dividend equivalent rights until earned. On March 31, 2015, the first annual measurement period ended and 8,841 shares were earned. These shares will vest over the subsequent 12 months at a rate of one-fourth per quarter. In addition, approximately $21,000 of accrued dividend equivalent rights were earned and paid. As of December 31, 2015, it was determined that the performance criteria for the final 8,841 shares were earned prior to the end of the measurement period, March 31, 2016. As of December 31, 2015, $42,000 of accrued dividend equivalent rights were accrued and will be paid in April 2016. These performance shares will vest over the subsequent 12 months at a rate of one-fourth per quarter.

(2) In connection with the Company's one-for-four reverse stock split, 30 shares of unvested shares of common stock were issued on September 1, 2015 due to rounding.

The following table summarizes the status of the Company’s vested stock options as of December 31, 2015:

Vested Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Vested as of January 1, 2015	160,167	$57.80		
Vested	—	$—		
Exercised	—	$—		
Forfeited	—	$—		
Expired	(133,917)	$60.00		

Vested as of December 31, 2015	26,250	$46.60	3.20	$—

There were no options granted during the years ended December 31, 2015 or 2014. The outstanding stock options have a weighted average remaining contractual term of ten years.

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The components of equity compensation expense for the periods presented are as follows (in thousands):

	December 31,		
	2015	2014	2013
Options granted to Manager and non-employees	$—	$(2)	$6
Restricted shares granted to non-employees	2,163	5,679	10,142
Restricted shares granted to employees	725	633	106
Restricted shares granted to non-employee directors	257	256	218
Total equity compensation expense	$3,145	$6,566	$10,472

There were no incentive fees paid to the Manager in shares for the years ended December 31, 2015 and 2014. During the year ended December 31, 2013, the Manager received 47,707 shares as incentive compensation valued at $1.1 million pursuant to the Management Agreement. The incentive management fee is paid one quarter in arrears.
Apart from incentive compensation payable under the Management Agreement, the Company has established no formal criteria for equity awards as of December 31, 2015. All awards are discretionary in nature and subject to approval by the Compensation Committee of the Company's board of directors.
On October 31, 2013, the Company, through its TRS, RCC Residential, completed a business combination whereby it acquired the assets of PCM, an Atlanta based company that originates and services residential mortgage loans, for approximately $7.6 million in cash. As part of this transaction, a key employee of PCM was granted approximately $800,000 of the Company's restricted stock. Any grants for employees of PCM are accounted for as compensation and amortized to equity compensation expense over the vesting period. Dividends declared on the stock while unvested are recorded as a general and administrative expense. Dividends declared after the stock vests are recorded as a distribution. For the years ended December 31, 2015, 2014, and 2013, was $725,000, $633,000 and $106,000 of amortization of the stock grants were recorded to equity compensation expense, respectively. For the years ended December 31, 2015, 2014, and 2013, expenses of $160,000, $189,000 and $48,000 related to the dividends on unvested shares were recorded to general and administrative expense on the Company's consolidated statements of operations, respectively.

NOTE 16 - EARNINGS PER SHARE

The following table presents a reconciliation of basic and diluted earnings per share for the periods presented as follows (in thousands, except share and per share amounts):

	Years Ended December 31,		
	2015	2014	2013
Basic:			
Net income (loss) allocable to common shares	$(13,882)	$44,027	$39,232
Weighted average number of shares outstanding	32,280,319	32,007,766	29,619,668
Basic net income (loss) per share	$(0.43)	$1.38	$1.32
Diluted:			
Net income (loss) allocable to common shares	$(13,882)	$44,027	$39,232
Weighted average number of shares outstanding	32,280,319	32,007,766	29,619,668
Additional shares due to assumed conversion of dilutive instruments	—	307,081	390,075
Adjusted weighted-average number of common shares outstanding	32,280,319	32,314,847	30,009,743
Diluted net income (loss) per share	$(0.43)	$1.36	$1.31

Potentially dilutive shares consisting of 691,369 shares of restricted stock are not included in the calculation of diluted net income (loss) per share for the year ended December 31, 2015. Potentially dilutive shares consisting of 9,002,864 shares issuable in connection with the potential conversion of the Company's 6% and 8% Convertible Senior Notes (see Note 13) for the year ended December 31, 2015, were not included in the calculation of diluted net income (loss)

per share because the effect was anti-dilutive. Potentially dilutive shares consisting of 4,316,818 shares issuable in connection with the potential conversion of the Company's 6% Convertible Senior Notes for the year ended December 31, 2014 and 999,876 shares and stock options for the year ended December 31, 2013 were not included in the calculation of diluted net income per share because the effect was anti-dilutive.

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NOTE 17 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table, which is presented gross of tax, presents the changes in each component of accumulated other comprehensive income for the year ended December 31, 2015 (dollars in thousands):

	Net unrealized (loss) gain on derivatives	Net unrealized (loss) gain on securities, available-for-sale	Foreign currency translation	Accumulated other comprehensive income (loss)
January 1, 2015	$(8,967)	$ 15,422	$(412)	$6,043
Other comprehensive gain (loss) before reclassifications	5,221	(4,781)	349	789
Amounts reclassified from accumulated other comprehensive income	275	(13,435)	—	(13,160)
Net current-period other comprehensive income	5,496	(18,216)	349	(12,371)
Unrealized gains (losses) on available-for-sale securities allocable to non-controlling interests	—	3,405	—	3,405
December 31, 2015	$(3,471)	$ 611	$(63)	$(2,923)

NOTE 18 - THE MANAGEMENT AGREEMENT

On March 8, 2005, the Company entered into a Management Agreement with the Manager and Resource America pursuant to which the Manager provides the Company investment management, administrative and related services. The agreement has been amended several times over the years. Under the amended and restated agreement, the Manager receives fees and is reimbursed for its expenses as follows:

- A monthly base management fee equal to 1/12th of the amount of the Company's equity multiplied by 1.50%. Under the management agreement, "equity" is equal to the net proceeds from any issuance of shares of capital stock less offering related costs, plus or minus the Company's retained earnings (excluding non-cash equity compensation incurred in current or prior periods) less any amounts the Company has paid for common stock repurchases. The calculation is adjusted for one-time events due to changes in GAAP, as well as other non-cash charges, upon approval of the independent directors of the Company.
- Incentive compensation is calculated as follows: (i) twenty-five percent (25%) of the dollar amount by which (A) the Company's adjusted operating earnings (before incentive compensation but after the base management fee) for such quarter per common share (based on the weighted average number of common shares outstanding for such quarter) exceeds (B) an amount equal to (1) the weighted average of the price per share of the common shares in the initial offering by the Company and the prices per share of the Common Shares in any subsequent offerings by the Company, in each case at the time of issuance thereof, multiplied by (2) the greater of (a) 2.0% and (b) 0.50% plus one-fourth of the Ten Year Treasury Rate for such quarter, multiplied by (ii) the weighted average number of common shares outstanding during such quarter, subject to adjustment, to exclude events pursuant to changes in GAAP or the application of GAAP, as well as non-recurring or unusual transactions or events, after discussion between the Manager and the Independent Directors and approval by a majority of the independent directors in the case of non-recurring or unusual transactions or events. The fees paid by a taxable REIT subsidiary of the Company to employees, agents or affiliates of the Manager with respect to profits of such taxable REIT subsidiary (or any subsidiary thereof) are deducted from the Company's quarterly calculation of incentive compensation payable to the Manager. Additionally, any income taxes payable by a taxable REIT subsidiary of the Company will be excluded from the Company's calculation of operating earnings.
- Reimbursement of out-of-pocket expenses and certain other costs incurred by the Manager that relate directly to the Company and its operations.

Incentive compensation is paid quarterly. Up to 75% of the incentive compensation is paid in cash and at least 25% is paid in the form of an award of common stock. The Manager may elect to receive more than 25% in incentive compensation in common stock. All shares are fully vested upon issuance. However, the Manager may not sell such shares for one year after the incentive compensation becomes due and payable. Shares payable as incentive compensation are valued as follows:

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- if such shares are traded on a securities exchange, at the average of the closing prices of the shares on such exchange over the thirty day period ending three days prior to the issuance of such shares;
- if such shares are actively traded over-the-counter, at the average of the closing bid or sales price as applicable over the thirty day period ending three days prior to the issuance of such shares; and
- if there is no active market for such shares, the value is the fair market value thereof, as reasonably determined in good faith by the board of directors of the Company.

On February 24, 2011, the Company entered into an amendment to the Management Agreement in where, the Company agreed to pay CVC Credit Partners, LLC, formerly Apidos Capital Management ("ACM") such fees as are set forth in a Services Agreement dated as of February 24, 2011 among a subsidiary of the Company, RCAM and CVC. The Services Agreement provides that 10% of all base collateral management fees and additional collateral management fees paid to RCAM and 50% of all incentive collateral management fees will be paid by RCAM to CVC. During the years ended December 31, 2015, 2014 and 2013, RCAM paid CVC $1.4 million, $1.3 million and $643,000 respectively in fees.

The Manager provides the Company with a Chairman, a Chief Financial Officer, a Chief Accounting Officer and several accounting and tax professionals, each of whom is exclusively dedicated to the Company's operations. The Manager also provides the Company with a director of investor relations who is 50% dedicated to the Company's operations. The Company bears the expense of the wages, salaries and benefits of the Chief Financial Officer and a sufficient amount of additional accounting and tax professionals, and bears 50% of the salary and benefits of the director of investor relations.

In November 2013, the Company amended the second amended and restated Management Agreement to allow an ancillary operating subsidiary (PCM), that is an operating entity principally engaged in the evaluation, underwriting, origination, servicing, holding, trading and financing of loans, securities, investments and credit products other than commercial real estate loans to directly incur and pay all of its own operating costs and expenses, including compensation of employees and reimbursement of any compensation costs incurred by the Manager for personnel principally devoted to such ancillary operating subsidiary.

As amended, the Management Agreement's initial term ended March 31, 2013, with automatic annual one-year renewals unless at the end of the initial term or any renewal term at least two-thirds of the independent directors or a majority of the outstanding common shares agreed not to renew the Management Agreement. With a two-thirds vote of the independent directors, the independent directors may elect to terminate the Management Agreement because of the following:

- unsatisfactory performance; and/or
- unfair compensation payable to the Manager where fair compensation cannot be agreed upon by the Company (pursuant to a vote of two-thirds of the independent directors) and the Manager.

If the Management Agreement is terminated based on the above provisions, the Company must pay the Manager a termination fee equal to four times the sum of the average annual base management fee and the average annual incentive during the two 12-month periods immediately preceding the date of such termination. The Company is also entitled to terminate the Management Agreement for cause (as defined therein) without payment of any termination fee.

The base management fee for the years ended December 31, 2015, 2014 and 2013 was $12.6 million, $13.0 million and $11.6 million, respectively. There were no incentive management fees earned during the years ended December 31, 2015 and 2014 . The Manager earned an incentive management fee of $2.1 million of which $1.5 million was paid in cash, which also included $123,000 related to the Company's investment management agreement with a subsidiary of the Manager, and $484,000 was paid in stock (20,047 shares) for the period from January 1, 2013 to December 31, 2013.

At December 31, 2015, the Company was indebted to the Manager for base management fees of $978,000, $805,000 of fees payable to CVC from RCAM, and expense reimbursements of $152,000. At December 31, 2014, the Company was indebted to the Manager for base management fees of $1.2 million, $63,000 of fees payable to CVC from RCAM, and expense reimbursements of $121,000.

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NOTE 19 - RELATED PARTY TRANSACTIONS

Relationship with Resource America and Certain of its Subsidiaries

Relationship with Resource America. On September 19, 2013, the Audit Committee of the Board of Directors of Resource America concluded that Resource America should consolidate the financial statements of the Company, which was previously treated as an unconsolidated VIE. Resource America's Audit Committee reached this conclusion after consultations with the Office of the Chief Accountant of the Securities and Exchange Commission (the "Commission") following comments received from the staff of the Division of Corporation Finance of the Commission and the Audit Committee's discussion with the Company's management and its independent registered public accounting firm. Resource America's Audit Committee noted that consolidation of the Company was not expected to materially affect Resource America's previously reported net income attributable to common shareholders. In December 2015, Resource America elected to early adopt consolidation guidance issued by the FASB in February 2015 (see Note 2) and was required to reevaluate whether or not the Company should be consolidated into Resource America's financial statements. It was determined that the Company is no longer a VIE and Resource America will no longer consolidate the Company's financial statements. At December 31, 2015, Resource America owned 715,396 shares, or 2.3%, of the Company's outstanding common stock. In addition, Resource America held 2,166 options to purchase restricted stock, which expired on March 8, 2015.

The Company is managed by the Manager, which is a wholly-owned subsidiary of Resource America, pursuant to a Management Agreement that provides for both base and incentive management fees. For the years ended December 31, 2015, 2014 and 2013, the Manager earned base management fees of approximately $12.6 million, $13.0 million and $11.6 million, respectively. No incentive management fees were earned for the year ended December 31, 2015 and December 31, 2014. For the year ended December 31, 2013, the Manager earned incentive management fees of $1.9 million. The Company also reimburses the Manager and Resource America for expenses, including the expenses of employees of Resource America who perform legal, accounting, due diligence and other services that outside professionals or consultants would otherwise perform, and for the wages, salaries and benefits of several Resource America personnel dedicated to the Company's operations. The Company also reimburses Resource America for additional costs incurred related to our life care business, Long Term Care Conversion Funding, established for the purpose of originating and acquiring life settlement contracts. The initial agreement, authorized in December 2012, provided for an annual fee of $550,000, with a two-year term. In March 2015, the agreement was amended for an additional year through 2016. This fee is paid quarterly. For the years ended December 31, 2015, 2014, and 2013, the Company paid the Manager $5.5 million, $5.0 million and $3.8 million, respectively, as expense reimbursements.

On November 24, 2010, the Company entered into an Investment Management Agreement with Resource Capital Markets, Inc. ("RCM"), a wholly-owned subsidiary of Resource America. The initial agreement provided that: (a) RCM may invest up to $5.0 million of the Company's funds, with the investable amount being adjusted by portfolio gains (losses) and collections, and offset by expenses, taxes and realized management fees, and (b) RCM can earn a management fee in any year that the net profits earned exceed a preferred return. On June 17, 2011, the Company entered into a revised Investment Management Agreement with RCM which provided an additional $8.0 million of the Company's funds. The management fee is 20% of the amount by which the net profits exceed the preferred return. During the years ended December 31, 2015 and 2014, RCM earned no management fees. During the year ended December 31, 2013, RCM earned $123,000 in management fees. The portfolio began a partial liquidation during the year ended December 31, 2013 that has resulted in the outstanding portfolio balance being significantly decreased. The Company holds $3.7 million in fair market value of trading securities as of December 31, 2015, a slight increase of $300,000 from $3.4 million at fair market value as of December 31, 2014. The Company and RCM also established an escrow account that allocates the net profit or net losses of the portfolio on a yearly basis based on the net assets value of the account. During the years ended December 31, 2015 and 2014, RCM earned no profits from

this account. During the year ended December 31, 2013 RCM earned $35,000 as its share of the net profits from this account. The Company also reimburses RCM for expenses paid on the Company's behalf. For the years ended December 31, 2015, 2014 and 2013, the Company paid RCM $128,000, $164,000 and $258,000, respectively, as expense reimbursements.

At December 31, 2015, the Company was indebted to Resource America and the Manager for $2.5 million, comprised of base management fees of $978,000 and expense reimbursements of $1.6 million. At December 31, 2014, the Company was indebted to the Manager for $1.6 million, comprised of base management fees of $1.2 million and expense reimbursements of $480,000. At December 31, 2015, the Company was indebted to RCM, under the Company’s Investment Management Agreement for $152,000, comprised entirely of expense reimbursements. At December 31, 2014, the Company was indebted to RCM for $121,000, comprised entirely of expense reimbursements. The Company's base management fee payable as well as expense reimbursements parable are recorded in accounts payable and other liabilities on the consolidated balance sheets.

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During the year ended December 31, 2013, the Company, through one of its subsidiaries, began originating middle-market loans. Resource America is paid origination fees in connection with the Company's middle-market lending operations, which fees may not exceed 2% of the loan balance for any loan originated.

On November 7, 2013, the Company, through a wholly-owned subsidiary, purchased all of the membership interests in Elevation Home Loans, LLC, a start-up residential mortgage company, from an employee of Resource America for $830,000, paid in the form of 34,165 shares of restricted Company common stock. The restricted stock cliff vests in full on November 7, 2016, and includes dividend equivalent rights.

The Company had executed eleven and nine securitizations as of December 31, 2015 and 2014, respectively, which were structured for the Company by the Manager. Under the Management Agreement, the Manager was not separately compensated by the Company for executing these transactions and is not separately compensated for managing the securitization's entities and their assets. The Company has since liquidated three of these securitizations, one in October 2013, one in October 2014, and another in June 2015.

Relationship with LEAF Commercial Capital. LCC originated and managed equipment leases and notes on behalf of the Company. On March 5, 2010, the Company entered into agreements with Lease Equity Appreciation Fund II, L.P. (“LEAF II”) (an equipment leasing partnership sponsored by LEAF Financial and of which a LEAF Financial subsidiary is the general partner), pursuant to which the Company provided and funded an $8.0 million credit facility to LEAF II. The credit facility initially had a one year term with interest at 12% per year, payable quarterly, and was secured by all the assets of LEAF II, including its entire ownership interest in LEAF II Receivables Funding. The Company received a 1% origination fee in connection with establishing the facility. The facility originally matured on March 3, 2011 and was extended until September 3, 2011 with a 1% extension fee paid on the outstanding loan balance. On June 3, 2011, the Company entered into an amendment to extend the maturity to February 15, 2012 and to decrease the interest rate from 12% to 10% per annum resulting in a troubled-debt restructuring under current accounting guidance. On February 15, 2012, the credit facility was further amended to extend the maturity to February 15, 2013 with a 1% extension fee accrued and added to the amount outstanding. On January 11, 2013, the Company entered into another amendment to extend the maturity to February 15, 2014 with an additional 1% extension fee accrued and added to the amount outstanding. On December 17, 2013, the Company entered into another amendment to extend the maturity to February 15, 2015. At the end of 2014, the Company recorded a provision for loan loss on this loan of $1.3 million before extinguishing the loan and bringing direct financing leases in the amount of $2.1 million on the Company's books in lieu of the loan receivable. During the year ended December 31, 2015, the Company recorded a provision against the value of the direct financing leases in the amount of $465,000. As of December 31, 2015, the Company held $931,000 of direct financing leases.

On November 16, 2011, the Company together with LEAF Financial and LCC entered into the SPA with Eos (see Note 3). The Company’s resulting interest is accounted for under the equity method. For the years ended December 31, 2015, 2014 and 2013, the Company recorded a gain of $2.6 million and losses of $1.6 million and $183,000, respectively, which were recorded in equity in net earnings of unconsolidated subsidiaries on the consolidated statement of operations. The Company’s investment in LCC had a cost basis of $42.0 million and $39.4 million as of December 31, 2015 and 2014, respectively.

Relationship with CVC Credit Partners. On April 17, 2012, ACM, a former subsidiary of Resource America, was sold to CVC Credit Partners, L.P. ("CVC Credit Partners"), a joint venture entity in which Resource America owns a 24% interest. CVC Credit Partners manages internally and externally originated bank loan assets on the Company’s behalf. On February 24, 2011, a subsidiary of the Company purchased 100% of the ownership interests in Churchill Pacific Asset Management LLC ("CPAM") from Churchill Financial Holdings LLC for $22.5 million. CPAM subsequently changed its name to RCAM. Through RCAM, the Company is entitled to collect senior, subordinated and incentive fees related to five CLO issuers holding approximately $1.9 billion in assets managed by RCAM. RCAM is assisted by CVC Credit Partners in managing these CLOs. CVC Credit Partners is entitled to 10%

of all subordinated fees and 50% of the incentive fees received by RCAM. For the years ended December 31, 2015, 2014 and 2013, CVC Credit Partners earned subordinated and incentive fees of $1.4 million, $1.3 million and $643,000, respectively. In October 2012, the Company purchased 66.6% of the preferred equity in one of the RCAM CLOs. In May 2013, the Company purchased additional equity in this CLO, increasing its ownership percentage to 68.3%. In 2013 two of the five CLOs were called and the notes were paid down in full. In January 2016 another RCAM-managed CLO was called and $2.4 million of impairment, on a pre-tax basis, was recorded in depreciation and amortization on the Company's consolidated statements of operations on the related intangible asset, as of December 31, 2015.

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In May, June and July 2013, the Company invested a total of $15.0 million in CVC Global Credit Opportunities Fund, L.P. which generally invests in assets through the Master Fund (see Note 3). The fund pays the investment manager a quarterly management fee in advance calculated at the rate of 1.5% annually based on the balance of each limited partner's capital account. The Company's management fee was waived upon entering the agreement since the Company is a related party of CVC Credit Partners. For the years ended December 31, 2015 , 2014 and 2013, the Company recorded earnings of $8,000, $2.0 million and $1.2 million, respectively, which was recorded in equity in net earnings of unconsolidated subsidiaries on the consolidated statements of operations. In March 2015, the Company elected to withdraw $5.0 million from the fund. In July 2015, a $625,000 withdrawal was requested and received. In October 2015, another $4.0 million was withdrawn from the fund. In December 2015, the Company elected to withdraw the remaining $8.6 million from the fund. The Company retained no investment in the fund as of December 31, 2015 as compared to $18.2 million as of December 31, 2014. The investment is recorded as an investment in unconsolidated subsidiaries on the Company's consolidated balance sheets using the equity method.
Relationship with Resource Real Estate. Resource Real Estate, a subsidiary of Resource America, originates, finances and manages the Company's commercial real estate loan portfolio, including whole loans, B notes, mezzanine loans, and investments in real estate. The Company reimburses Resource Real Estate for loan origination costs associated with all loans originated. The Company had a receivable of $2,500 and $100,000 due from Resource Real Estate for loan origination costs in connection with the Company's commercial real estate loan portfolio as of December 31, 2015 and 2014, respectively.
On August 9, 2006, the Company, through its subsidiary, RCC Real Estate, originated a loan to Lynnfield Place, a multi-family apartment property, in the amount of $22.4 million. The loan was then purchased by RREF CDO 2006-1. The loan, which was set to mature on May 9, 2018, carried an interest rate of LIBOR plus a spread of 3.50% with a LIBOR floor of 2.50%. On June 14, 2011, RCC Real Estate converted this loan collateralized by a multi-family building, to equity. The loan was kept outstanding and was used as collateral in RREF CDO 2006-1. RREM was appointed as the asset manager as of August 1, 2011. RREM performed lease review and approval, debt service collection, loan workout, foreclosure, disposition and/or entitlements and permitting, as applicable. RREM was also responsible for engaging third parties to perform day-to-day property management, property leasing, rent collection, maintenance, and capital improvements. RREM was entitled to a monthly asset management fee equal to 4.0% of the gross receipts generated from the property. The Company incurred fees payable to RREM in the amounts of $127,000 and $136,000 during the years ended December 31, 2014 and 2013, respectively. There were no fees incurred during the year ended December 31, 2015 as the property was sold during the last quarter of 2014 for a gain of $1.9 million.
On December 1, 2009, the Company purchased a membership interest in RRE VIP Borrower, LLC (an unconsolidated VIE that held an interest in a real estate joint venture) from Resource America for $2.1 million, its book value (see Note 3). RREM was asset manager of the venture and received a monthly asset management fee equal to 1.0% of the combined investment calculated as of the last calendar day of the month. For the years ended December 31, 2014 and 2013, the Company paid RREM management fees of $6,000 and $28,000, respectively. There were no fees incurred for the year ended December 31, 2015. For the years ended December 31, 2015, 2014 and 2013, the Company recorded income from RRE VIP Borrower of $325,000, $3.5 million and $278,000, respectively, which was recorded in equity in net earnings of unconsolidated subsidiaries on the consolidated statements of operation. The last property associated with the joint venture was sold in July 2014. The income recorded in 2015 was due to a liquidation of an existing bank account with respect to the sold properties.
On January 15, 2010, the Company loaned $2.0 million to Resource Capital Partners, Inc. ("RCP"), a wholly-owned subsidiary of Resource America, so that it could acquire a 5.0% limited partnership interest in Resource Real Estate Opportunity Fund, L.P. ("RRE Opportunity Fund"). RCP is the general partner of the RRE Opportunity Fund. The loan was secured by RCP's partnership interest in the RRE Opportunity Fund. The promissory note bore interest at a fixed rate of 8.0% per annum on the unpaid principal balance. In the event of default, interest accrued at a rate of 5.0% in

excess of the fixed rate. Interest was payable quarterly. Mandatory principal payments were required to the extent distributable cash or other proceeds from RRE Opportunity Fund represent a return of RCP's capital. The loan had an original maturity date on January 14, 2015 with two one-year extensions. RCP exercised the first option, extending the maturity date to January 14, 2016. The loan balance was $558,000 at December 31, 2014, which was paid in full in April 2015.

On June 21, 2011, the Company entered into a joint venture with an unaffiliated third party to form CR SLH Partners, L.P. ("SLH Partners") to purchase a defaulted promissory note secured by a mortgage on a multi-family apartment building. The Company purchased a 10% equity interest in the venture and also loaned SLH Partners $7.0 million to finance the project secured by a first mortgage lien on the property. The loan had a maturity date of September 21, 2012 and bore interest at a fixed rate of 10.0% per annum on the unpaid principal balance, payable monthly.   The Company received a commitment fee equal to 1.0% of

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the loan amount at the origination of the loan and received a $70,000 exit fee upon repayment. On May 23, 2012, SLH Partners repaid the $7.0 million loan in its entirety. RREM was appointed as the asset manager of the venture. RREM performed lease review and approval, debt service collection, loan workout, foreclosure, disposition and permitting, as applicable. RREM was also responsible for engaging third parties to perform day-to-day property management, property leasing, rent collection, maintenance, and capital improvements. RREM received an annual asset management fee equal to 2.0% of the gross receipts generated from the property. The Company held a $975,000 preferred equity investment in SLH Partners as of December 31, 2013. The investment was sold in 2014 for a $912,000 gain which was recorded on the Company's statements of operations in equity of earnings of unconsolidated subsidiaries.

The Company has closed the following four real estate securitization transactions, which provide financing for commercial real estate loans: RCC CRE Notes 2013, a $307.8 million securitization in December 2013; RCC 2014-CRE2, a $353.9 million securitization on July 30, 2014; RCC 2015-CRE3; a $346.2 million securitization on February 24, 2015; and RCC 2015-CRE4, a $312.9 million securitization on August 18, 2015. With respect to each specialty service mortgage loan, Resource Real Estate receives an amount equal to the product of (a) the Special Servicing Fee Rate, 0.25% per annum, and (b) the outstanding principal balance of such Specialty Service Mortgage Loan. The servicing fee is payable monthly, on an asset-by-asset basis. Resource Real Estate agreed to waive its rights to receive the Special Servicing Fee to the extent that the Company continues to hold the majority equity of the securitizations. The Company utilizes the brokerage services of Resource Securities, Inc. ("Resource Securities"), a wholly-owned broker-dealer subsidiary of Resource America, on a limited basis to conduct some of its asset trades. The Company paid Resource Securities placement agent fees in connection with each transaction as follows: $205,000, $175,000, $100,000 and $85,000, respectively.

In July 2014, the Company formed RCM Global Manager to invest in RCM Global, an entity formed to hold a portfolio of structured product securities. The Company contributed $15.0 million for a 63.8% membership interest in RCM Global. A five member board manages RCM Global, and all actions, including purchases and sales, must be approved by no less than three of the five members of the board. The portion of RCM Global that the Company does not own is presented as non-controlling interests as of the dates and for the periods presented in the Company's consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation. In March and June 2015, the Company requested and received a proportional, in-kind distribution in certain securities held by RCM Global. The distribution of and subsequent sale of those securities by the Company through its subsidiary, RCC Residential, resulted in the realization of $5.0 million of net gains for the year ended December 31, 2015. As a result of these distributions, the Company's ownership interest of the remaining assets decreased to 30.2% as of December 31, 2015.

In September 2014, the Company contributed $17.5 million to Pelium Capital for an initial ownership interest of 80.4%. Pelium Capital is a specialized credit opportunity fund managed by Resource America. The Company funded its final commitment of $2.5 million, as of February 1, 2015. The Company will receive 10% of the carried interest in the partnership for the first five years which can increase its interest to 20% if the Company's capital contributions aggregate $40.0 million. Resource America contributed cash of $2.8 million to the formation of Pelium Capital. The portion of the fund that the Company does not own is presented as non-controlling interests as of the dates and for the periods presented in the Company's consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation. Pelium Capital was determined not to be a VIE as there was sufficient equity at risk, the Company does not have disproportionate voting rights and Pelium Capital's partners have all of the following characteristics: (1) the power to direct the activities of Pelium; (2) the obligation to absorb losses; and (3) the right to receive residual returns. However, Pelium Capital was consolidated as a result of the Company's majority ownership and the Company's unilateral kick-out rights. The non-controlling interest in Pelium Capital is owned by Resource America and outside investors. All intercompany accounts and transactions have been eliminated in consolidation.

The Company's interest in Pelium Capital was 80.2% as of December 31, 2015.
On April 10, 2015, the Company entered into two first mortgage bridge loans in the amount of $2.5 million and $3.3 million with two funds sponsored by Resource America, Resource Real Estate Investors LP and Resource Real Estate Investors II, LP. Each loan carried an interest rate of LIBOR plus 5.75% with a LIBOR floor of 0.25%. The loans had a maturity date of May 5, 2016, with two consecutive one-year options to extend upon the first maturity date. The loan in the amount of $2.5 million was repaid in full with interest on April 29, 2015. The second loan in the amount of $3.3 million was repaid in full with interest on July 31, 2015.

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On June 24, 2015, the Company committed up to $50.0 million in Pearlmark Mezzanine Realty Partners IV, L.P. ("Pearlmark Mezz IV L.P."), a Delaware limited partnership. The contractual fund manager of the fund is Pearlmark Real Estate LLC ("Pearlmark"), a Delaware limited liability company that is 50% owned by Resource America. The Company will pay Pearlmark Mezz IV L.P management fees of 1.0% on the unfunded committed capital and 1.5% on the invested capital. The Company is entitled to a management fee rebate of 25% for the first year of the fund. As of December 31, 2015, the Company is indebted for $94,000 for management fees, net of the rebate. In October, November and December 2015, the Company contributed an aggregate of $6.9 million in capital to Pearlmark Mezz IV. As of December 31, 2015, the Company has an investment balance of $6.5 million and a 47.42% ownership interest in the fund. Resource America has agreed that it will credit any such fees paid by the Company to Pearlmark against the base management fee that the Company pays to Resource America.

Relationship with Law Firm. Until 1996, Edward E. Cohen, a director who was the Company's Chairman from its inception until November 2009, was of counsel to Ledgewood, P.C., a law firm. In addition, one of the Company's executive officers, Jeffrey F. Brotman, was employed by Ledgewood until 2007. Mr. E. Cohen receives certain debt service payments from Ledgewood related to the termination of his affiliation with Ledgewood and its redemption of his interest in the firm. Mr. Brotman also receives certain debt service payments from Ledgewood related to the termination of his affiliation with the firm. For the years ended December 31, 2015, 2014 and 2013, the Company paid Ledgewood $434,000, $280,000 and $360,000, respectively, in connection with legal services rendered to the Company.

NOTE 20 - DISTRIBUTIONS

For the years ended December 31, 2015, 2014 and 2013, the Company has declared and paid $2.34, $3.20, and $3.20 dividends per common share, respectively.

In order to qualify as a REIT, the Company must currently distribute at least 90% of its REIT taxable income. In addition, the Company must distribute 100% of its taxable income in order not to be subject to corporate federal income taxes on retained income. The Company anticipates it will distribute substantially all of its taxable income to its stockholders. Because taxable income differs from cash flow from operations due to non-cash revenues or expenses (such as provisions for loan and lease losses and depreciation), in certain circumstances, the Company may generate operating cash flow in excess of its distributions or, alternatively, may be required to borrow to make sufficient distribution payments.

The Company's 2016 dividends will be determined by the Company's board of directors which will also consider the composition of any dividends declared, including the option of paying a portion in cash and the balance in additional common shares.

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The following tables presents dividends declared (on a per share basis) for the years ended December 31, 2015, 2014 and 2013:

Common Stock

	Date Paid	Total Dividend Paid (in thousands)	Dividend Per Share
2015			
March 31	April 28	$21,444	$0.64
June 30	July 28	$21,426	$0.64
September 30	October 28	$20,667	$0.64
December 31	January 28, 2016	$13,274	$0.42
2014			
March 31	April 28	$25,921	$0.80
June 30	July 28	$26,179	$0.80
September 30	October 28	$26,629	$0.80
December 31	January 28, 2015	$26,563	$0.80
2013			
March 31	April 26	$21,634	$0.80
June 30	July 26	$25,399	$0.80
September 30	October 28	$25,447	$0.80
December 31	January 28, 2014	$25,536	$0.80

Preferred Stock

Series A				Series B			Series C		
	Date Paid	Total Dividend Paid (in thousands)	Dividend Per Share	Date Paid	Total Dividend Paid (in thousands)	Dividend Per Share	Date Paid	Total Dividend Paid (in thousands)	Dividend Per Share
2015				2015					
March 31	April 30	$568	$0.531250	April 30	$2,960	$0.515625	April 30	$2,588	$0.539063
June 30	July 30	$568	$0.531250	July 30	$2,960	$0.515625	July 30	$2,588	$0.539063
September 30	October 30	$568	$0.531250	October 30	$2,960	$0.515625	October 30	$2,588	$0.539063
December 31	February 1, 2016	$568	$0.531250	February 1, 2016	$2,960	$0.515625	February 1, 2016	$2,588	$0.539063
2014				2014					
March 31	April 30	$463	$0.531250	April 30	$2,057	$0.515625	April 30	$—	$—
June 30	July 30	$537	$0.531250	July 30	$2,378	$0.515625	July 30	$1,437	$0.299479
September 30	October 30	$537	$0.531250	October 30	$2,430	$0.515625	October 30	$2,588	$0.539063
		$568	$0.531250		$2,888	$0.515625		$2,588	$0.539063

December 31	January 30, 2015			January 30, 2015			January 30, 2015
2013				2013			
March 31	April 30	$ 359	$ 0.531250	April 30	$ 1,152	$ 0.515625	
June 30	July 30	$ 359	$ 0.531250	July 30	$ 1,584	$ 0.515625	
September 30	October 30	$ 362	$ 0.531250	October 30	$ 1,662	$ 0.515625	
December 31	January 30, 2014	$ 362	$ 0.531250	January 30, 2014	$ 1,797	$ 0.515625	

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NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In analyzing the fair value of its investments accounted for on a fair value basis, the Company uses the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company determines fair value based on quoted prices when available or, if quoted prices are not available, through the use of alternative approaches, such as discounting the expected cash flows using market interest rates commensurate with the credit quality and duration of the investment. The hierarchy followed defines three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

Level 3 - Unobservable inputs that reflect the entity’s own assumptions about the assumptions that market participants would use in the pricing of the asset or liability and are consequently not based on market activity, but rather through particular valuation techniques.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter; depending on various factors, it is possible that an asset or liability may be classified differently from quarter to quarter. However, the Company expects that changes in classifications between levels will be rare.

Certain assets and liabilities are measured at fair value on a recurring basis. The following is a discussion of these assets and liabilities as well as the valuation techniques applied to each for fair value measurement.

The Company reports its investment securities, available-for-sale at fair value. To determine fair value, the Company uses an independent third-party valuation firm utilizing data available in the market as well as appropriate prepayment, default, and recovery rates. These valuations are validated utilizing dealer quotes, bids, or internal models. If there is a material difference between the value indicated by the third-party valuation firm and the dealer quote or bid, the Company will evaluate the difference, which could result in an updated valuation from the third party or a revised dealer quote. Any changes in the fair value of investment securities, available-for-sale are recorded in other comprehensive income. Based on a prioritization of inputs used in the valuation of each position, the Company categorizes these investments as either Level 2 or Level 3 in the fair value hierarchy.

The Company reports its investment securities, trading at fair value, based on an independent third-party valuation. The Company evaluates the reasonableness of the valuation it receives by using a dealer quote, bid, or internal model. If there is a material difference between the value indicated by the third party and a quote the Company receives, the Company will evaluate the difference, which could result in an updated valuation from the third party or a revised dealer quote. Any changes in fair value are recorded in the Company’s results of operations as net unrealized and unrealized (loss) gain on investment securities, trading. The Company's investments securities, trading are generally classified as Level 2 or Level 3 in the fair value hierarchy.

The CMBS underlying the Company’s linked transactions were valued using the same techniques as those used for the Company’s other investment securities, available-for-sale and were generally classified as Level 2 or Level 3 in the fair value hierarchy. Due to a change in accounting guidance, as of January 1, 2015, the concept of linked transactions no longer exists.

Derivatives, both assets and liabilities, are reported at fair value, and are valued by a third-party pricing agent using an income approach with models that use, as their primary inputs, readily observable market parameters. This valuation process considers factors including interest rate yield curves, time value, credit factors and volatility factors. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. The

Company assesses the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and, if material, categorizes those derivatives within Level 3 of the fair value hierarchy.
The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as follows (in thousands):

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	Level 1	Level 2	Level 3	Total
As of December 31, 2015:				
Assets:				
Investment securities, trading	$—	$—	$25,550	$25,550
Investment securities available-for-sale	—	4,451	203,637	208,088
Loans held for sale	—	66,588	29,358	95,946
Derivatives	—	826	2,620	3,446
Total assets at fair value	$—	$71,865	$261,165	$333,030
Liabilities:				
Derivatives	$—	$—	$3,941	$3,941
Total liabilities at fair value	$—	$—	$3,941	$3,941
As of December 31, 2014:				
Assets:				
Investment securities, trading	$—	$—	$20,786	$20,786
Investment securities available-for-sale	—	33,158	242,562	275,720
CMBS - linked transactions	—	—	15,367	15,367
Derivatives	3,429	7	1,868	5,304
Total assets at fair value	$3,429	$33,165	$280,583	$317,177
Liabilities:				
Moselle CLO Notes	$—	$—	$68,940	$68,940
Derivatives (net)	—	—	8,476	8,476
Total liabilities at fair value	$—	$—	$77,416	$77,416

The Company's residential mortgage loan portfolio included in loans held for sale is comprised of both agency loans and non-agency jumbo loans. The fair values of the Company's agency loan portfolio are generally classified as Level 2 in the fair value hierarchy, as those values are determined based on quoted market prices for similar assets or upon other observable inputs. The fair values of the Company's jumbo loan portfolio are generally classified as Level 3 in the fair value hierarchy, as those values are generally based upon valuation techniques that utilize unobservable inputs that reflect the assumptions that a market participant would use in pricing those assets.

For the year ended December 31, 2014, the Company both acquired and liquidated the assets in Moselle CLO. As of December 31, 2014, all that remained of the Company's investment in Moselle CLO were cash, receivables related to the liquidation of Moselle CLO's assets, and the notes of the securitization (see Note 13 for further discussion of Moselle CLO's notes). At acquisition, the Company recorded $176.9 million as the fair value of the notes (including the fair value of the securitized borrowing described in Note 13). During the year ended December 31, 2014, paydowns of $100.3 million were received, and net fair value and foreign currency adjustments of $7.5 million were recognized through earnings, resulting in a combined fair value of $68.9 million ($63.3 million of which was attributable to Moselle CLO's senior notes and $5.6 million was attributable to Moselle CLO's securitized borrowings). As of December 31, 2015, Moselle CLO paid off all of its outstanding CLO notes.

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The following table presents additional information about assets that are measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs (in thousands):

	CMBS [1]	ABS	Structured Finance	Warrants	Interest Rate Lock Commitments	Loans Held for Sale	Total
Balance, January 1, 2015	$185,772	$72,157	$20,786	$898	$970	$83,380	$363,963
Included in earnings	2,107	2,051	2,403	153	30,028	(1,248)	35,494
Unlinked transaction	33,239	—	—	—	—	—	33,239
Purchases originations	12,374	24,811	25,185	—	—	274,623	336,993
Sales	(3,000)	(27,800)	(17,282)	—	—	(321,231)	(369,313)
Paydowns	(67,933)	(9,048)	(2,432)	—	—	(6,320)	(85,733)
Issuances	—	—	—	—	—	—	—
Settlements	—	(11,216)	—	—	(29,777)	—	(40,993)
Capitalized Interest	—	1,857	—	—	—	—	1,857
Included in OCI	(3,135)	(12,471)	(3,110)	—	—	—	(18,716)
Transfers into Level 3	—	3,872	—	—	—	154	4,026
Balance, December 31, 2015	$159,424	$44,213	$25,550	$1,051	$1,221	$29,358	$260,817

(1) Beginning balance includes linked transactions. Due to a change in accounting guidance, as of January 1, 2015, the concept of linked transactions no longer exists.

The following table presents additional information about liabilities that are measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs (in thousands):

	Interest Rate Swaps	Forwards - Residential Mortgage Loans	Total
Balance, January 1, 2015	$8,680	$1,029	$9,709
Included in earnings	(275)	2,197	1,922
Settlements	—	(2,744)	(2,744)
Included in OCI	(4,946)	—	(4,946)
Transfers into Level 3	—	—	—
Balance, December 31, 2015	$3,459	$482	$3,941

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The following table summarizes financial assets and liabilities measured at fair value on a nonrecurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as follows (in thousands):

	Level 1	Level 2	Level 3	Total
As of December 31, 2015:				
Assets:				
Loans held for sale	$—	$1,279	$153	$1,432
Impaired loans	—	262	129,433	129,695
Total assets at fair value	$—	$1,541	$129,586	$131,127
As of December 31, 2014:				
Assets:				
Loans held for sale	$—	$36,956	$—	$36,956
Impaired loans	—	1,678	137,811	139,489
Total assets at fair value	$—	$38,634	$137,811	$176,445

Loans held for sale consist of bank loans and CRE loans identified for sale due to credit concerns. Interest on loans held for sale is recognized according to the contractual terms of the loan and included in interest income on loans. The fair value of bank loans held for sale and impaired bank loans is based on what secondary markets are currently offering for these loans. As such, the Company classifies these loans as nonrecurring Level 2. For the Company's CRE loans where there is no primary market, fair value is measured using discounted cash flow analysis and other valuation techniques and these loans are classified as nonrecurring Level 3. The amount of nonrecurring fair value losses for specifically impaired loans for the years ended December 31, 2015, 2014 and 2013 was $39.2 million, $1.3 million and $3.1 million respectively. The amounts of nonrecurring fair value losses for loans held for sale for the years ended December 31, 2015, 2014 and 2013 was $1.3 million, $680,000, and $3.9 million.

The Company had $372,000, $0 and $863,000 of losses included in earnings due to the other-than-temporary impairment charges during the years ended December 31, 2015, 2014 and 2013, respectively. These losses were included in the consolidated statements of operations as net impairment losses recognized in earnings.

In accordance with guidance on fair value measurements and disclosures, the Company is not required to disclose quantitative information with respect to unobservable inputs contained in fair value measurements that are not developed by the Company. As a consequence, the Company has not disclosed such information associated with fair values obtained from third-party pricing sources.

For Level 3 assets and liabilities measured at fair value on a recurring or non-recurring basis as of December 31, 2015, for which quantitative information with respect to unobservable inputs was available, the significant unobservable inputs used in the fair value measurements were as follows (in thousands, except were otherwise indicated):

	Fair Value at December 31, 2015	Valuation Technique	Significant Unobservable Inputs	Significant Unobservable Input Value	
Interest rate swap agreements	$3,459	Discounted cash flow	Weighted average credit spreads	5.38	%
Warrant	$1,051	Option pricing model	Market capitalization (in millions)	$172.7	
			Volatility	50.0	%

The Company is required to disclose the fair value of financial instruments for which it is practicable to estimate that value. The fair values of the Company's short-term financial instruments such as cash and cash equivalents, restricted cash, principal paydown receivable, interest receivable, distribution payable and accrued interest expense, repurchase

agreements and the secured revolving credit agreement approximate their carrying value on the consolidated balance sheets. The fair values of the Company's investment securities, trading is reported in Note 6. The fair values of the Company's investment securities available-for-sale are reported in Note 7. The fair values of the Company's derivative instruments and linked transactions are reported in Note 22.

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Loans held-for-investment: The fair value of the Company's Level 2 Loans held-for-investment was primarily measured using a third-party pricing service. The fair value of the Company's Level 3 Loans held-for-investment was measured by discounting the expected future cash flows using the current interest rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Loans receivable-related party are estimated by discounting the expected future cash flows using the current interest rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

CDO notes are valued using the dealer quotes, typically the dealer who underwrote the CDO in which the notes are held.

Junior subordinated notes are estimated by obtaining quoted prices for similar assets in active markets.

The fair value of the convertible notes was determined using a discounted cash flow model that discounts the expected future cash flows using current interest rates on similar debts that do not have a conversion option. The 6% Convertible Senior Notes are discounted at a rate of 7.00% and the 8% Convertible Senior Notes are discounted at a rate of 8.60%. The fair value of the CRE portfolio was determined using a discounted cash flow model that discounts the expected future cash flows at current rates at which similar loans would be made to borrowers with similar credit rating and with the same remaining maturities. Discount rates used range between 15%-25%.

The fair values of the Company's remaining financial instruments that are not reported at fair value on the consolidated balance sheets are reported below (in thousands):

		Fair Value Measurements			
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets of Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2015:					
Loans held-for-investment	$2,160,751	$2,150,061	$—	$222,100	$1,927,961
CDO notes	$1,032,581	$923,817	$—	$—	$923,817
Junior subordinated notes	$51,413	$17,907	$—	$—	$17,907
Convertible notes	$205,484	$205,484	$—	$—	$205,484
Repurchase agreements	$418,836	$418,836	$—	$—	$418,836
Senior secured revolving credit agreement	$186,974	$186,974	$—	$—	$186,974
As of December 31, 2014:					
Loans held-for-investment	$1,925,980	$1,909,019	$—	$570,071	$1,338,948
Loans receivable-related party	$558	$558	$—	$—	$558
CDO notes	$1,046,493	$975,762	$—	$—	$975,762
Junior subordinated notes	$51,205	$17,699	$—	$—	$17,699
Convertible notes	$108,374	$108,374	$—	$—	$108,374
Repurchase agreements	$399,662	$399,662	$—	$—	$399,662
Senior secured revolving credit agreement	$111,137	$111,137	$—	$—	$111,137

NOTE 22 - MARKET RISK AND DERIVATIVE INSTRUMENTS

The Company is directly and indirectly affected by changes in certain market conditions. These changes in market conditions may adversely impact the Company's financial performance and are referred to as "market risks." When deemed appropriate, the Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Company through the use of derivative instruments are interest rate risk and foreign currency exchange rate risk.

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The Company may hold various derivatives in the ordinary course of business, including warrants, interest rate swaps, forward contracts, options and interest rate lock commitments. Warrants are securities that give the holder the right, but not the obligation, to purchase securities from an issuer at a specific price within a specified time period. Options are contracts sold by one party to another that give the buyer the right, but not the obligation, to buy or sell a financial asset at an agreed-upon price during a certain period of time or on a specific date. Interest rate swap agreements are contracts between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Forward contracts represent future commitments to either purchase or to deliver loans, securities or a quantity of a currency at a predetermined future date, at a predetermined rate or price and are used to manage interest rate risk on loan commitments and mortgage loans held for sale as well as currency risk with respect to the Company's long positions in foreign currency-denominated investment securities. Rate lock commitments represent commitments to fund loans at a specific rate and by a specified time and are used to mitigate risk of changes in interest rate in the Company's residential mortgage loan portfolio.

A significant market risk to the Company is interest rate risk. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the Company’s control. Changes in the general level of interest rates can affect net interest income, which is the difference between the interest income earned on interest-earning assets and the interest expense incurred in connection with the interest-bearing liabilities, by affecting the spread between the interest-earning assets and interest-bearing liabilities. Changes in the level of interest rates also can affect the value of the Company’s interest-earning assets and the Company’s ability to realize gains from the sale of these assets. A decline in the value of the Company’s interest-earning assets pledged as collateral for borrowings could result in the counterparties demanding additional collateral pledges or liquidation of some of the existing collateral to reduce borrowing levels. The Company seeks to manage the extent to which net income changes as a function of changes in interest rates by matching adjustable-rate assets with variable-rate borrowings. The Company mitigates the potential impact on net income of periodic and lifetime coupon adjustment restrictions in its investment portfolio by entering into interest rate hedging agreements such as interest rate caps and interest rate swaps.

At December 31, 2015, the Company had nine interest rate swap contracts outstanding whereby the Company paid a weighted average fixed rate of 5.38% and received a variable rate equal to one-month LIBOR. The aggregate notional amount of these contracts was $102.8 million at December 31, 2015. The counterparties for the Company’s designated interest rate hedge contracts at such date were Credit Suisse International and Wells Fargo. The Company had master netting agreements with Credit Suisse International and Wells Fargo at December 31, 2015. Regulations promulgated under the Dodd-Frank Act mandate that the Company clear certain new interest rate swap transactions through a central counterparty. Transactions that are centrally cleared result in the Company facing a clearing house, rather than a swap dealer, as counterparty. Central clearing requires the Company to post collateral in the form of initial and variation margin to satisfy potential future obligations. As of December 31, 2015, there were no centrally cleared interest rate swap contracts. The Company classifies these hedges as cash flow hedges, which are hedges that eliminate the risk of changes in the cash flows of a financial asset or liability. The Company records changes in fair value of derivatives designated and effective as cash flow hedges in other comprehensive income, and records changes in fair value of derivatives designated and ineffective as cash flow hedges in earnings.

At December 31, 2014, the Company had 10 interest rate swap contracts outstanding whereby the Company paid a weighted average fixed rate of 5.12% and received a variable rate equal to one-month LIBOR. The aggregate notional amount of these contracts was $124.0 million at December 31, 2014. The counterparties for the Company’s designated interest rate hedge contracts are Credit Suisse International and Wells Fargo with which the Company has master netting agreements.

The estimated fair value of the Company’s liability related to interest rate swaps was $3.5 million and $8.7 million as of December 31, 2015 and December 31, 2014, respectively. The Company had aggregate unrealized losses of $3.5

million and $9.0 million on the interest rate swap agreements as of December 31, 2015 and December 31, 2014, respectively, which is recorded in accumulated other comprehensive income and a portion is recognized through earnings. The amortization is reflected in interest expense in the Company's consolidated statements of operations. In connection with the June 2007 close of RREF CDO 2007-1, the Company realized a swap termination gain of $2.6 million, which is being amortized over the term of RREF CDO 2007-1. The accretion is reflected as a reduction of interest expense in the Company's consolidated statements of operations. In connection with the termination of a $53.6 million swap related to RREF CDO 2006-1 during the nine months ended September 30, 2008, the Company realized a swap termination loss of $4.2 million, which is being amortized over the term of a new $45.0 million swap. The amortization is reflected in interest expense in the Company's consolidated statements of operations.

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During the years ended December 31, 2006, 2007 and 2008, the Company terminated 18 hedges through accumulated other comprehensive loss, to be amortized through earnings over the life of the remaining debt. During the years ended December 31, 2015, 2014 and 2013, the Company recognized expense of $275,000, $282,000 and $288,000, respectively, into earnings related to the amortization of gains and losses on the 18 terminated hedges. In the next twelve months, the Company expects to reclassify $57,000 from accumulated other comprehensive loss to earnings.
The Company is also exposed to foreign currency exchange risk, a form of risk that arises from the change in price of one currency against another. Substantially all of the Company's revenues are transacted in U.S. dollars; however, a portion of the Company's capital is exposed to other currencies, primarily the Euro and, to a lesser extent, the pound sterling. To address this market risk, the Company generally hedges foreign currency-denominated exposures (typically investments in debt instruments, including forecasted principal and interest payments) with foreign currency forward contracts. The Company classifies these hedges as fair value hedges, which are hedges that mitigate the risk of changes in the fair values of assets, liabilities, and certain types of firm commitments. The Company records changes in the fair value of derivatives designated and effective as fair value hedges in earnings offset by the corresponding changes in the fair values of the hedged items.
Forward contracts also contain an element of risk in that the counterparties may be unable to meet the terms of such agreements. In the event the parties to deliver commitments are unable to fulfill their obligations, the Company could potentially incur significant additional costs by replacing the positions at then current market rates. The Company manages its risk of exposure by limiting counterparties to those banks and institutions deemed appropriate by management. The Company does not expect any counterparty to default on its obligations and, therefore, the Company does not expect to incur any cost related to counterparty default.
The Company is exposed to interest rate risk on loans held for sale and interest rate lock commitments. As market interest rates increase or decrease, the fair value of mortgage loans held for sale and rate lock commitments will decline or increase accordingly. To offset this interest rate risk, the Company may enter into derivatives such as forward contracts to sell loans. The fair value of these forward sales contracts will change as market interest rates change, and the change in the value of these instruments is expected to largely, though not entirely, offset the change in fair value of loans held for sale and rate lock commitments. The objective of this activity is to minimize the exposure to losses on rate lock commitments and loans held for sale due to market interest rate fluctuations. The net effect of derivatives on earnings will depend on risk management activities and a variety of other factors, including market interest rate volatility, the amount of interest rate lock commitments that close, the ability to fill the forward contracts before expiration, and the time period required to close and sell loans.
During the warehousing phase of the Company’s investments in certain structured vehicles, the Company may enter into total return swaps to finance the Company’s exposure to assets that will ultimately be securitized. A total return swap is a swap agreement in which one party makes payments based on a set rate, while the other party makes payments based on the return of an underlying asset. Traditionally, the Company pays either an indexed or fixed interest payment to the warehousing lender and receives the net interest income and realized capital gains of the referenced portfolio of assets, generally loans, to be securitized that are owned and held by the warehousing lender. Upon the close of the warehousing period, the Company’s invested equity plus net interest and any capital gains realized during the warehousing period are returned to the Company. Additionally, upon the close of the securitization, the Company may purchase beneficial interests in the securitization at fair value.
In March 2014, the Company was issued warrants in connection with the funding of a middle market loan. The warrants give the Company the right, but not the obligation, to purchase up to 0.9% of the total fully diluted common stock of Constellation Health LLC. As amended in September 2014, the warrants have an exercise price equal to the lesser of the Constellation Health's trailing twelve month earnings before interest, taxes, depreciation, and amortization times a multiplier of 6, or $50.0 million. The warrants also feature a seven-year term, allowances for either cash-based or cashless exercise, standard adjustments for stock splits, full-ratchet anti-dilution adjustments, and

beneficial ownership limitations. The value of the warrants was calculated by performing a Black-Scholes analysis.
In December 2014, the Company, through its subsidiary, Pelium, purchased call options on U.S. Treasury futures to act as a hedge against interest rate risk. The options gave the Company the right, but not the obligation, to purchase futures contracts on March 2015 U.S. Treasury notes. The options were sold during the three months ended March 31, 2015.

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The following tables present the fair value of the Company's derivative financial instruments as well as their classification on the Company's consolidated balance sheets and on the consolidated statements of operations for the years presented:

Fair Value of Derivative Instruments as of December 31, 2015 (in thousands)

	Asset Derivatives		
	Notional Amount	Balance Sheet Location	Fair Value
Interest rate lock agreements [(1)]	$105,385	Derivatives, at fair value	$1,224
Forward contracts - residential mortgage lending	$92,413	Derivatives, at fair value	$345
Forward contracts - foreign currency, hedging [(2)(3)]	$24,850	Derivatives, at fair value	$727
Forward contracts - TBA securities	$29,500	Derivatives, at fair value	$99
Warrants [(4)]	$553	Derivatives, at fair value	$1,051
	Liability Derivatives		
	Notional Amount	Balance Sheet Location	Fair Value
Interest rate swap contracts, hedging [(5)]	$102,799	Derivatives, at fair value	$3,459
Interest rate lock agreements [(6)]	$505	Derivatives, at fair value	$3
Forward contracts - residential mortgage lending	$143,553	Derivatives, at fair value	$479
Forward contracts - TBA securities	$1,500	Derivatives, at fair value	$—
Interest rate swap contracts, hedging	$102,799	Accumulated other comprehensive income (loss)	$(3,471)

(1) The notional amount of the Company's interest rate lock agreements in an asset position is the pass-through weighted total commitments with a weighted average pass-through percentage of 85.9%.
(2) The notional amount is presented on a currency converted basis. The notional amount of our foreign currency hedging forward contracts was €22.9 million as of December 31, 2015.
(3) Foreign currency forward contracts are accounted for as fair value hedges.
(4) The notional amount of the Company's warrants is the calculated number of shares available for purchase.
(5) Interest rate swaps contracts are accounted for as fair value hedges.
(6) The notional amount of the Company's interest rate lock agreements in a liability position is the pass-through weighted total commitments with a weighted average pass-through percentage of 19.5%.

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Fair Value of Derivative Instruments as of December 31, 2014 (in thousands)

	Asset Derivatives		
	Notional Amount	Balance Sheet Location	Fair Value
Interest rate lock agreements [1]	$59,467	Derivatives, at fair value	$970
Forward contracts - residential mortgage lending	$5,000	Derivatives, at fair value	$7
Forward contracts - RMBS securities	$42,614	Derivatives, at fair value	$1,297
Forward contracts - foreign currency, hedging [2][3]	$54,948	Derivatives, at fair value	$3,377
Options - U.S. Treasury futures	$90	Derivatives, at fair value	$52
Warrants [4]	$492	Derivatives, at fair value	$898
	Liability Derivatives		
	Notional Amount	Balance Sheet Location	Fair Value
Interest rate swap contracts, hedging [5]	$124,017	Derivatives, at fair value	$8,680
Interest rate lock agreements [6]	$798	Derivatives, at fair value	$10
Forward contracts - residential mortgage lending	$154,692	Derivatives, at fair value	$1,036
Forward contracts - TBA securities	$15,000	Derivatives, at fair value	$47
Interest rate swap contracts, hedging	$124,017	Accumulated other comprehensive income (loss)	$(8,680)

(1) The notional amount of the Company’s interest rate lock agreements in an asset position is the pass-through weighted total commitments with a weighted average pass-through percentage of 76.4%.
(2) The notional amount is presented on a currency converted basis. The notional amount of our foreign currency hedging forward contracts was €45.4 million as of December 31, 2014.
(3) Foreign currency forward contracts are accounted for as fair value hedges.
(4) The notional amount of the Company's warrants is the calculated number of shares available for purchase.
(5) Interest rate swaps contracts are accounted for as fair value hedges.
(6) The notional amount of the Company’s interest rate lock agreements in a liability position is the pass-through weighted total commitments with a weighted average pass-through percentage of 21.2%.

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The Effect of Derivative Instruments on the Statements of Operations for the Year Ended December 31, 2015 (in thousands)

	Derivatives	
	Statement of Operations Location	Realized and Unrealized Gain (Loss) [1]
Interest rate swap contracts, hedging	Interest expense	$6,335
Interest rate swap contracts, hedging	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$(18)
Interest rate lock agreements	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$261
Forward contracts - residential mortgage lending	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$895
Forward contracts - RMBS securities	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$(215)
Forward contracts - foreign currency, hedging	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$2,925
Options - U.S. Treasury futures	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$184
Forward contracts - TBA securities	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$483

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The Effect of Derivative Instruments on the Statements of Operations for the Year Ended December 31, 2014 (in thousands)

	Derivatives	
	Statement of Operations Location	Realized and Unrealized Gain (Loss) [1]
Interest rate swap contracts, hedging	Interest expense	$6,555
Interest rate lock agreements	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$960
Forward contracts - residential mortgage lending	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$(1,029)
Forward contracts - RMBS securities	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$1,297
Forward contracts - foreign currency, hedging	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$3,377
Options - U.S. Treasury futures	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$(28)
Forward contracts - TBA securities	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$(47)
Warrants	Net realized and unrealized gain (loss) on sales of investment securities available-for-sale and loans and derivatives	$898

The Effect of Derivative Instruments on the Statements of Operations for the Year Ended December 31, 2013 (in thousands)

	Derivatives	
	Statement of Operations Location	Realized and Unrealized Gain (Loss) [1]
Interest rate swap contracts, hedging	Interest expense	$6,751

(1)Negative values indicate a decrease to the associated balance sheets or consolidated statements of operations line items.

Linked Transactions

As the result of an accounting standards update adopted on January 1, 2015 (see Note 2), the Company unlinked its previously linked transactions and disclosed affected asset, liability, income and expense balances at their gross values in its consolidated financial statements. Accordingly, the Company had no financing arrangements being accounted for as linked transactions as of December 31, 2015.

The Company's linked transactions were evaluated on a combined basis, reported as forward (derivative) instruments and presented as assets on the Company's consolidated balance sheets at fair value. The fair value of linked

transactions reflected the value of the underlying CMBS, linked repurchase agreement borrowings and accrued interest payable on such instruments. The Company's linked transactions were not designated as hedging instruments and, as a result, the change in the fair value and net interest income from linked transactions was reported in other income on the Company's consolidated statements of operations in prior periods.

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As of December 31, 2014, the Company held non-hedging linked transactions, net at fair value of $15.4 million. During the years ended December 31, 2014 and 2013, the Company recorded unrealized gain (loss) and net interest income on linked transactions, net of $7.9 million and $(3.8) million, respectively.

The following table presents certain information about the components of the unrealized gain (loss) and net interest income from linked transactions, net, included in the Company's consolidated statements of operations for the years ended 2015, 2014 and 2013 (in thousands):

	December 31, 2015	2014	2013
Components of Unrealized Net (Losses) Gains and Net Interest Income Income from Linked Transactions			
Interest income attributable to CMBS underlying linked transactions	$—	$2,879	$2,912
Interest expense attributable to linked repurchase agreement borrowings underlying linked transactions	—	(644)	(735)
Change in fair value of linked transactions included in earnings	—	5,615	(6,018)
Unrealized net (losses) gains and net interest income from linked transactions	$—	$7,850	$(3,841)

The following table summarizes the Company's investment securities, underlying linked transactions, which were carried at fair value (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of December 31, 2014:				
CMBS linked transactions	$48,138	$539	$(72)	$48,605

The following table summarizes the estimated maturities of the Company's CMBS previously linked transactions according to their estimated weighted average life classifications (in thousands, except percentages):

Weighted Average Life	Fair Value	Amortized Cost	Weighted Average Coupon
As of December 31, 2014:			
Less than one year	$7,834	$7,775	5.36%
Greater than one year and less than five years	36,587	36,274	4.65%
Greater than five years and less than ten years	4,184	4,089	4.52%
Greater than ten years	—	—	—%
Total	$48,605	$48,138	4.66%

The following table shows the fair value, gross unrealized losses and the length of time the investment securities available-for-sale have been in a continuous unrealized loss position during the period specified (in thousands):

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
As of December 31, 2014:						
CMBS linked transactions	$7,609	$(57)	$777	$(15)	$8,386	$(72)

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The following table summarizes the Company's CMBS previously linked repurchase agreements (in thousands, except percentages):

	As of December 31, 2014		
Maturity or Repricing	Balance [1]	Weighted Average Interest Rate	
Within 30 days	$33,397	1.56	%
>30 days to 90 days	—	—	%
Total	$33,397	1.56	%

NOTE 23 - OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

As the result of an accounting standards update adopted on January 1, 2015 (see Note 2), the Company unlinked its previously linked transactions and disclosed affected asset, liability, income and expense balances at their gross values in its consolidated financial statements. Accordingly, the Company had no financing arrangements being accounted for as linked transactions as of December 31, 2015.

The following table presents a summary of the Company's offsetting of derivative assets, presented (in thousands):

	(i) Gross Amounts of Recognized Assets	(ii) Gross Amounts Offset in the Consolidated Balance Sheets	(iii) = (i) - (ii) Net Amounts of Assets Presented in the Consolidated Balance Sheets	(iv) Gross Amounts Not Offset in the Consolidated Balance Sheets		
				Financial Instruments	Cash Collateral Pledged	(v) = (iii) - (iv) Net Amount
As of December 31, 2015:						
Derivative hedging instruments, at fair value	$3,446	$—	$3,446	$—	$—	$3,446
Total	$3,446	$—	$3,446	$—	$—	$3,446
As of December 31, 2014:						
Derivative hedging instruments, at fair value	$4,334	$—	$4,334	$—	$—	$4,334
Linked transactions	48,764	33,397	15,367	—	—	15,367
Total	$53,098	$33,397	$19,701	$—	$—	$19,701

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The following table presents a summary of the Company's offsetting of financial liabilities and derivative liabilities for the periods presented as follows (in thousands):

	(i) Gross Amounts of Recognized Liabilities	(ii) Gross Amounts Offset in the Consolidated Balance Sheets	(iii) = (i) - (ii) Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	(iv) Gross Amounts Not Offset in the Consolidated Balance Sheets		(v) = (iii) - (iv) Net Amount
				Financial Instruments (1)	Cash Collateral Pledged (2)	
As of December 31, 2015:						
Derivative hedging instruments, at fair value (3)	$3,941	$—	$3,941	$—	$500	$3,441
Repurchase agreements and term facilities (4)	418,836	—	418,836	418,836	—	—
Total	$422,777	$—	$422,777	$418,836	$500	$3,441
As of December 31, 2014:						
Derivative hedging instruments, at fair value (3)	$8,466	$—	$8,466	$—	$500	$7,966
Repurchase agreements and term facilities (4)	399,662	—	399,662	399,662	—	—
Linked transactions	33,397	33,397	—	—	—	—
Total	$441,525	$33,397	$408,128	$399,662	$500	$7,966

(1) Amounts represent collateral pledged that is available to be offset against liability balances associated with term facilities, repurchase agreements and derivative transactions.
(2) Amounts represent amounts pledged as collateral against derivative transactions.
(3) The fair value of securities and/or cash and cash equivalents pledged against the Company's swaps was $500,000 and $2.6 million at December 31, 2015 and 2014, respectively.
(4) The combined fair value of securities and loans pledged against the Company's various term facilities and repurchase agreements was $643.2 million and $565.6 million at December 31, 2015 and 2014, respectively.

In the Company's consolidated balance sheets, all balances associated with repurchase agreement and derivatives transactions are presented on a gross basis.

Certain of the Company's repurchase agreement and derivative transactions are governed by underlying agreements that generally provide for a right of offset in the event of default or in the event of a bankruptcy of either party to the transaction.

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NOTE 24 - INCOME TAXES

The Company operates in such a manner as to quality as a REIT, under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"); therefore, applicable REIT taxable income is included in the taxable income of its shareholders, to the extent distributed by the Company. To maintain REIT status for federal income tax purposes, the Company is generally required to distribute at least 90% of its REIT taxable income to its shareholders as well as comply with certain other qualification requirements as defined under the Code. As a REIT, the Company is not subject to federal corporate income tax to the extent that it distributes 100% of its REIT taxable income each year. Taxable income from non-REIT activities managed primarily through the Company's taxable REIT subsidiaries is subject to federal, state and local income taxes. The Company's taxable REIT subsidiaries' income taxes are accounted for under the asset and liability method. Under the asset and liability method, deferred income taxes are recognized for the temporary differences between the financial reporting basis and tax basis of assets and liabilities.

The following table details the components of income taxes (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Provision (benefit) for income taxes:			
Current:			
Federal	$1,705	$6,819	$4,601
State	430	2,505	1,068
Total current	2,135	9,324	5,669
Deferred:			
Federal	(1,007)	(9,450)	(5,116)
State	617	(2,086)	(1,594)
Total deferred	(390)	(11,536)	(6,710)
Income tax provision (benefit)	$1,745	$(2,212)	$(1,041)

A reconciliation of the income tax benefit (provision) based upon the statutory tax rate to the effective income tax rate is as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Statutory tax	$361	$(2,232)	$(588)
State and local taxes, net of federal benefit	704	(375)	(728)
Permanent adjustments	149	41	2
True-up of prior period tax expense	530	353	253
Other items	1	1	20
	$1,745	$(2,212)	$(1,041)

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The components of deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2015	2014
Deferred tax assets related to:		
Investment in securities	$1,657	$1,030
Intangible assets basis difference	—	2,533
Federal, state and local loss carryforwards	11,156	7,848
Bad debt for reserves	208	—
Reserve on MSR valuation	222	—
Deferred revenue	—	207
Accrued expenses	895	56
Amortization of intangibles	3,182	766
Unrealized gains/losses	1,725	1,799
Mark to market adjustment	—	188
Charitable contribution carryforwards	6	6
CLCO carryforwards	1,826	—
Foreign exchange gain (loss)	156	—
Equity compensation	34	167
Gain (loss) on sale of investments	—	116
Partnership investment	1,965	(1,622)
Total deferred tax assets	23,032	13,094
Valuation allowance	—	—
Total deferred tax assets	$23,032	$13,094
Deferred tax liabilities related to:		
Unrealized gain (loss) on investments	$(951)	$(366)
Amortization of intangibles	(6,319)	—
Gain (loss) on sale of investments	(1,389)	—
Depreciation	(80)	(1)
Accrued expenses	—	(3)
Deferred revenue	(2)	—
Partnership investment	(1,645)	(90)
Total deferred tax liabilities	$(10,386)	$(460)
Deferred tax assets, net	$12,646	$12,634

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Apidos CDO I, Apidos CDO III, Apidos Cinco CDO, Apidos CLO VIII, Whitney CLO I, Harvest CLO VII, Moselle CLO, Harvest CLO VIII, Harvest X Investor, Harvest CLO X, and Harvest CLO XV Designated Activity Company, the Company's foreign TRSs, are organized as exempted companies incorporated with limited liability under the laws of the Cayman Islands and, with respect to Moselle CLO, Luxembourg and, with respect to Harvest CLO VII, Harvest CLO VIII, Harvest CLO X, and Harvest CLO XV Designated Activity Company, Ireland, and are generally exempt from federal and state income tax at the corporate level because their activities in the United States are limited to trading in stock and securities for their own account. Therefore, despite their status as TRSs, they generally will not be subject to corporate tax on their earnings and no provision for income taxes is required; however, because they are "controlled foreign corporations," the Company will generally be required to include Apidos CDO I's, Apidos CDO III's, Apidos Cinco CDO's, Apidos CLO VIII's, Whitney CLO I's, Harvest CLO VII's, Moselle CLO's, Harvest CLO VIII's, Harvest X Investor's, Harvest X CLO's and Harvest XV Designated Activity Comoany's current taxable income in its calculation of REIT taxable income.

On October 27, 2011 the Company reorganized the ownership structure of Apidos CDO I and Apidos CDO III. As a result, the earnings from Apidos CDO I and Apidos CDO III are excluded from the Company's calculation of REIT taxable income and are subject to corporate tax. On January 24, 2012, the Company again reorganized the ownership structure of Apidos CDO I and Apidos CDO III. As a result, for the period January 1, 2012 through January 23, 2012, the earnings from Apidos CDO I and Apidos CDO III are excluded from the Company's calculation of REIT taxable income and are subject to corporate tax. For the period January 24, 2012 through December 31, 2012 the earnings from Apidos CDO I are included in the Company's calculation of REIT taxable income. On December 11, 2012, the Company further reorganized the ownership structure of Apidos CDO III. As a result, for the period from January 24, 2012 through December 10, 2012 the earnings from Apidos CDO III are included in the Company's calculation of REIT taxable income. Also as a result of the reorganization on December 11, 2012, for the period December 11, 2012 through December 31, 2012, the earnings from Apidos CDO III are excluded from the Company's calculation of REIT taxable income and are subject to corporate tax.

On November 12, 2012, the Company reorganized the ownership structure of Apidos Cinco CDO and Whitney CLO I. As a result, for the period November 12, 2012 through December 31, 2012, the earnings from Apidos Cinco CDO and Whitney CLO I are excluded from the Company's calculation of REIT taxable income and are subject to corporate tax. Accordingly, a provision for income taxes on the earnings from November 12, 2012 through December 31, 2012 has been recorded.

On February 13, 2013, the Company reorganized the ownership structure of Apidos Cinco CDO and Whitney CLO I. As a result, for the period January 1, 2013 through February 12, 2013, the earnings from Apidos Cinco CDO and Whitney CLO I are excluded from the Company's calculation of REIT taxable income and are subject to corporate tax. Accordingly, a provision for income taxes on the earnings from January 1, 2013 through February 12, 2013 has been recorded. Also as a result of the reorganization on February 13, 2013, for the period February 13, 2013 and ending December 31, 2013 the earnings from Apidos Cinco CDO and Whitney CLO I are included in the Company's calculation of REIT taxable income.

On March 8, 2013 the Company reorganized the ownership structure of Apidos CDO III. As a result, the earnings from Apidos CDO III for the period January 1, 2013 through March 7, 2013 are excluded from the Company's calculation of REIT taxable income and are subject to corporate tax. Accordingly, a provision for income taxes on the earnings from January 1, 2013 through March 7, 2013 has been recorded. Also as a result of the reorganization on March 8, 2013, for the period March 8, 2013 and ending December 31, 2013 the earnings from Apidos CDO III are included in the Company's calculation of REIT taxable income.

On September 10, 2013, the Company acquired approximately 9.5% of the equity of Harvest CLO VII, which is a foreign TRS, organized as an exempt company incorporated with limited liability under the laws of Ireland. This equity is directly owned by a domestic qualified REIT subsidiary of the Company and, accordingly, its earnings are

included in the Company's calculation of REIT taxable income.
On February 24, 2014, the Company acquired approximately 88.6% of the equity of Moselle CLO S.A., which is a foreign TRS, incorporated in Luxembourg. This equity is directly owned by a domestic qualified REIT subsidiary of the Company and, accordingly, its earnings are included in the Company's calculation of REIT taxable income.
On March 27, 2014, the Company acquired approximately 12.6% of the equity of Harvest CLO VIII, which is a foreign TRS, organized as an exempt company incorporated with limited liability under the laws of Ireland. This equity is directly owned by a domestic qualified REIT subsidiary of the Company and, accordingly, its earnings are included in the Company's calculation of REIT taxable income.

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On July 3, 2014, the Company acquired approximately 55% of the equity of Harvest X Investor, which is a foreign TRS, organized as an exempt company incorporated with limited liability under the laws of the Cayman Islands. As of November 6, 2014, the Company's investment was returned and the Company no longer has an active ownership interest in Harvest X Investor. For the period July 3, 2014 through November 6, 2014 the equity was directly owned by a domestic qualified REIT subsidiary of the Company and, accordingly, its earnings are included in the Company's calculation of REIT taxable income.

On November 6, 2014, the Company acquired approximately 32.1% of the equity of Harvest CLO X, which is a foreign TRS, organized as an exempt company incorporated with limited liability under the laws of Ireland. This equity is directly owned by a domestic qualified REIT subsidiary of the Company and, accordingly, its earnings are included in the Company's calculation of REIT taxable income.

On September 28, 2015, the Company acquired 100.0% of the equity of Harvest CLO XV Designated Activity Company, which is a foreign TRS, organized as an exempt company incorporated with limited liability under the laws of Ireland. This equity is directly owned by a domestic qualified REIT subsidiary of the Company and, accordingly, its earning are included in the Company's calculation of REIT taxable income. In December 2015, a third party purchased a piece of the equity, decreasing our ownership to 66.0%.

Effective January 1, 2007, the Company adopted the provisions of FASB's guidance for uncertain tax positions. This implementation did not have an impact on the Company's consolidated balance sheets or consolidated statements of income. The guidance prescribes that a tax position should only be recognized if it is more likely than not that the position will be sustained upon examination by the appropriate taxing authority. A tax position that meets this threshold is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company is required to disclose its accounting policy for classifying interest and penalties, the amount of interest and penalties charged to expense each period as well as the cumulative amounts recorded in the consolidated balance sheets. The Company will continue to classify any tax penalties as other operating expenses and any interest as interest expense. The Company does not have any unrecognized tax benefits that would affect the Company's financial position.

As of December 31, 2015, the Company had $29.7 million of gross federal and $74.7 million of gross state and local net operating tax loss carryforwards ("NOLs"), respectively, or $104.4 million (deferred tax asset of $11.2 million) in total that will begin to expire in 2032. Management believes it is more likely than not that the Company will be able to utilize all of these NOLs during the respective loss carry forward periods based on tax planning strategies that will generate future taxable income. As such, a valuation allowance has not been established against these deferred tax assets. Management will continue to assess the need for a valuation allowance in future periods.

As of December 31, 2015, income tax returns for the calendar years 2012 - 2015 remain subject to examination by IRS and/or any state or local taxing jurisdiction. The Company has not executed any agreements with the IRS or any state and/or local taxing jurisdiction to extend a statue of limitations in relation to any previous year.

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NOTE 25 - QUARTERLY RESULTS
The following is a presentation of the quarterly results of operations:

	March 31 (unaudited)	June 30 (unaudited)	September 30 (unaudited)	December 31 (unaudited)
	(in thousands, except per share data)			
Year Ended December 31, 2015:				
Interest income	$37,642	$36,541	$39,328	$44,566
Interest expense [(1)]	14,902	15,803	17,227	17,721
Net interest income	$22,740	$20,738	$22,101	$26,845
Net income (loss) allocable to common shares	$9,402	$(31,011)	$6,778	$949
Net income (loss) per share – basic	$0.29	$(0.94)	$0.21	$0.03
Net income (loss) per share – diluted	$0.28	$(0.94)	$0.21	$0.03
Year Ended December 31, 2014:				
Interest income	$27,085	$30,592	$33,841	$35,389
Interest expense [(1)]	9,627	10,610	11,510	13,726
Net interest income	$17,458	$19,982	$22,331	$21,663
Net income allocable to common shares	$15,116	$14,677	$7,328	$6,906
Net income per share – basic	$0.48	$0.46	$0.23	$0.21
Net income per share – diluted	$0.48	$0.46	$0.22	$0.21

(1) Certain reclassifications have been made to the 2015 and 2014 consolidated financial statements.

NOTE 26 - COMMITMENTS AND CONTINGENCIES
From time to time, the Company may become involved in litigation on various matters, including disputes arising out of loans in the Company's portfolio and agreements to purchase or sell assets. Given the nature of the Company's business activities, the Company considers these matters to be routine and in the ordinary conduct of its business. The resolution of these matters may result in adverse judgments, fines, penalties, injunctions and other relief against the Company as well as monetary payments or other agreements and obligations. Alternately, the Company may engage in settlement discussions on certain matters in order to avoid the additional costs of engaging in litigation.
In September 2015, Daren Levin filed a putative class action in the United States District Court for the Southern District of New York on behalf of all persons who purchased Company common stock between March 2, 2015 and August 4, 2015. On November 24, 2015, the Court appointed Douglas Drees as the lead plaintiff in the action, and thereafter entered a stipulation and order directing the lead plaintiff to file an amended complaint. On February 12, 2016, the lead plaintiff filed an amended complaint, alleging that the Company and certain of its officers and directors materially misrepresented certain risks of the Company’s commercial loan portfolio and its processes and controls for assessing the quality of its portfolio. Based on these allegations, the amended complaint asserts claims for violation of the securities laws and seeks a variety of relief, including unspecified monetary damages as well as costs and attorneys’ fees. The Company believes the amended complaint is without merit and intends to defend itself vigorously.

In December 2015, Josh Reaves filed a shareholder derivative suit in the Supreme Court of New York alleging that the directors and certain officers of the Company breached their fiduciary duties by causing the Company to misrepresent certain risks of the Company's commercial loan portfolio, by failing to employ adequate internal and financial controls at the Company, and by failing to disclose and causing the Company to fail to disclose the alleged internal control deficiencies. The Complaint, which has not yet been served on the Company, purports to seek relief on behalf of the Company for unspecified damages as well as

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costs and attorneys' fees. The Company believes that the Plaintiff, who failed to make a pre-suit demand on the Board, lacks standing to assert claims derivatively on behalf of the Company and intends to respond accordingly in the event that it is served.
PCM is a party to various claims and legal proceedings at various times. If they believe that a loss arising from any of these matters is probable and can be reasonably estimated, the loss is recorded. Some of these claims may relate to claims for repurchases or indemnifications on loans that PCM has sold to investors. Such claims are included in the reserve for mortgage repurchases and indemnifications. There was no additional accrual for litigation outcomes at December 31, 2015 and 2014.
On May 13, 2014, ResCap Liquidating Trust ("ResCap") as successor to Residential Funding Company, LLC ("RFC"), filed an adversary proceeding against PCM in United States Bankruptcy Court of the Southern District of New York. ResCap has sued some 90 sellers of residential mortgage loans for alleged breaches of warranty in various loans sold to RFC. RFC contends that such breaches caused it damages from loan losses and liability to other transferees of the loans. The case remains pending and has been consolidated with other cases for discovery and pre-trial purposes. PCM intends to defend the action vigorously.
Loans on one-to-four family residential mortgages originated by PCM are sold to various financial institutions and governmental entities with representations and warranties that are usual and customary for the industry. In the event of a breach of any of the representations and warranties related to a loan sold, PCM may be required to indemnify the investor against future losses, repurchase the mortgage loan or reimburse the investor for actual losses incurred (referred to as "make whole payments"). The maximum exposure to credit loss in the event of an indemnification or loan repurchase would be the unpaid principal balance of the loan along with any premium paid by the investor when the loan was purchased, accrued but unpaid interest and other minor cost reimbursements. This maximum exposure is at least partially mitigated by the value of the collateral underlying the mortgage loan.
As of December 31, 2015, outstanding demands for indemnification, repurchase or make whole payments totaled approximately $20.5 million, of which a substantial portion related to loans sold to four investors prior to 2011. Furthermore, a significant portion of these demands are involved in litigation with the investor.
Unfunded commitments on the Company's originated CRE loans generally fall into two categories: (1) pre-approved capital improvement projects; and (2) new or additional construction costs subject, in each case, to the borrower meeting specified criteria. Upon completion of the improvements or construction, the Company would receive additional interest income on the advanced amount.
Except as previously discussed, the Company is unaware of any contingencies arising from such routine litigation that would require accrual or additional disclosure in the consolidated financial statements as of December 31, 2015.

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NOTE 27 - SEGMENT REPORTING
The Company has five reportable operating segments: Commercial Real Estate Lending, Commercial Finance, Middle Market Lending, Residential Mortgage Lending, and Corporate & Other. The reportable operating segments are business units that offer different products and services. The Commercial Real Estate Lending operating segment includes the Company's activities and operations related to commercial real estate loans, commercial real estate-related securities, and investments in real estate. The Commercial Finance operating segment includes the Company's activities and operations related to bank loans, bank loan-related securities, and direct financing leases. The Middle Market Lending operating segment includes the Company's activities and operations related to the origination and purchase of middle market loans. The Residential Mortgage Lending operating segment includes the Company's activities and operations related to the origination and servicing of residential mortgage loans and the investment in RMBS. The Corporate & Other segment includes corporate level interest income, interest expense, inter-segment eliminations not allocable to any particular operating segment, and general and administrative expense.

The accounting policies of the operating segments are the same as those described in Note 2. The Company accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. Relevant expenses incurred at the Corporate & Other segment are allocated to TRS subsidiaries based on their percentage of adjusted pre-tax net income (loss), which excludes unrealized gains and losses and provisions on loan and lease losses that are specific to the periods presented.

No single customer represents 10% or more of the consolidated revenues. Consequently, management believes that the Company's revenues are appropriately diversified.

	Commercial Real Estate Lending	Commercial Finance	Middle Market Lending	Residential Mortgage Lending	Corporate & Other (1)(2)(3)	Total
For the Year Ended December 31, 2015:						
Interest income:						
External customers	$100,203	$17,452	$31,340	$4,823	$—	$153,818
Other	89	4,072	6	1	91	4,259
Total interest income	100,292	21,524	31,346	4,824	91	158,077
Interest expense	33,775	2,818	5,331	3,903	19,826	65,653
Net interest income	66,517	18,706	26,015	921	(19,735)	92,424
Amortization of MSRs	—	—	—	(4,504)	—	(4,504)
Other income from external customers	—	4,865	—	9,148	66	14,079
Total revenues	66,517	23,571	26,015	5,565	(19,669)	101,999
Less:						
Segment operating expenses	130	1,507	2,351	1,229	11,297	16,514
General and administrative	2,263	3,494	2,360	31,871	8,092	48,080
Depreciation and amortization	—	4,118	2	611	127	4,858
Impairment losses	—	372	—	—	—	372
Provision (recovery) for loan losses	37,736	3,352	8,900	(99)	—	49,889
	277	(2,608)	—	—	(57)	(2,388)

Equity in earnings of unconsolidated subsidiaries						
Gain on sale of mortgages	—	—	—	(17,251)	—	(17,251)
Other (income) expense	216	(8,582)	(240)	(4,717)	(3,680)	(17,003)
Income (loss) before taxes	25,895	21,918	12,642	(6,079)	(35,448)	18,928
Income tax (expense) benefit	37	(2,029)	—	3,739	(3,492)	(1,745)
Net income (loss)	$25,932	$19,889	$12,642	$(2,340)	$(38,940)	$17,183

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	Commercial Real Estate Lending	Commercial Finance	Middle Market Lending	Residential Mortgage Lending	Corporate & Other [1][2][3]	Total
For the Year Ended December 31, 2014:						
Interest income:						
External customers	$76,619	$29,228	$11,878	$2,397	$—	$120,122
Other	1	6,556	—	—	228	6,785
Total interest income	76,620	35,784	11,878	2,397	228	126,907
Interest expense	23,958	8,182	806	1,347	11,180	45,473
Net interest income	52,662	27,602	11,072	1,050	(10,952)	81,434
Amortization of MSRs	—	—	—	(1,606)	—	(1,606)
Other income from external customers	8,441	6,392	—	5,100	(315)	19,618
Total revenues	61,103	33,994	11,072	4,544	(11,267)	99,446
Less:						
Segment operating expenses	5,443	3,071	338	1,457	15,284	25,593
General and administrative	2,088	4,773	352	20,400	7,248	34,861
Depreciation and amortization	484	1,800	—	379	74	2,737
Impairment losses	—	—	—	—	—	—
Provision (recovery) for loan losses	(3,808)	5,519	42	—	51	1,804
Equity in earnings of unconsolidated subsidiaries	(4,364)	(478)	—	—	75	(4,767)
Gain on sale of mortgages	—	—	—	(7,997)	—	(7,997)
Other (income) expense	(8,003)	(9,277)	(435)	1,023	3,951	(12,741)
Income (loss) before taxes	69,263	28,586	10,775	(10,718)	(37,950)	59,956
Income tax (expense) benefit	300	(399)	—	2,932	(621)	2,212
Net income (loss)	$69,563	$28,187	$10,775	$(7,786)	$(38,571)	$62,168

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
DECEMBER 31, 2015

	Commercial Real Estate Lending	Commercial Finance	Middle Market Lending	Residential Mortgage Lending	Corporate & Other (1)(2)(3)	Total
For the Year Ended December 31, 2013:						
Interest income:						
External customers	$55,905	$57,119	$607	$133	$—	$113,764
Other	6	3,938	—	—	268	4,212
Total interest income	55,911	61,057	607	133	268	117,976
Interest expense	17,053	39,994	—	81	3,882	61,010
Net interest income	38,858	21,063	607	52	(3,614)	56,966
Amortization of MSRs	—	—	—	(254)	—	(254)
Other income from external customers	19,923	6,115	—	617	(384)	26,271
Total revenues	58,781	27,178	607	415	(3,998)	82,983
Less:						
Segment operating expenses	14,062	2,407	—	—	22,285	38,754
General and administrative	926	6,244	—	2,552	4,785	14,507
Depreciation and amortization	1,906	1,871	—	59	19	3,855
Impairment losses	328	535	—	—	—	863
Provision (recovery) for loan losses	4,292	333	—	—	(1,605)	3,020
Equity in earnings of unconsolidated subsidiaries	(425)	(994)	—	—	470	(949)
Gain on sale of mortgages	—	—	—	(2,188)	—	(2,188)
Other (income) expense	(13,240)	(7,849)	—	958	(160)	(20,291)
Income (loss) before taxes	50,932	24,631	607	(966)	(29,792)	45,412
Income tax (expense) benefit	(33)	(2,419)	—	475	3,018	1,041
Net income (loss)	$50,899	$22,212	$607	$(491)	$(26,774)	$46,453

(1) Includes interest expense for the Convertible Senior Notes of $17.4 million, $8.8 million, and $1.5 million for the years ended December 31, 2015, 2014, and 2013, respectively.
(2) Includes interest expense for the Unsecured Junior Subordinated Debentures of $2.4 million, $2.4 million, and $2.4 million for the years ended December 31, 2015, 2014, and 2013, respectively.
(3) Includes general corporate expenses and inter-segment eliminations not allocable to any particular operating segment.

The following table presents total investments in unconsolidated subsidiaries and total assets by segment for the periods indicated (in thousands):

	Commercial Real Estate Lending	Commercial Finance	Middle Market Lending	Residential Mortgage Lending	Corporate & Other (1)	Total
Investments in unconsolidated subsidiaries						
December 31, 2015	$6,465	$42,017	$—	$—	$1,548	$50,030
Total Assets						

December 31, 2015	$1,907,951	$298,028	$384,973	$149,351	$20,129	$2,760,432
Investments in unconsolidated subsidiaries						
December 31, 2014	$654	$57,625	$—	$—	$1,548	$59,827
Total Assets						
December 31, 2014	$1,576,433	$639,639	$278,691	$179,714	$54,202	$2,728,679

(1) Includes assets not allocable to any particular operating segment.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS − (Continued)
DECEMBER 31, 2015

NOTE 28 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the filing of this report and determined that there have not been any events that have occurred that would require adjustments to or disclosures in the consolidated financial statements, except the following:

For the period January 1, 2016 through March 1, 2016, the Company has repurchased $4.5 million of its common stock, representing approximately 396,000 shares. The total amount repurchased to date is $30.4 million, or approximately 7.1% of the Company's outstanding balance.

On February 3, 2016, Lehman Brothers Holdings Inc. (“LBHI”) as Plan Administrator under the Chapter 11 Plan of Lehman Brothers Holdings Inc. (“Lehman”), filed an adversary proceeding against PCM and more than 100 sellers of residential mortgage loans for alleged breaches of warranty in various loans sold to Lehman. LBHI contends that such breaches caused it damages from loan losses and liability to other transferees of the loans. PCM intends to defend the action vigorously.

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ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision of our Chief Executive Officer and Chief Financial Officer, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth in the 2013 version of the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this assessment, management concluded that our internal control over financial reporting is effective as of December 31, 2015.

Our independent registered public accounting firm, Grant Thornton LLP, audited our internal control over financial reporting as of December 31, 2015. Their report, dated March 10, 2016, expressed an unqualified opinion on our internal control over financial reporting. This report is included in this Item 9A.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Resource Capital Corp.
We have audited the internal control over financial reporting of Resource Capital Corp. (a Maryland Corporation) and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.
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.
In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control-Integrated Framework issued by COSO.
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2015, and our report dated March 10, 2016, expressed an unqualified opinion on those financial statements.

/s/ Grant Thornton LLP

Philadelphia, Pennsylvania
March 10, 2016

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ITEM 9B. OTHER INFORMATION
None.
PART III
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE
All members of the board of directors are elected for a term of one year or until their successors are elected and qualified. Information is set forth below regarding the principal occupation of each of our directors. There are no family relationships among the directors and executive officers except that Jonathan Z. Cohen, our Chief Executive Officer, President and a director, is a son of Edward E. Cohen, a director and, until November 2009, our Chairman of the Board.
Names of Directors, Principal Occupation and Other Information
Walter T. Beach, age 49, has been a director since March 2005. Mr. Beach has been Managing Director of Beach Investment Counsel, Inc., an investment management firm, since 1997. From 1993 to 1997, Mr. Beach was a Senior Analyst and Director of Research at Widmann, Siff and Co., Inc., an investment management firm where, beginning in 1994, he was responsible for the firm's investment decisions for its principal equity product. Before that he was an associate and financial analyst at Essex Financial Group, a consulting and merchant banking firm, and an analyst at Industry Analysis Group, an industry and economic consulting firm. Mr. Beach has served as a director of The Bancorp, Inc., a publicly-traded (NASDAQ: TBBK) bank holding company, and its subsidiary bank, The Bancorp Bank, since 1999. Mr. Beach also served as a director of Institutional Financial Markets, Inc. and its predecessor, Cohen & Company, a publicly-traded (NYSE MKT: IFMI) financial services company specializing in credit related fixed income investments, from December 2009 to 2013.
Edward E. Cohen, age 77, has been a director since March 2005 and was our Chairman from March 2005 to November 2009. Mr. Cohen is Chairman of Resource America, the corporate parent of our Manager, a position he has held since 1990. He was Resource America's Chief Executive Officer from 1988 to 2004 and its President from 2000 to 2003. He has been the Chairman of the Board and Chief Executive Officer of Atlas Growth Partners GP, LLC, the general partner of Atlas Growth Partners, L.P., an emerging growth company in the oil and natural gas industry, since its inception in 2013. Mr. Cohen has been the Chief Executive Officer of Atlas Energy Group, LLC (NYSE: ATLS), an oil and gas company, since February 2015 and President from February 2015 to April 2015, and before that was Chairman and Chief Executive Officer since February 2012. Mr. Cohen has been Executive Chairman of Atlas Resource Partners , L.P. (NYSE: ARP), an oil and gas company, since August 2015. Mr. Cohen was the Chairman of the Board of the general partner of Atlas Energy, L.P. ("Atlas Energy"), an oil and gas company, from its formation in January 2006 until February 2011, when he became its Chief Executive Officer and President until its sale to Targa Resources Corp. in February 2015 (the "Atlas Energy Merger"). Mr. Cohen served as the Chief Executive Officer of Atlas Energy's general partner from its formation in January 2006 in February 2009. Mr. Cohen served on the executive committee of Atlas Energy's general partners from 2006 until the Atlas Energy Merger in February 2015. Mr. Cohen also the Chairman of the Board and Chief Executive Officer of Atlas Energy, Inc. (formerly known as Atlas America, Inc.),an oil and gas company, from its organization in 2000 until February 2011, and also served as President from September 2000 to October 2009. Mr. Cohen was the Executive Chair of the managing board of Atlas Pipeline Partners GP, LLC, the general partner of Atlas Pipeline Partners, L.P., a natural gas pipeline company, from its formation in 1999 until February 2015, and was its Chief Executive Officer from 1999 to January 2009. Mr. Cohen was the Chairman of the Board and Chief Executive Officer of Atlas Energy Resources, LLC and its manager, Atlas Energy Management, Inc., from their formation in June 2006 until February 2011.
Jonathan Z. Cohen, age 45, has been our Chief Executive Officer, President and a director since March 2005.
Mr. Cohen has been President since 2003, Chief Executive Officer since 2004 and a director since 2002 of Resource America. He was Chief Operating Officer of Resource America from 2002 to 2004, Executive Vice President from 2001 to 2003, and a Senior Vice President from 1999 to 2001. He has been the Executive Vice Chairman of the Board of Directors of Atlas Growth Partners GP, LLC, the general partner of Atlas Growth PArtners, L.P., an emerging growth company in the oil and natural gas industry, since its inception in 2013. Mr. Cohen has served as the Executive Chairman of the Board of Directors of Atlas Energy Group, LLC (NYSE: ATLS) since February 2015, and before that was Vice Chairman from February 2012. Mr. Cohen has served as Executive Vice Chairman of Atlas Resource

Partners, L.P. (NYSE: ARP) since August 2015. Mr. Cohen served as Executive Chairman of the Board of Atlas Energy, L.P.'s general partner from January 2012 until the Atlas Energy Merger in February 2015. Before that, he served as Chariman of the Board of Atlas Energy's general partner from February 2011 until January 2012 and as Vice Chairman of the Board of its general partner from its formation in January 2006 until February 2011. Mr. Cohen served as chairman of the executive committee of Atlas Energy's general partners from 2006 unti lthe Atlas Merger in in February 2015. Mr. Cohen was the Vice Chairman of the Board of Atlas Energy, Inc. from its incorporation in September 2000 until February 2011. Mr. Cohen was the Executive Vice Chair of the managing board of Atlas Pipeline Partners GP, LLC from its formation in 1999 until February 2015.

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Mr. Cohen was the Vice Chairman of the Board of Atlas Energy Resources, LLC and its manager, Atlas Energy Management, Inc., from their formation in June 2006 until February 2011.
Richard L. Fore, age 70, has been a director since March 2013. Mr Fore has been Chairman and Chief Executive Officer of Fore Property Company, a national real estate development company that builds, owns and manages multi-family residences throughout the United States, since 1994. Prior to founding Fore Property Company, he was a partner at Lincoln Property Company. Mr. Fore co-founded the National Multi Housing Council, the leading trade association in the apartment industry, in 1978. He was also appointed to the Presidential Housing Commission by President Reagan. Mr. Fore also served in the U.S. Department of Housing and Urban Development during the Nixon and Ford administrations.
William B. Hart, age 72, has been a director since March 2005. Mr. Hart was Chairman of the Board of Trustees of the National Trust for Historic Preservation from 1999 to 2004. He was also a director of Anthem, Inc. (now Wellpoint, Inc.), a publicly-traded (NYSE: WLP) health insurance company, from 2000 to 2004. Mr. Hart was Director of SIS Bancorp from 1995 to 2000. From 1988 to 1999, Mr. Hart served in various positions with Blue Cross/Blue Shield of New Hampshire, ending as Chairman of the Audit Committee and Chairman of the Board of Directors from 1996 to 1999. He also served as President of the Foundation for the National Capital Region, Washington, DC, from 1993 to 1996 and President of The Dunfey Group, a private investment firm, from 1986 to 1998. From 1986 to 1994 he was a director of First NH Banks where he was Chairman of the Audit Committee from 1992 to 1994.
Gary Ickowicz, age 60, has been a director since February 2007. Mr. Ickowicz has been the Managing Partner of IR Capital LLC, a real estate company that owns and operates real estate assets in the New York Metropolitan area since 2008. He was a Managing Principal of Lazard Freres Real Estate Investors, a manager of funds invested in debt and equity securities of North American real estate assets and enterprises, from 2001 to 2011. He was a director of Lazard Freres's real estate investment banking unit from 1989 through 2001. Since 2000 he has been a director of Grant Street Settlement, and since 2002 he has been a director of NCC/Neumann, both not-for-profit developers of senior housing. From 2001 to 2011, he was a director of Commonwealth Atlantic Properties, Inc., a privately-held REIT. From 2001 to 2006 he was a director of Kimsouth, Inc., a joint venture with Kimco Realty Corporation, a publicly-traded (NYSE: KIM) REIT.
Steven J. Kessler, age 72, has been our Chairman since November 2009 and was our Senior Vice President-Finance from September 2005 to November 2009 and, before that, served as our Chief Financial Officer, Chief Accounting Officer and Treasurer from March 2005 to September 2005. Mr. Kessler has been Executive Vice President of Resource America since 2005 and was Chief Financial Officer from 1997 to December 2009 and Senior Vice President from 1997 to 2005. He was a Trustee of GMH Communities Trust, a then publicly-traded specialty housing REIT, from 2004 to 2008 when it was sold. He was Vice President-Finance and Acquisitions at Kravco Company, a shopping center developer and operator, from 1994 to 1997. From 1983 to 1993 he was employed by Strouse Greenberg & Co., a regional full service real estate company, ending as Chief Financial Officer and Chief Operating Officer. Before that, he was a partner at Touche Ross & Co. (now Deloitte & Touche LLP), independent public accountants.
Murray S. Levin, age 73, has been a director since March 2005. Mr. Levin is a senior litigation partner at Pepper Hamilton LLP, a law firm with which he has been associated since 1970. Mr. Levin served as the first American president of the Association Internationale des Jeunes Avocats (Young Lawyers International Association), headquartered in Western Europe. He is a past president of the American Chapter and a member of the board of governors of the Union Internationale des Avocats (International Association of Lawyers), a Paris-based organization that is the world's oldest international lawyers association.
P. Sherrill Neff, age 64, has been a director since March 2005. Mr. Neff is a founding partner of Quaker Partners, a health care venture and growth equity fund manager, with which he has been associated since 2002. From 1994 to 2002 he was President and Chief Financial Officer, and from 1994 to 2003, a director of Neose Technologies, Inc., a then publicly-traded life sciences company. Mr. Neff was also a director of The Bancorp, Inc., a publicly traded (NASDAQ: TBBK) bank holding company, from its formation in 1999 until 2002, and a director of Resource America from 1998 to 2005. Mr. Neff is on the boards of directors of three Quaker Partners' portfolio companies,

including Cempra, Inc., a publicly-traded (NASDAQ:CEMP) pharmaceutical company, since 2011 and two other private portfolio companies. Mr. Neff was also a director of Amicus Therapeutics, a publicly-traded (NASDAQ: FOLD) biopharmaceutical company, from 2005 to 2011, and Regado BioSciences, Inc., a publicly traded (NASDAQ: RGDO) biopharmaceutical company, from 2012 until its merger into Tobira BioSciences, a publicly traded (NASDAQ: TBRA) biopharmaceutical company in 2015. Until 2013, he was a member of the board of directors of the National Venture Capital Association.

Stephanie H. Wiggins, age 50, has been a director since June 2013. Ms. Wiggins has been Executive Vice President and Chief Investment Officer for the AFL-CIO Housing Investment Trust since 2000. From 1997 to 2000 she served in various positions at Prudential Mortgage Capital Company (formerly WMF Group), culminating as Director and Senior Investment Officer. She

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previously served as a Senior Underwriter and Review Appraiser at Green Park Financial (currently d/b/a Walker & Dunlop). Ms. Wiggins is a member of the Urban Land Institute Council, National Housing Conference and Mortgage Bankers Association.

The board of directors has not adopted specific minimum qualifications for service on our board, but rather seeks a mixture of skills that are relevant to our business as an externally-managed REIT that focuses primarily upon investments in commercial real estate and commercial finance assets, principally loans and interests in loans. The following presents a brief summary of the attributes of each director that led to the conclusion that he or she should serve as such:

Mr. Beach has extensive experience in finance and investment management and a strong financial background.

Mr. E. Cohen has lengthy experience in real estate and real estate finance (a principal business of Resource America), corporate finance (through the formation and funding of public companies such as Atlas Energy, Atlas America, Atlas Pipeline, and Resource America) and operations of both public and private companies, and is affiliated with the Manager.

Mr. J. Cohen has significant real estate, real estate finance and operational experience as an officer (currently Chief Executive Officer and President) and director of Resource America, and is affiliated with the Manager.

Mr. Fore has extensive experience in, and significant knowledge of, the real estate industry as a founder and principal of a national real estate company. Mr. Fore also has significant government experience, having served in government positions with three Presidential administrations.

Mr. Hart has extensive experience in finance and investment management, both as an officer and director of banks and insurance companies, as well as an officer of a private investment firm.

Mr. Ickowicz has broad real estate and real estate finance experience as a principal in the real estate operations of an international investment bank, as a director of a REIT and as a director of several real estate ventures.

Mr. Kessler has a significant financial and accounting background in real estate as the former Chief Financial Officer of Resource America and, previously, as a principal financial officer for a major operator of commercial real estate.

Mr. Levin has a lengthy and diverse legal background and has practiced complex litigation for over forty years.

Mr. Neff has significant experience in investments, operations and finance as a principal or officer of a venture fund and a public company and, prior thereto, as an investment banker.

Ms. Wiggins has extensive real estate finance experience, including underwriting, originating and valuing income-producing real estate, as an officer of several real estate companies.

Non-Director Executive Officers

Eldron C. Blackwell, age 37, has been our Vice President and Chief Accounting Officer since March 2014. Mr. Blackwell was the Assistant Controller for New Penn Financial, LLC, a residential mortgage lender, from March 2013 to March 2014. From September 2001 to March 2013, he was a Senior Manager in the audit practice of the global accounting firm Grant Thornton LLP. Mr. Blackwell serves on the Board of Directors of Freire Charter School in Philadelphia.

Jeffrey D. Blomstrom, age 47, has been our Senior Vice President since March 2005. Mr. Blomstrom has been President of Resource Financial Fund Management, Inc., an asset management subsidiary of Resource America, since 2003. Mr. Blomstrom serves on the Advisory Committee to CVC Credit Partners L.P. and is a member of the credit committees of Northport Capital, LLC and Resource Real Estate Funding, Inc., Resource America's middle market loan origination and commercial real estate loan origination subsidiaries, respectively. From 2001 to 2003 Mr. Blomstrom was a Managing Director at Cohen and Company, an investment bank specializing in the financial services sector. From 2000 to 2001 he was Senior Vice President of iATMglobal.net, Inc., an ATM software development company. Mr. Blomstrom was, from 1999 to 2000, an associate at Covington & Burling, a law firm, where he focused on mergers and acquisitions and corporate governance.

David E. Bloom, age 51, has been our Senior Vice President-Real Estate Investments since March 2005. Mr. Bloom has been Senior Vice President of Resource America since 2001. He has also been President of Resource Real Estate, Inc., a wholly-owned real estate subsidiary of Resource America, since 2004 and was President of Resource Capital Partners, a wholly-owned real estate subsidiary of Resource America, from 2002 to 2006. From 2001 to 2002 he was President of Resource Properties, a former real estate subsidiary of Resource America. Before that he was Senior Vice

President at Colony Capital, LLC, an international real estate opportunity fund, from 1999 to 2001. From 1998 to 1999 he was Director at Sonnenblick-Goldman Company, a real estate investment bank. From 1995 to 1998 he was an attorney at the law firm of Willkie Farr & Gallagher, LLP.

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Jeffrey F. Brotman, 52, has been our Executive Vice President since June 2009 and Executive Vice President of Resource America since June 2007. He was co-founder of Ledgewood, P.C. (a Philadelphia-based law firm) and affiliated with the firm from 1992 until June 2007, serving as managing partner from 1995 until March 2006. Mr. Brotman is also a non-active certified public accountant and an Adjunct Professor at the University of Pennsylvania Law School. Mr. Brotman was Chairman of the Board of Directors of TRM Corporation, a then publicly-traded consumer services company, from September 2006 until September 2008 and was its President and Chief Executive Officer from March 2006 through June 2007.

David J. Bryant, age 58, has been our Senior Vice President, Chief Financial Officer and Treasurer since June 2006, and was our Chief Accounting Officer from 2006 to 2014. From 2005 to 2006 Mr. Bryant served as Senior Vice-President, Real Estate Services, at Pennsylvania Real Estate Investment Trust, a publicly-traded (NYSE: PEI) REIT principally engaged in owning, managing, developing and leasing malls and strip centers in the eastern United States. From 2000 to 2005, Mr. Bryant served as PEI's Senior Vice President-Finance and Treasurer, and was its principal accounting officer. From 1994 to 2000, Mr. Bryant was Vice President-Finance and Controller at PEI and its predecessor, The Rubin Organization. Mr. Bryant is a non-active certified public accountant.

Other Significant Employees

The following sets forth certain information regarding other significant employees of the Manager and Resource America who provide services to us:

Anthony Coniglio, age 47, has been the President of Resource Residential Mortgage, Resource America’s residential mortgage business, since 2013. Mr. Coniglio was the Chief Executive Officer of Elevation Home Loans, LLC, a start-up residential mortgage company, from 2011 to 2013. From 1997 to 2011, he served in various positions at J.P. Morgan, establishing its asset-based conduit platform, running a structured finance business and culminating as co-leader of the specialty finance investment banking group. Prior thereto, Mr. Coniglio worked in operations, treasury and structured finance positions at Canadian Imperial Bank of Canada, or CIBC, from 1993 to 1997. He began his career as a Staff Accountant at Price Waterhouse from 1990 to 1993.

David M. DeSantis, age 39, has been head of middle market lending and Managing Director of Northport Capital, LLC, Resource America’s middle market corporate lending platform, since 2013. From 2007 to 2013, Mr. DeSantis held various roles at Medley Capital, LLC, including Managing Director and leader of the New York based investment team, where he originated, underwrote and managed middle market corporate loans. From 1999 to 2007, he served in various positions at General Electric Capital, culminating as Vice President for GE Global Sponsor Finance, focusing on middle market corporate loan origination, underwriting and asset management.

Thomas C. Elliott, age 42, has been our Senior Vice President-Finance and Operations since September 2006 and, prior to that, was our Chief Financial Officer, Chief Accounting Officer and Treasurer from September 2005 to June 2006. He was our Senior Vice President-Assets and Liabilities Management from June 2005 until September 2005 and, before that, served as our Vice President-Finance from March 2005. Mr. Elliott has been Chief Financial Officer of Resource America since December 2009 and Senior Vice President since 2005. He was Senior Vice President-Finance and Operations of Resource America from 2006 to December 2009; Senior Vice President-Finance from 2005 to 2006 and Vice President-Finance from 2001 to 2005. From 1997 to 2001 Mr. Elliott was a Vice President at Fidelity Leasing, Inc., a former equipment leasing subsidiary of Resource America, where he managed all capital market functions, including the negotiation of all securitizations and credit and banking facilities in the U.S. and Canada. Mr. Elliott also oversaw the financial controls and budgeting departments.

Alan F. Feldman, age 52, has been our Senior Vice President-Real Estate Investments since March 2005. Mr. Feldman has been Chief Executive Officer of Resource Real Estate since 2004 and Senior Vice President of Resource America since 2002. Mr. Feldman was President of Resource Properties from 2002 to 2005. From 1998 to 2002, Mr. Feldman was Vice President at Lazard Freres & Co., an investment banking firm, specializing in real estate mergers and acquisitions, asset and portfolio sales and recapitalization. From 1992 through 1998, Mr. Feldman was Executive Vice President of PREIT-RUBIN, Inc. the management subsidiary of Pennsylvania Real Estate Investment Trust and its predecessor, The Rubin Organization. Before that, from 1990 to 1992, he was a Director at Strouse, Greenberg & Co., a regional full service real estate company.

Kyle Geoghegan, age 47, has been our Senior Vice President-Loan Originations since 2007. Mr. Geoghegan has been a Managing Director of Resource Real Estate Funding, Inc., a real estate subsidiary of Resource America, since July 2006. Mr. Geoghegan co-manages the whole loan origination platform for Resource Real Estate Funding and is based in Los Angeles. Mr. Geoghegan worked at Bear Stearns from January 1998 to May 2006, serving as a Managing Director who co-managed the Bear Stearns Commercial Mortgage office in Los Angeles. Prior to joining Bear Stearns, Mr. Geoghegan spent four years as a real estate loan officer at PNC Bank in Philadelphia, PA, primarily originating construction and bridge loans.

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David Jansky, age 45, has been President of Resource Capital Markets, Inc., a subsidiary of Resource America, since April 2008. Mr. Jansky was head of Global ABS CDOs in the Structured Credit Products group at J.P. Morgan from 2005 to 2008. Prior thereto, he was an Executive Director at Credit Suisse First Boston from 2002 to 2005. Mr. Jansky was also responsible for structuring CDOs as a Vice President at Deutsche Bank from 1997 to 2000 and as an Associate at Merrill Lynch from 1996 to 1997.

Darryl Myrose, age 42, has been our Senior Vice President-Loan Originations since 2007. Mr. Myrose has been a Managing Director of Resource Real Estate Funding since July 2006. Mr. Myrose co-manages the whole loan origination platform for Resource Real Estate Funding and is based in Los Angeles. Mr. Myrose worked at Bear Stearns from April 1996 to May 2006, serving as a Managing Director who co-managed the Bear Stearns Commercial Mortgage office in Los Angeles. Prior to joining Bear Stearns, Mr. Myrose was employed with Clarion Advisors (formerly Jones Lang Wootton Realty Advisors) where he was an asset management analyst.

Joan M. Sapinsley, age 63, has been our Senior Vice President-CMBS since 2007. Ms. Sapinsley joined Resource Financial Fund Management, Inc. in February 2007 as Managing Director and manages our CMBS portfolio. Prior to joining Resource Financial Fund Management, Ms. Sapinsley was a Managing Director at Teachers Insurance and Annuity Association (TIAA), where she worked from 1992 through 2006 purchasing CMBS. She was responsible for all single borrower and single asset CMBS, as well as subordinate CMBS and B notes. She also directed TIAA's conduit origination and securitization activities. Before TIAA, Ms. Sapinsley was a Director in the Financial Services Group of Cushman & Wakefield, a global commercial real estate company, and a real estate consultant at Laventhol & Horwath, an accounting firm.

Michael S. Yecies, age 48, has been our Chief Legal Officer and Secretary since March 2005, Senior Vice President since July 2007 and was our Vice President from March 2005 to July 2007. Mr. Yecies has been Senior Vice President of Resource America since 2005, Chief Legal Officer and Secretary since 1998 and was Vice President from 1998 to 2005. He was Chief Legal Officer and Secretary of Atlas Energy, Inc. and its predecessors (a publicly-traded energy company formerly owned by Resource America) from 1998 to 2006 and Chief Legal Officer and Secretary of Atlas Pipeline Partners GP, LLC (a publicly-traded energy company formerly owned by Resource America) from its formation in 1999 to 2006. From 1994 to 1998 he was an attorney at the international law firm of Duane Morris LLP.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and to furnish us with copies of all such reports. Based solely on our review of the reports received by us, we believe that, during fiscal 2015, our officers, directors and greater than ten percent shareholders complied with all applicable filing requirements.

Code of Ethics

We have adopted a code of business conduct and ethics applicable to all directors, officers and employees. We will provide to any person without charge, upon request, a copy of our code of conduct. Any such request should be directed to us as follows: Resource Capital Corp., 712 Fifth Avenue, New York, NY 10019, Attention: Secretary. Our code of conduct is also available on our website: www.resourcecapitalcorp.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of conduct by posting such information on our website, unless otherwise required by applicable law or regulation.

Information Concerning the Audit Committee

Our Board of Directors has a standing audit committee. The audit committee reviews the scope and effectiveness of audits by the internal and independent accountants, is responsible for the engagement of independent accountants, and reviews the adequacy of our internal financial controls. Members of the committee are Messrs. Neff (Chairman), Beach, Hart and Ms. Wiggins. The Board has determined that each member of the committee meets the independence standards for audit committee members set forth in the listing standards of the New York Stock Exchange, or NYSE, including those set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, and that Messrs. Beach and Neff each qualifies as an “audit committee financial expert” as that term is defined in the rules and regulations thereunder.

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ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We are required to provide information regarding the compensation program in place for our Chief Executive Officer, Chief Financial Officer and the three other most highly-compensated executive officers. In the following discussion, we refer to our Chief Executive Officer, Chief Financial Officer and the other three most highly-compensated executive officers whose compensation for fiscal 2015 exceeded $100,000 as our “Named Executive Officers” or “NEOs.”

Objectives of Our Compensation Program

We are externally managed by our Manager pursuant to a management agreement among our Manager, Resource America and us. All of our NEOs are employees of Resource America or our Manager. We have not paid, and do not intend to pay, any cash compensation to our NEOs. We do reimburse Resource America for the wages, salary and benefits paid to our Chairman, Chief Financial Officer, and Chief Accounting Officer. Our Compensation Committee has, from time to time, granted equity awards in the form of restricted stock, stock options or equity-based performance awards to our NEOs pursuant to our Amended and Restated Omnibus Equity Compensation Plan. These awards are designed to align the interests of our NEOs with those of our stockholders, by correlating their compensation to the performance of our stock and by allowing them to share in the creation of value for our stockholders through stock appreciation and dividends. These equity awards are subject to time-based vesting requirements designed to promote the retention of management, incentivize long term objectives and to achieve strong performance for us. These awards further provide us flexibility in our ability to enable Resource America to attract, motivate and retain talented individuals for our Manager.

Setting Executive Compensation

Our NEOs are employees of Resource America, which determines the base salary, cash incentive compensation and grants of Resource America equity securities that are paid to our NEOs. Since we pay fees to our Manager pursuant to the management agreement, we believe that an unspecified portion of the base salary and cash incentive compensation paid to our NEOs is derived from such fees paid by us. We do not control how such fees are allocated by Resource America. For a description of our management agreement, see Item 1: “Business-Management Agreement.” We disclose the cash amounts paid by Resource America to our Chief Financial Officer (for which we reimburse Resource America), our only NEO who devotes his full business time to our affairs, in the Summary Compensation Table below.

When Resource America makes its determination of the amount of compensation it will award to one of our NEOs, including in particular the amount of Resource America securities that Resource America will grant as equity incentive compensation, Resource America also considers, but does not determine or control, the amount of our securities we propose to grant as equity incentive compensation to that NEO. Similarly, in determining the amount of equity incentive compensation we grant to one of our NEOs, our Compensation Committee considers, but does not determine, the compensation that Resource America proposes to grant to that NEO, including Resource America's grant of Resource America securities as equity incentive compensation. Our respective Compensation Committees base their analyses and determinations upon recommendations submitted by Jonathan Z. Cohen, who is chief executive officer of both companies, for all of our NEOs other than himself. Resource America's Compensation Committee determines the amount of compensation Resource America will award Mr. J. Cohen, while our Compensation Committee determines the amount of any Resource Capital equity incentive compensation we award to Mr. J. Cohen. These analyses and determinations are not based upon any particular compensation matrix or formula, but instead are based upon qualitative evaluations by Mr. J. Cohen and the Compensation Committee. Our Compensation Committee does not make recommendations to Resource America as to the amount of compensation Resource America grants to our NEOs, nor does Resource America's Compensation Committee make recommendations to us regarding the amount of equity incentive compensation awarded by us to our NEOs.

Our Compensation Committee operates under a written charter adopted by our Board of Directors, a copy of which is available on our website at www.resourcecapitalcorp.com. Our Compensation Committee determines compensation amounts after the end of our and Resource America's fiscal year and makes equity awards near or after our and Resource America's fiscal year end. Awards made after our fiscal year end are reflected in our Summary

Compensation Table but not our Grants of Plan-Based Awards table until our following fiscal year. Our Compensation Committee has the discretion to issue equity awards at other times during our fiscal year.

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Elements of Our Compensation Program

As described above, our NEOs do not receive cash compensation from us, although beginning in October 2009, we agreed to reimburse Resource America for the wages, salary and benefits of our Chief Financial Officer. In addition, we began reimbursing Resource America for the wages, salary and benefits of our Chairman in February 2010. However, our Compensation Committee has, from time to time, granted equity awards in the form of restricted stock, stock options or equity-based performance awards to our NEOs pursuant to our Amended and Restated Omnibus Equity Compensation Plan as follows:

Stock Options. Stock options provide value to the executive only if our stock price increases after the grants are made. Stock options typically vest 33.3% per year. No stock options have been granted to any of our NEOs since 2006.

Restricted Stock. Restricted stock grants reward stockholder value creation slightly differently than stock options: restricted stock units are impacted by all stock price changes, both increases and decreases. Restricted stock generally vests 33.3% per year and includes a right to receive dividends on unvested shares. Effective August 31, 2015, we completed a one-for-four reverse stock split of our outstanding common stock. All share amounts shown give retroactive effect to the reverse stock split for all periods presented for comparison purposes.

How We Determined 2015 Compensation

As discussed above, our Compensation Committee believes that it is important for our NEOs, who are employees of Resource America, to remain significantly aligned with the interests of our shareholders. Accordingly, we have traditionally made grants of restricted stock to such NEOs.

For 2015, such stock awards were generally less than stock awards for 2014. The grants will vest 33.33% per year over three years and included dividend equivalent rights. Our Compensation Committee analyzed the management agreement and reviewed how our operating costs compared to other REITs' operating costs. Our Compensation Committee also considered our growth, complexity and performance. The Committee also considered the amount of our restricted stock that had been granted in recent years. In particular, the Compensation Committee desired to continue to build alignment between key employees of the Manager and our stockholders, provide meaningful incentive for the retention of such key employees and ensure that total compensation paid to the Manager and its employees is consistent with similar companies. For 2015, our Compensation Committee approved the awards discussed below, based upon our performance and the individual performance of our NEOs. Among the factors considered by our Compensation Committee were our growth, distributions to our shareholders and our ability to successfully originate, manage and finance quality investment products. Our Compensation Committee further noted our commercial real estate (CRE) loan originations, completion of two CRE securitizations with outstanding execution, building upon our middle market loan origination platform and positioning us for future growth. Our Compensation Committee considered these stock awards in addition to considering the total compensation that Resource America proposed for our NEOs.

Upon our CEO's recommendation, other than for himself, our Compensation Committee approved the following awards for fiscal 2015:

- Mr. J. Cohen was awarded 19,588 shares of restricted stock for fiscal 2015, as compared to 102,670 shares of restricted stock for fiscal 2014.
- Mr. Blomstrom was awarded 4,897 shares of restricted stock for fiscal 2015, as compared to 7,700 shares of restricted stock for fiscal 2014.
- Mr. Bloom was awarded 17,140 shares of restricted stock for fiscal 2015, as compared to 7,700 shares of restricted stock for fiscal 2014.
- Mr. Brotman was awarded 14,691 shares of restricted stock for fiscal 2015, as compared to 7,700 shares of restricted stock for fiscal 2014.
- Mr. Bryant was awarded 10,515 shares of restricted stock for fiscal 2015, as compared to 5,134 shares of restricted stock for fiscal 2014.

Compensation and Risks

We believe that the risks material to our business are those that derive from broad-based economic trends and specific trends relating to particular loans, assets securing such loans and properties we hold. We do not believe that these risks are materially affected by, or materially arise from our compensation policies, since our compensation is in the form

of equity grants which typically vest over time. We believe that this encourages our executives to focus on sustained share price appreciation, rather than short-term results. Moreover, risk behavior is a factor considered in all performance assessments.

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Compensation Committee Report

The compensation committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on its review and discussions, the compensation committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this filing.

This report has been provided by the Compensation Committee of the Board of Directors of Resource Capital Corp.

Walter T. Beach, Chairman
Murray S. Levin
P. Sherrill Neff

The following table sets forth certain information concerning the compensation earned for the fiscal years ended December 31, 2015, 2014 and 2013 for our NEOs:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards[2]	All Other Compensation[3]	Total
Jonathan Z. Cohen	2015	—	—	$199,993	—	$199,993
Chief Executive Officer,	2014	—	—	$1,999,997	—	$1,999,997
President and Director	2013	—	—	$1,249,998	—	$1,249,998
David J. Bryant	2015	$275,000 (1)	$300,000 (1)	$99,998	—	$674,998
Senior Vice President	2014	$275,000 (1)	$265,000 (1)	$99,996	—	$639,996
Chief Financial Officer and Treasurer	2013	$275,000 (1)	$287,500 (1)	$49,997	$12,493	$624,990
Jeffrey F. Brotman	2015	—	—	$149,995	—	$149,995
Executive Vice President	2014	—	—	$149,996	—	$149,996
	2013	—	—	$149,996	—	$149,996
Jeffrey D. Blomstrom	2015	—	—	$49,998	—	$49,998
Senior Vice President	2014	—	—	$149,996	—	$149,996
	2013	—	—	$149,996	—	$149,996
David E. Bloom	2015	—	—	$174,999	—	$174,999
Senior Vice President–	2014	—	—	$149,996	—	$149,996
Real Estate Investments	2013	—	—	$299,997	—	$299,997

(1) Mr. Bryant's salary and bonus were paid by Resource America. We began to reimburse Resource America for Mr. Bryant's salary and bonus in October 2009. Amounts represent salary and bonus earned for the years indicated, but may not have been paid in full in the respective years.

(2) Grant date fair value, valued in accordance with FASB Accounting Standards Codification Topic 718 as the closing price of our common stock on the grant date.

(3) Amount for Mr. Bryant represents an award of Resource America restricted stock earned during 2013. Awards of Resource America restricted stock are valued at the closing price of Resource America common stock on the date of each grant.

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GRANTS OF PLAN-BASED AWARDS TABLE

During 2015, we made restricted stock awards to our NEOs. There were no stock options granted during 2015. The following table sets forth information with respect to each of these awards on a grant-by-grant basis. Dividends are payable on awards of our stock, which vest 33% per year over a three year period after the date of grant.

Name	Grant date [(1)]	All other stock awards: number of shares of stock (#) [(2)]	Grant date fair value of stock awards[(3)]
Jonathan Cohen	2/5/2015	102,670	$1,999,997
David J. Bryant	2/5/2015	5,134	$99,996
Jeffrey F. Brotman	2/5/2015	7,700	$149,996
Jeffrey D. Blomstrom	2/5/2015	7,700	$149,996
David E. Bloom	2/5/2015	7,700	$149,996

(1) These restricted stock awards were granted in 2015, but relate to fiscal 2014 compensation and are included in the summary compensation table.

(2) Does not include shares of restricted stock granted in 2016 as compensation earned for fiscal 2015 as follows: Mr. J. Cohen - 19,588 shares; Mr. Bryant - 10,515 shares; Mr. Blomstrom - 4,897 shares; Mr. Bloom - 17,140 shares; and Mr. Brotman - 14,691 shares.

(3) Based on the closing price of our stock on the grant date.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The following equity awards granted to our NEOs were outstanding as of the end of fiscal 2015:

- Restricted stock awards;
- Stock options; and
- Resource America restricted stock awards allocable to services performed for us.

The following table sets forth information with respect to these awards:

	Option Awards				Stock Awards		
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price	Option expiration date	Number of shares or units of stock that have not vested (#)		Market value of shares or units of stock that have not vested[8]
Jonathan Z. Cohen	—	—	—	—	5,172	(1)	$65,995
					39,649	(2)	$505,921
					38,167	(3)	$487,011
					52,966	(4)	$675,846
					102,670	(5)	$1,310,069
David J. Bryant	—	—	—	—	1,413	(4)	$18,030
					5,134	(5)	$65,510
(Resource America)	5,000	—	$8.14	5/21/2018	1,814	(6)	$11,120 (9)
					723	(7)	$4,432 (9)
Jeffrey F. Brotman	—	—	—	—	2,955	(1)	$37,706
					22,638	(2)	$288,861
					6,356	(4)	$81,103
					7,700	(5)	$98,252
Jeffrey D. Blomstrom	—	—	—	—	22,638	(2)	$288,681
					6,356	(4)	$81,103
					7,700	(5)	$98,252
David E. Bloom	—	—	—	—	8,475	(4)	$108,141
					7,700	(5)	$98,252

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(1) These shares of restricted stock were a part of a grant made on January 6, 2012 which provided for vesting at the rate of 33% per year on each anniversary of the grant date. On October 23, 2014, vesting for the remaining unvested shares was deferred until January 2, 2016 as follows: Mr. Brotman - 2,955 shares; and Mr. J. Cohen - 5,172 shares. On October 8, 2015 vesting for the remaining unvested shares was further deferred until May 15, 2016 as follows: Mr. Brotman - 2,955 shares; Mr. J. Cohen - 5,172 shares.

(2) These shares of restricted stock were a part of a grant made on December 20, 2012 which provided for vesting at the rate of 33% per year on each anniversary of the grant date. On October 23, 2014, vesting for the remaining unvested shares was deferred until December 20, 2015 as follows: Mr. Blomstrom - 11,319 shares; Mr. Brotman - 11,319 shares; and Mr. J. Cohen - 19,825 shares, and deferred until January 2, 2016 as follows: Mr. Blomstrom - 11,319 shares; Mr. Brotman - 11,319 shares; and Mr. J. Cohen - 19,824 shares. On October 8, 2015 vesting for the remaining unvested shares was further deferred until May 15, 2016 as follows: Mr. Blomstrom - 22,638 shares; Mr. Brotman - 22,638 shares; Mr. J. Cohen - 39,649 shares.

(3) These shares of restricted stock were a part of a grant made on January 2, 2013 which provided for vesting at the rate of 33% per year on each anniversary of the grant date. On October 23, 2014, vesting for the remaining unvested shares was deferred until January 2, 2016 as follows: Mr. J. Cohen - 38,167 shares. On October 8, 2015 vesting for the remaining unvested shares was further deferred until May 15, 2016 as follows: Mr. J. Cohen - 38,167 shares.

(4) These shares of restricted stock were a part of a grant made on January 30, 2014 which provided for vesting at the rate of 33% per year on each anniversary of the grant date. On October 23, 2014, vesting for the remaining unvested shares was deferred until: January 2, 2016 as follows: Mr. Blomstrom - 2,119 shares; Mr. Brotman - 2,119 shares; and Mr. J. Cohen - 17,656 shares, and deferred until January 30, 2016 as follows: Mr. Blomstrom - 2,119 shares; Mr. Brotman - 2,119 shares; and Mr. J. Cohen - 17,655 shares; and deferred until January 30, 2017 as follows: Mr. Blomstrom - 2,118 shares; Mr. Brotman - 2,118 shares; and Mr. J. Cohen - 17,655 shares. On October 8, 2015 vesting for the remaining unvested shares was further deferred until May 15, 2016 as follows: Mr. Blomstrom - 4,238 shares; Mr. Brotman - 4,238 shares; Mr. J. Cohen - 35,311 shares; and deferred until January 30, 2017 as follows: Mr. Blomstrom - 2,118 shares; Mr. Brotman - 2,118 shares; Mr. J. Cohen - 17,655 shares.

(5) These shares of restricted stock were a part of a grant made on February 5, 2015 which provided for vesting at the rate of 33% per year on each anniversary of the grant date. On October 8, 2015, vesting for the remaining shares was deferred until on May 15, 2016 as follows: Mr. Blomstrom - 2,566 shares; Mr. Brotman - 2,566 shares; and Mr. J. Cohen - 34,223 shares; and deferred until February 5, 2017 as follows: Mr. Blomstrom - 2,567 shares; Mr. Brotman - 2,567 shares; and Mr. J. Cohen - 34,223 shares; and deferred until February 5, 2018 as follows: Mr. Blomstrom - 2,567 shares; Mr. Brotman - 2,567 shares; and Mr. J. Cohen - 34,224 shares.

(6) These shares of Resource America restricted stock were a part of a grant made on December 17, 2012 which provided for vesting at the rate of 25% per year on each anniversary of the grant date.

(7) These shares of Resource America restricted stock were a part of a grant made on November 7, 2013 which provided for vesting at the rate of 25% per year on each anniversary of the grant date.

(8) Based on the closing price of our common stock on December 31, 2015 of $12.76.

(9) Based on the closing price of Resource America's common stock on December 31, 2015 of $6.13.

2015 OPTION EXERCISES AND STOCK VESTED

The following table sets forth information regarding restricted stock awards that vested during 2015 for our NEOs. There were no stock options exercised by such officers during 2015:

Name	Stock Awards Number of Shares Acquired on Vesting (#)	Value Realized on Vesting[1]
Jonathan Z. Cohen	—	—

David J. Bryant	6,366	$88,692
(Resource America stock)	3,090	$17,300
Jeffrey F. Brotman	—	$—
Jeffrey D. Blomstrom	1,454	$27,800
David E. Bloom	17,324	$266,709

(1) Represents the per share market value of the respective common stock on the vesting dates multiplied by the number of shares vesting.

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Director Compensation

We provide cash compensation only to independent directors for their services as directors. We also reimburse Resource America for all of the wages, salary and benefits established and paid by Resource America to our Chairman of the Board. In fiscal 2015, we reimbursed Resource America $347,923 for Mr. Kessler's compensation and related business expenses, since Resource America employs Mr. Kessler; Mr. Kessler, however, is dedicated exclusively to us as our Chairman. Mr. Kessler had 2,154 restricted shares vest in 2015 and realized $33,632 upon vesting. In addition, Mr. E. Cohen, the Chairman of the Board of Resource America, had 4,245 restricted shares vest in 2015 and realized $56,289 upon vesting.

Our 2015 compensation package for independent directors was comprised of cash (annual retainer) and restricted stock awards. The annual pay package is designed to attract and retain highly-qualified, independent professionals to represent our stockholders. Our compensation package is also designed to create alignment between our directors and our stockholders through the use of equity-based grants. For 2015, the Board approved compensation for each independent director consisting of an annual cash retainer of $65,000 and an annual restricted stock award valued at approximately $35,000 on the date of grant, which is the anniversary of the date each independent director became a director. In addition, the members of the investment committee, Messrs. Beach, Ickowicz and Fore, received an additional $100,000 in cash, members of the audit committee, Messrs. Neff, Beach, Hart and Ms. Wiggins received an additional $10,000 in cash and members of the compensation committee, Messrs. Beach, Levin and Neff received an additional $5,000 in cash. In addition, the chairmen of the audit committee and compensation committee, Messrs. Neff and Beach, respectively, received an additional restricted stock award each valued at approximately $5,000.

The following table sets forth director compensation for each of our independent directors and the Chairman of the Board of Resource America and the Chairman of our Board of Directors for 2015:

Name (1)	Fees Earned or Paid in Cash	Stock Awards(2)	Total
Walter T. Beach	$180,000	$40,001	$220,001
Richard L. Fore	$165,000	$35,013	$200,013
William B. Hart	$75,000	$35,006	$110,006
Murray S. Levin	$70,000	$35,006	$105,006
P. Sherrill Neff	$80,000	$40,001	$120,001
Gary Ickowicz	$165,000	$34,998	$199,998
Stephanie H. Wiggins	$75,000	$35,004	$110,004
Edward E. Cohen	—	—	—
Steven J. Kessler	$347,923	—	$347,923

(1) Table excludes Mr. J. Cohen, an NEO, whose compensation is set forth in the Summary Compensation Table.

(2) On February 2, 2015, Mr. Ickowicz was granted 1,819 restricted shares valued at $19.24 per share, the closing price on that day. On March 9, 2015, Messrs. Beach and Neff were each granted 2,146 restricted shares and Messrs. Hart and Levin were each granted 1,878 restricted shares valued at $18.64 per share, the closing price on that day. On March 12, 2015, Mr. Fore was granted 1,907 restricted shares valued at $18.36, the closing price on that day. On June 8, 2015, Ms. Wiggins was granted 2,124 restricted shares valued at $16.48 per share, the closing price on that day.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consisted of Messrs. Beach, Levin and Neff during fiscal 2015. None of such persons was an officer or employee of ours or any of our subsidiaries or affiliated companies during fiscal 2015, or was formerly an officer or employee of ours. None of our executive officers was a director or executive officer of any entity of which any member of the Compensation Committee was a director or executive officer during 2015.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the number and percentage of shares of common stock owned, as of March 1, 2016, by (a) each person who, to our knowledge, is the beneficial owner of more than 5% of the outstanding shares of common stock, (b) each of our present directors, (c) each of our executive officers and (d) all of our named executive officers and directors as a group. This information is reported in accordance with the beneficial ownership rules of the Securities and Exchange Commission under which a person is deemed to be the beneficial owner of a security if that person has or shares voting power or investment power with respect to such security or has the right to acquire such ownership within 60 days. Shares of common stock issuable pursuant to options or warrants are deemed to be outstanding for purposes of computing the percentage of the person or group holding such options or warrants but are not deemed to be outstanding for purposes of computing the percentage of any other person.

Executive officers and directors (1)	Shares beneficially owned	Percentage	
Walter T. Beach (3) (4)	139,692	*	
Edward E. Cohen (2) (5)	150,013	*	
Jonathan Z. Cohen (2) (5)	588,165	1.87	%
Richard L. Fore (4)	8,975	*	
William B. Hart (4)	26,780	*	
Gary Ickowicz (4)	13,302	*	
Steven J. Kessler (2)	44,000	*	
Murray S. Levin (4)	13,905	*	
P. Sherrill Neff (4)	7,100	*	
Stephanie H. Wiggins (4)	4,978	*	
Eldron C. Blackwell (2)	3,341	*	
Jeffrey D. Blomstrom (2)	67,828	*	
David E. Bloom (2)	105,278	*	
Jeffrey F. Brotman (2)	97,872	*	
David J. Bryant (2)	62,361	*	
All executive officers and directors as a group (15 persons)	1,258,950	4.00	%
Other owners of more than 5% of outstanding shares			
Blackrock Inc. (6)	2,526,892	8.04	%
The Vanguard Group (7)	2,105,949	6.70	%
Brian Taylor/Pine River Capital Management, L.P. (8)	2,064,247	6.57	%

*Less than 1%

(1) The address for all of our executive officers and directors is c/o Resource Capital Corp., 712 Fifth Avenue, 12th Floor, New York, New York 10019.

(2) Includes unvested restricted stock as follows: Mr. Blackwell - 2,617 shares; Mr. Blomstrom - 41,591 shares; Mr. Bloom - 26,512 shares; Mr. Brotman - 54,340 shares; Mr. Bryant - 14,644 shares; and Mr. J. Cohen - 258,212 shares; all of these shares vest 33.3% per year following the date of grant. Each such person has the right to receive distributions on and vote, but not to transfer, all such shares.

(3) Includes 106,958 shares held by Beach Asset Management, LLC, Beach Investment Counsel, Inc. and/or Beach Investment Management, LLC, investment management firms for which Mr. Beach is a principal for themselves or accounts managed by them and for which Mr. Beach possesses investment and/or voting power. The address for these investment management firms is Five Tower Bridge, 300 Barr Harbor Drive, Suite 220, West Conshohocken, Pennsylvania 19428.

(4) Includes (i) 2,146 shares of restricted stock issued to each of Messrs. Beach and Neff on March 9, 2015, which vest on March 9, 2016; (ii) 3,421 shares of restricted stock issued to Mr. Ickowicz on February 1, 2016, which vest on

February 1, 2017; (iii) 1,878 shares of restricted stock issued to each of Messrs. Hart and Levin on March 9, 2015, which vest on March 9, 2016; (iv) 1,907 shares of restricted stock issued to Mr. Fore on March 12, 2015, which vest on March 12, 2016; and (v) 2,124 shares of restricted stock issued to Ms. Wiggins on June 8, 2015, which vest on June 8, 2016. Each non-employee director has the right to receive distributions on and vote, but not to transfer, such shares.

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(5) Includes 75,000 shares held by a private charitable foundation of which Messrs. E. Cohen and J. Cohen serve as co-trustees. Messrs. E. Cohen and J. Cohen disclaim beneficial ownership of these shares.
(6) This information is based on Form 13G filed with the SEC on January 27, 2016. Blackrock Inc.'s address is 55 East 52nd Street, New York, New York 10022.
(7) This information is based on Form 13G filed with the SEC on February 10, 2016. The Vanguard Group's address is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
(8) This information is based on Form 13G filed with the SEC on February 10, 2016. Mr. Taylor's and Pine River Capital Management L.P.'s address is 601 Carlson Parkway, 7th Floor, Minnetonka, Minnesota 55305.

The following table sets forth the number and percentage of shares of our Series A preferred Stock, Series B preferred stock and Series C preferred stock owned, as of March 1, 2016, by (a) each person who, to our knowledge, is the beneficial owner of more than 5% of the outstanding shares of preferred stock, (b) each of our present directors, (c) each of our executive officers and (d) all of our named executive officers and directors as a group. This information is reported in accordance with the beneficial ownership rules of the Securities and Exchange Commission under which a person is deemed to be the beneficial owner of a security if that person has or shares voting power or investment power with respect to such security or has the right to acquire such ownership within 60 days.

Executive officers and directors [1]	Series A Preferred Shares beneficially owned	Percentage	Series B Preferred Shares beneficially owned	Percentage	Series C Preferred Shares beneficially owned	Percentage
Walter T. Beach	—	*	—	*	—	*
Edward E. Cohen	12,765 [2]	1.19 %	—	*	—	*
Jonathan Z. Cohen	12,765 [2]	1.19 %	—	*	—	*
Richard L. Fore	—	*	—	*	—	*
William B. Hart	—	*	—	*	—	*
Gary Ickowicz	—	*	—	*	—	*
Steven J. Kessler	2,127	*	—	*	—	*
Murray S. Levin	—	*	—	*	—	*
P. Sherrill Neff	—	*	—	*	—	*
Stephanie H. Wiggins	—	*	—	*	—	*
Eldron C. Blackwell	—	*	—	*	—	*
Jeffrey D. Blomstrom	—	*	—	*	—	*
David E. Bloom	—	*	—	*	—	*
Jeffrey F. Brotman	2,127	*	1,000	*	—	*
David J. Bryant	—	*	2,000	*	—	*
All executive officers and directors as a group (15 persons)	21,274	1.99 %	3,000	*	—	*
Other owners of more than 5% of outstanding shares						
2nd Market Capital Advisory Corp. [3]	—	*	333,697	5.81 %	—	*

*Less than 1%

(1) The address for all of our executive officers and directors is c/o Resource Capital Corp., 712 Fifth Avenue, 12th Floor, New York, New York 10019.
(2) Includes 8,510 shares held by a private charitable foundation of which Messrs. E. Cohen and J. Cohen serve as co-trustees. Messrs. E. Cohen and J. Cohen disclaim beneficial ownership of these shares.

(3) This information is based on Form 13G filed with the SEC on January 28, 2016. 2nd Market Capital Advisory Corp.'s address is 650 N. High Point Road, Madison, Wisconsin 53717.

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Equity Compensation Plan Information

The following table summarizes certain information about our 2005 Stock Incentive Plan and Amended and Restated Omnibus Equity Compensation Plan as of December 31, 2015:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
Equity compensation plans approved by security holders:			
Options	26,250	$46.60	
Restricted stock	653,060	N/A	
Total	679,310		1,595,545 (1)

(1) We agreed to award certain personnel up to 8,840 shares of restricted stock upon the achievement of certain performance thresholds. The shares, which have been reserved for future issuance under the plans, have not been deducted from the number of securities remaining available for future issuance.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Relationships and Related Transactions

Relationship with Resource America and Certain of its Subsidiaries. Resource America, entities affiliated with it and our executive officers and directors collectively beneficially own 1,973,988 shares of common stock, representing approximately 6.28% of our common stock on a fully-diluted basis. Our executive officers are also officers of our Manager and/or of Resource America or its subsidiaries.

We have entered into a management agreement under which the Manager receives substantial fees. We describe these fees in Item 1: “Business – Management Agreement.” For the year ended December 31, 2015, our Manager, earned base management fees of approximately $12.6 million. There were no incentive management fees earned in 2015. We reimburse the Manager and Resource America for expenses and employees of Resource America who perform legal, accounting, due diligence and other services that outside professionals or consultants would otherwise perform. The management agreement, as amended, also provides that the Manager must furnish us with a director of investor relations who will be 50% dedicated to our operations. We bear the expense of the wages, salaries and benefits of our Chairman, Chief Financial Officer, Chief Accounting Officer and several accounting and tax professionals and 50% of the salary and benefits of the director of investor relations. On November 7, 2013, we entered into another amendment to include the definition of an “Ancillary Operating Subsidiary” which means one or more subsidiaries, including a TRS and its subsidiaries, that are operating entities principally engaged in the evaluation, underwriting, origination, servicing, holding, trading and financing of loans, securities, investments and credit products other than commercial real estate loans. An Ancillary Operating Subsidiary may, with the approval of a majority of the Independent Directors, directly incur and pay all of its own operating costs and expenses, including without limitation, compensation of employees of such Ancillary Operating Subsidiary and reimbursement of any compensation costs incurred by the Manager for personnel principally devoted to such Ancillary Operating Subsidiary. For the year ended December 31, 2015, we reimbursed the Manager $5.5 million.

On November 24, 2010, we entered into an Investment Management Agreement with Resource Capital Markets, Inc., or RCM, a wholly-owned subsidiary of Resource America. The initial agreement provides that: (a) RCM may invest up to $5.0 million of our funds, with the investable amount being adjusted by portfolio gains (losses) and collections, and offset by expenses, taxes and realized management fees, and (b) RCM can earn a management fee in any year that the net profits earned exceed a preferred return. On June 17, 2011, we entered into a revised Investment Management Agreement with RCM which provided an additional $8.0 million of our funds. The management fee is 20% of the amount by which the net profits exceed the preferred return. During the year ended December 31, 2015, RCM did not

earn an incentive management fee. The portfolio began a partial liquidation during 2013. We also reimburse RCM for expenses paid on our behalf. For the year ended December 31, 2015, we paid RCM $128,000 as expense reimbursements.

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At December 31, 2015, we were indebted to Resource America and the Manager for $2.5 million, comprised of base management fees of $978,000 and expense reimbursements of $1.6 million. At December 31, 2015, we were indebted to RCM, under our Investment Management Agreement for $152,000, comprised entirely of expense reimbursements.
During the year ended December 31, 2013, one of our subsidiaries began originating middle market loans, for which Resource America is paid origination fees. These fees may not exceed 2% of the loan balance for any loan originated.
On November 7, 2013, a wholly-owned subsidiary of ours purchased all of the membership interests in Elevation Home Loans, LLC, a start-up residential mortgage company, from an employee of Resource America for $830,000, paid in the form of 34,165 shares of our restricted common stock. The restricted stock vests in full on November 7, 2016, and includes dividend equivalent rights.
As of December 31, 2015, we had executed eleven securitizations, which were structured for us by the Manager. Under the Management Agreement, the Manager was not separately compensated by us for executing these transactions and is not separately compensated for managing the securitization's entities and their assets. We have since liquidated three of these securitizations, one in October 2013, one in October 2014, and another in June 2015.
Relationship with LEAF Commercial Capital. Leaf Commercial Capital, or LCC, originated and managed equipment leases and notes on our behalf. On March 5, 2010, we entered into agreements with Lease Equity Appreciation Fund II, L.P., or LEAF II, (an equipment leasing partnership sponsored by LEAF Financial and of which a LEAF Financial subsidiary is the general partner), pursuant to which we provided an $8.0 million credit facility to LEAF II. The credit facility initially had a one year term with interest at 12% per year, payable quarterly, and was secured by all the assets of LEAF II, including its entire ownership interest in LEAF II Receivables Funding. We received a 1% origination fee in connection with establishing the facility. The facility originally matured on March 3, 2011 and was extended until September 3, 2011 with a 1% extension fee paid on the outstanding loan balance. On June 3, 2011, we entered into an amendment to extend the maturity to February 15, 2012 and to decrease the interest rate from 12% to 10% per annum resulting in a troubled-debt restructuring under current accounting guidance. On February 15, 2012, the credit facility was further amended to extend the maturity to February 15, 2013 with a 1% extension fee accrued and added to the amount outstanding. On January 11, 2013, we entered into another amendment to extend the maturity to February 15, 2014 with an additional 1% extension fee accrued and added to the amount outstanding. On December 17, 2013, we entered into another amendment to extend the maturity to February 15, 2015. During the year ended December 31, 2014, we recorded a provision for loan loss on this loan of $1.3 million before extinguishing the loan and bringing direct financing leases in the amount of $2.1 million on our books in lieu of the loan receivable. During the year ended December 31, 2015, we recorded a provision against the value of the direct financing leases in the amount of $465,000. As of December 31, 2015, we held $931,000 of direct financing leases.
On November 16, 2011, we, together with LEAF Financial and LCC, subsidiaries of Resource America, entered into a securities purchase agreement with Eos Partners, L.P., a private investment firm, and its affiliates. In exchange for our prior interest in LCC, we received 31,341 shares of Series A Preferred Stock, 4,872 shares of newly issued 8% Series B Redeemable Preferred Stock and 2,364 shares of newly issued Series D Redeemable Preferred Stock, collectively representing, on a fully-diluted basis, a 27.5% interest in LCC. On January 18, 2013, we entered into another stock purchase agreement with LCC to purchase 3,682 shares of newly issued Series A-1 Preferred Stock for $3.7 million. During 2013, we entered into another stock purchase agreement with LCC to purchase 4,445 shares of newly issued Series E Preferred Stock for $4.4 million. The Series E Preferred Stock has priority over all other classes of preferred stock. For the year ended December 31, 2015, we recorded a equity method allocation of earnings of $2.6 million which was recorded in equity in net earnings of unconsolidated subsidiaries on the consolidated statement of operations. Our investment in LCC had a cost basis of $42.0 million as of December 31, 2015.
Relationship with CVC Credit Partners. On April 17, 2012, Apidos Capital Management, or ACM, a former subsidiary of Resource America, was sold to CVC Credit Partners, LLC, a joint venture entity in which Resource America owns a 24% interest. CVC Credit Partners manages internally and externally originated bank loan assets on our behalf. On February 24, 2011, one of our subsidiaries purchased 100% of the ownership interests in Churchill Pacific Asset Management LLC, or CPAM, from Churchill Financial Holdings LLC for $22.5 million. CPAM subsequently changed its name to RCAM. Through RCAM, we were entitled to collect senior, subordinated and incentive fees related to five CLO issuers, holding approximately $1.9 billion in assets managed by RCAM. RCAM is

assisted by CVC Credit Partners in managing these CLOs. CVC Credit Partners is entitled to 10% of all subordinated fees and 50% of the incentive fees received by RCAM. For the year ended December 31, 2015, CVC Credit Partners earned subordinated fees of $1.4 million. In October 2012, we purchased 66.6% of the preferred equity in one of the RCAM CDOs. In May 2013, we purchased additional equity in this CLO, increasing our ownership percentage to 68.3%. In 2013 two of the five CLOs were called and the notes were paid down in full. In January 2016 another RCAM-managed CLO was called and $2.4 million on impairment, on a pre-tax basis, was recorded in depreciation and amortization on our consolidated statements of operations on the related intangible asset, as of December 31, 2015.

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In May, June and July 2013, we invested $15.0 million in CVC Global Credit Opportunities Fund, L.P., a Delaware limited partnership which generally invests in assets through a master-feeder fund structure. The general partner of the feeder partnership and the master partnership is CVC Global Credit Opportunities Fund GP, LLC, an affiliate of CVC Credit Partners. The investment manager of both partnerships is CVC Credit Partners, LLC. CVC Capital Partners SICAV-FIS, S.A., a Luxembourg company, together with its affiliates, and Resource America, own a majority and a significant minority, respectively, of the investment manager. The feeder fund pays the investment manager a quarterly management fee of 1.5% annually based on the balance of each limited partner's capital account. Our management fee was waived upon entering the agreement since we are a related party of CVC Credit Partners. For the year ended December 31, 2015, we recorded earnings of $8,000. In March 2015, we elected to withdraw $5.0 million from the fund. In July 2015, a $625,000 withdrawal was requested and received. In October 2015, another $4.0 million was withdrawn from the fund. In December 2015, we elected to withdraw the remaining $8.6 million from the fund. We retained no investment in the fund as of December 31, 2015.

Relationship with Resource Real Estate. Resource Real Estate, a subsidiary of Resource America, originates, finances and manages our commercial real estate loan portfolio, including whole loans, B notes, mezzanine loans, and investments in real estate. We reimburse Resource Real Estate for loan origination costs associated with all loans originated. We had a receivable of $2,500 due from Resource Real Estate for loan origination costs in connection with our commercial real estate loan portfolio as of December 31, 2015.

On December 1, 2009, we purchased a membership interest in RRE VIP Borrower, LLC (an unconsolidated VIE that holds an interest in a real estate joint venture) from Resource America for $2.1 million, its book value. RREM was asset manager of the venture and received a monthly asset management fee equal to 1.0% of the combined investment calculated as of the last calendar day of the month. The last property associated with the joint venture was sold in July 2014. The income recorded in 2015 was due to a liquidation of an existing bank account with respect to the sold properties.

On January 15, 2010, we loaned $2.0 million to Resource Capital Partners, Inc., or RCP, a wholly-owned subsidiary of Resource America, so that it could acquire a 5.0% limited partnership interest in Resource Real Estate Opportunity Fund, L.P., or RRE Opportunity Fund. RCP is the general partner of the RRE Opportunity Fund. The loan is secured by RCP’s partnership interest in the RRE Opportunity Fund. The promissory note bears interest at a fixed rate of 8.0% per annum on the unpaid principal balance. In the event of default, interest will accrue and be payable at a rate of 5.0% in excess of the fixed rate. Interest is payable quarterly. Mandatory principal payments must also be made to the extent distributable cash or other proceeds from the partnership represent a return of RCP’s capital. The loan was set to mature on January 14, 2015, and RCP elected to extend the loan until January 14, 2016. The loan balance was $558,000 at December 31, 2014, which was paid in full in April 2015.

We have closed the following four real estate securitization transactions, which provide financing for commercial real estate loans: RCC CRE Notes 2013, a $307.8 million securitization in December 2013; RCC 2014-CRE2, a $353.9 million securitization on July 30, 2014; RCC 2015-CRE3; a $346.2 million securitization on February 24, 2015; and RCC 2015-CRE4, a $312.9 million securitization on August 18, 2015. With respect to each specialty service mortgage loan, Resource Real Estate receives an amount equal to the product of (a) the Special Servicing Fee Rate, 0.25% per annum, and (b) the outstanding principal balance of such Specialty Service Mortgage Loan. The servicing fee is payable monthly, on an asset-by-asset basis. Resource Real Estate agreed to waive its rights to receive the Special Servicing Fee to the extent that we continue to hold the majority equity of the securitizations. We utilize the brokerage services of Resource Securities, Inc. ("Resource Securities"), a wholly-owned broker-dealer subsidiary of Resource America, on a limited basis to conduct some of its asset trades. We paid Resource Securities placement agent fees in connection with each transaction as follows: $205,000, $175,000, $100,000 and $85,000, respectively.

In July 2014, we formed RCM Global Manager to invest in RCM Global, an entity formed to hold a portfolio of structured product securities. We contributed $15.0 million for a 63.8% membership interest in RCM Global. A five member board manages RCM Global, and all actions, including purchases and sales, must be approved by no less than three of the five members of the board. In March and June 2015, we requested and received a proportional, in-kind distribution in certain securities held by RCM Global. The distribution of and subsequent sale of those securities through its subsidiary, RCC Residential, resulted in the realization of $5.0 million of net gains for the year ended

December 31, 2015. As a result of these distributions, our ownership interest of the remaining assets decreased to 30.2% as of December 31, 2015.

In September 2014, we contributed $17.5 million to Pelium Capital for an initial ownership interest of 80.4%. Pelium Capital is a specialized credit opportunity fund managed by Resource America. We have committed to contributing an additional $2.5 million into the fund. We will receive 10% of the carried interest in the partnership for the first five years and can increase our interest to 20% if our capital contributions aggregate $40.0 million. Resource America contributed cash of $2.8 million to the formation of Pelium Capital. As of December 31, 2015, we held a 80.2% interest in Pelium Capital.

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On April 10, 2015, we entered into two first mortgage bridge loans in the amount of $2.5 million and $3.3 million with two funds sponsored by Resource America, Resource Real Estate Investors LP and Resource Real Estate Investors II, LP. Each loan carried an interest rate of LIBOR plus 5.75% with a LIBOR floor of 0.25%. The loans had a maturity date of May 5, 2016, with two consecutive one-year options to extend upon the first maturity date. The loan in the amount of $2.5 million was repaid in full with interest on April 29, 2015. The second loan in the amount of $3.3 million was repaid in full with interest on July 31, 2015.
On June 24, 2015, we committed up to $50.0 million in Pearlmark Mezzanine Realty Partners IV, L.P. ("Pearlmark Mezz IV L.P."), a Delaware limited partnership. The contractual fund manager of the fund is Pearlmark Real Estate LLC ("Pearlmark"), a Delaware limited liability company that is 50% owned by Resource America. We will pay Pearlmark Mezz IV L.P management fees of 1.0% on the unfunded committed capital and 1.5% on the invested capital. We are entitled to a management fee rebate of 25% for the first year of the fund. As of December 31, 2015, we are indebted for $94,000 for management fees, net of the rebate. In October, November and December 2015, we contributed an aggregate of $6.9 million in capital to Pearlmark Mezz IV. As of December 31, 2015, we have an investment balance of $6.5 million and a 47.42% ownership interest in the fund. Resource America has agreed that it will credit any such fees paid by us to Pearlmark against the base management fee that we pay to Resource America.
Relationship with Law Firm. Ledgewood is a law firm that has provided legal services to us since our formation. Mr. E. Cohen, who was of counsel to Ledgewood until April 1996, receives certain debt service payments from Ledgewood related to the termination of his affiliation with Ledgewood and its redemption of his interest in the firm. From 1995 until March 2006, Mr. Jeffrey F. Brotman was the managing member of Ledgewood. Mr. Brotman remained of counsel to Ledgewood through June 2007, at which time he became an Executive Vice President of Resource America. In connection with his separation arrangement, Mr. Brotman receives payments from Ledgewood related to the termination of his affiliation with the firm.
Policies and Procedures Regarding Related Transactions
Under our Management Agreement with the Manager and Resource America, we have established written policies regarding the offer of potential investments to us, our acquisition of those investments and the allocation of those investments among other programs managed by the Manager or Resource America. We have also established written policies regarding investing in investment opportunities in which the Manager or Resource America has an interest and regarding investing in any investment fund or CDO structured, co-structured or managed by the Manager or Resource America.
The Manager and Resource America must offer us the right to consider all investments they identify that are within the parameters of our investment strategies and policies. If the Manager and Resource America identify an investment that is appropriate both for us and for one or more other investment programs managed by them, but the amount available is less than the amount sought by all of their investment programs, they will allocate the investment among us and such other investment programs in proportion to the relative amounts of the investment sought by each. If the portion of the investment allocable to a particular investment program would be too small for it to be appropriate for that investment program, either because of economic or market inefficiency, regulatory constraints (such as REIT qualification or exclusion from regulation under the Investment Company Act) or otherwise, that portion will be reallocated among the other investment programs. Investment programs that do not receive an allocation will have preference in future investments where investment programs are seeking more of the investment than is available so that, on an overall basis, each investment program is treated equitably.
To equitably allocate investments that the Manager or Resource America has acquired at varying prices, the Manager and Resource America will allocate the investment so that each investment program will pay approximately the same average price.
The Manager and Resource America may make exceptions to these general policies when other circumstances make application of the policies inequitable or uneconomic.
The Manager has also instituted policies designed to mitigate potential conflicts of interest between it and us, including:

- We will not be permitted to invest in any investment fund or CDO structured, co-structured or managed by the Manager or Resource America other than those structured, co-structured or managed on our behalf. The Manager and

Resource America will not receive duplicate management fees from any such investment fund or CDO to the extent we invest in it.

- We will not be permitted to purchase investments from, or sell investments to, the Manager or Resource America, except that we may purchase investments that have been originated by the Manager or Resource America within 60 days before our investment.
- Any transactions between entities managed by the Manager or Resource America and us must be approved by a majority of our independent directors.

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Except as described above or provided for in our management agreement with the Manager and Resource America, we have not adopted a policy that expressly prohibits transactions between us or any of our directors, officers, employees, security-holders or affiliates. However, our code of business conduct and ethics prohibits any transaction that involves an actual or potential conflict except for transactions permitted under guidelines which may be adopted by our Board of Directors. No such guidelines have been adopted as of the date of this report. In addition, our Board of Directors may approve a waiver of the code of ethics and business conduct for a specific transaction, which must be reported to our stockholders to the extent required by applicable law or NYSE rule.

Director Independence

Our common stock is listed on the NYSE under the symbol "RSO" and we are subject to the NYSE's listing standards. The Board has determined that each of Messrs. Beach, Fore, Hart, Ickowicz, Levin, Neff and Ms. Wiggins satisfy the requirement for independence set out in Section 303A.02 of the rules of the NYSE and that each of these directors has no material relationship with us (other than being a director and/or a stockholder). In making its independence determinations, the Board sought to identify and analyze all of the facts and circumstances relating to any relationship between a director, his or her immediate family or affiliates and our company and our affiliates and did not rely on categorical standards other than those contained in the NYSE rules.

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees. The aggregate fees billed by our independent auditors, Grant Thornton LLP, for professional services rendered for the audit of our annual financial statements for the years ended December 31, 2015 and 2014 (including a review of internal controls for December 31, 2015 and 2014 as required under Section 404 of the Sarbanes-Oxley Act of 2002) and for the reviews of the consolidated financial statements included in our Quarterly Reports on Form 10-Q during each of the years then ended were $976,000 and $860,000, respectively.

Audit-Related Fees. The aggregate fees billed by Grant Thornton for audit-related services, principally including consulting on accounting issues, for the years ended December 31, 2015 and 2014 were $159,000 and $93,000, respectively.

Tax Fees. There were $112,000 and $70,500 fees paid to Grant Thornton LLP for professional services related to tax compliance, tax advice or tax planning for the years ended December 31, 2015 and 2014, respectively.

All Other Fees. We did not incur any fees in 2015 and 2014 for other services not included above.

Audit Committee Pre-Approval Policies and Procedures. The Audit Committee, on at least an annual basis, reviews audit and non-audit services performed by Grant Thornton LLP as well as the fees charged by Grant Thornton LLP for such services. Our policy is that all audit and non-audit services must be pre-approved by the Audit Committee. All of such services and fees were pre-approved during the year ended December 31, 2015.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets at December 31, 2015 and 2014
Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013
Consolidated Statements of Changes in Stockholders' Equity for years ended
December 31, 2015, 2014 and 2013
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

3. Exhibits

Exhibit No.	Description
3.1(a)	Restated Certificate of Incorporation of Resource Capital Corp. (1)
3.1(b)	Articles of Amendment to Restated Certificate of Incorporation of Resource Capital Corp. (29)
3.1(c)	Articles Supplementary 8.50% Series A Cumulative Redeemable Preferred Stock. (16)
3.1(d)	Articles Supplementary 8.50% Series A Cumulative Redeemable Preferred Stock. (17)
3.1(e)	Articles Supplementary 8.25% Series B Cumulative Redeemable Preferred Stock. (18)
3.1(f)	Articles Supplementary 8.25% Series B Cumulative Redeemable Preferred Stock. (22)
3.1(g)	Articles Supplementary 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock. (9)
3.2	Amended and Restated Bylaws of Resource Capital Corp. (as Amended January 31, 2014) (12)
4.1(a)	Form of Certificate for Common Stock for Resource Capital Corp. (1)
4.1(b)	Form of Certificate for 8.50% Series A Cumulative Redeemable Preferred Stock. (13)
4.1(c)	Form of Certificate for 8.25% Series B Cumulative Redeemable Preferred Stock (18)
4.1(d)	Form of Certificate for 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock. (9)
4.2(a)	Junior Subordinated Indenture between Resource Capital Corp. and Wells Fargo Bank, N.A., dated May 25, 2006. (2)
4.2(b)	Amendment to Junior Subordinated Indenture and Junior Subordinated Note due 2036 between Resource Capital Corp. and Wells Fargo Bank, N.A., dated October 26, 2009 and effective September 30, 2009. (6)
4.3(a)	Amended and Restated Trust Agreement among Resource Capital Corp., Wells Fargo Bank, N.A., Wells Fargo Delaware Trust Company and the Administrative Trustees named therein, dated May 25, 2006. (2)
4.3(b)	Amendment to Amended and Restated Trust Agreement and Preferred Securities Certificate among Resource Capital Corp., Wells Fargo Bank, N.A. and the Administrative Trustees named therein, dated October 26, 2009 and effective September 30, 2009. (6)
4.4	Amended Junior Subordinated Note due 2036 in the principal amount of $25,774,000, dated October 26, 2009. (6)
4.5(a)	Junior Subordinated Indenture between Resource Capital Corp. and Wells Fargo Bank, N.A., dated September 29, 2006. (3)
4.5(b)	Amendment to Junior Subordinated Indenture and Junior Subordinated Note due 2036 between Resource Capital Corp. and Wells Fargo Bank, N.A., dated October 26, 2009 and effective September 30, 2009. (6)
4.6(a)	Amended and Restated Trust Agreement among Resource Capital Corp., Wells Fargo Bank, N.A., Wells Fargo Delaware Trust Company and the Administrative Trustees named therein, dated September

	29, 2006. (3)
4.6(b)	Amendment to Amended and Restated Trust Agreement and Preferred Securities Certificate among Resource Capital Corp., Wells Fargo Bank, N.A. and the Administrative Trustees named therein, dated October 26, 2009 and effective September 30, 2009. (6)
4.7	Amended Junior Subordinated Note due 2036 in the principal amount of $25,774,000, dated October 26, 2009. (6)
4.8(a)	Senior Indenture between the Company and Wells Fargo Bank, National Association, as Trustee, dated October 21, 2013. (25)
4.8(b)	First Supplemental Indenture between the Company and Wells Fargo Bank, National Association, as Trustee (including the form of 6.00% Convertible Senior Note due 2018). (25)

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4.8(c)	Form of 6.00% Convertible Senior Note due 2018 (included in Exhibit 4.8(b)).
4.8(d)	Second Supplemental Indenture, dated January 13, 2015, between Resource Capital Corp. and Wells Fargo Bank, National Association, as Trustee (including the form of 8.00% Convertible Senior Note due 2020). (20)
4.8(e)	Form of 8.00% Convertible Senior Note due 2020 (included in Exhibit 4.8(d)).
10.1(a)	Second Amended and Restated Management Agreement between Resource Capital Corp, Resource Capital Manager, Inc. and Resource America, Inc. dated as of June 13, 2012. (28)
10.1(b)	Amendment No.1 to Second Amended and Restated Management Agreement between Resource Capital Corp, Resource Capital Manager, Inc. and Resource America, Inc. dated as of November 7, 2013.(4)
10.2(a)	2005 Stock Incentive Plan. (1)
10.2(b)	Form of Stock Award Agreement. (8)
10.2(c)	Form of Stock Option Agreement. (8)
10.3(a)	Amended and Restated Omnibus Equity Compensation Plan. (7)
10.3(b)	Form of Stock Award Agreement. (27)
10.3(c)	Form of Stock Award Agreement (for employees with Resource America, Inc. employment agreements). (27)
10.4	Services Agreement between Resource Capital Asset Management, LLC and Apidos Capital Management, LLC, dated February 24, 2011. (11)
10.5	8.50% Series A Cumulative Redeemable Preferred Stock, 8.25% Series B Cumulative Redeemable Preferred Stock, 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock At-the-Market Issuance Sales Agreement, dated November 19, 2014 among the Company, Resource Capital Manager Inc. and MLV & Co., LLC. (26)
10.6	Senior Secured Revolving Credit Agreement, dated September 18, 2014, among Northport TRS, LLC, as borrower, Resource Capital Corp., as guarantor, JP Morgan Chase Bank, N.A., as administrative agent, and the lenders thereto. (19)
12.1	Statements re Computation of Ratios
21.1	List of Subsidiaries of Resource Capital Corp.
23.1	Consent of Grant Thornton LLP
31.1	Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350.
32.2	Certification Pursuant to 18 U.S.C. Section 1350.
99.1(a)	Master Repurchase and Securities Contract by and among RCC Commercial, Inc., RCC Real Estate Inc. and Wells Fargo Bank, National Association, dated February, 1, 2011. (10)
99.1(b)	Guaranty Agreement made by Resource Capital Corp. in favor of Wells Fargo Bank, National Association, dated February 1, 2011. (10)
99.2(a)	Master Repurchase and Securities Contract for $150,000,000 between RCC Real Estate SPE 4, LLC, as Seller, and Wells Fargo Bank, National Association, as Buyer, Dated February 27, 2012. (14)
99.2(b)	Guaranty made by Resource Capital Corp. as guarantor, in favor of Wells Fargo Bank, National Association, dated February 27, 2012 (14)
99.2(c)	First Amendment to Master Repurchase and Securities Contract and Other Documents between RCC Real Estate SPE 4, LLC, as seller, and Wells Fargo Bank, National Association, as buyer, dated April 2, 2013. (23)
99.3(a)	Master Purchase Agreement by and between RCC Real Estate SPE 5, LLC, as, master seller, and Deutsche Bank AG, Cayman Islands Branch, as buyer, dated as of July 19, 2013. (24)
99.4(a)	Master Repurchase and Securities Contract dated as of June 20, 2014 with Well Fargo Bank, National Association. (5)
99.4(b)	Guaranty Agreement dated as of June 20, 2014, made by Resource Capital Corp., as guarantor, in favor of Wells Fargo Bank, National Association. (5)

99.5(a)	Master Repurchase and Securities Contract Agreement between RCC Real Estate 6, LLC and Morgan Stanley Bank, NA, dated as of September 10, 2015. (30)
99.5(b)	Guarantee dated as of September 10, 2015, made by Resource Capital Corp., as guarantor, in favor of Morgan Stanley Bank, N.A. (30)
99.6	Federal Income Tax Consequences of our Qualification as a REIT.
101	Interactive Data Files.

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(1)	Filed previously as an exhibit to the Company’s registration statement on Form S-11, Registration No. 333-126517.
(2)	Filed previously as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
(3)	Filed previously as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.
(4)	Filed previously as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.
(5)	Filed previously as an exhibit to the Company’s Current Report on Form 8-K filed on June 26, 2014.
(6)	Filed previously as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.
(7)	Filed previously as an exhibit to the Company’s Proxy Statement filed on April 16, 2014.
(8)	Filed previously as an exhibit to the Company’s Registration Statement on Form S-11 (File No. 333-132836).
(9)	Filed previously as an exhibit to the Company’s Registration Statement on Form 8-A filed on June 9, 2014.
(10)	Filed previously as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2010.
(11)	Filed previously as an exhibit to the Company’s Current Report on Form 8-K filed on March 2, 2011.
(12)	Filed previously as an exhibit to the Company’s Current Report on Form 8-K filed on February 4, 2014.
(13)	Filed previously as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2012 filed on March 18, 2013.
(14)	Filed previously as an exhibit to the Company’s Current Report on Form 8-K filed on March 2, 2012.
(15)	Filed previously as an exhibit to the Company’s Current Report on Form 8-K filed on June 13, 2012.
(16)	Filed previously as an exhibit to the Company’s registration statement on Form 8-A filed on June 8, 2012.
(17)	Filed previously as an exhibit to the Company’s Current Report on Form 8-K filed on June 29, 2012.
(18)	Filed previously as an exhibit to the Company's Registration Statement on Form 8-A filed on September 28, 2012.
(19)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on September 23, 2014.
(20)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on January 13, 2015.
(21)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on October 1, 2012.
(22)	Filed previously as an exhibit to the Company Current Report on Form 8-K filed on March 19, 2013.
(23)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on April 8, 2013.
(24)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on July 25, 2013.
(25)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on October 21, 2013.
(26)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on November 20, 2014.
(27)	Filed previously as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
(28)	Filed previously as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.
(29)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on September 1, 2015.
(30)	Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on September 16, 2015.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RESOURCE CAPITAL CORP. (Registrant)

March 10, 2016	By:	/s/ Jonathan Z. Cohen
		Jonathan Z. Cohen
		Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Steven J. Kessler STEVEN J. KESSLER	Chairman of the Board	March 10, 2016
/s/ Jonathan Z. Cohen JONATHAN Z. COHEN	Director, President and Chief Executive Officer	March 10, 2016
/s/ Walter T. Beach WALTER T. BEACH	Director	March 10, 2016
/s/ Edward E. Cohen EDWARD E. COHEN	Director	March 10, 2016
/s/ Richard Fore RICHARD FORE	Director	March 10, 2016
/s/ William B. Hart WILLIAM B. HART	Director	March 10, 2016
/s/ Gary Ickowicz GARY ICKOWICZ	Director	March 10, 2016
/s/ Murray S. Levin MURRAY S. LEVIN	Director	March 10, 2016
/s/ P. Sherrill Neff P. SHERRILL NEFF	Director	March 10, 2016
/s/ Stephanie H. Wiggins STEPHANIE H. WIGGINS	Director	March 10, 2016
/s/ David J. Bryant DAVID J. BRYANT	Senior Vice President Chief Financial Officer and Treasurer	March 10, 2016
/s/ Eldron C. Blackwell ELDRON C. BLACKWELL	Chief Accounting Officer	March 10, 2016

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Explanation of Responses:

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SCHEDULE II
Resource Capital Corp.
Valuation and Qualifying Accounts
(dollars in thousands)

	Balance at beginning of period	Charge to expense	Write-offs	Recoveries	Balance at end of period
Allowance for loan and lease loss:					
Year ended December 31, 2015	$4,613	$49,889	$(7,027)	$61	$47,536
Year ended December 31, 2014	$13,807	$1,804	$(10,998)	$—	$4,613
Year ended December 31, 2013	$17,691	$3,020	$(6,904)	$—	$13,807

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SCHEDULE III
Resource Capital Corp.
Real Estate and Accumulated Depreciation
December 31, 2015
(dollars in thousands)

	2015	2014	2013
Real Estate			
Balance, beginning of year	$—	$32,380	$77,936
Additions:			
Improvements	—	25	268
	—	25	268
Deductions:			
Cost of real estate sold	—	(32,405)	(20,216)
Property available-for-sale	—	—	(25,608)
Balance, end of year	$—	$—	$32,380
Accumulated Depreciation			
Balance, beginning of year	$—	$2,602	$2,550
Additions:			
Depreciation expense	—	433	1,049
	—	433	1,049
Deductions:			
Sales	—	(3,035)	(997)
Balance, end of year	$—	$—	$2,602

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SCHEDULE IV
Resource Capital Corp.
Mortgage Loans on Real Estate
As of December 31, 2015
(Dollars in thousands)

Type of Loan/ Borrower	Description / Location	Interest Payment Rates	Final Maturity Date	Periodic Payment Terms (1)	Prior Liens (2)	Face Amount of Loans (3)	Net Carrying Amount of Loans	Principal Amount of Loans subject to delinquent principal or interest
Whole Loans:								
Borrower A	Multi-Family/Houston, TX	LIBOR FLOOR 0.25% + 4.50%	7/5/2019	I/O	—	$73,075	$72,696	$—
Borrower B	Retail/Various	LIBOR FLOOR 0.25% + 5.24%	12/5/2020	I/O	—	66,615	65,837	—
Borrower C	Multi-Family/NC & GA	LIBOR FLOOR 0.25% + 5.35%	2/5/2020	I/O	—	56,500	56,040	—
All other Whole Loans individually less than 3%						1,444,554	1,432,482	—
Total Whole Loans						$1,640,744 (4)	$1,627,055	$—
Mezzanine Loans:								
All Other Mezzanine Loans individually less than 3%						$45,368	$7,923	$38,072
Total Mezzanine Loans						$45,368	$7,923	$38,072
B Notes:								
All Other B Notes						$15,934	$15,920	$—

individually less than 3%			
Total B Notes	$15,934 [4]	$15,920	$—
Total Commercial Real Estate Loans	$1,702,046	$1,650,898 [5]	$38,072
Residential Mortgage Loans:			
All other Residential Mortgage Loans individually less than 3%	$96,217	$96,206	$147
Total Residential Mortgage Loans	$96,217	$96,206 [6]	$147

Explanatory Notes:

(1) IO = interest only

(2) Represents only Third Party Liens.

(3) Does not include unfunded commitments.

(4) All Whole Loans and B Notes are current with respect to principal and interest payments.

(5) The net carrying amount of loans includes an allowance for loan loss of $41.8 million at December 31, 2015 allocated to as follows: Whole Loans $3.7 million, Mezzanine Loans $38.1 million, and B Notes $16,000.

(6) The net carrying amount of Residential Mortgage Loans includes an allowance for loan loss of $11,000 at December 31, 2015.