

## First Guaranteed Mortgage Corporation (FGMC)

### Master Q&A

The master Q&A will be broken up into stakeholder-specific Q&A for each audience, comprising the general section and the relevant stakeholder section.

#### *General*

**0. What did FGMC announce?**

FGMC has voluntarily filed for relief under chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware.

**1. Why did the Company file for chapter 11?**

The chapter 11 filing was necessitated by significant operating losses and cash flow challenges experienced by the Company due to unforeseen historical adverse market conditions for the mortgage lending industry, including unanticipated market volatility. The sharp and unexpected decline in performance reflects the intense pressure on mortgage originations due to the dramatic collapse of the mortgage refinance market and the weakening mortgage purchase market, which has suffered from a lack of housing inventory and increasing affordability issues. These factors have resulted in significant losses on the Company's total mortgage revenues and overall liquidity constraints.

**2. What will happen to the business?**

The Company filed for chapter 11 bankruptcy protection to ensure we are able to operate while we pursue all available restructuring options. The action has no impact on closed mortgages, which are already serviced by third parties.

The Company has taken action to accommodate the maximum number borrowers who have started but not yet completed the loan process. FGMC is finalizing debtor-in-possession financing that will enable it to close and fund approved consumer loans, under existing terms and conditions. In addition, the Company has further identified one or more potential partners to provide optionality to support the pipeline of in-process loans.

The debtor-in-possession financing, once approved by the Court, will also support the Company's operations, including go-forward payments to employees and vendors in the ordinary course and in accordance with bankruptcy provisions. FGMC is also in the process of developing an employee incentive and retention program, which requires Court approval.

**3. Will certain assets be sold?**

The Company is considering all responsible and reasonable options to maximize value for stakeholders.

#### *Retained Employees*

**4. How does this announcement and process affect day-to-day operations for those of us who remain? Will my role or responsibilities change as a result of this announcement?**

Not at this time, unless told otherwise by your manager. On behalf of FGMC, we are grateful for your commitment to our customers and business partners during this difficult time.

**5. What does this mean for employee benefits and compensation?**

- Your compensation and benefits remain in place, and you should continue working just as you did before. Additionally, we are working with our bankruptcy professionals to formulate special retention and incentive plans for employees who stay with us during the bankruptcy case. The plans would require Court approval. I look forward to sharing more about this early next week
6. **What are we telling our stakeholders about this filing? How are we communicating with investors, partners, suppliers, contractors, customers, and distribution partners throughout this process?**  
The Company has already begun notifying interested parties and will continue to do so. Please do not answer questions from any external stakeholder unless authorized. You will receive information and communications materials to share externally if designated and all employees will receive an escalation protocol where you can direct inquiries you are unable to answer. We appreciate your support in the effort to maintain clear communications with all our stakeholders.
  7. **How will I be kept informed during this process? Where can I go if I have more questions?**  
We do want you to know we are here to help you. We will provide updates to employees as we move through this process. If you have any additional questions or concerns in the meantime, please contact Human Resources at [hrrp@fgmc.com](mailto:hrrp@fgmc.com).

#### Vendors

8. **How does this filing impact FGMC's vendors?**  
We really value our relationships with all of our vendors and want to be sure we're addressing any questions you may have as quickly as possible. We can provide the following information:  
  
We can confirm that we expect to pay vendors in the ordinary course of business for all goods and services delivered on or after June 30, the date of our chapter 11 filing.  
  
Federal law prohibits the Company from paying amounts owed with respect to obligations arising prior to the June 30, 2022 filing date, without a court order. Entities owed funds may be eligible to file a claim. For information about the claims filing process, please visit <http://www.kccllc.net/FGMC>.  
  
Not all vendors will have a claim – and receiving this form does not necessarily mean you do.
9. **Are all vendors impacted by the chapter 11 process and requirements? How do I know with which entity I contract?**  
Chapter 11 requirements apply to only those entities that have filed for its protection. The list of filing entities is available at <http://www.kccllc.net/FGMC>
10. **How can I be sure I'll be paid?**  
Unpaid charges for goods and services delivered prior to June 30 are considered “pre-petition” claims. FGMC is restricted from issuing any payment for these claims. If you delivered goods or services to FGMC before June 30 and have not received payment, you may have a pre-petition claim that needs to be filed with the Bankruptcy Court. Proof-of-claim forms are available online at <http://www.kccllc.net/FGMC> and will also be delivered via mail. Not all vendors will have a claim – and receiving this form does not necessarily mean you do.
11. **Will FGMC continue to need vendors' goods and services on a go-forward basis?**  
We value our relationship with you and will provide updates with relevant information to each vendor separately. That said, if you have any questions or would like additional information, please visit [www.kccllc.net/FGMC](http://www.kccllc.net/FGMC).

**12. What do I do if I want to change my contract terms with FGMC?**

There is no reason for suppliers to seek to change the terms of their contract with FGMC. In addition, the automatic stay imposed in the chapter 11 cases precludes suppliers from taking such actions.

*Business Partners*

**13. What does this filing mean for business partners?**

As we stated today, this decision was not taken lightly, and please know that we are extremely grateful for your belief in our business. Each FGMC partner will be receiving individual communications with regards to our working relationship as we work through the process.

**14. What happens to our contractual agreements?**

Each FGMC partner will be receiving individual communications with regards to our working relationship as we work through the process.

*Borrowers*

**1. What does this filing mean for borrowers whose loans have been serviced?**

This action has absolutely no impact on borrowers who already closed a loan with our Company. Their mortgage will continue being serviced by our partner Rushmore Loan Management Services. Should they need further information regarding their mortgage they can contact RLMS Customer service team: +1 888-504-6700 and [www.rushmorelm.com](http://www.rushmorelm.com)

**2. What does this filing mean for prospective borrowers expecting confirmation of loan approval?**

The Company has taken action to accommodate the maximum number borrowers who have started but not yet completed the loan process. FGMC is finalizing debtor-in-possession financing that will enable it to close and fund approved consumer loans, under existing terms and conditions. In addition, the Company has further identified one or more potential partners to provide optionality to support the pipeline of in-process loans.