Walker & Dunlop, Inc.
Form 424B7
March 16, 2015
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**Filed Pursuant to Rule 424(b)(7)**
**Registration No. 333-184297**

**This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION**

**DATED MARCH 16, 2015**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated November 30, 2012)**

# 8,246,534 Shares

## Common Stock

This prospectus supplement relates to the offer and sale of 8,246,534 shares of common stock by the selling stockholders named in this prospectus supplement. We will not receive any proceeds from the sale of the shares of our common stock by the selling stockholders in this offering.

Walker & Dunlop, Inc. is a Maryland corporation with its principal executive offices located at 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland, 20814, telephone number (301) 215-5500.

Subject to the completion of the offering, we will repurchase from the underwriter 3,000,000 of the shares of our common stock that are the subject of this offering at a price per share equal to the price at which the underwriter will purchase such shares from the selling stockholders in this offering.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol WD, and the last reported sale price of our common stock on the NYSE on March 13, 2015 was $16.62 per share.

**See the information set forth under the caption Risk Factors included in our most recent Annual Report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the risks that you should consider before making a decision to invest in our common stock.**

The underwriter has agreed to purchase the common stock from the selling stockholders at a price of $ per share, which will result in approximately $ million of net proceeds to the selling stockholders before expenses. The underwriter may offer the shares of common stock from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

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

The common stock sold in this offering will be ready for delivery in book-entry form through The Depository Trust Company on or about March , 2015.

**Morgan Stanley**

**The date of this prospectus supplement is March , 2015.**

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### Prospectus Supplement



### Prospectus



**You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus. We and the selling stockholders have not, and the underwriter has not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.**

**United Kingdom**

**The communication of this prospectus supplement and any other documents or materials relating to the issue of the shares of common stock offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed**

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**to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Financial Promotion Order )) or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as Relevant Persons ). In the United Kingdom, the shares of common stock offered hereby are only available to, and any investment or investment activity to which this prospectus supplement relates will be engaged in only with, Relevant Persons. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus supplement or any of their contents.**

**EEA**

**This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the European Union s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the EU Prospectus Directive ). This prospectus supplement has been prepared on the basis that all offers of the shares of common stock described herein made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of such shares of common stock.**

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## ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference, the information in this prospectus supplement will supersede such information. In addition, any statement in a filing we make with the Securities and Exchange Commission that adds to, updates or changes information contained in an earlier filing we made with the Securities and Exchange Commission shall be deemed to modify and supersede such information in the earlier filing.

*This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information and Incorporation by Reference in this prospectus supplement. Unless the context requires otherwise, references in this prospectus to we, our, us and our company refer to Walker & Dunlop, Inc., a Maryland corporation, together with its consolidated subsidiaries.*

*Unless otherwise indicated or unless the context requires otherwise, references in this prospectus supplement to the selling stockholders refer to any person specifically identified in the table set forth under the caption Selling Stockholders in the prospectus supplement.*

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## FORWARD-LOOKING INFORMATION

Some of the statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as may, will, should, expects, intends plans, anticipates, believes, estimates, predicts, or potential or the negative of these words and phrases or sim words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed or contemplated in any forward-looking statement. Statements regarding the following subjects, among others, may be forward-looking:

- the future of the GSEs and their impact on our business;
- the future funding level of HUD, including whether such funding level will be sufficient to support future firm commitment requests, and its impact on our business;
- changes to the interest-rate environment and its impact on our business;
- our growth strategy;
- our projected financial condition, liquidity and results of operations;
- our ability to obtain and maintain warehouse and other loan funding arrangements;
- availability of and our ability to retain qualified personnel and our ability to develop and retain relationships with borrowers, key principals and lenders;
- degree and nature of our competition;
- the outcome of pending litigation;

changes in governmental regulations and policies, tax laws and rates, and similar matters and the impact of such regulations, policies and actions;

our ability to comply with the laws, rules and regulations applicable to us;

trends in the commercial real estate finance market, interest rates, commercial real estate values, the credit and capital markets or the general economy; and

general volatility of the capital markets and the market price of our common stock.

While forward-looking statements reflect our good faith projections, assumptions and expectations, they are not guarantees of future results. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes, except as required by applicable law. For a further discussion of these and other factors that could cause future results to differ materially from those expressed or contemplated in any forward-looking statements, see the information set forth under the caption Risk Factors included in our most recent Annual Report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus, and in other documents that we may file from time to time in the future with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

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## SUMMARY

*This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before making a decision to invest in our common stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the financial statements and notes to those financial statements incorporated by reference herein and therein. Please see the information set forth under the caption Risk Factors included in our most recent Annual Report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the risks that you should consider before making a decision to invest in our common stock.*

## WALKER & DUNLOP, INC.

We are one of the leading commercial real estate finance companies in the United States, with a primary focus on multifamily lending. We originate, sell, and service a range of multifamily and other commercial real estate finance products. Our clients are owners and developers of commercial real estate across the country. We originate and sell loans through the programs of the Federal National Mortgage Association ( Fannie Mae ), the Federal Home Loan Mortgage Corporation ( Freddie Mac, and together with Fannie Mae, the government-sponsored enterprises, or the GSEs ), the Government National Mortgage Association ( Ginnie Mae ) and the Federal Housing Administration, a division of the U.S. Department of Housing and Urban Development (together with Ginnie Mae, HUD ), with which we have long-established relationships. We retain servicing rights and asset management responsibilities on substantially all loans that we originate for GSE and HUD programs. We are approved as a Fannie Mae Delegated Underwriting and Servicing ( DUS ) lender nationally, a Freddie Mac Program Plus lender in 22 states and the District of Columbia, a Freddie Mac targeted affordable housing seller/servicer, a HUD Multifamily Accelerated Processing ( MAP ) lender nationally, a HUD Section 232 LEAN lender nationally, and a Ginnie Mae issuer. We broker and service loans for a number of life insurance companies, commercial banks, commercial mortgage backed securities ( CMBS ) issuers, and other institutional investors, in which cases we do not fund the loan but rather act as a loan broker. We also originate and hold interim loans on our balance sheet and offer proprietary CMBS and large interim loans through our partnerships with institutional investors. We have been in business for more than 77 years; a Fannie Mae DUS lender since 1988, when the DUS program began; a HUD lender since acquiring a HUD license in 2009; and a Freddie Mac Program Plus lender since 2009.

The sale of each loan through GSE and HUD programs is negotiated prior to rate locking or closing the loan with the borrower. For loans originated pursuant to the Fannie Mae DUS program, we generally are required to share the risk of loss, with our maximum loss capped at 20% of the loan s balance at origination. In addition to our risk-sharing obligations, we may be obligated to repurchase loans that are originated for GSE and HUD programs if certain representations and warranties that we provide in connection with such originations are breached. We have never been required to repurchase a loan. We have established a strong credit culture over decades of originating loans and are committed to disciplined risk management from the initial underwriting stage through loan payoff.

Walker & Dunlop, Inc. is a holding company, and we conduct substantially all of our operations through Walker & Dunlop, LLC, our operating company. In December 2010, we completed our initial public offering. In connection with our initial public offering, we completed certain formation transactions through which Walker & Dunlop, LLC became a wholly owned subsidiary of Walker & Dunlop, Inc., a newly formed Maryland corporation (the Formation Transaction ).

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On September 4, 2012, we closed the acquisition of CWCapital LLC ( CWCapital ), a wholly owned subsidiary of CW Financial Services LLC ( CWFS ), which is an affiliate of Fortress Investment Group LLC ( Fortress ), at which time the total consideration transferred was valued at approximately $231.1 million, consisting of $80.0 million in cash and approximately 11.6 million shares of our common stock with a fair value of $151.1 million issued in a private placement to CWFS (the CW Acquisition ). Upon closing of the CW Acquisition, CWCapital became an indirect wholly owned subsidiary of the Company and was renamed Walker & Dunlop Capital, LLC. Additionally, Fortress became our largest shareholder.

CWCapital was one of the leading commercial real estate finance companies in the United States, with a primary focus on multifamily lending, originating and selling mortgage loans pursuant to the programs of Fannie Mae, Freddie Mac, Ginnie Mae and HUD. The CW Acquisition increased our servicing portfolio by $14.5 billion and significantly increased our origination capacity and national presence.

On September 25, 2014, we executed a purchase agreement to acquire certain assets and assume certain liabilities of Johnson Capital Group, Inc. ( Johnson Capital ). The acquisition of Johnson Capital closed on November 1, 2014 ( JC Acquisition ). The consideration transferred totaled $23.5 million and consisted of $17.6 million in cash and $5.9 million of our common stock issued in a private placement. The JC Acquisition expands our network of loan originators, provides further diversification to our origination platform, and increases our HUD servicing portfolio.

Since 2011, we have offered interim loans for our balance sheet that provide floating-rate debt to experienced borrowers seeking to acquire or reposition multifamily properties that do not currently qualify for permanent financing (the Interim Program ). We closed our first loan under the Interim Program in February 2012. We underwrite all loans originated through the Interim Program. During the time the loans are outstanding, we assume the full risk of loss on the loans. In addition, we service and asset-manage loans originated through the Interim Program, with the ultimate goal of providing permanent financing on the properties. These loans are classified as held for investment on our balance sheet during such time that they are outstanding. We have not experienced any delinquencies or charged off any loans originated under the Interim Program. We held 12 loans originated under the Interim Program with an aggregate $225.3 million unpaid principal balance as of December 31, 2014.

Since 2013, we have offered a large loan bridge program (the Bridge Program ) through a partnership in which we own a five-percent interest ( Bridge Partnership ). The loans in the Bridge Program are selected and funded by the Bridge Partnership and underwritten by us. We receive an asset management fee on the invested capital for managing the Bridge Program and servicing the loans. The Bridge Partnership assumes the full risk of loss on the loans. We account for our five-percent interest under the equity method of accounting. The Bridge Partnership held one loan originated under the Bridge Program with a $44.2 million unpaid principal balance as of December 31, 2014.

We own a 20% interest in a partnership with an affiliate of our largest stockholder and an affiliate of the selling stockholders in this offering, Fortress (the CMBS Partnership ). The CMBS Partnership began offering financing through a CMBS platform for all commercial property types throughout the United States (the CMBS Program ) during 2014. The CMBS Partnership expects to sell all loans originated by it into secondary securitization offerings within 90 days of origination. The loans in the CMBS Partnership are selected and funded by the CMBS Partnership and underwritten by us. We receive a fee for servicing the loans. The CMBS Partnership assumes the full risk of loss on the loans while it holds the loans. We account for our 20 percent interest under the equity method of accounting. The CMBS Partnership originated $116.1 million of loans through the CMBS Program and contributed loans to two third-party securitizations during 2014.

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**The Share Repurchase**

Subject to the completion of the offering, we will repurchase from the underwriter 3,000,000 of the shares of our common stock that are the subject of this offering at a price per share equal to the price at which the underwriter will purchase such shares from the selling stockholders in this offering. We refer to this transaction as the share repurchase. The repurchased shares will no longer be outstanding following completion of this offering. We intend to fund the share repurchase with cash on hand. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any of our common stock subject to the share repurchase.

## Corporate Information

Walker & Dunlop, Inc. is a Maryland corporation with its principal executive offices located at 7501 Wisconsin Avenue, Suite 1200E, Bethesda, Maryland, 20814, telephone number (301) 215-5500. Our website address is www.walkerdunlop.com. The information on, or otherwise accessible through, our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

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## The Offering

*The offering terms are summarized below solely for your convenience. For a more complete description of the terms of our common stock, see Description of Capital Stock in the accompanying prospectus.*

| | |
|---|---|
| Securities offered by the selling stockholders | 8,246,534 shares of common stock, $0.01 par value per share. |
| New York Stock Exchange symbol | WD |
| Shares of common stock outstanding immediately after completion of this offering and the share repurchase | 30,322,732[(1)] shares |
| Use of proceeds | We will not receive any proceeds from the sale of the shares of our common stock by the selling stockholders in this offering. |
| Share Repurchase | Subject to the completion of the offering, we will repurchase from the underwriter 3,000,000 of the shares of our common stock that are the subject of this offering at a price per share equal to the price at which the underwriter will purchase such shares from the selling stockholders in this offering. |
| Risk factors | Investing in our securities involves risks. Potential investors are urged to read and consider the specific factors relating to an investment in us as set forth under Risk Factors in our most recent Annual Report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus. |

(1) After giving effect to the repurchase of the 3,000,000 shares of common stock from the underwriter that will no longer be outstanding after the completion of the share repurchase, shares of outstanding common stock includes 1,397,072 shares of unvested restricted common stock, and excludes (i) vested options exercisable for 544,342 shares of common stock, (ii) 875,801 unvested restricted stock units, and (iii) unvested options that may be exercisable for 776,831 shares of common stock.

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## USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares of our common stock by the selling stockholders in this offering.

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## SELLING STOCKHOLDERS

The following table sets forth certain information about the selling stockholders at March 16, 2015. As of March 13, 2015, there were 33,322,732 shares of common stock outstanding. When we refer to a selling stockholder in this prospectus supplement, we mean any person specifically identified in the table below.

The number of shares and percentages of beneficial ownership prior to this offering set forth below are based on the number of shares of our common stock issued and outstanding immediately prior to the consummation of this offering. The number of shares and percentages of beneficial ownership after this offering set forth below are based on the number of shares of our common stock issued and outstanding immediately after the consummation of this offering assuming the selling stockholders sell 8,246,534 shares of common stock offered by this prospectus.

The SEC has defined beneficial ownership of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security. A stockholder is also deemed to be, as of any date, the beneficial owner of all securities that such stockholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or other rights (as set forth above) held by that person that are exercisable as of March 16, 2015 or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

| Name of Selling Stockholder | Beneficial Ownership Prior to this Offering | | Shares of common stock being offered hereby | Beneficial Ownership After this Offering | |
|---|---|---|---|---|---|
| | Number of Shares | Percent of All Shares | | Number of Shares | Percent of All Shares |
| FIF V WD LLC (1) | 4,123,267 | 12.37% | 4,123,267 | 0 | 0 |
| FCOF UB Investments LLC (1) | 1,649,307 | 4.9% | 1,649,307 | 0 | 0 |
| FCOF II UB Investments LLC (1) | 1,099,537 | 3.3% | 1,099,537 | 0 | 0 |
| FTS SIP LP (1) | 687,211 | 2.1% | 687,211 | 0 | 0 |
| FCO MA II UB Securities LLC (1) | 549,769 | 1.6% | 549,769 | 0 | 0 |
| FCO MA LSS LP (1) | 137,443 | 0.4% | 137,443 | 0 | 0 |

(1) Prior to the completion of this offering, Fortress Investment Group LLC may be deemed to be exercising voting and investment power over 8,246,534 shares, including (i) shares held by FIF V WD LLC, (ii) shares held by FCOF UB Investments LLC ( FCOF UB ), (iii) shares held by FCOF II UB Investments LLC ( FCOF II UB ), (iv) shares held by FTS SIP L.P. ( FTS SIP ), (v) shares held by FCO MA II UB Securities LLC ( FCO MA II UB ), and (vi) shares held by FCO MA LSS LP ( FCO MA LSS ). Fortress Investment Fund V (Fund A) L.P. ( FIF V (A) ), Fortress Investment Fund V (Fund B) L.P. ( FIF V (B) ), Fortress Investment Fund V (Fund C) L.P. ( FIF V (C) ), Fortress Investment Fund V (Fund D) L.P. ( FIF V (D) ), Investment Fund V (Fund E) L.P. ( FIF V (E) ), Fortress Investment Fund V (Fund F) L.P. ( FIF V (F) ), and Fortress Investment Fund V (Fund G) L.P. ( FIF V (G) ) are

holders of the membership interests of FIF V WD LLC and have the ability to direct the management and affairs of FIF V WD LLC. The general partner of FIF V (A), FIF V (D), and FIF V (E) is Fortress Fund V GP L.P ( FF V GP ). The general partner of FIF V (B), FIF V (C), FIF V (F), and FIF V (G) is Fortress Fund V GP (BCF) L.P ( FF V GP (BCF) ). Fortress Fund V GP Holdings Ltd. ( FF V GP Holdings ) is the general partner of FF V GP. Fortress Fund V GP (BCF) Holdings Ltd. ( FIF V GP (BCF) Holdings ) is the general partner of FF V GP (BCF). Fortress Credit Opportunities Fund (A) LP ( FCOF (A) ), Fortress Credit Opportunities Fund (B) LP ( FCOF (B) ), and Fortress Credit Opportunities Fund (C) L.P ( FCOF (C) ) are holders of the membership interests of FCOF UB and have the ability to direct the management and affairs of FCOF UB. FCO Fund GP LLC ( FCO Fund GP ) is the general partner of FCOF (A), FCOF (B), and FCOF (C). Fortress Credit Opportunities Fund II (A) LP ( FCOF II (A) ), Fortress Credit Opportunities Fund II (B) LP ( FCOF II (B) ), Fortress Credit Opportunities Fund II (C) L.P. ( FCOF II (C) ), Fortress Credit Opportunities Fund

II (D) L.P. ( FCOF II (D) ), and Fortress Credit Opportunities Fund II (E) LP ( FCOF II (E) ) are holders of the membership interests of FCOF II UB and have the ability to direct the management and affairs of FCOF II UB. FCO Fund II GP LLC ( FCO Fund II GP ) is the general partner FCOF II (A), FCOF II (B), FCOF II (C), FCOF II (D), and FCOF II (E). By virtue of its capacity as investment advisor, Fortress Credit Opportunities Advisors LLC ( FCO Advisors ) may be deemed to beneficially own the shares held by FCOF (A), FCOF (B), FCOF (C), FCOF II (A), FCOF II (B), FCOF II (C), FCOF II (D) and FCOF II (E), pursuant to management agreements. The general partner of FTS SIP is FCO MA GP LLC ( FCO MA GP ). By virtue of its capacity as investment advisor, Fortress Credit Opportunities MA Advisors LLC ( FCO MA Advisors ) may be deemed to beneficially own the shares held by FTS SIP, pursuant to a management agreement. The general partner of FCO MA LSS is FCO MA LSS GP LLC ( FCO MA LSS GP ). By virtue of its capacity as investment advisor, FCO MA LSS Advisors LLC ( FCO MA LSS Advisors ) may be deemed to beneficially own the shares held by FCO MA LSS, pursuant to a management agreement. FCO MA II LP ( FCO MA II ) is the sole member of FCO MA II UB and has the ability to direct the management and affairs of FCO MA II UB. FCO MA II GP LLC ( FCO MA II GP ) is the general partner of FCO MA II. By virtue of its capacity as investment advisor, Fortress Credit Opportunities MA II Advisors LLC ( FCO MA II Advisors ) may be deemed to beneficially own the shares held by of FCO MA II, pursuant to a management agreement. FIG LLC may be deemed to beneficially own the shares held by FIF V (A), FIF V (B), FIF V (C), FIF V (D), FIF V (E), FIF V (F) and FIF V (G) by virtue of its capacity as investment advisor, pursuant to management agreements, and may be deemed to beneficially own the shares beneficially owned by FCO Advisors, FCO MA Advisors, FCO MA II Advisors and FCO MA LSS Advisors in its capacity as owner. Hybrid GP Holdings LLC ( Hybrid GP Holdings ) is the holder of all membership interests of FCO MA LSS GP, FCO Fund GP, FCO Fund II GP, FCO MA GP, and FCO MA II GP. Fortress Operating Entity I LP ( FOE I ) is the managing member of Hybrid GP Holdings and holder of all limited company interests of FF V GP Holdings and FIF V GP (BCF) Holdings. Principal Holdings I LP ( PH I ) is the holder of all limited company interests of FFV GP (BCF) Holdings. FIG Corp. is the general partner of FOE I. FIG Asset Co. LLC is the sole member of PH I. Fortress Investment Group LLC is the holder of all shares of FIG Corp. and all membership interests of FIG Asset Co. LLC. The address of Fortress Investment Group LLC is 1345 Avenue of the Americas, New York, NY.

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## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Related Party Transaction Policies

Our Board has adopted a written policy regarding the approval of any related person transaction, which is any transaction or series of transactions in which we or any of our subsidiaries is (or are to be) a participant, the amount involved exceeds $100,000, and a related person (as defined under SEC rules) has a direct or indirect material interest; provided, however, that approval is not required for competitive bidding and similar transactions that are not deemed to be related party transactions under Item 404(a) of Regulation S-K of the Securities Act of 1933, as amended (the Securities Act ). Under the policy, a related person would need to promptly disclose to our compliance officer any related person transaction and all material facts about the transaction. Our compliance officer would then assess and promptly communicate that information to the Audit Committee of our Board. Based on its consideration of all of the relevant facts and circumstances, the Audit Committee will either approve or reject the transaction or refer the transaction to the full Board or other appropriate Board committee, in its discretion. If we become aware of an existing related person transaction that has not been pre-approved under this policy, the transaction will be referred to the Audit Committee which will evaluate all options available, including ratification, revision or termination of such transaction, and will either approve or reject the transaction or refer the transaction to the full Board or other appropriate Board committee, in its discretion. Our policy provides that any director who may be interested in a related person transaction should recuse himself or herself from any consideration of such related person transaction.

### 2010 Registration Rights Agreement

In December 2010, in connection with our initial public offering, we completed formation transactions through which Walker & Dunlop, LLC became our wholly owned subsidiary. In connection with such formation transactions, we entered into a registration rights agreement with regard to shares of our common stock issued to former direct and indirect equity holders of Walker & Dunlop, LLC, which we refer to collectively as the 2010 registrable shares. Among the parties to such registration rights agreement, which we refer to as the 2010 registration rights agreement, were Column Guaranteed LLC ( Column ), three of our named executive officers, Messrs. Walker, Smith and Warner, our then Executive Vice President and Chief Executive Officer, Deborah Wilson and certain employees and non-employees, together with their permitted assignees and transferees, we refer to collectively as holders of 2010 registrable shares.

Pursuant to the 2010 registration rights agreement, we granted to holders of 2010 registrable shares demand registration rights, subject to certain limitations, to have such shares registered for resale on a registration statement that must remain effective for the shorter of: (a) two (2) years from its date of effectiveness, (b) the period ending on the date on which all of the 2010 registrable shares covered by such registration are eligible for sale without registration pursuant to Rule 144 or any successor provision under the Securities Act, without volume limitations or other restrictions on transfer thereunder and (c) the date on which the parties to the 2010 registration rights agreement complete the sale of all of the 2010 registrable shares. We also granted to holders of 2010 registrable shares holding a number of 2010 registrable shares equal to at least ten percent (10%) of the total number of shares of our common stock issued in the formation transactions described above demand registration rights, subject to certain limitations, pursuant to which such holder will be entitled to effect the sale of such 2010 registrable shares through an underwritten public offering.

In addition to demand registration rights, we also granted to holders of 2010 registrable shares tag-along (or piggy-back ) rights, subject to certain limitations, pursuant to which such holders have the right to have such shares registered if we propose to file a registration statement with respect to an underwritten offering of shares for our own account.

Notwithstanding the foregoing, in the event of certain corporate events affecting us for certain periods, we are permitted under the 2010 registration rights agreement, subject to certain limitations, to postpone the filing of

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a registration statement and from time to time to require holders of 2010 registrable shares not to sell under a registration statement or to suspend the effectiveness of such registration statement. We will bear all of the costs and expenses incident to our registration obligations under the 2010 registration rights agreement, including, among other things, fees and disbursements of one counsel retained by the selling holders of 2010 registrable shares. We have also agreed, subject to certain limitations, to indemnify holders of 2010 registrable shares against specified liabilities, including certain potential liabilities arising under the Securities Act.

As described in Column Stock Repurchase , on March 17, 2014, we repurchased from Column all of the shares of our common stock it then owned. Accordingly, Column has no registration rights under the 2010 registration rights agreement.

**Amendment of 2010 Registration Rights Agreement**

In connection with our acquisition of CWCapital and the 2012 registration rights agreement described below, the Company, CWFS and certain of the signatories to the 2010 registration rights agreement, which we refer to collectively as the current holders, entered into a letter agreement pursuant to which CWFS and the current holders agreed, among other things: (i) to *pro rata* cutbacks with respect to their respective piggy-back registration rights under the 2012 registration rights agreement and the 2010 registration rights agreement, respectively, if requested by a managing underwriter in order to reduce the amount of shares to be included in offerings for our own account or offerings of 2012 registrable shares or 2010 registrable shares, as applicable, (ii) that whichever of them requests an underwritten offering of 2012 registrable shares or 2010 registrable shares, as applicable, will also have the right to select the managing underwriters for such offering, (iii) to reduce the threshold at which Column has the right to request registration of 2010 registrable shares for sale through an underwritten public offering to five percent (5%) of the shares of our common stock outstanding as of the closing date of our acquisition of CWCapital described below and (iv) for the Company to include the 2010 registrable shares of the current holders in the registration statement to be filed in connection with the 2012 registration rights agreement.

**2012 Registration Rights Agreement**

In September 2012, in connection with our acquisition of CWCapital, we entered into a registration rights agreement, which we refer to as the 2012 registration rights agreement, with CWFS, the former owner of CWCapital, with regard to shares of our common stock issued to CWFS, which we refer to collectively as the 2012 registrable shares.

Pursuant to the 2012 registration rights agreement, we agreed to register for resale all of the 2012 registrable shares held by CWFS, which, together with its permitted transferees or assigns, we refer to collectively as holders of 2012 registrable shares, on a shelf registration statement filed with the SEC no later than 30 days after the closing date of our acquisition of CWCapital. We also granted to holders of 2012 registrable shares piggy-back rights, subject to certain limitations, pursuant to which such holders have the right to have such shares registered if we propose to file a registration statement with respect to an underwritten offering of shares for our own account or for the account of one or more other stockholders of the Company. In either case, we agreed to use our reasonable best efforts to maintain the effectiveness of the relevant registration statement until the earlier of (i) the date on which all 2012 registrable shares covered by such registration statement are eligible for sale without registration pursuant to Rule 144 or any successor provision under the Securities Act, without volume limitations or other restrictions on transfer thereunder and (ii) the date on which holders of 2012 registrable shares consummate the sale of all 2012 registrable shares registered under such registration statement.

We also granted to holders of 2012 registrable shares holding a number of 2012 registrable shares equal to at least five percent (5%) of the shares of our common stock outstanding as of the closing date of our acquisition of CWCapital

demand registration rights, subject to certain limitations, pursuant to which such holder will be entitled to effect the sale of such 2012 registrable shares through an underwritten public offering.

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Notwithstanding the foregoing, in the event of certain corporate events affecting us for certain periods, we are permitted under the 2012 registration rights agreement, subject to certain limitations, to postpone the filing of a registration statement and from time to time to require holders not to sell under a registration statement or to suspend the effectiveness thereof. We will bear all of the costs and expenses incident to our registration obligations under the 2012 registration rights agreement, including, among other things, fees and disbursements of one counsel retained by the selling holders of 2012 registrable shares. We have also agreed, subject to certain limitations, to indemnify holders of 2012 registrable shares against specified liabilities, including certain potential liabilities arising under the Securities Act.

Affiliates of Fortress sold 2 million shares of our common stock in a registered offering in November 2014. In connection therewith, we paid $205 thousand in Fortress expenses.

**Column Voting Agreement**

Under the terms of the Column Voting Agreement, to the extent that Column beneficially owned at least ten percent of our then outstanding common stock, at our annual meeting of stockholders held in 2014 or at any special meeting of our stockholders held prior to our 2014 annual meeting at which our directors were to be elected, or at any taking of action by written consent of our stockholders prior to our 2014 annual meeting at which our directors were to be elected, Column had the right to designate one nominee for election to the Board (such nominee, the Column Nominee ) at such director election. At or prior to any director election, (i) our Nominating and Corporate Governance Committee was required to recommend to the Board the nomination of the Column Nominee for election to the Board, and (ii) the Board was required to recommend to our stockholders the election of the Column Nominee to the Board. At each such director election, (i) CWFS and its affiliates were required to vote all of their shares of common stock then held in favor of electing the Column Nominee to the Board, and (ii) Column was required to vote all of its shares of our common stock then held in favor of electing CWFS or its affiliates nominees to the Board.

As described in Column Stock Repurchase , on March 17, 2014, we repurchased from Column all of the shares of our common stock it then owned. Accordingly, Column had no right to designate a nominee for election to our Board at the June 5, 2014 annual meeting.

**CWFS Designation and Election of Directors**

Pursuant to the terms of the Purchase Agreement by which we acquired CWCapital, CWFS was entitled to designate up to two nominees for election as directors to our Board through our annual meeting held in 2014. The Purchase Agreement specified that at our annual meeting of stockholders to be held during the 2013 and 2014 calendar years, or at any special meeting of our stockholders held prior to our 2014 annual meeting of stockholders at which our directors were to be elected, or at any taking of action by written consent of our stockholders prior to our 2014 annual meeting of stockholders with respect to which our directors were to be elected, CWFS had the right (but not the obligation) to designate two nominees for election to our Board at such director elections. Under the terms of the Purchase Agreement, at or prior to any such director election: (i) our Nominating and Corporate Governance Committee was required to recommend to our Board the nomination of the CWFS nominees for election to our Board, and (ii) our Board was required to recommend to our stockholders the election of the CWFS nominees to our Board. Such right has now expired in accordance with the terms of the Purchase Agreement. At each of our 2013 and 2014 annual meetings, CWFS designated Michael D. Malone as the CWFS nominee.

**Column Indemnification Agreements**

On February 17, 2010, Capital Funding Group, Inc. ( Capital Funding ) filed a lawsuit in the state Circuit Court for Montgomery County, Maryland against Walker & Dunlop, LLC, our wholly owned subsidiary, for

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alleged breach of contract, unjust enrichment and unfair competition arising out of an alleged agreement that Capital Funding had with Column to refinance a large portfolio of senior healthcare facilities located throughout the United States (the Golden Living Facilities ). On November 17, 2010, Capital Funding filed an amended complaint adding Credit Suisse Securities (USA) LLC ( Credit Suisse ) and its affiliates Column and Column Financial, Inc. as defendants. In December 2010, Column assumed the defense of the Company pursuant to an indemnification agreement. Capital Funding alleges that a contract existed between it and Column (and its affiliates) whereby Capital Funding allegedly had the right to perform the HUD refinancing for the Golden Living Facilities and according to which Capital Funding provided certain alleged proprietary information to Column and its affiliates relating to the refinancing of the Golden Living Facilities on a confidential basis. Capital Funding further alleges that Walker & Dunlop, LLC, as the alleged successor by merger to Column, is bound by Column s alleged agreement with Capital Funding, and breached the agreement by taking for itself the opportunity to perform the HUD refinancing for the Golden Living Facilities.

Capital Funding further claims that Column and its affiliates and Walker & Dunlop, LLC breached the contract, were unjustly enriched, and committed unfair competition by using Capital Funding s alleged proprietary information for certain allegedly unauthorized purposes. Capital Funding also asserts a separate unfair competition claim against Walker & Dunlop, LLC in which it alleges that Walker & Dunlop, LLC is improperly taking credit on its website for certain work actually performed by Capital Funding. Capital Funding seeks damages in excess of $30.0 million on each of the three claims asserted against all defendants, and an unspecified amount of damages on the separate claim for unfair competition against Walker & Dunlop, LLC. Capital Funding also seeks injunctive relief in connection with its unjust enrichment and unfair competition claims.

Pursuant to an agreement, dated January 30, 2009 (the Column Transaction Agreement ), among Column, Walker & Dunlop, LLC, W&D, Inc. and Green Park Financial Limited Partnership, Column generally agreed to indemnify Walker & Dunlop, LLC against liability arising from Column s conduct prior to Column s transfer of the assets to Walker & Dunlop, LLC. However, pursuant to the Column Transaction Agreement, Column s indemnification obligation arises only after Column receives a claim notice following the resolution of the litigation that specifies the amount of Walker & Dunlop, LLC s claim.

To provide for greater certainty regarding Column s indemnification obligations before the resolution of this litigation and to cap our total loss exposure, we secured a further agreement from Column in November 2010 confirming that it will indemnify us for any liabilities that arise as a result of this litigation. As part of this further indemnification agreement, in the event Column is required to pay us for any liabilities under the Capital Funding litigation that it otherwise would not have been obligated to pay under the Column Transaction Agreement, we will indemnify Column for an amount up to $3.0 million. Also as part of this further indemnification agreement, William Walker, our Chairman, President and Chief Executive Officer, and Mallory Walker, former Chairman and current stockholder, in their individual capacities, agreed that if Column is required to indemnify us under this agreement and otherwise would not have been obligated to pay such amounts under the Column Transaction Agreement, Messrs. William Walker and Mallory Walker will pay any such amounts in excess of $3.0 million but equal to or less than $6.0 million. As a result of this agreement, we will have no liability or other obligation for any damage amounts in excess of $3.0 million arising out of this litigation. Although Column has assumed defense of the case for all defendants, and is paying applicable counsel fees, as a result of the indemnification claim procedures described above, we could be required to bear the significant costs of the litigation and any adverse judgment unless and until we are able to prevail on our indemnification claim. We believe that we will fully prevail on our indemnification claims against Column, and that we ultimately will incur no material loss as a result of this litigation, although there can be no assurance that this will be the case.

On July 19, 2011, the Circuit Court for Montgomery County, Maryland issued an order granting the defendants motion to dismiss the case, without prejudice. After the initial case was dismissed without prejudice, Capital Funding filed an amended complaint. In November 2011, the Circuit Court for Montgomery County,

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Maryland rejected our motion to dismiss the amended complaint. Capital Funding filed a Second Amended Complaint that did not alter the claims at issue but revised their alleged damages. Defendants moved for summary judgment on all claims, including two counts of breach of contract, two counts of promissory estoppel, two counts of unjust enrichment, and two counts of unfair competition. On April 30, 2013, the Court issued an Opinion and Order which granted the motion as to the two promissory estoppel counts and one count of unjust enrichment. The Court denied the motion as to all remaining claims.

A two-week jury trial was held in July 2013. In the course of the trial, all but two of Capital Funding s claims were dismissed. The jury awarded Capital Funding (i) a $1.8 million judgment against defendants on Capital Funding s breach of contract claim and (ii) a $10.4 million judgment against Credit Suisse, Column s parent, on Capital Funding s unjust enrichment claim. Because the two claims arise from the same facts, Capital Funding agreed it may only collect on one of the judgments; following the verdict, Capital Funding elected to collect the $10.4 million judgment against Credit Suisse. The defendants filed a post judgment motion to reduce or set aside the judgment. On January 31, 2014, the Court ruled that the $10.4 million unjust enrichment judgment is vacated, and awarded Capital Funding the $1.8 million breach of contract judgment. On February 10, 2014, Capital Funding filed a motion with the Court seeking a new trial. On March 13, 2014, the Court denied Capital Funding s motion for a new trial. Capital Funding filed an appeal with Maryland s Court of Special Appeals, which was heard on December 10, 2014. We are awaiting a ruling on the appeal.

As a result of an indemnification arrangement with Column, our loss exposure is limited to $3.0 million, and we believe that the indemnification fully covers the $1.8 million judgment.

**Column Stock Repurchase**

On March 14, 2014 we entered into a Stock Purchase Agreement with Column to repurchase all 2,450,451 shares of our common stock it then owned, at an aggregate purchase price of $35.5 million or $14.50 per share. The repurchase was completed on March 17, 2014.

**CMBS Partnership**

We offer a Commercial Mortgage Backed Securities ( CMBS ) lending program ( CMBS Program ) through a partnership with an affiliate of Fortress, in which we own a 20 percent interest ( CMBS Partnership ). Affiliates of Fortress and the selling stocholders in this offering manage funds which collectively constitute our largest stockholder group. The CMBS Program offers financing for all commercial property types throughout the United States. The loans in the CMBS Program are selected and funded by the CMBS Partnership and underwritten by us. We receive a fee for servicing the loans. The CMBS Partnership assumes the full risk of loss on the loans while it holds the loans. We account for our 20 percent interest in the CMBS Partnership using the equity method of accounting. Eleven loans with an aggregate unpaid principal balance of $116.1 million were originated through the CMBS Program during 2014. We recorded a $29 thousand loss related to the CMBS Program in 2014.

**Servicing Fees**

Walker & Dunlop, LLC is the loan subservicer for three loans serviced by CWCapital Asset Management LLC ( CWCAM ), an affiliate of Fortress and the selling stockholders in this offering, pursuant to a subservicing agreement between Walker & Dunlop, LLC and CWCAM. In 2014, we received aggregate servicing fees under this agreement of $73 thousand.

Walker & Dunlop, LLC is the servicer of a portfolio of 439 Fannie Mae secondary risk loans. In connection with that portfolio of loans, Walker & Dunlop, LLC is party to a sub-special servicing agreement with CWCAM pursuant to which we will pay CWCAM fees for performing special servicing services for mortgage loans in the portfolio. CWCAM currently performs special servicing services for three loans under the special servicing agreement. In 2014, we paid CWCAM aggregate fees of $151 thousand.

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Until October 30, 2014, Walker & Dunlop, LLC was a servicer of a commercial real estate mortgage loan made to a special purpose entity, which was an affiliate of Fortress and the selling stockholders in this offering, and we received servicing fees in connection with our role as servicer. In 2014 through October 30, 2014, we received $606 thousand in servicing fees, including a prepayment fee. Until September 30, 2014, Walker & Dunlop, LLC was a servicer of a commercial real estate loan owned by an affiliate of Fortress and the selling stockholders in this offering, and we received servicing fees in connection with our role as servicer. In 2014 through September 30, 2014, we received aggregate servicing fees of $2 thousand.

**CoStar Information Subscriptions**

Andrew C. Florance, one of our Directors, is the president and chief executive officer and a member of the board of directors of CoStar. CoStar is a provider of commercial real estate information and analytic services. In 2014, we paid $324 thousand in fees for various CoStar subscription services. We use each of these subscriptions to analyze commercial real estate property, markets and assets in connection with our lending, loan servicing and asset management activities.

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## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain United States federal income tax considerations relating to the holding and disposition of our common stock by a non-U.S. stockholder (as defined below). As used in this section, references to the terms company, we, our, and us mean only Walker & Dunlop, Inc. and not its subsidiaries or other lower-tier entities, except as otherwise indicated.

This summary is based upon the United States Internal Revenue Code of 1986, as amended (the Internal Revenue Code ), U.S. Treasury Regulations, rulings and other administrative interpretations and practices of the Internal Revenue Service (the IRS ) (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings), and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. We have not sought and will not seek an advance ruling from the IRS regarding any matter discussed in this section. The summary is also based upon the assumption that we will operate the company and its subsidiaries and affiliated entities in accordance with their applicable organizational documents.

This summary is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor in light of its investment or tax circumstances, or to investors subject to special tax rules, including:

- broker-dealers;
- financial institutions;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- insurance companies;
- persons other than non-U.S. stockholders (as defined below);
- persons holding 10% or more (by vote or value) of our outstanding common stock, except to the extent discussed below;
- persons holding our stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment or transaction;

persons holding our common stock on behalf of other persons as nominees;

persons holding our common stock through a partnership or similar pass-through entity;

persons subject to the alternative minimum tax provisions of the Internal Revenue Code;

real estate investment trusts, or REITs;

regulated investment companies, or RICS;

subchapter S corporations;

tax-exempt organizations;

trusts and estates; or

U.S. expatriates.

This summary assumes that stockholders will hold our common stock as a capital asset, which generally means as property held for investment.

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**You are urged to consult your tax advisor regarding the U.S. federal, state, local, and foreign income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of our common stock.**

**Taxation of Non-U.S. Stockholders**

This section summarizes the taxation of non-U.S. stockholders. For these purposes, a non-U.S. stockholder is a beneficial owner of our common stock that for U.S. federal income tax purposes is other than:

- a citizen or resident of the U.S.;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or of a political subdivision thereof (including the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) it has a valid election in place to be treated as a United States person.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of any such partnership holding our common stock should consult its own tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our common stock by the partnership.

***Distributions***

If distributions are paid on shares of our common stock, the distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent a distribution exceeds our current and accumulated earnings and profits, it will constitute a return of capital that is applied against and reduces, but not below zero, the adjusted tax basis of your shares in our common stock. Any remainder will constitute gain on the common stock. Dividends paid to a non-U.S. stockholder generally will be subject to withholding of U.S. federal income tax at the rate of 30% or such lower rate as may be specified by an applicable income tax treaty. If the dividend is effectively connected with the non-U.S. stockholder s conduct of a trade or business in the United States or, if a tax treaty requires, attributable to a U.S. permanent establishment maintained by such non-U.S. stockholder, the dividend will not be subject to any withholding tax, provided certification requirements are met, as described below, but will be subject to U.S. federal income tax imposed on net income on the same basis that applies to U.S. persons generally. A non-U.S. stockholder that is taxable as a corporation for U.S. federal income tax purposes may, under certain circumstances, also be subject to a branch profits tax equal to 30%, or such lower rate as may be specified by an applicable income tax treaty, on a portion of its effectively connected earnings and profits for the taxable year.

To claim the benefit of a tax treaty or to claim exemption from withholding because the income is effectively connected with the conduct of a trade or business in the United States, a non-U.S. stockholder must provide a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E for treaty benefits or W-8ECI for effectively connected income, or such successor forms as the IRS designates, prior to the payment of dividends. These forms must be periodically updated. Non-U.S. stockholders generally may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund. Non-U.S. stockholders should consult their own tax advisors regarding the potential applicability (including their eligibility for the benefits) of any income tax treaty.

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***Disposition***

A non-U.S. stockholder generally will not be subject to U.S. federal income tax, including by way of withholding, on gain recognized on a sale or other disposition of shares of our common stock unless any one of the following is true:

- the gain is effectively connected with the non-U.S. stockholder s conduct of a trade or business in the United States and, if a tax treaty applies, attributable to a U.S. permanent establishment or fixed base maintained by such non-U.S. stockholder;

- the non-U.S. stockholder is a nonresident alien individual present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met; or

- our common stock constitutes a U.S. real property interest by reason of our status as a United States real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time during the shorter of (i) the period during which you hold our common stock or (ii) the five-year period ending on the date you dispose of our common stock.

We believe that we are not currently, and will not become, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. As a general matter, as long as our common stock is regularly traded on an established securities market, however, it will not be treated as a U.S. real property interest with respect to any non-U.S. stockholder that holds no more than 5% of such regularly traded common stock. If we are determined to be a USRPHC and the foregoing exception does not apply, among other things, a purchaser may be required to withhold 10% of the proceeds payable to a non-U.S. stockholder from a disposition of our common stock, and the non-U.S. stockholder generally will be taxed on its net gain derived from the disposition at the graduated U.S. federal income tax rates applicable to United States persons, and may also be subject to alternative minimum tax.

Unless an applicable treaty provides otherwise, gain described in the first bullet point above will be subject to the U.S. federal income tax imposed on net income on the same basis that applies to U.S. persons generally but will generally not be subject to withholding. A non-U.S. stockholder that is taxable as a corporation for U.S. federal income tax purposes may, under certain circumstances, also be subject to a branch profits tax equal to 30%, or such lower rate as may be specified by an applicable income tax treaty, on such gain. Gain described in the second bullet point above will be subject to a flat 30% U.S. federal income tax, which may be offset by certain U.S. source capital losses. Non-U.S. stockholders should consult any potentially applicable income tax treaties that may provide for different rules.

***Information Reporting and Backup Withholding***

Information reporting and backup withholding may apply to dividends paid with respect to our common stock and to proceeds from the sale or other disposition of our common stock. In certain circumstances, non-U.S. stockholders may not be subject to information reporting and backup withholding if they certify under penalties of perjury as to their status as non-U.S. stockholders or otherwise establish an exemption and certain other requirements are met. Non-U.S. stockholders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules from a payment to a non-U.S. stockholder generally may be refunded or credited against the non-U.S. stockholder s U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

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***Withholding on Payments to Certain Foreign Entities***

The Foreign Account Tax Compliance Act ( FATCA ), which was enacted in 2010, imposes a 30% withholding tax on certain types of payments made to foreign financial institutions and certain other non-U.S. entities unless certain due diligence, reporting, withholding, and certification obligation requirements are satisfied.

The Treasury Department and the IRS have issued final regulations under FATCA. As a general matter, FATCA imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our common stock if paid to a foreign entity unless either (i) the foreign entity is a foreign financial institution that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of a foreign financial institution that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence and reporting requirements of such agreement, (ii) the foreign entity is not a foreign financial institution and identifies certain of its U.S. investors, or (iii) the foreign entity otherwise is excepted under FATCA. Under delayed effective dates provided for in the regulations and subsequent guidance, the required withholding began July 1, 2014 with respect to dividends on our stock, but will not begin until January 1, 2017 with respect to gross proceeds from a sale or other disposition of our stock.

If withholding is required under FATCA on a payment related to our stock, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). Prospective investors should consult their own tax advisors regarding the effect of FATCA in their particular circumstances.

***U.S. Federal Estate Taxes***

Shares of our common stock owned or treated as owned by an individual who at the time of death is a non-U.S. stockholder are considered U.S. situs assets and will be included in the individual s estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty