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

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**FORM 10-K**

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(Mark One)

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

For the Fiscal Year Ended December 31, 2016

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 001-34063



**LendingTree, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**26-2414818**

(I.R.S. Employer Identification No.)

**11115 Rushmore Drive, Charlotte, North Carolina 28277**

(Address of principal executive offices)

**(704) 541-5351**

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of each exchange on which registered
Common Stock, \$0.01 Par Value	The NASDAQ Stock Market

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

None

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

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

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

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

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of June 30, 2016 was approximately \$629 million. For the purposes of the foregoing calculation only, all directors and executive officers of the Registrant and the single stockholder who owns in excess of 20% of the voting common stock are assumed to be affiliates of the Registrant.

As of February 23, 2017, there were 11,839,736 shares of the Registrant's common stock, par value \$.01 per share, outstanding.

**Documents Incorporated By Reference:**

Portions of the Registrant's proxy statement for its 2017 Annual Meeting of Stockholders are incorporated by reference into Part III herein.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual report on Form 10-K for the fiscal year ended December 31, 2016 (the "Annual Report") contains "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements related to our anticipated financial performance, business prospects and strategy; anticipated trends and prospects in the various industries in which our businesses operate; new products, services and related strategies; and other similar matters. These forward-looking statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as "anticipates," "estimates," "expects," "projects," "intends," "plans" and "believes," among others, generally identify forward-looking statements.

Actual results could differ materially from those contained in the forward-looking statements. Factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include those matters discussed below, including in Part I. Item 1A. Risk Factors.

Other unknown or unpredictable factors that could also adversely affect our business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of LendingTree, Inc.'s management as of the date of this report. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results or expectations, except as required by law.

## PART I

### ITEM 1. *Business*

#### **Our Company**

LendingTree, Inc. ("LendingTree", the "Company", "we" or "us") operates what we believe to be the leading online loan marketplace for consumers seeking loans and other credit-based offerings. Our online marketplace provides consumers with access to product offerings from over 450 active lenders (which we refer to as "Network Lenders"), including mortgage loans, home equity loans and lines of credit, reverse mortgage loans, auto loans, credit cards, personal loans, student loans, small business loans and other related offerings. In addition, we offer tools and resources, including free credit scores, that facilitate comparison shopping for these loans and other credit-based offerings. We seek to match consumers with multiple lenders, who can provide them with competing quotes for the product they are seeking. By providing consumers access to a broad array of credit-based offerings directly from multiple lenders, rather than just multiple quotes from the same lender or indirectly through intermediaries, we believe our marketplace is differentiated from other providers operating loan comparison-shopping marketplaces.

Our strategically designed and executed advertising and marketing campaigns (which we refer to as performance marketing) span a wide array of digital and traditional media acquisition channels and promote our LendingTree and other brands and product offerings. Our marketing efforts are designed to attract consumers to our websites and toll-free telephone numbers. Interested consumers complete inquiry forms, providing detailed information about themselves and the loans or other offerings they are seeking. We refer to such consumer inquiries as loan requests. We then match these loan requests with lenders in our marketplace that are seeking to serve these consumers' needs. We generate revenue from these lenders, generally at the time of transmitting a loan request to them, in the form of a match fee. In certain instances outside our mortgage business, we charge other kinds of fees, such as closed loan or closed sale fees. In addition to our primary loan request data referral business, LendingTree also matches consumers with lenders via website clicks and calls for which lenders pay either front-end or back-end fees.

We are continually working to improve the consumer experience. We have made investments in technologically-adept personnel and we use in-market real-time testing to improve our digital platforms. Additionally, we work with our lenders, including providing training and other resources, to improve the consumer experience throughout the loan process. Further, we have been building and improving our My LendingTree platform, which provides a relationship-based consumer experience, rather than just a transaction-based experience.

#### **Evolution and Future Growth of Our Business**

At its inception, our original business was to serve consumers seeking home mortgage loans by matching them with various lenders. We launched the LendingTree brand nationally in 1998 and, over the last eighteen years, we invested significantly in this brand to gain widespread consumer recognition.

More recently, we have actively sought to expand the suite of loan and credit-based offerings we provide to consumers, in order to both leverage the applicability of the LendingTree brand as well as more fully serve the needs of consumers and lenders. We believe that consumers with existing LendingTree-branded associations will be more likely to utilize our other service offerings than those of other providers whose brands consumers may not recognize.

In June 2014, we re-launched My LendingTree, a platform that offers a personalized loan comparison-shopping experience, by providing free credit scores and credit score analysis. This platform enables us to observe consumers' credit profiles and then identify and alert them to loan and other credit-based offerings on our marketplace that may be more favorable than the loans they have at a given point in time. This is designed to provide consumers with measurable savings opportunities over their lifetimes.

By expanding our portfolio of loan and credit-based offerings, we are growing and diversifying our business and sources of revenue. We intend to capitalize on our expertise in performance marketing, product development and technology, and to leverage the widespread recognition of the LendingTree brand to effect this strategy.

We believe the consumer and small business financial services industry is in the early stages of a fundamental shift to online product offerings, similar to the shift that started in retail and travel many years ago and is now well established. We believe that like retail and travel, as consumers continue to move towards online shopping and transactions for financial services, suppliers will increasingly shift their product offerings and advertising budgets toward the online channel. We believe the strength of our brands and of our lender network place us in a strong position to continue to benefit from this market shift.

### Acquisition of CompareCards

On November 16, 2016, we acquired Iron Horse Holdings, LLC, which does business under the name CompareCards. CompareCards is a leading online source for side-by-side credit card comparison shopping. CompareCards provides consumers with one centralized location for pertinent credit card information needed to find the best card for their needs. The acquisition continues our diversification strategy in non-mortgage categories.

### Products

We currently report our revenues in two product categories: (i) mortgage products and (ii) non-mortgage products. Non-mortgage products include credit cards, personal loans, home equity, reverse mortgage, auto loans, small business loans and student loans. Non-mortgage products also include home improvement referrals and other credit products such as credit repair and debt settlement.

Mortgage and non-mortgage product revenue is as follows (*in thousands*):

	For the Year Ended December 31,		
	2016	2015	2014
Mortgage products	\$ 219,991	\$ 165,272	134,137
Non-mortgage products	164,411	88,944	33,213
<b>Total revenue</b>	<b>\$ 384,402</b>	<b>\$ 254,216</b>	<b>\$ 167,350</b>

LendingTree does not charge consumers or small businesses for the use of our services. Revenues from our mortgage products are mostly derived from upfront match fees paid by Network Lenders that receive a loan request, and in some cases upfront fees for clicks or call transfers. Because a given loan request form can be matched with more than one Network Lender, up to five match fees may be generated from a single consumer loan request form. Revenues from our non-mortgage products are derived from upfront match fees paid on delivery of a loan request, click or call and closed loan fees. For our credit card product, we send click traffic to issuers and are paid per card approval. For the years ended December 31, 2016, 2015 and 2014, one Network Lender, loanDepot, LLC, accounted for 13%, 12% and 13% of total revenue, respectively, and another Network Lender, Quicken Loans, accounted for 15%, 11% and 11% of total revenue, respectively.

#### **Mortgage Products**

Our mortgage products category includes our purchase and refinance products.

We partner with lenders throughout the United States to provide full geographic lending coverage and to offer a complete suite of loan offerings on our marketplace. To participate on our marketplace, lenders are required to enter into contracts with us that state the terms and conditions for such participation, although these contracts generally may be terminated for convenience by either party. We perform certain due diligence procedures on prospective new lenders, including screening against a national anti-fraud database maintained by the Mortgage Asset Research Institute, which helps manage our risk exposure. The data is utilized to determine whether a lender and its principals are eligible to participate on our marketplace and have not been convicted of and/or penalized for fraudulent activity.

Consumers seeking mortgage loans through our loan marketplace can receive multiple conditional loan offers from participating lenders in response to a single loan request form. We refer to the process by which we match consumers and Network Lenders as the matching process. This matching process consists of the following steps:

- (1) **Loan Request.** Consumers complete a single loan request form with information regarding the type of home loan product they are seeking, loan preferences and other data. Consumers also consent to a soft inquiry regarding their credit.
- (2) **Loan Request Form Matching and Transmission.** Our proprietary systems and technology match a given consumer's loan request form data, credit profile and geographic location against certain pre-established criteria of Network Lenders, which may be modified from time to time. Once a given loan request passes through the matching process, the loan request is automatically transmitted to up to five participating Network Lenders.
- (3) **Lender Evaluation and Response.** Network Lenders that receive a loan request form evaluate the information contained in it to determine whether to make a conditional loan offer.
- (4) **Communication of a Conditional Offer.** All matched Network Lenders and any conditional offers are presented to the consumer upon completion of the loan request form. Consumers can return to the site and view their offer(s) at any time by logging in to their My LendingTree profile. Additionally, matched lenders and offers are also sent to the email address associated with the consumer request.
- (5) **Loan Processing.** Consumers may then elect to work offline with relevant Network Lenders to provide property information and additional information bearing on their creditworthiness. If a Network Lender approves a consumer's application, it may then underwrite and originate a loan.
- (6) **Ongoing Consumer and Lender Support.** E-mail and telephone support are provided to both Network Lenders and consumers. This support is designed to provide technical assistance and increase overall satisfaction of Network Lenders and consumers.

We also offer consumers an alternative "short-form" matching process, which provides them with lender contact information rather than conditional offers from Network Lenders. This short-form process typically requires consumers to submit less data than required in connection with the matching process described above and does not involve consumer consent to an inquiry regarding credit.

In January 2013, we expanded our mortgage offerings by launching LoanExplorer, a "rate table" loan marketplace, where consumers can enter their loan and credit profile and dynamically view real-time rates from lenders without entering their contact information. Consumers then have the option of calling lenders directly, clicking through to lenders' websites or sending data requests for lenders to follow up with them directly. We developed this offering through internal product development efforts.

#### ***Non-Mortgage Products***

*Lending Products.* Other lending products on our online marketplace include information, tools and access to multiple conditional loan offers for the following:

- Auto, which includes our auto refinance and purchase loan products. Auto loans enable consumers to purchase new or used vehicles or refinance an existing loan secured by an automobile.
- Credit cards, which include offerings from most major card issuers. We launched this offering in the second quarter of 2013. Additionally, as described above, during the fourth quarter of 2016, we purchased CompareCards, a leader in the online credit card comparison industry.
- Home equity loans and lines of credit, which enable home owners to borrow against the equity in their home, as measured by the difference between the market value of the home and any existing loans secured by the home. Home equity loans are one-time lump sum loans, whereas a home equity line of credit reflects a line of revolving credit where the borrower has flexibility to draw down and repay the line over time.
- Personal loans, which are unsecured obligations generally carrying shorter terms and smaller loan amounts than home mortgages. We have historically operated a personal loan offering, but launched an enhanced version of this offering in the third quarter of 2013.
- Reverse mortgage loans, which are a loan product available to qualifying homeowners age 62 or older. We launched this offering in the first quarter of 2013 through internal product development efforts.
- Small business loans, which include a broad array of financing types, including but not limited to loans secured by working capital, equipment, real estate and other forms of financing, provided to small and medium-sized businesses in amounts generally up to (although sometimes exceeding) \$1 million. We launched our small business loan marketplace in the third quarter of 2014.

- Student loans, which includes both new loans to finance an education and related expenses, as well as refinancing of existing loans. We launched a student loan offering in the second quarter of 2014 and a student loan refinancing offering in the fourth quarter of 2014. Additionally, during the second quarter of 2016, we purchased SimpleTuition, a leading online marketing platform for student loans.

We intend to continue adding new lending offerings for consumers, small businesses and lenders on our online marketplace, in order to grow and diversify our sources of revenue. We may develop such new offerings through internal product development efforts, strategic business relationships with third parties and/or acquisitions.

*Other Products.* Other products also includes information, tools and access to the following:

- Credit repair, through which consumers can obtain assistance improving their credit profiles, in order to expand and improve loan and other financial product opportunities available to them.
- Debt relief services, through which consumers can obtain assistance negotiating existing loans.
- Home improvement services, through which consumers have the opportunity to research and find home improvement professional services.
- Personal credit data, through which consumers can gain insights into how prospective lenders and other third parties view their credit profiles.
- Real estate brokerage services, through which consumers are matched with local realtors who can assist them in their home purchase or sale efforts.
- Various consumer insurance products, including home and automobile, through which consumers are matched with insurance lead aggregators to obtain insurance offers.

We refer to the various purchasers of leads from our other marketplaces as lead purchasers. We generate revenue through the insurance products and real estate brokerage services through match fees paid to us by insurance lead aggregators and real estate brokers participating in our online marketplace. We generate revenue from credit repair and debt relief services either through a fee for a customer referral to a service provider partner or through a fee at the time a consumer enrolls in a program with one of our partners. Revenue for home services is derived primarily through matching of leads to other home services lead aggregators.

## **Seasonality**

Revenue in our lending business is subject to cyclical and seasonal trends. Home sales (and purchase mortgages) typically rise during the spring and summer months and decline during the fall and winter months, while refinancing and home equity activity is principally driven by mortgage interest rates as well as real estate values. However, in recent periods additional factors affecting the mortgage and real estate markets, such as the 2008-2009 financial crisis and ensuing recession have impacted customary seasonal trends.

We anticipate revenue in our newer products to be cyclical as well; however, we have limited historical data to predict the nature and magnitude of this cyclicity. Based on industry data, we anticipate that as our personal loan product matures we will experience less consumer demand during the fourth and first quarters of each year. Other factors affecting our businesses include macro factors such as credit availability in the market, the strength of the economy and employment.

## **Competition**

Our lending and other businesses compete with other online marketing companies, including online intermediaries that operate network-type arrangements. We also face competition from lenders that source consumer loan originations directly. These companies typically operate consumer-branded websites and attract consumers via online banner ads, keyword placement on search engines, direct mail, television ads, retail branches, realtors, brokers, radio and other sources, partnerships with affiliates and business development arrangements with others, including major online portals.

## **Product Development**

We invest in the continued development of both new and existing products to enhance the experiences of consumers and lenders as they interact with us. We incurred product development costs of \$19.8 million, \$16.8 million and \$11.1 million during the years ended December 31, 2016, 2015 and 2014, respectively, all of which was company sponsored.

## Financial Information About Segments and Geographic Areas

We have one reportable segment. *See* Note 19—Segment Information to the consolidated financial statements included elsewhere in this report.

Additional information on our financial performance by geographic areas can be found in Note 2—Significant Accounting Policies to the consolidated financial statements included elsewhere in this report.

## Corporate History

LendingTree, Inc., is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC. LendingTree, LLC, formerly known as LendingTree, Inc., was incorporated in the state of Delaware in June 1996 and commenced nationwide operations in July 1998. LendingTree, Inc., was acquired by IAC/InterActiveCorp ("IAC") in 2003 and converted to a Delaware limited liability company (LendingTree, LLC) in December 2004. LendingTree, LLC entered the mortgage origination business through the acquisition of Home Loan Center, Inc. in 2004. On August 20, 2008, LendingTree, LLC (along with its parent holding company Tree.com, Inc.) was spun off from IAC/InterActiveCorp into a separate publicly-traded company. We refer to the separation transaction as the "spin-off" in this report. Tree.com was incorporated as a Delaware corporation in April 2008 in anticipation of the spin-off. The Home Loan Center business was sold to Discover Financial Services in 2012. Since then, the Company has operated as a pure online marketplace and does not originate loans. Effective January 1, 2015, we changed our corporate name from Tree.com, Inc. to LendingTree, Inc.

## Regulation and Legal Compliance

Our businesses market and provide services in heavily regulated industries through a number of different online and offline channels across the United States. As a result, we are subject to a variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States, including:

- Restrictions on the amount and nature of fees or interest that may be charged in connection with a loan, such as state usury and fee restrictions;
- Restrictions on the manner in which consumer loans are marketed and originated, including, but not limited to, the making of required consumer disclosures, such as the Federal Trade Commission's Mortgage Advertising Practices ("MAP") Rules, federal Truth-in-Lending Act, the federal Equal Credit Opportunity Act, the federal Fair Credit Reporting Act, the federal Fair Housing Act, the federal Real Estate Settlement Procedures Act ("RESPA"), and similar state laws;
- Restrictions imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd Frank Act") and current or future rules promulgated thereunder, including, but not limited to, limitations on fees charged by mortgage lenders, mortgage broker disclosures and rules promulgated by the Consumer Financial Protection Bureau ("CFPB"), which was created under the Dodd-Frank Act;
- Restrictions on the amount and nature of fees that may be charged to lenders and real estate professionals for providing or obtaining consumer loan requests, such as under RESPA;
- Restrictions on the amount and nature of fees that may be charged to consumers for real estate brokerage transactions, including any incentives and rebates that may be offered to consumers by our businesses;
- Federal and State laws relating to the implementation of the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 (the "SAFE Act") that require us to be licensed in all States and the District of Columbia (licensing requirements are applicable to both individuals and/or businesses engaged in the solicitation of or the brokering of residential mortgage loans and/or the brokering of real estate transactions);
- State and federal restrictions on the marketing activities conducted by telephone, mail, email, mobile device or the internet, including the Telemarketing Sales Rule ("TSR"), the Telephone Consumer Protection Act ("TCPA"), state telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, and the Federal Trade Commission Act and their accompanying regulations and guidelines;
- State laws requiring licensure for the solicitation of or brokering of consumer loans which could affect us in our personal loan, automobile loan, student loan or other non-mortgage consumer lending businesses;
- Restrictions on the usage and storage of consumer credit information, such as those contained in the federal Fair Credit Reporting Act and the federal Credit Repair Organization Act; and
- State "Bird Dog" laws which restrict the amount and nature of fees, if any, that may be charged to consumers for automobile direct and indirect financing.

## Intellectual Property

We believe that our intellectual property rights are vital to our success. To protect our intellectual property rights in our brand, technology, products, improvements and inventions, we rely on a combination of trademarks, trade secret, patents and other laws, and contractual restrictions on disclosure, including confidentiality agreements with strategic partners, employees, consultants and other third parties. As new or improved proprietary technologies are developed or inventions are identified, we seek patent protection in the United States and abroad, as appropriate. We have two issued U.S. patents relating to our technologies, including those relating to the method and network for coordinating a loan over the internet, which expire in 2018. In March 2014, a federal jury found these two patents invalid. *See* Note 13—Contingencies in the notes to the consolidated financial statements included elsewhere in this report.

Many of our services are offered under proprietary trademarks and service marks. We generally apply to register or secure by contract our principal trademarks and service marks as they are developed and used. We have 48 trademarks and service marks registered with the United States Patent and Trademark Office. These registrations can typically be renewed at 10-year intervals.

We reserve and register domain names when and where we deem appropriate and we currently have approximately 1,232 registered domain names. We also have agreements with third parties that provide for the licensing of patented and proprietary technology used in our business.

From time to time, we may be subjected to legal proceedings and claims, or threatened legal proceedings or claims, including allegations of infringement of third-party trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, the use of litigation may be necessary for us to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations. *See* Note 13—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report.

## Employees

As of December 31, 2016, we had 399 employees, of which approximately 388 are full-time and 11 are temporary or part-time. None of our employees are represented under collective bargaining agreements and we consider our relations with employees and independent contractors to be good.

## Additional Information

### Website and Public Filings

We maintain a corporate website at [www.lendingtree.com](http://www.lendingtree.com) and an investor relations website at [investors.lendingtree.com](http://investors.lendingtree.com). None of the information on our website is incorporated by reference in this report, or in any other filings with, or in any information furnished or submitted to, the Securities and Exchange Commission (the "SEC").

We make available, free of charge through our website, our reports on Forms 10-K, 10-Q and 8-K, our proxy statement for the annual shareholders' meeting and beneficial ownership reports on Forms 3, 4 and 5 as soon as reasonably practicable after we file such material with, or furnish such material to, the SEC. Our filings with the SEC are available to the public over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov), or at the SEC's public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

### Code of Business Conduct and Ethics

Our code of business conduct and ethics, which applies to all employees, including all executive officers and senior financial officers and directors, is posted on our website at [investors.lendingtree.com/corporate-governance.cfm](http://investors.lendingtree.com/corporate-governance.cfm). This is our code of ethics pursuant to Item 406 of SEC Regulation S-K and the rules of The NASDAQ Stock Market. Any amendments to or waivers of the code of business conduct and ethics that are of the type described in Item 406(b) and (d) of Regulation S-K will be disclosed on our website.



## ITEM 1A. Risk Factors

*Investing in our common stock involves a high degree of risk. Before making an investment decision, you should carefully consider the risks described below, together with all of the other information included in this annual report and the information incorporated by reference herein. If any of the risks described below, or incorporated by reference into this annual report actually occur, our business, financial condition or results of operations could suffer. In that case, the trading price of our common stock may decline and you may lose all or part of your investment. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, financial condition and results of operations. Certain statements below are forward-looking statements. See the information included under the heading "Cautionary Statement Regarding Forward-Looking Information."*

### **Risks Related to Our Business and Industry**

***Adverse conditions in the primary and secondary mortgage markets, as well as the general economy, could materially and adversely affect our business, financial condition and results of operations.***

Constraints in the primary and secondary mortgage markets have in the past had, and may in the future have, an adverse effect on our business, financial condition and results of operations. Generally, increases in interest rates adversely affect the ability of our Network Lenders to close loans, and adverse economic trends limit the ability of our Network Lenders to offer home loans other than low-margin conforming loans. Our businesses may experience a decline in demand for their offerings due to decreased consumer demand as a result of the conditions described above, now or in the future. Conversely, during periods with decreased interest rates, Network Lenders have less incentive to use our marketplaces, or in the case of sudden increases in consumer demand, our Network Lenders may lack the ability to support sudden increases in volume.

***We depend on relationships with Network Lenders and any adverse changes in these relationships could adversely affect our business, financial condition and results of operations.***

Our success depends in significant part on the financial strength of lenders participating on our marketplaces and continuing relationships with such lenders. Network Lenders could, for any reason, experience financial difficulties and cease participating on our lender marketplace, fail to pay match and/or closing fees when due and/or drop the quality of their services to consumers. We could also have commercial or other disputes with such Network Lenders from time to time. The occurrence of one or more of these events with a significant number of Network Lenders could, alone or in combination, have a material and adverse effect on our business, financial condition and results of operations.

***Failure to maintain brand recognition and attract and retain consumers in a cost-effective manner could materially and adversely affect our business, financial condition and results of operations.***

In order to attract visitors to our websites, convert these visitors into loan requests for our Network Lenders and lead purchasers and generate repeat visits from consumers, our businesses must promote and maintain their various brands. Brand promotion and maintenance requires the expenditure of considerable money and resources for online and offline advertising, marketing and related efforts, as well as the continued provision and introduction of high-quality products and services.

Brand recognition is a key differentiating factor among providers of online services. We believe that continuing to build and maintain the recognition of our various brands is critical to achieving increased demand for the services provided by our businesses. Accordingly, we have spent, and expect to continue to spend, significant amounts on, and devote significant resources to, branding, advertising and other marketing initiatives, which may not be successful or cost-effective. The failure of our businesses to maintain the recognition of their respective brands and attract and retain consumers in a cost-effective manner could materially and adversely affect our business, financial condition and results of operations.

Adverse publicity from legal proceedings against us or our businesses, including governmental proceedings and consumer class action litigation, or from the disclosure of information security breaches, could negatively impact our various brands, which could materially and adversely affect our business, financial condition and results of operations. In addition, the actions of our third-party marketing partners who engage in advertising on our behalf could negatively impact our various brands.

***We depend on search engines and other online sources to attract visitors to our websites, and if we are unable to attract these visitors and convert them into loan requests for our Network Lenders and lead purchasers in a cost-effective manner, our business and financial results may be harmed.***

Our success depends on our ability to attract online consumers to our websites and convert them into customers in a cost-effective manner. We depend, in part, on search engines and other online sources for our website traffic. We are included in search results as a result of both paid search listings, where we purchase specific search terms that result in the inclusion of our

advertisement, and, separately, organic searches, that depend upon the searchable content on our sites. Search engines and other online sources revise their algorithms from time to time in an attempt to optimize their search results.

If one or more of the search engines or other online sources on which we rely for website traffic were to modify its general methodology for how it displays our websites, resulting in fewer consumers clicking through to our websites, our business could suffer. If any free search engine traffic on which we rely begins charging fees for listing or placement, or if one or more of the search engines or other online sources on which we rely for purchased listings, modifies or terminates its relationship with us, our expenses could rise, we could lose customers, and traffic to our websites could decrease, all of which could have a material and adverse effect on our business, financial condition and results of operations.

***We compete with a number of other online marketing companies, and we face the possibility of new competitors.***

We currently compete with a number of other online marketing companies and we expect that competition will intensify. Some of these existing competitors may have more capital or complementary products or services than we do, and they may leverage their greater capital or diversification in a manner that adversely affects our competitive position, including by making strategic acquisitions. In addition, new competitors may enter the market and may be able to innovate and bring products and services to market faster, or anticipate and meet consumer or Network Lender demand before we do. Other newcomers, including major search engines and content aggregators, may be able to leverage their existing products and services to our disadvantage. We may be forced to expend significant resources to remain competitive with current and potential competitors. If any of our competitors are more successful than we are at attracting and retaining customers or Network Lenders, our business, financial condition and results of operations could be materially and adversely affected.

***Our success depends, in part, on the integrity of our systems and infrastructures. System interruption and the lack of integration and redundancy in these systems and infrastructures may have a material and adverse impact on our business, financial condition and results of operations.***

Our success depends, in part, on our ability to maintain the integrity of our systems and infrastructures, including websites, information and related systems, call centers and distribution and fulfillment facilities. System interruption and the lack of integration and redundancy in our information systems and infrastructures may materially and adversely affect our ability to operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost-efficient operations. We may experience occasional system interruptions that make some or all systems or data unavailable or prevent our businesses from efficiently providing services or fulfilling orders. We also rely on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfill transactions. Any interruptions, outages or delays in our systems and infrastructures, our businesses, our affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair the ability of our businesses to provide services, fulfill orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God, unauthorized intrusions or computer viruses, and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent our businesses from providing services, fulfilling orders and/or processing transactions. While our businesses have backup systems for certain aspects of their operations, these systems are not fully redundant and disaster recovery planning is not sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these events were to occur, it could materially and adversely affect our business, financial condition and results of operations.

***A breach of our network security or the misappropriation or misuse of personal consumer information may have a material and adverse impact on our business, financial condition and results of operations.***

Any penetration of network security or other misappropriation or misuse of personal consumer information maintained by us or our third-party marketing partners could cause interruptions in the operations of our businesses and subject us to increased costs, litigation and other liabilities. Claims could also be made against us or our third-party marketing partners for other misuse of personal information, such as for unauthorized purposes or identity theft, which could result in litigation and financial liabilities, as well as administrative action from governmental authorities. Real or perceived security breaches could also significantly damage our reputation with consumers and third parties with whom we do business.

We may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. We also face risks associated with security breaches affecting third parties with whom we are affiliated or otherwise conduct business with online. Consumers are generally concerned with security and privacy of the Internet, and any publicized security problems affecting our businesses and/or those of third parties may discourage consumers from doing business with us, which could have a material and adverse effect on our business, financial condition and results of operations.

***Litigation and indemnification of secondary market purchasers could have a material and adverse effect on our business, financial condition, results of operations and liquidity.***

In connection with the sale of loans to secondary market purchasers, Home Loan Center, Inc. ("HLC") may be liable for certain indemnification, repurchase and premium repayment obligations. For example, in connection with the sale of loans to secondary market purchasers, HLC made certain representations regarding related borrower credit information, loan documentation and collateral. To the extent that these representations were incorrect, HLC may be required to repurchase loans or indemnify secondary market purchasers for losses due to borrower defaults. HLC also agreed to repurchase loans or indemnify secondary market purchasers for losses due to early payment defaults (*i.e.*, late payments during a limited time period immediately following HLC's origination of the loan). Further, HLC agreed to repay all or a portion of the initial premiums paid by secondary market purchasers in instances where the borrower prepays the loan within a specified period of time. HLC has made payments for these liabilities in the past and expects to make payments for these liabilities in the future.

We continue to be liable for these indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of our LendingTree Loans business. We have in the past and intend to continue to negotiate in the future with secondary market purchasers to settle any existing and future contingent liabilities, but we cannot assure you we will be able to do so on terms acceptable to us, or at all. The occurrence of indemnification claims, repurchase obligations or premium repayments beyond our reserves for these contingencies, or our inability to settle with secondary market purchasers, may have a material and adverse effect on our business, financial condition and results of operations.

***Difficult market conditions have adversely affected the mortgage industry.***

Declines in the housing market from 2006 through early 2012, as measured by the S&P/Case-Schiller 20-city composite home price index, with home price declines and increased foreclosures, unemployment and under-employment, negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities as well as major commercial and investment banks. These write-downs, initially of mortgage-backed securities but subsequently of other asset-backed securities, credit default swaps and other derivative and cash securities, in turn, caused many financial institutions to seek additional capital, merge with larger and stronger institutions and, in some cases, to fail.

Reflecting concern about the stability of the housing markets generally and the strength of counterparties, many lenders and institutional investors reduced or ceased providing funding to borrowers, including to other financial institutions. This market disruption and tightening of credit led to an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The resulting economic pressure on consumers and lack of confidence in the financial markets has had in the past and may have in the future, an adverse effect on our business, financial condition and results of operations.

While conditions in the housing markets have improved since 2013, the failure to sustain such improvements could have adverse effects on us and our Network Lenders. Further, our business could be adversely affected by the actions and commercial soundness of other businesses in the financial services sector. As a result, defaults by, or even rumors or questions about, one or more of these entities, or the financial services industry generally, have in the past, and may in the future, lead to market-wide liquidity problems and could lead to disruptions in the mortgage industry. Any such disruption could have a material and adverse effect on our business, financial condition and results of operations.

***Our recent revenue growth has been driven in significant part by personal loan offerings. If lenders participating on our marketplace decide to reduce their offerings of personal loans or if such loans become unattractive to consumers because of higher interest rates demanded by lenders, then our results of operations and future growth prospects could be materially and adversely affected.***

We re-launched our personal loan product in the third quarter of 2013. Revenue from personal loan offerings was responsible for a significant portion of the growth in the non-mortgage revenue over the last few years. Revenue from our personal loan product increased \$15.2 million in 2016 from 2015 and \$38.9 million in 2015 from 2014.

Personal loans are unsecured obligations and generally carry shorter terms and smaller loan amounts than mortgages. Because they are unsecured, they are generally riskier assets for lenders than mortgages or other secured loans. Consumer demand for unsecured loans offered on our marketplace is often for refinancing of higher interest credit card debt or for a lower interest alternative to credit card debt for a contemplated larger purchase that would otherwise be purchased with a credit card. Lenders participating on our marketplace may reduce their willingness to make personal loans at more attractive interest rates than credit card debt and may for that reason, or for any other reason, reduce their demand for personal loan requests generated from our personal loan marketplace. Reasons that lenders might reduce their willingness to make personal loans at attractive interest rates may include regulatory changes, stricter institutional lending criteria, a lack of adequate funding sources or capital for loan originations, or increased borrower default levels, which may occur upon adverse changes in regional, national or global economic

conditions. Additionally, lenders may tighten their underwriting standards, making it more difficult for consumers to qualify for personal loans. If lenders participating on our marketplace decide to reduce their offerings of personal loans, tighten their underwriting standards, or if personal loans become unattractive to consumers because of higher interest rates demanded by lenders, then our results of operations and future growth prospects could be materially and adversely affected.

***Network Lenders affiliated with our marketplaces are not precluded from offering products and services outside of our marketplaces, or obtaining products and services from our competitors.***

Because our businesses do not have exclusive relationships with Network Lenders, consumers may obtain loans from these third-party service providers without having to use our marketplaces. Network Lenders can offer loans directly to consumers through their own marketing campaigns or other traditional methods of distribution, such as referral arrangements, physical store-front operations or broker agreements. Network Lenders may also offer loans and services to prospective customers online directly, through one or more online competitors of our businesses, or both. If a significant number of consumers seek loans and services directly from Network Lenders or through our competitors as opposed to through our marketplaces, our business, financial condition and results of operations could be materially and adversely affected.

***Some of our lending services are new to the market and may fail to achieve or maintain customer acceptance and profitability.***

We have launched new non-mortgage products over the last several years. We do not have as much experience with these new non-mortgage products as with the mortgage products. Accordingly, new non-mortgage products may be subject to greater risks than our more mature mortgage products.

The success of new products we may offer will depend on a number of factors, including:

- Implementing, at an acceptable cost, product features offered by our competitors and/or expected by consumers and lenders;
- Market acceptance by consumers and lenders;
- Offerings by current and future competitors;
- Our ability to attract and retain management and other skilled personnel for these businesses;
- Our ability to collect amounts owed to us from third parties;
- Our ability to develop successful and cost-effective marketing campaigns; and
- Our ability to timely adjust marketing expenditures in relation to changes in demand for the underlying products and services offered by our lead purchasers.

Our results of operations may suffer if we fail to successfully anticipate and manage these issues associated with new products.

***If we are unable to continually enhance our products and services and adapt them to technological changes and consumer and lender and/or lead purchaser needs, including the emergence of new computing devices and more sophisticated online services, we may lose market share and revenue and our business could suffer.***

We need to anticipate, develop and introduce new products, services and applications on a timely and cost-effective basis that keep pace with technological developments and changing consumer and customer needs. For example, the number of individuals who access the internet through devices other than a personal computer, such as tablets, mobile telephones, televisions and set-top box devices has increased significantly and this trend is likely to continue. Because each manufacturer or distributor may establish unique technical standards for its devices, our websites may not be functional or viewable on these devices. Additionally, new devices and new platforms are continually being released. Consumers access many traditional web services on mobile devices through applications, or apps.

It is difficult to predict the problems we may encounter in improving our websites' functionality with these alternative devices or developing apps for mobile platforms. If we fail to develop our websites or apps to respond to these or other technological developments and changing consumer and customer needs cost effectively, we may lose market share, which could materially and adversely affect our business, financial condition and results of operations.

***We may fail to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties.***

We regard our intellectual property rights, including patents, service marks, trademarks and domain names, copyrights, trade secrets and similar intellectual property (as applicable), as critical to our success. Our businesses also rely heavily upon software codes, informational databases and other components that make up their products and services.

We rely on a combination of laws and contractual restrictions with employees, customers, suppliers, affiliates and others to establish and protect these proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use trade secrets or copyrighted intellectual property without authorization which, if discovered, might require legal action to correct. In addition, third parties may independently and lawfully develop substantially similar intellectual properties.

We have generally registered and continue to apply to register, or secure by contract when appropriate, our principal trademarks and service marks as they are developed and used, and reserve and register domain names when and where we deem appropriate. We generally consider the protection of our trademarks to be important for purposes of brand maintenance and reputation. While we vigorously protect our trademarks, service marks and domain names, effective trademark protection may not be available or may not be sought in every country in which products and services are made available, and contractual disputes may affect the use of marks governed by private contract. Similarly, not every variation of a domain name may be available or be registered, even if available. Our failure to protect our intellectual property rights in a meaningful manner or challenges to related contractual rights could result in erosion of brand names and limit our ability to control marketing on or through the Internet using our various domain names or otherwise, which could materially and adversely affect our business, financial condition and results of operations.

We have been granted patents and we have patent applications pending with the United States Patent and Trademark Office and various foreign patent authorities for various proprietary technologies and other inventions. The status of any patent involves complex legal and factual questions, and the breadth of claims allowed is uncertain. Accordingly, any patent application filed may not result in a patent being issued, or existing or future patents may not be adjudicated valid by a court or be afforded adequate protection against competitors with similar technology. In March 2014, a federal jury found our two issued patents invalid. *See* Note 13—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report. In addition, third parties may create new products or methods that achieve similar results without infringing upon patents that we own.

Likewise, the issuance of a patent to us does not mean that our processes or inventions will be found not to infringe upon patents or other rights previously issued to third parties.

From time to time, in the ordinary course of business we are subjected to legal proceedings, claims and counterclaims, or threatened legal proceedings, claims or counterclaims, including allegations of infringement of the trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially and adversely affect our business, financial condition and results of operations. Patent litigation tends to be particularly protracted and expensive. In 2014, we participated in a jury trial for the litigation described in Note 13—Contingencies—Intellectual Property Litigation—Zillow in the notes to the consolidated financial statements included elsewhere in this report. The legal expenses associated with this jury trial were material and negatively affected our results of operations for 2014.

***Our framework for managing risks may not be effective in mitigating our risk of loss.***

Our risk management framework seeks to mitigate risk and appropriately balance risk and return. We have established processes and procedures intended to identify, measure, monitor and report the types of risk to which we are subject, including credit risk, market risk, liquidity risk, operational risk, legal and compliance risk, and strategic risk. We seek to monitor and control our risk exposure through a framework of policies, procedures and reporting requirements. There may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially and adversely affected.

***The intended benefits of the CompareCards acquisition may not be realized.***

The CompareCards acquisition poses risks for our ongoing operations, including, among others:

- that senior management's attention may be diverted from the management of daily operations to the integration of the business acquired in the acquisition;
- we may be unable to retain key employees of CompareCards;
- costs and expenses associated with any undisclosed or potential liabilities;
- that the business acquired in the acquisition may not perform as well as anticipated;
- adverse conditions in the economy may affect credit card issuers and their willingness to issue new credit;
- credit card issuers and other advertisers in the business verticals in which we or CompareCards operate may be unwilling to advertise on our or CompareCards's websites or mobile applications;

- changes in application approval rates by credit card issuer customers;
- increased competition and its effect on our or CompareCards's website traffic, click-through rates, advertising rates, margins, and market share ability to provide competitive service to credit card issuers and to consumers using CompareCards' and our online offerings and other platforms;
- our ability to maintain brand recognition for both us and CompareCards and to effectively leverage the LendingTree brand with the CompareCards brand;
- our ability to develop new products and services and enhance existing ones;
- risks associated with our ongoing litigation with NextAdvisor including the effect of the preliminary injunction obtained by NextAdvisor on a portion of the acquired CompareCards business; and
- assumed liabilities associated with CompareCards' historical operations, including as a result of privacy regulations or data breaches.

As a result of the foregoing, the CompareCards acquisition may not be accretive to us in the near term or at all. Furthermore, if we fail to realize the intended benefits of the business acquired in the acquisition, the market price of our common stock could decline to the extent that the market price reflects an expectation of those benefits.

***Other acquisitions or strategic investments that we pursue may not be successful and could disrupt our business and harm our financial condition.***

We may consider or undertake strategic acquisitions of, or material investments in, businesses, products or technologies. We may not be able to identify suitable acquisition or investment candidates, or even if we do identify suitable candidates, they may be difficult to finance, expensive to fund and there is no guarantee that we can obtain any necessary regulatory approvals or complete such transactions on terms that are favorable to us. To the extent we pay the purchase price of any acquisition or investment in cash or through borrowings under our revolving credit facility, it would reduce our cash balances and/or result in indebtedness we must service, which may have a material and adverse effect on our business and financial condition. If the purchase price is paid with our stock, it would be dilutive to our stockholders. In addition, we may assume liabilities associated with a business acquisition or investment, including unrecorded liabilities that are not discovered at the time of the transaction, and the repayment of those liabilities may have a material and adverse effect on our financial condition. There may also be litigation or other claims arising in connection with an acquisition itself.

We may not be able to successfully integrate the personnel, operations, businesses, products or technologies of an acquisition or investment. Integration may be particularly challenging if we enter into a line of business in which we have limited experience and the business operates in a difficult legal, regulatory or competitive environment. We may find that we do not have adequate operations or expertise to manage the new business. The integration of any acquisition or investment may divert management's time and resources from our core business, which could impair our relationships with our current employees, customers and strategic partners and disrupt our operations. Acquisitions and investments also may not perform to our expectations for various reasons, including the loss of key personnel or customers. If we fail to integrate acquisitions or investments or realize the expected benefits, we may lose the return on these acquisitions or investments or incur additional transaction costs and our business and financial condition may be harmed as a result.

***We rely on the performance of highly skilled personnel and if we are unable to attract, retain and motivate well-qualified employees, our business could be harmed.***

We believe our success has depended, and continues to depend, on the efforts and talents of our management team and our highly skilled employees, including our software engineers, analysts, marketing professionals and sales staff. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The loss of any of our senior management or key employees could materially and adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business and results of operations could be harmed.

***Network Lenders and lead purchasers on our marketplaces may not provide competitive levels of service to consumers, which could materially and adversely affect our brands and businesses and their ability to attract consumers.***

The ability of our businesses to provide consumers with a high-quality experience depends, in part, on consumers receiving competitive levels of convenience, customer service, price and responsiveness from Network Lenders and lead purchasers participating on our other marketplaces with whom they are matched. If these providers do not provide consumers with competitive

levels of convenience, customer service, price and responsiveness, the value of our various brands may be harmed, the ability of our businesses to attract consumers to our websites may be limited and the number of consumers matched through our marketplaces may decline, which could have a material and adverse effect on our business, financial condition and results of operations.

***A significant portion of our total revenue is derived from two Network Lenders, and our results from operations could be adversely affected and stockholder value harmed if we lose significant business from either of these Network Lenders.***

For the years ended December 31, 2016, 2015 and 2014, one Network Lender accounted for 13%, 12% and 13% of total revenue, and another Network Lender accounted for 15%, 11% and 11%, of total revenue. If either of these significant Network Lenders were to cease purchasing loan requests and the Company were unable to replace the associated demand, the loss could have a material adverse effect on our results of operations in the short term and potentially also the longer term. Also, if either Network Lender reduces its volume of loan requests for any reason, our business could be adversely affected.

***We have incurred significant operating losses in the past and we may not be able to generate sufficient revenue to be profitable over the long term.***

We have a history of incurring operating losses from continuing operations, including for the year ended December 31, 2014, and although we were profitable in 2015 and 2016, we have an accumulated deficit of \$722.6 million at December 31, 2016. If we fail to maintain or grow our revenue and manage our expenses, we may incur significant losses in the future and not be able to maintain profitability.

***We will experience costs and risks associated with a two building office complex we purchased in Charlotte, North Carolina.***

In December 2016, our subsidiary, Rexford Office Holdings, LLC, completed the purchase of two office buildings in Charlotte, North Carolina for an aggregate purchase price of \$23.5 million. We intend to occupy a portion of this space and lease a portion of this space to other tenants. There are costs and risks associated with owning and leasing real estate that may apply to us in connection with owning and leasing these properties, including:

- real estate taxes and maintenance costs;
- financial difficulties or lease defaults by our tenants;
- tenant turnover and loss of potential tenants to competing landlords;
- actions by competing landlords that may decrease or prevent increases in the occupancy and rental rates of our properties;
- costs of compliance with governmental rules and regulations, including the Americans with Disabilities Act, and zoning laws and potential liability thereunder;
- changes in the cost or availability of adequate insurance, including coverage for mold and asbestos;
- costs associated with environmental conditions or retained liabilities for such conditions; and
- less flexibility to move into alternative space or expand into alternative geographic locations than we might have if we leased our primary headquarters.

Any of these costs and risks may negatively impact our earnings and cause our stock price to decline.

***Our revolving credit facility contains financial covenants and other restrictions on our actions, and it could therefore limit our operational flexibility or otherwise adversely affect our financial condition. Failure to comply with the terms of any such facility could impair our rights to the assets that have been pledged as collateral under the facility.***

On October 22, 2015, our wholly-owned subsidiary LendingTree, LLC entered into a \$125.0 million five-year senior secured revolving credit facility which matures on October 22, 2020 (the "Revolving Credit Facility"). The proceeds of the Revolving Credit Facility can be used to finance working capital needs, capital expenditures, and general corporate purposes, including to finance permitted acquisitions. We do not currently have any borrowings outstanding under the Revolving Credit Facility.

The Revolving Credit Facility contains certain restrictive covenants, which include a consolidated debt to consolidated EBITDA ratio and a consolidated EBITDA to consolidated interest expense ratio. In addition, the Revolving Credit Facility contains customary affirmative and negative covenants, including, subject to certain exceptions, restrictions on our ability to, among other things:

- incur additional indebtedness;
- grant liens;

- make loans and investments;
- enter into mergers or make certain fundamental changes;
- make certain restricted payments, including dividends, distributions, stock repurchases or redemptions;
- sell assets;
- enter into transactions with affiliates;
- enter into restrictive transactions;
- enter into sale and leaseback transactions;
- enter into hedging transactions; and
- engage in certain other transactions without the prior consent of the lenders.

The Revolving Credit Facility requires LendingTree, LLC to pledge as collateral, subject to certain customary exclusions, 100% of the assets, including 100% of its equity in all of its subsidiaries. The obligations under this facility are unconditionally guaranteed on a senior basis by LendingTree, Inc. and specific subsidiaries of LendingTree, LLC, which guarantees are secured by a pledge as collateral, subject to certain customary exclusions, of 100% of each such guarantor's assets, including 100% of its equity in all of its subsidiaries.

If an event of default occurs or if we otherwise fail to comply with any of the negative or affirmative covenants of the Revolving Credit Facility, the lenders may declare all of the obligations and indebtedness under such facility due and payable. In such a scenario, the lenders could exercise their lien on the pledged collateral, which would have a material adverse effect on our business, operations, financial condition and liquidity. For additional information on the Revolving Credit Facility, *see* Note 11—Revolving Credit Facility, in the notes to the consolidated financial statements included elsewhere in this report.

***If our goodwill or indefinite-lived intangible assets become impaired, we may be required to record a significant charge to earnings.***

Under accounting principles generally accepted in the United States of America ("GAAP"), we review the carrying value of goodwill and indefinite-lived intangible assets on an annual basis as of October 1, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill or indefinite-lived intangible assets may not be recoverable, include a decline in stock price and market capitalization, reduced future cash flow estimates and slower growth rates in our industry or our customers' industries. We may be required to record a significant charge in our financial statements during a period in which any impairment of our goodwill or indefinite-lived intangible assets is determined, negatively impacting our results of operations.

***Charges to earnings resulting from acquisitions may adversely affect our operating results.***

Under GAAP, when we acquire businesses, we allocate the purchase price to tangible assets and liabilities and identifiable intangible assets acquired at their acquisition date fair values. Any residual purchase price is recorded as goodwill. We also estimate the fair value of any contingent consideration. Our estimates of fair value are based upon assumptions believed to be reasonable but which are uncertain and involve significant judgments by management. After we complete an acquisition, the following factors could result in material charges and adversely affect our operating results and may adversely affect our cash flows:

- costs incurred to combine the operations of companies we acquire, such as transitional employee expenses and employee retention or relocation expenses;
- impairment of goodwill or intangible assets;
- a reduction in the useful lives of intangible assets acquired;
- impairment of long-lived assets;
- identification of, or changes to, assumed contingent liabilities;
- changes in the fair value of any contingent consideration;
- charges to our operating results due to duplicative pre-merger activities;
- charges to our operating results from expenses incurred to effect the acquisition; and
- charges to our operating results due to the expensing of certain stock awards assumed in an acquisition.



Substantially all of these potential charges would be accounted for as expenses that would decrease our net income and earnings per share for the periods in which those costs are incurred. Charges to our operating results in any given period could differ substantially from other periods based on the timing and size of our acquisitions and the extent of acquisition accounting adjustments.

In particular, we acquired CompareCards in November 2016 for \$80.7 million in cash at closing and contingent consideration payments of up to \$22.5 million in each of 2017 and 2018. We assigned a fair value of the contingent consideration of \$23.1 million. We will reassess this fair value quarterly, and increases or decreases based on the actual performance of CompareCards against the contingent consideration targets or other factors will cause decreases or increases, respectively, in our results of operations. These quarterly adjustments could have a material adverse effect on our results of operations.

## **Risks Related to Compliance and Regulation**

***Failure to comply with past, existing or new laws, rules and regulations, or to obtain and maintain required licenses, could materially and adversely affect our business, financial condition and results of operations.***

We market and provide services in heavily regulated industries through a number of different channels across the United States. As a result, our businesses have been and remain subject to a variety of statutes, rules, regulations, policies and procedures in various jurisdictions in the United States, which are subject to change at any time. The failure of our businesses to comply with past, existing or new laws, rules and regulations, or to obtain and maintain required licenses, could result in administrative fines and/or proceedings against us or our businesses by governmental agencies and/or litigation by consumers, which could materially and adversely affect our business, financial condition and results of operations and our brand.

Our businesses conduct marketing activities via the telephone, the mail and/or through online marketing channels, which general marketing activities are governed by numerous federal and state regulations, such as the Telemarketing Sales Rule, state telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, the Telephone Consumer Protection Act and the Federal Trade Commission Act and its accompanying regulations and guidelines, among others. Increased regulation by the U.S. Federal Trade Commission ("FTC") and Federal Communications Commission ("FCC") has resulted in restrictions on telephone calls to residential and wireless telephone subscribers.

Additional federal, state and in some instances, local laws regulate secured and unsecured lending activities, which impacts the marketplace, lenders and consumers. These laws generally regulate the manner in which lending and lending-related activities are marketed or made available, including advertising and other consumer disclosures, payments for services and record keeping requirements; these laws include RESPA, the Fair Credit Reporting Act, the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Housing Act and various state laws. State laws often restrict the amount of interest and fees that may be charged by a lender or mortgage broker, or otherwise regulate the manner in which lenders or mortgage brokers operate or advertise.

Failure to comply with applicable laws and regulatory requirements may result in, among other things, revocation of or inability to renew required licenses or registrations, loss of approval status, termination of contracts without compensation, administrative enforcement actions and fines, private lawsuits, including those styled as class actions, cease and desist orders and civil and criminal liability.

Most states require licenses to solicit, broker or make loans secured by residential mortgages and other consumer loans to residents of those states, as well as to operate real estate referral and brokerage services, and in many cases require the licensure or registration of individual employees engaged in aspects of these businesses. In 2008, Congress mandated that all states adopt certain minimum standards for the licensing of individuals involved in mortgage lending or loan brokering. Compliance with these requirements may render it more difficult for us and our Network Lenders to operate or may raise our internal costs or the costs of our Network Lenders, which may be passed on to us through less favorable commercial arrangements. While our businesses have endeavored to comply with applicable requirements, the application of these requirements to persons operating online is not always clear. Moreover, any of the licenses or rights currently held by our businesses or our employees may be revoked prior to, or may not be renewed upon, their expiration. In addition, our businesses or our employees may not be granted new licenses or rights for which they may be required to apply from time to time in the future.

Likewise, states or municipalities may adopt statutes or regulations making it unattractive, impracticable or infeasible for our businesses to continue to conduct business in such jurisdictions. The withdrawal from any jurisdiction due to emerging legal requirements could materially and adversely affect our business, financial condition and results of operations.

Our businesses are also subject to various state, federal and/or local laws, rules and regulations that regulate the amount and nature of fees that may be charged for transactions and incentives, such as rebates, that may be offered to consumers by our businesses, as well as the manner in which these businesses may offer, advertise or promote transactions. For example, RESPA generally prohibits the payment or receipt of referral fees and fee shares or splits in connection with residential mortgage loan transactions, subject to certain exceptions. The applicability of referral fee and fee sharing prohibitions to lenders and real estate

providers, including online networks, may have the effect of reducing the types and amounts of fees that may be charged or paid in connection with real estate-secured loan offerings or activities, including mortgage brokerage, lending and real estate brokerage services, or otherwise limiting our and our Network Lenders' ability to conduct marketing and referral activities.

Various federal, state and, in some instances, local, laws also prohibit unfair and deceptive sales practices. We have adopted appropriate policies and procedures to address these requirements (such as appropriate consumer disclosures and call scripting, call monitoring and other quality assurance and compliance measures), but it is not possible to ensure that all employees comply with our policies and procedures at all times.

Compliance with these laws, rules and regulations is a significant component of our internal costs, and new laws, rules and regulations are frequently proposed and adopted, requiring us to adopt new procedures and practices. Changes to existing laws, rules and regulations or changes to interpretation of existing laws, rules and regulations could result in further restriction of activities incidental to our business and could have a material and adverse effect on our business, results of operation and financial condition.

Parties through which our businesses conduct business similarly may be subject to federal and state regulation. These parties typically act as independent contractors and not as agents in their solicitations and transactions with consumers. We cannot ensure that these entities will comply with applicable laws and regulations at all times. Failure on the part of a lender, website operator or other third party to comply with these laws or regulations could result in, among other things, claims of vicarious liability or a negative impact on our reputation and business.

Regulatory authorities and private plaintiffs may allege that we failed to comply with applicable laws, rules and regulations where we believe we have complied. These allegations may relate to past conduct and/or past business operations, such as our discontinued mortgage origination operation (which was subject to various state and local laws, rules and regulations). Even allegations that our activities have not complied or do not comply with all applicable laws and regulations may have a material and adverse effect on our business, financial condition and results of operations. The alleged violation of such laws, rules or regulations may entitle an individual plaintiff to seek monetary damages, or may entitle an enforcing government agency to seek significant civil or criminal penalties, costs and attorneys' fees. Regardless of its merit, an allegation typically requires legal fee expenditures to defend against. We have in the past and may in the future decide to settle allegations of non-compliance with laws, rules and regulations when we determine that the cost of settlement is less than the cost and risk of continuing to defend against an allegation. Settlements may require us to pay monetary fines and may require us to adopt new procedures and practices, which may render it more difficult to operate or may raise our internal costs. The future occurrence of one or more of these events could have a material and adverse effect on our business, financial condition and results of operations.

Our businesses are also subject to the Dodd-Frank Act, which contains a comprehensive set of provisions designed to govern the practices and oversight of financial institutions and other participants in the financial markets. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new rules and regulations, many of which have not yet been adopted and to prepare numerous studies and reports for Congress, which could result in additional legislative or regulatory action. The Dodd-Frank Act, as well as other legislative and regulatory changes, could have a significant impact on us by, for example, requiring us to change our business practices, limiting our ability to pursue business opportunities, imposing additional costs on us, limiting fees we can charge, impacting the value of our assets, or otherwise adversely affecting our businesses. Among other things, the Dodd-Frank Act established the Consumer Financial Protection Bureau to regulate consumer financial services and products, including credit, savings and payment products. The effect of the Dodd-Frank Act on our business and operations has been and could continue to be significant, depending upon remaining implementing regulations, the actions of our competitors and the behavior of other marketplace participants. In addition, we have been, and likely will continue to be required to invest significant management time and resources to address the various provisions of the Dodd-Frank Act and the numerous regulations that are required to be issued under it.

In response to conditions in the U.S. financial markets and economy, as well as a heightened regulatory and Congressional focus on consumer lending, regulators have increased their scrutiny of the financial services industry, the result of which has included new regulations and guidance. We are unable to predict the long-term impact of this enhanced scrutiny. We are also unable to predict whether any additional or similar changes to statutes or regulations, including the interpretation or implementation thereof, will occur in the future.

***The collection, processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.***

In the processing of consumer transactions, our businesses receive, transmit and store a large volume of personally identifiable information and other user data. The collection, sharing, use, disclosure and protection of this information are governed by the privacy and data security policies maintained by us and our businesses. Moreover, there are federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted

in or from the governing jurisdiction. In the United States, regulations and interpretations concerning personally identifiable and data security promulgated by state and federal regulators, including the CFPB and FTC, could conflict or give rise to differing views of personal privacy rights. We could be materially and adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations.

Our failure, and/or the failure by the various third-party vendors and service providers with whom we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage the reputation of these businesses, discourage potential users from our products and services and/or result in fines and/or proceedings by governmental agencies and/or consumers, one or all of which could materially and adversely affect our business, financial condition and results of operations.

***Changes in the regulation of the Internet could negatively affect our business.***

Laws, rules and regulations governing Internet communications, advertising and e-commerce are dynamic and the extent of future government regulation is uncertain. Federal and state regulations govern various aspects of our online business, including intellectual property ownership and infringement, trade secrets, the distribution of electronic communications, marketing and advertising, user privacy and data security, search engines and Internet tracking technologies. Future taxation on the use of the Internet or e-commerce transactions could also be imposed. Existing or future regulation or taxation could hinder growth in or negatively impact the use of the Internet generally, including the viability of Internet e-commerce, which could reduce our revenue, increase our operating expenses and expose us to significant liabilities.

***If Network Lenders fail to produce required documents for examination by, or other affiliated parties fail to make certain filings with, state regulators, we may be subject to fines, forfeitures and the revocation of required licenses.***

Some of the states in which our businesses maintain licenses require them to collect various loan documents from Network Lenders and produce these documents for examination by state regulators. While Network Lenders are contractually obligated to provide these documents upon request, these measures may be insufficient. Failure to produce required documents for examination could result in fines, as well as the revocation of our licenses to operate in certain states, which could have a material and adverse effect on our business, financial condition and results of operations.

Regulations promulgated by some states may impose compliance obligations on directors, executive officers, large customers and any person who acquires a certain percentage (for example, 10% or more) of the equity in a licensed entity, including requiring such persons to periodically file financial and other personal and business information with state regulators. If any such person refuses or fails to comply with these requirements, we may be unable to obtain certain licenses and existing licensing arrangements may be jeopardized. The inability to obtain, or the loss of, required licenses could have a material and adverse effect on our business, financial condition and results of operations.

**Risks Related to an Investment in our Common Stock**

***Fluctuations in our operating results, quarter to quarter earnings and other factors may result in significant decreases in the price of our common stock.***

The market price for our common stock has been volatile since our spin-off. In addition, the trading volume in our common stock has fluctuated and may continue to fluctuate, causing significant price variations to occur. As of December 31, 2016, since our spin-off, the price per share of our common stock has fluctuated from an intra-day low of \$1.42 per share to an intra-day high of \$139.59 per share. If the market price of our shares declines significantly, the value of an investment in our common stock would decline. The market price of our common stock may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our common stock or result in fluctuations in the price or trading volume of our common stock include:

- variations in our quarterly operating and financial results;
- variations in our projected operating and financial results;
- failure to meet analysts' earnings estimates;
- publication of research reports about us, our Network Lenders or our industry or the failure of securities analysts to cover our common shares or our industry;
- additions or departures of key management personnel;
- adverse market reaction to any indebtedness we may incur or preferred or common shares we may issue in the future;

- changes in our dividend payment policy or failure to execute our existing policy;
- actions by shareholders;
- changes in market valuations of other companies in our industry, including our customers and competitors;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- speculation in the press or investment community, including short selling;
- changes or proposed changes in laws or regulations affecting our industry or enforcement of these laws and regulations, or announcements relating to these matters;
- changes in estimated fair value of contingent consideration related to acquisitions; and
- changes in general economic or market conditions.

Recently, and in the past, the stock market has experienced extreme price and volume fluctuations. These market fluctuations could result in extreme volatility in the trading price of our common stock, which could cause a decline in the value of your investment in our common shares. In addition, the trading price of our common stock could decline for reasons unrelated to our business or financial results, including in reaction to events that affect other companies in our industry even if those events do not directly affect us. You should also be aware that price volatility may be greater if the public float and trading volume of our common stock are low. These factors may result in short-term or long-term negative pressure on the value of our common stock.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for internet marketplace operators and lead-generation companies depends, in part, on the research and reports that securities or industry analysts publish about the industry and specific companies. If one or more analysts covering us currently or in the future fail to publish reports on us regularly, demand for our common stock could decline, which could cause our stock price and trading volume to decline. If one or more recognized securities or industry analysts that cover our company or our industry in the future downgrades our common stock or publishes inaccurate or unfavorable research about our business or industry, our stock price would likely decline.

***Two holders of our common stock own a substantial portion of our outstanding common stock, which concentrates voting control and limits your ability to influence corporate matters.***

As of February 23, 2017, Douglas Lebda, our Chairman and Chief Executive Officer, and Liberty Interactive Corporation beneficially owned approximately 21% and 23%, respectively, of our outstanding common stock. Liberty Interactive also has the right to nominate 20% of the total number of directors serving on the board, rounded up. Two of our seven directors, Neal Dermer and Craig Troyer, were nominated by Liberty Interactive.

Therefore, for the foreseeable future, Mr. Lebda and Liberty Interactive will each have influence over our management and affairs and all matters requiring shareholder approval, including the election or removal (with or without cause) of directors and approval of any significant corporate transaction, such as a merger or other sale of us or our assets. The interests of Mr. Lebda or Liberty Interactive may not necessarily align with the interests of our other stockholders. Mr. Lebda or Liberty Interactive could elect to sell a significant interest in us and you may receive less than the then-current fair market value or the price you paid for your shares as a result of such transaction. This concentrated control could delay, defer or prevent a change of control, merger, consolidation, takeover or other business combination involving us that other stockholders may otherwise support. This concentrated control could also discourage a potential investor from acquiring our common stock and might harm the market price of our common stock.

***Future sales of common stock by our existing stockholders may cause our stock price to fall.***

The market price of our common stock could decline as a result of sales by our existing stockholders in the market, or the perception that these sales could occur. These sales might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

We may issue additional shares of our common stock in the future pursuant to current or future equity incentive plans, or in connection with future acquisitions or financings. If we were to raise capital in the future by selling shares of our common stock, or securities that are convertible into our common stock or issuing shares of our common stock in a business acquisition, their issuance would have a dilutive effect on the percentage ownership of our stockholders and, depending on the prices at which such

shares or convertible securities are sold or issued, on their investment in our common stock and, therefore, could have a material adverse effect on the market prices of our common stock.

Under a registration rights agreement with Liberty Interactive, Liberty Interactive and its permitted transferees are entitled to three demand registrations rights (and unlimited piggyback registration rights) in respect of the shares of our common stock received by Liberty Interactive as a result of the spin-off and other shares of our common stock acquired by Liberty Interactive or its affiliates. These holders will also be permitted to exercise their registration rights in connection with certain hedging transactions that they may enter into in respect of the registrable shares. The presence of additional shares of our common stock trading in the public market, as a result of the exercise of such registration rights, may have an adverse effect on the market price of our securities.

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by stockholders to replace or remove our management and affect the market price of our common stock.***

Provisions in our certificate of incorporation and bylaws, as amended and restated, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated articles of incorporation and/or amended and restated bylaws include provisions that:

- Authorize our board of directors to issue, without further action by our stockholders, up to five million shares of undesignated preferred stock, sometimes referred to as "blank check preferred";
- Prohibit cumulative voting in the election of directors;
- Provide that vacancies on our board of directors may be filled only by the affirmative vote of a majority of directors then in office or by the sole remaining director;
- Provide that only our board of directors may change the size of our board of directors;
- Specify that special meetings of our stockholders may be called only by or at the direction of our board of directors or by a person specifically designated with such authority by the board; and
- Prohibit stockholders from taking action by written consent.

The provisions described above may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing our management. These provisions may also have the effect of delaying or preventing a change of control of our company, even if stockholders support such a change of control.

***We do not intend to pay any cash dividends on our common stock in the foreseeable future.***

We have not declared or paid a cash dividend on our common stock during the four most recent fiscal years. We have no current intention to declare or pay cash dividends on our common stock in the foreseeable future. In addition, the Revolving Credit Facility contains certain restrictions on our ability to pay dividends. See Note 11—Revolving Credit Facility, in the notes to the consolidated financial statements included elsewhere in this report. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for the foreseeable future for holders of our common stock.

***Our financial results fluctuate as a result of seasonality, which may make it difficult to predict our future performance and may adversely affect our common stock price.***

Our mortgage products business is historically subject to seasonal trends. These trends reflect the general patterns of the mortgage industry and housing sales, which typically peak in the spring and summer seasons. In recent periods, broader cyclical trends in interest rates, as well as the mortgage and real estate markets, have upset the customary seasonal trends. However, seasonal trends may resume and our quarterly operating results may fluctuate. Our non-mortgage products businesses have various seasonality trends which may create further uncertainty in our quarterly operating results. See Item 1. Business—Seasonality included elsewhere in this report for more information. Any of these seasonal trends, or the combination of them, may negatively impact the price of our common stock.

#### **ITEM 1B. Unresolved Staff Comments**

Not applicable.

#### **ITEM 2. Properties**

Our principal executive offices are currently located in approximately 37,800 square feet of office space in Charlotte, North Carolina under a lease that expires in December 2020. In addition, we have offices located in approximately 6,100 square feet of office space in Burlingame, California under a lease that expires in March 2017 and approximately 13,000 square feet of additional office space in Charlotte, North Carolina under a lease that expires in August 2018.

In December 2016, we completed the acquisition of two office buildings in Charlotte, North Carolina, with approximately 64,000 and 73,000 square feet of office space, respectively. We intend to utilize one or both buildings in the future as our principal executive offices and any unused space will continue to be occupied by tenants.

**ITEM 3. *Legal Proceedings***

In the ordinary course of business, we are party to litigation involving property, contract, intellectual property and a variety of other claims. The amounts that may be recovered in such matters may be subject to insurance coverage. *See* Note 13—Contingencies in the notes to the consolidated financial statements included elsewhere in this report for a discussion of our current litigation.

**ITEM 4. *Mine Safety Disclosures***

Not applicable.

**PART II****ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****General Market Information, Holders and Dividends**

Our common stock is quoted on the NASDAQ Global Select Market under the ticker symbol "TREE". The table below sets forth, for the calendar periods indicated, the high and low intraday sales prices per share for LendingTree common stock as reported on the NASDAQ Stock Market. The stock price information is based on published financial sources.

<b>Year Ended December 31, 2016</b>	<b>High</b>	<b>Low</b>
First Quarter	\$ 100.19	\$ 52.11
Second Quarter	106.82	64.07
Third Quarter	112.00	87.50
Fourth Quarter	110.10	75.05

<b>Year Ended December 31, 2015</b>	<b>High</b>	<b>Low</b>
First Quarter	\$ 58.00	\$ 38.85
Second Quarter	78.78	54.32
Third Quarter	139.59	73.56
Fourth Quarter	131.83	85.18

As of February 23, 2017, there were approximately 790 holders of record of our common stock and the closing price of the common stock was \$122.25.

We have not declared a cash dividend on our common stock during the four most recent fiscal years. We have no current intention to declare or pay cash dividends on our common stock in the foreseeable future. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors. The revolving credit facility we entered into on October 22, 2015 contains contractual restrictions on our ability to pay dividends. See Note 11—Revolving Credit Facility, in the notes to the consolidated financial statements included elsewhere in this report for additional information.

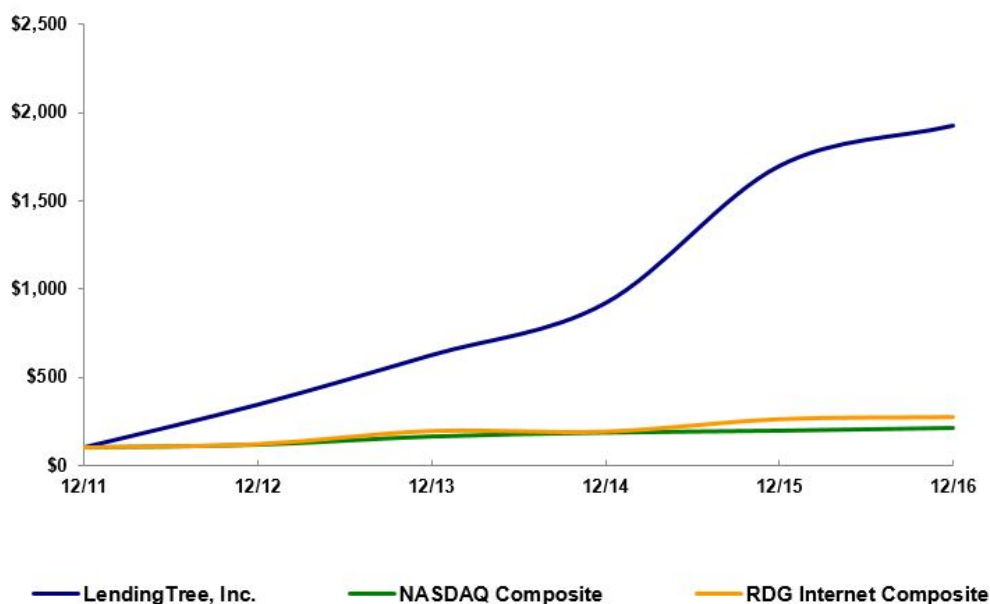
**Performance Graph**

*The performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filings under the Securities Act or the Exchange Act, except as otherwise expressly set forth by specific reference in such filing.*

Set forth below is a line graph, for the period from December 31, 2011 through December 31, 2016, comparing the cumulative total stockholder return of \$100 invested (assuming that all dividends were reinvested) in (1) our common stock, (2) the cumulative return of all companies listed on the NASDAQ Composite Index and (3) the cumulative total return of the Research Development Group ("RDG") Internet index. Returns over the indicated periods should not be considered indicative of future stock prices or stockholder returns.

## COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among LendingTree, Inc., the NASDAQ Composite Index  
and the RDG Internet Composite Index



\*\$100 invested on 12/31/11 in stock or index, including reinvestment of dividends.  
Fiscal year ending December 31.

### Unregistered Sales of Equity Securities and Use of Proceeds

During the year ended December 31, 2016, we did not issue or sell any shares of our common stock or other equity securities in transactions that were not registered under the Securities Act.

### Issuer Purchases of Equity Securities

In each of January 2010, May 2014, January 2016 and February 2016, the board of directors authorized and we announced a stock repurchase program which allowed for the repurchase of up to \$10.0 million, \$10.0 million, \$50.0 million and \$40.0 million, respectively, of our common stock. At December 31, 2016, approximately \$48.7 million remains authorized for share repurchase under this program. Under this program, we can repurchase stock in the open market or through privately-negotiated transactions. We have used available cash to finance these repurchases. We will determine the timing and amount of any additional repurchases based on our evaluation of market conditions, applicable SEC guidelines and regulations, and other factors. This program may be suspended or discontinued at any time at the discretion of our board of directors. No shares of common stock were repurchased under the stock repurchase program during the quarter ended December 31, 2016. As of February 23, 2017, approximately \$48.7 million remains authorized for share repurchase.

Additionally, the LendingTree Fourth Amended and Restated 2008 Stock and Award Incentive Plan allows employees to forfeit shares of our common stock to satisfy federal and state withholding obligations upon the exercise of stock options, the settlement of restricted stock unit awards and the vesting of restricted stock awards granted to those individuals under this plan. During the quarter ended December 31, 2016, 12,854 shares were purchased related to these obligations under the LendingTree Fourth Amended and Restated 2008 Stock and Award Incentive Plan. The withholding of those shares does not affect the dollar amount or number of shares that may be purchased under the stock repurchase program described above.



The following table provides information about the Company's purchases of equity securities during the quarter ended December 31, 2016.

<b>Period</b>	<b>Total Number of Shares Purchased <sup>(1)</sup></b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup></b>	<b>Maximum Number/Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs</b>
				<i>(in thousands)</i>
10/1/16 - 10/31/16	—	\$ —	—	\$ 48,748
11/1/16 - 11/30/16	11,832	\$ 83.68	—	\$ 48,748
12/1/16 - 12/31/16	1,022	\$ 104.15	—	\$ 48,748
<b>Total</b>	12,854	\$ 85.30	—	\$ 48,748

(1) During October 2016, November 2016 and December 2016, 0 shares, 11,832 shares and 1,022 shares, respectively (totaling 12,854 shares), were purchased to satisfy federal and state withholding obligations of our employees upon the settlement of restricted stock unit awards and the vesting of restricted stock awards, all in accordance with our Fourth Amended and Restated 2008 Stock and Award Incentive Plan, as described above.

(2) See the narrative disclosure above the table for further description of our publicly announced stock repurchase program.

**ITEM 6. Selected Financial Data**

The summary financial data presented below represents portions of our consolidated financial statements and are not complete. The following financial information should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto contained in Item 8. Financial Statements and Supplementary Data included elsewhere in this Annual Report. Historical results are not necessarily indicative of future performance or results of operations.

	Year Ended December 31,				
	2016	2015	2014	2013	2012 <sup>(1)</sup>
<i>(in thousands, except per share amounts)</i>					
<b>Results of Operations:</b>					
Revenue	\$ 384,402	\$ 254,216	\$ 167,350	\$ 139,240	\$ 77,443
Income (loss) from continuing operations <sup>(2)</sup>	31,208	51,316	(487)	(673)	(2,249)
(Loss) income from discontinued operations <sup>(3)</sup>	(3,714)	(3,269)	9,849	4,620	48,874
Net income and comprehensive income	\$ 27,494	\$ 48,047	\$ 9,362	\$ 3,947	\$ 46,625
<b>Weighted average shares outstanding:</b>					
Basic	11,812	11,516	11,188	11,035	10,695
Diluted	12,773	12,541	11,188	11,035	10,695
<b>Income (loss) per share from continuing operations:</b>					
Basic	\$ 2.64	\$ 4.46	\$ (0.04)	\$ (0.06)	\$ (0.21)
Diluted	\$ 2.44	\$ 4.09	\$ (0.04)	\$ (0.06)	\$ (0.21)
<b>(Loss) income per share from discontinued operations:</b>					
Basic	\$ (0.31)	\$ (0.28)	\$ 0.88	\$ 0.42	\$ 4.57
Diluted	\$ (0.29)	\$ (0.26)	\$ 0.88	\$ 0.42	\$ 4.57
<b>Net income per share:</b>					
Basic	\$ 2.33	\$ 4.17	\$ 0.84	\$ 0.36	\$ 4.36
Diluted	\$ 2.15	\$ 3.83	\$ 0.84	\$ 0.36	\$ 4.36
Cash dividend per share	\$ —	\$ —	\$ —	\$ —	\$ 1.00
<b>Financial Position:</b>					
Cash and cash equivalents <sup>(4) (5)</sup>	\$ 91,131	\$ 206,975	\$ 86,212	\$ 91,667	\$ 80,190
Total assets	\$ 323,427	\$ 295,781	\$ 139,891	\$ 152,644	\$ 143,171
Total long-term liabilities <sup>(5)</sup>	\$ 25,285	\$ 612	\$ 4,889	\$ 5,437	\$ 5,883
Total shareholders' equity <sup>(4)</sup>	\$ 231,435	\$ 241,142	\$ 96,366	\$ 87,008	\$ 82,922

(1) In June 2012, we sold substantially all of the operating assets of our LendingTree Loans business. See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Years Ended December 31, 2016, 2015 and 2014—Discontinued Operations for more information.

(2) In 2015, we released the majority of the valuation allowance, which, along with federal and state income taxes, resulted in a total tax benefit of \$23.0 million. See Note 10—Income Taxes in the notes to the consolidated financial statements included elsewhere in this report for additional information.

(3) See ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Years Ended December 31, 2016, 2015 and 2014—Discontinued Operations for a discussion of discontinued operations.

(4) In November 2015, we completed an equity offering of 852,500 shares of our common stock, receiving net proceeds of \$91.5 million.

- (5) In November 2016, we acquired CompareCards for \$80.7 million in cash at closing and contingent consideration payments of up to \$22.5 million in each of 2017 and 2018. We assigned a fair value of the contingent consideration of \$23.1 million, which is included in total long-term liabilities. We will reassess this fair value quarterly. In December 2016, we acquired two office buildings in Charlotte, North Carolina for \$23.5 million in cash. *See* Note 6—Business Acquisitions and Note 4—Property and Equipment, respectively, in the notes to the consolidated financial statements included elsewhere in this report for additional information.

## **ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and accompanying notes included elsewhere within this report. This discussion includes both historical information and forward-looking information that involves risks, uncertainties and assumptions. Our actual results may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Information."

### **Company Overview**

LendingTree, Inc. is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC.

LendingTree operates what we believe to be the leading online loan marketplace for consumers seeking loans and other credit-based offerings. Our online marketplace provides consumers with access to product offerings from our Network Lenders, including mortgage loans, home equity loans and lines of credit, reverse mortgage loans, auto loans, credit cards, personal loans, student loans, small business loans and other related offerings. In addition, we offer tools and resources, including free credit scores, that facilitate comparison shopping for these loan and other credit-based offerings. We seek to match consumers with multiple lenders, who can provide them with competing quotes for the product they are seeking. We also serve as a valued partner to lenders seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer inquiries we generate with these lenders.

Our My LendingTree platform offers a personalized loan comparison-shopping experience by providing free credit scores and credit score analysis. This platform enables us to observe consumers' credit profiles and then identify and alert them to loan and other credit-based opportunities on our marketplace that may be more favorable than the loans they may have at a given point in time. This is designed to provide consumers with measurable savings opportunities over their lifetimes.

In addition to operating our core mortgage business, we are focused on growing our non-mortgage lending businesses and developing new product offerings and enhancements to improve the experiences that consumers and lenders have as they interact with us. By expanding our portfolio of loan and credit-based offerings, we are growing and diversifying our business and sources of revenue. We intend to capitalize on our expertise in performance marketing, product development and technology, and to leverage the widespread recognition of the LendingTree brand to effect this strategy.

We believe the consumer and small business financial services industry is in the early stages of a fundamental shift to online product offerings, similar to the shift that started in retail and travel many years ago and is now well established. We believe that like retail and travel, as consumers continue to move towards online shopping and transactions for financial services, suppliers will increasingly shift their product offerings and advertising budgets toward the online channel. We believe the strength of our brands and of our lender network place us in a strong position to continue to benefit from this market shift.

The LendingTree Loans business is presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. Except for the discussion under the heading "Discontinued Operations," the analysis within Management's Discussion and Analysis of Financial Condition and Results of Operations reflects our continuing operations.

### **Acquisition of CompareCards**

On November 16, 2016, we acquired Iron Horse Holdings, LLC, which does business under the name CompareCards for \$80.7 million in cash at closing and contingent consideration payments of up to \$22.5 million in each of 2017 and 2018, subject to achieving specific growth targets. CompareCards is a leading online source for side-by-side credit card comparison shopping. CompareCards provides consumers with one centralized location for pertinent credit card information needed to find the best card for their needs. The acquisition continues our diversification strategy.

### **Acquisition of North Carolina Office Properties**

In December 2016, we completed the acquisition of two office buildings in Charlotte, North Carolina, for \$23.5 million in cash. We intend to utilize one or both buildings in the future as our principal executive offices, and any unused space will continue to be occupied by tenants.

With our expansion in North Carolina, we received a grant from the state that provides up to \$4.9 million in reimbursements over 12 years for investing in real estate and infrastructure in addition to increasing jobs in North Carolina at specific targeted levels between 2017 and 2020, and maintaining the jobs thereafter. Additionally, the city of Charlotte and the county of Mecklenburg provided a grant that will be paid over five years and is based on a percentage of new property tax we pay on the development.

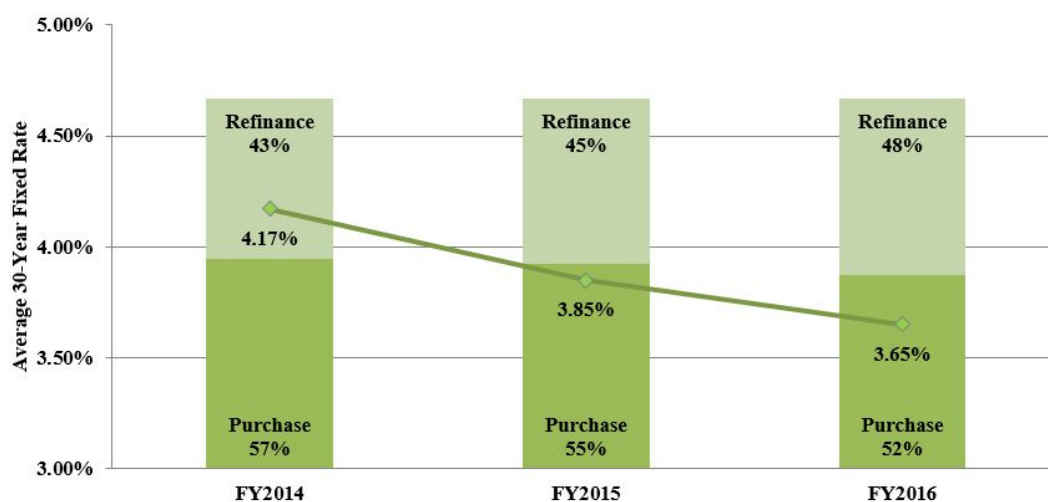
## Recent Mortgage Interest Rate Trends

Interest rate and market risks can be substantial in the mortgage lead generation business. Short-term fluctuations in mortgage interest rates primarily affect consumer demand for mortgage refinancings, while long-term fluctuations in mortgage interest rates, coupled with the U.S. real estate market, affect consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for mortgage leads from third-party sources. Typically, a decline in mortgage interest rates will lead to reduced lender demand, as there are more consumers in the marketplace seeking financing and, accordingly, lenders receive more organic lead volume. Conversely, an increase in mortgage interest rates will typically lead to an increase in lender demand, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases.

According to Freddie Mac, 30-year mortgage interest rates generally declined as 2014 progressed, to an average of 3.86% in December 2014, the lowest since May 2013. In January 2015, 30-year mortgage interest rates continued to decline, reaching a monthly average of 3.67%, after which the mortgage interest rates generally increased to 3.96% by the end of 2015. In 2016 30-year interest rates declined, reaching an average of 3.44% in August 2016, the lowest since January 2013. By December 2016, 30-year mortgage interest rates increased to an average of 4.20%.

On a full-year basis, 30-year mortgage interest rates declined to an average 3.65% in 2016, as compared to 3.85% and 4.17% in 2015 and 2014, respectively.

### HISTORICAL MIX OF MORTGAGE ORIGINATION DOLLARS



Typically, as mortgage interest rates decline, there are more consumers in the marketplace seeking refinancings and, accordingly, the mix of mortgage origination dollars moves towards refinance mortgages. According to Mortgage Bankers Association ("MBA") data, total refinance origination dollars have increased from 43% of total 2014 mortgage origination dollars to 45% in 2015 and 48% in 2016, as a result of the general decrease in average mortgage interest rates.

Looking forward, MBA is projecting 30-year mortgage interest rates to climb in 2017, to an average 4.5% on 30-year fixed rate mortgages. According to MBA projections, as interest rates climb, the mix of mortgage origination dollars will move towards purchase mortgages with the refinance share representing just 30% for 2017.

## The U.S. Real Estate Market

The health of the U.S. real estate market and interest rate levels are the primary drivers of consumer demand for new mortgages. Consumer demand, in turn, affects lender demand for purchase mortgage leads from third-party sources. Typically, a strong real estate market will lead to reduced lender demand for leads, as there are more consumers in the marketplace seeking financing and, accordingly, lenders receive more organic lead volume. Conversely, a weaker real estate market will typically lead to an increase in lender demand, as there are fewer consumers in the marketplace seeking mortgages.

Despite continued indications of economic recovery, in 2014, existing home sales nationwide declined approximately 3% over 2013, according to the National Association of Realtors ("NAR"), likely due to lessening housing affordability and higher mortgage interest rates. However, sales of existing homes in the second half of 2014 were up 6% from the first half of the year, as economic growth accelerated, housing inventory increased and sales prices moderated. This momentum continued into 2015,

with nationwide existing home sales increasing approximately 7% over 2014, equating to the housing market's best year in nearly a decade.

While nationwide existing home sales in 2016 increased 3% over 2015, the NAR expects lower (but moderate) growth in existing home sales in 2017 compared to 2016, in large part due to the smaller inventory of homes for sale, with the supply of homes for sale at its lowest since 1999, and the anticipated increase in mortgage rates.

### Results of Operations for the Years ended December 31, 2016, 2015 and 2014

	Year Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	\$ Change	% Change	\$ Change	% Change
	<i>(Dollars in thousands)</i>						
Mortgage products	\$ 219,991	\$ 165,272	\$ 134,137	\$ 54,719	33 %	\$ 31,135	23 %
Non-mortgage products	164,411	88,944	33,213	75,467	85 %	55,731	168 %
<b>Revenue</b>	<b>384,402</b>	<b>254,216</b>	<b>167,350</b>	<b>130,186</b>	<b>51 %</b>	<b>86,866</b>	<b>52 %</b>
Costs and expenses:							
Cost of revenue <i>(exclusive of depreciation and amortization shown separately below)</i>	13,764	9,370	7,903	4,394	47 %	1,467	19 %
Selling and marketing expense	261,100	172,849	112,704	88,251	51 %	60,145	53 %
General and administrative expense	37,227	30,030	25,883	7,197	24 %	4,147	16 %
Product development	13,761	10,485	7,457	3,276	31 %	3,028	41 %
Depreciation	4,944	3,008	3,245	1,936	64 %	(237)	(7)%
Amortization of intangibles	1,243	149	136	1,094	734 %	13	10 %
Restructuring and severance	122	422	373	(300)	(71)%	49	13 %
Litigation settlements and contingencies	129	(611)	10,618	740	121 %	(11,229)	(106)%
<b>Total costs and expenses</b>	<b>332,290</b>	<b>225,702</b>	<b>168,319</b>	<b>106,588</b>	<b>47 %</b>	<b>57,383</b>	<b>34 %</b>
<b>Operating income (loss)</b>	<b>52,112</b>	<b>28,514</b>	<b>(969)</b>	<b>23,598</b>	<b>83 %</b>	<b>29,483</b>	<b>3,043 %</b>
Other income (expense), net:							
Interest expense, net	(561)	(171)	(2)	390	228 %	169	8,450 %
Other income	23	—	—	23	—%	—	—%
<b>Income (loss) before income taxes</b>	<b>51,574</b>	<b>28,343</b>	<b>(971)</b>	<b>23,231</b>	<b>82 %</b>	<b>29,314</b>	<b>3,019 %</b>
Income tax (expense) benefit	(20,366)	22,973	484	(43,339)	(189)%	22,489	4,646 %
<b>Net income (loss) from continuing operations</b>	<b>31,208</b>	<b>51,316</b>	<b>(487)</b>	<b>(20,108)</b>	<b>(39)%</b>	<b>51,803</b>	<b>10,637 %</b>
<b>(Loss) income from discontinued operations</b>	<b>(3,714)</b>	<b>(3,269)</b>	<b>9,849</b>	<b>(445)</b>	<b>(14)%</b>	<b>(13,118)</b>	<b>(133)%</b>
<b>Net income and comprehensive income</b>	<b>\$ 27,494</b>	<b>\$ 48,047</b>	<b>\$ 9,362</b>	<b>\$ (20,553)</b>	<b>(43)%</b>	<b>\$ 38,685</b>	<b>413 %</b>

### Revenue

Revenue increased in 2016 compared to 2015 due to increases in our non-mortgage products of \$75.5 million and in our mortgage products of \$54.7 million.

Our non-mortgage products include the following non-mortgage lending products: personal loans, credit cards, home equity loans and lines of credit, reverse mortgage loans, auto loans, small business loans and student loans. Our non-mortgage products also include home improvement referrals and other credit products such as credit repair and debt settlement. Many of our non-mortgage products are not individually significant to revenue. The increase in revenue from our non-mortgage products in 2016 compared to 2015 is primarily due to an increase in lenders on our exchange, increased marketing efforts and two business acquisitions. This resulted in an increase in the number of consumers completing request forms for the non-mortgage products in 2016.

Revenue from our personal loan product increased \$15.2 million to \$66.5 million in 2016 from \$51.3 million in 2015, or 30%. Revenue from our personal loans product increased in 2016 due to an increase in lenders on our exchange and increased marketing efforts, partially offset by decreases in revenue earned per consumer. Certain of our online personal loan lenders experienced well-publicized challenges in 2016, in particular, general unavailability of capital, increased pricing demanded by investors of personal

loans, which in some cases led to reductions in marketing spend and tightening in underwriting standards. We believe the market for our non-mortgage products, including personal loans, remains under-penetrated and we believe long-term growth prospects are strong for non-mortgage products. A significant industry-wide contraction in the availability of capital for non-mortgage lending products would likely adversely affect our non-mortgage product revenues. While we expect significant growth in our non-mortgage products in 2017 compared to 2016, we do not anticipate the growth rate will meet the 2016 growth of 85%.

Revenue from our credit card product increased \$29.6 million to \$39.4 million in 2016 from \$9.8 million in 2015, or 302%. Revenue from our credit card product increased in 2016 due to increases in payouts from issuers in addition to increased marketing efforts. Additionally, the CompareCards acquisition, completed on November 16, 2016, increased revenue by \$9.2 million in 2016.

For 2016 and 2015, no other non-mortgage product represented more than 10% of revenue, however certain other non-mortgage products experienced notable increases. Revenue from our home equity product increased \$13.6 million in 2016 compared to 2015, due to an increase in lender coverage and an increase in revenue earned per consumer combined with increased marketing efforts.

The increase in revenue from our mortgage products in 2016 compared to 2015 is primarily due to an increase in revenue from our refinance product. The revenue from our refinance product increased approximately \$50.0 million in 2016 from 2015, primarily due to an increase in lender demand and an increase in marketing efforts. The number of consumers completing a request form for mortgage products increased in 2016 from 2015, partially offset by a decrease in revenue earned per consumer in 2016 compared to 2015. We expect more moderate year-over-year growth in mortgage revenue.

Revenue increased in 2015 compared to 2014 due to increases in our non-mortgage products of \$55.7 million and in our mortgage products of \$31.1 million.

The increase in revenue from our non-mortgage products in 2015 compared to 2014 is primarily due to increases in revenue from our personal loans product and our credit cards product. Revenue from our personal loans product increased \$38.9 million to \$51.3 million in 2015 from \$12.3 million in 2014, or 316%, due to growing awareness in the market of the product, an increase in lenders on our exchange, increases in revenue earned per matched consumer and increased marketing efforts. Revenue from our credit cards product increased \$9.2 million to \$9.8 million in 2015 from \$0.7 million in 2014, or 1314%, due to increases in payouts from issuers in addition to increased marketing efforts. For 2015 and 2014, no other non-mortgage product represented more than 10% of revenue.

The increase in revenue from our mortgage products in 2015 compared to 2014 is primarily due to an increase in revenue from our refinance product. The revenue from our refinance product increased approximately \$30.0 million in 2015 from 2014 primarily due to increased demand of both new and existing lenders on our marketplace. Additionally, mortgage interest rates were lower in 2015 compared to 2014, causing an increase in sales of the refinance product. The number of consumers completing a request form for mortgage products increased in 2015 from 2014, partially offset by a decrease in revenue earned per consumer in 2015 compared to 2014.

#### **Cost of revenue**

Cost of revenue consists primarily of costs associated with compensation and other employee-related costs (including stock-based compensation) relating to internally-operated customer call centers, third-party customer call center fees, credit scoring fees, credit card fees, website network hosting and server fees.

Cost of revenue increased in 2016 from 2015, primarily due to increases of \$1.3 million in compensation and benefits as a result of increases in headcount, \$0.9 million in credit scoring fees, \$0.7 million in call center technology fees, \$0.6 million in credit card fees and \$0.4 million in lead verification fees.

Cost of revenue increased in 2015 from 2014, primarily due to increases of \$1.1 million in compensation and benefits as a result of increases in headcount and \$0.7 million in credit card fees, partially offset by a \$0.7 million decrease in credit scoring fees.

Cost of revenue as a percentage of revenue decreased slightly to 4% in 2016 and 2015 from 5% in 2014.

#### **Selling and marketing expense**

Selling and marketing expense consists primarily of advertising and promotional expenditures, fees paid for consumer inquiries and compensation and other employee-related costs (including stock-based compensation) for personnel engaged in sales or marketing functions. Advertising and promotional expenditures primarily include online marketing, as well as television, print and radio spending. Advertising production costs are expensed in the period the related ad is first run.

The increases in selling and marketing expense in 2016 compared to 2015 and 2015 compared to 2014 were primarily due to increases in advertising and promotional expense of \$84.0 million and \$57.1 million, respectively, as discussed below. In addition, selling and marketing expense increased in 2016 compared to 2015 and in 2015 compared to 2014 due to an increase in compensation and benefits of \$4.3 million and \$3.1 million, respectively, as a result of increases in headcount.

Advertising and promotional expense is the largest component of selling and marketing expense, and is comprised of the following:

	Year Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	\$ Change	% Change	\$ Change	% Change
	<i>(Dollars in thousands)</i>						
Online	\$ 210,635	\$ 127,294	\$ 86,088	\$ 83,341	65%	\$ 41,206	48%
Broadcast	28,455	28,066	14,011	389	1%	14,055	100%
Other	4,131	3,863	2,056	268	7%	1,807	88%
<b>Total advertising expense</b>	<b>\$ 243,221</b>	<b>\$ 159,223</b>	<b>\$ 102,155</b>	<b>\$ 83,998</b>	<b>53%</b>	<b>\$ 57,068</b>	<b>56%</b>

We increased our advertising expenditures in 2016 compared to 2015 and in 2015 compared to 2014, in order to generate additional consumer inquiries to meet the increased demand of lenders on our marketplace.

We will continue to adjust selling and marketing expenditures dynamically in relation to anticipated revenue opportunities.

### General and administrative expense

General and administrative expense consists primarily of compensation and other employee-related costs (including stock-based compensation) for personnel engaged in finance, legal, tax, corporate information technology, human resources and executive management functions, as well as facilities and infrastructure costs and fees for professional services.

General and administrative expense increased in 2016 compared to 2015, primarily due to increases in compensation and benefits of \$2.0 million as a result of increases in headcount, increases in professional fees of \$3.1 million, increases in travel and entertainment expenses of \$0.8 million, increases in facility expenses of \$0.6 million and increases in other tax expense of \$0.5 million. The increase in professional fees is partially due to an increase in acquisition related expenses of \$0.9 million.

General and administrative expense as a percentage of revenue decreased to 10% in 2016 compared to 12% in 2015.

General and administrative expense increased in 2015 compared to 2014, primarily due to increases in compensation and benefits of \$2.0 million as a result of increases in headcount, increases in recruiting expenses of \$0.5 million, increases in computer software maintenance of \$0.8 million and increases in professional fees of \$0.8 million, partially offset by decreases in asset impairments of \$0.3 million.

General and administrative expense as a percentage of revenue decreased to 12% in 2015 compared to 15% in 2014.

### Product development

Product development expense consists primarily of compensation and other employee-related costs (including stock-based compensation) and third-party labor costs that are not capitalized, for employees and consultants engaged in the design, development, testing and enhancement of technology.

Product development expense increased in 2016 compared to 2015 and in 2015 compared to 2014, as we continued to invest in internal development of new and enhanced features, functionality and business opportunities that we believe will enable us to better and more fully serve consumers and lenders. Product development expenses are comprised primarily of compensation and other employee-related costs. We increased headcount in 2016 compared to 2015 and in 2015 compared to 2014, in order to support planned product launches.

### Litigation settlements and contingencies

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements, in addition to legal fees incurred in connection with various patent litigation claims we are pursuing.

During 2014, we participated in a jury trial for the Zillow litigation described in Note 13—Contingencies in the notes to the consolidated financial statements included elsewhere in this report. The legal expenses associated with this jury trial and post-



trial motions increased our litigation settlements and contingencies expense for 2014. In addition, in October 2014, the court awarded NexTag's attorney fees and costs totaling \$2.3 million, which were recorded as litigation expense in 2014. We appealed the award of NexTag's attorney fees and costs in November 2014 and, in June 2015, we reached a settlement agreement with NexTag for \$1.1 million. During the year ended December 31, 2015, we recorded \$0.6 million in income primarily due to an adjustment in the reserve for NexTag attorney fees and costs associated with this matter, partially offset by legal fees. During the year ended December 31, 2014, we recorded \$10.6 million in expenses, due primarily to legal fees incurred in connection with this patent litigation.

### Income tax expense

	Year Ended December 31,		
	2016	2015	2014
	<i>(in thousands, except percentages)</i>		
Income tax (expense) benefit	\$ (20,366)	\$ 22,973	\$ 484
Effective tax rate	39.5%	(81.1)%	(49.8)%

For 2016, the effective tax rate varied from the statutory rate of 35% primarily due to the benefit derived from the federal research tax credit, partially offset by state taxes, including the impact of a reduction in the North Carolina state income tax rate which reduced the value of our deferred tax assets. The federal research tax credit benefit is the result of a study completed during the second quarter for the open tax years of 2011 through 2015, plus an estimate of the benefit from current research activities.

For 2015, the effective tax rate varied from the statutory rate of 35% primarily due to the reversal of the federal and partial reversal of the state valuation allowance set up in prior years against our deferred tax assets, partially offset by state taxes.

For 2014, the effective tax rates varied from the statutory rate of 35% primarily due to state taxes.

### Discontinued Operations

On June 6, 2012, we sold substantially all of the operating assets of our LendingTree Loans business for approximately \$55.9 million in cash to Discover.

Discover generally did not assume liabilities of the LendingTree Loans business that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. Of the purchase price paid, as of December 31, 2016, \$4.0 million is being held in escrow in accordance with the agreement with Discover for certain loan loss obligations that remain with us following the sale.

During 2016, 2015 and 2014, (loss) income from discontinued operations of \$(3.7) million, \$(3.3) million and \$9.8 million, respectively, was primarily attributable to the LendingTree Loans business. In 2014, results of discontinued operations were primarily due to income from an adjustment in the loan loss reserve as a result of a settlement with one of LendingTree Loans' secondary market purchasers, partially offset by costs relating to the ongoing wind-down of the business. In 2016 and 2015, loss from discontinued operations was primarily due to litigation settlements and contingencies and legal fees associated with ongoing legal proceedings.

### Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization

We report adjusted EBITDA as a supplemental measure to GAAP. This measure is the primary metric by which we evaluate the performance of our businesses, on which our marketing expenditures and internal budgets are based and by which management and many employees are compensated. We believe that investors should have access to the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. We provide and encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures discussed below.

#### *Definition of Adjusted EBITDA*

We report Adjusted EBITDA as net income from continuing operations adjusted to exclude interest, income tax, amortization of intangibles and depreciation, and to further exclude (1) non-cash compensation expense, (2) non-cash impairment charges, (3) gain/loss on disposal of assets, (4) restructuring and severance expenses, (5) litigation settlements and contingencies and legal fees for certain patent litigation, (6) acquisitions and dispositions income or expense (including with respect to changes in fair value of contingent consideration) and (7) one-time items. Adjusted EBITDA has certain limitations in that it does not take into account the impact to our statement of operations of certain expenses, including depreciation, non-cash compensation and

acquisition-related accounting. We endeavor to compensate for the limitations of the non-GAAP measures presented by also providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

#### *One-Time Items*

Adjusted EBITDA is adjusted for one-time items, if applicable. Items are considered one-time in nature if they are non-recurring, infrequent or unusual and have not occurred in the past two years or are not expected to recur in the next two years, in accordance with SEC rules. For the periods presented in this report, there are no adjustments for one-time items, except for \$0.1 million related to an estimated settlement for unclaimed property in 2015.

#### *Non-Cash Expenses that are Excluded from Adjusted EBITDA*

Non-cash compensation expense consists principally of expense associated with grants of restricted stock, restricted stock units and stock options. These expenses are not paid in cash, and we include the related shares in our calculations of fully diluted shares outstanding. Upon settlement of restricted stock units, exercise of certain stock options or vesting of restricted stock awards, the awards may be settled, on a net basis, with us remitting the required tax withholding amount from our current funds.

Amortization of intangibles are non-cash expenses relating primarily to intangible assets acquired through acquisitions. At the time of an acquisition, the intangible assets of the acquired company, such as purchase agreements, technology and customer relationships, are valued and amortized over their estimated lives.

The following table is a reconciliation of net income (loss) from continuing operations to Adjusted EBITDA.

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in thousands)</i>		
<b>Net income (loss) from continuing operations</b>	<b>\$ 31,208</b>	<b>\$ 51,316</b>	<b>\$ (487)</b>
Adjustments to reconcile to Adjusted EBITDA:			
Amortization of intangibles	1,243	149	136
Depreciation	4,944	3,008	3,245
Restructuring and severance	122	422	373
Loss on disposal of assets	640	748	282
Impairment of long-lived assets	—	—	805
Non-cash compensation	9,647	8,370	7,277
Estimated settlement for unclaimed property	—	134	—
Acquisition expense	959	84	60
Litigation settlements and contingencies	129	(611)	10,618
Interest expense, net	561	171	2
Income tax expense (benefit)	20,366	(22,973)	(484)
<b>Adjusted EBITDA</b>	<b>\$ 69,819</b>	<b>\$ 40,818</b>	<b>\$ 21,827</b>

### **Financial Position, Liquidity and Capital Resources**

#### **General**

As of December 31, 2016, we had \$91.1 million of cash and cash equivalents and \$4.1 million of restricted cash and cash equivalents, compared to \$207.0 million of cash and cash equivalents and \$6.5 million of restricted cash and cash equivalents as of December 31, 2015.

In 2016, we purchased 690,218 shares of our common stock pursuant to a stock repurchase program for \$48.5 million.

In December 2016, we acquired two office buildings in Charlotte, North Carolina for \$23.5 million in cash. In November 2016, we acquired CompareCards for \$80.7 million cash at closing and potential future contingent consideration payments of up to \$22.5 million in each of 2017 and 2018, subject to achieving specified targets. See Note 6—Business Acquisitions and Note 4—Property and Equipment, respectively, in the notes to the consolidated financial statements included elsewhere in this report for additional information.

In November 2015, we completed an equity offering of 852,500 shares of our common stock. We received net proceeds of \$91.5 million, after deducting approximately \$5.9 million in underwriting discounts and \$0.7 million in offering expenses.

We expect our cash and cash equivalents and cash flows from operations to be sufficient to fund our operating needs for the next twelve months and beyond. Our revolving credit facility described below is an additional potential source of liquidity.

### Senior Secured Revolving Credit Facility

On October 22, 2015, we established a \$125.0 million five-year Senior Secured Revolving Credit Facility which matures on October 22, 2020 (the "Revolving Credit Facility"). The proceeds of the Revolving Credit Facility can be used to finance working capital needs, capital expenditures and general corporate purposes, including to finance permitted acquisitions. As of February 28, 2017, we do not have any borrowings under the Revolving Credit Facility.

For additional information on the Revolving Credit Facility, see Note 11—Revolving Credit Facility in the notes to the consolidated financial statements included elsewhere in this report.

### Cash Flows from Continuing Operations

Our cash flows attributable to continuing operations are as follows:

	Year Ended December 31,		
	2016	2015	2014
	<i>(in thousands)</i>		
Net cash provided by operating activities	\$ 58,454	\$ 32,584	\$ 9,075
Net cash (used in) provided by investing activities	(117,215)	4,901	2,704
Net cash (used in) provided by financing activities	(46,880)	86,909	(7,651)

### Cash Flows from Operating Activities

Our largest source of cash provided by our operating activities is revenues generated by our mortgage and non-mortgage products. Our primary uses of cash from our operating activities include advertising and promotional payments and fees paid for consumer inquiries. In addition, our uses of cash from operating activities include compensation and other employee-related costs, other general corporate expenditures, litigation settlements and contingencies and income taxes.

Net cash provided by operating activities attributable to continuing operations increased in 2016 from 2015 primarily due to an increase in revenue, partially offset by an increase in cost of revenue and selling and marketing. Additionally, there was an increase in cash from changes in working capital primarily driven by changes in accounts receivable and income taxes payable.

Net cash provided by operating activities attributable to continuing operations increased in 2015 from 2014 primarily due to an increase in revenue, partially offset by an increase in cost of revenue and selling and marketing. Additionally, there was a decrease in payments related to litigation settlements and contingencies and a net increase in cash from changes in working capital primarily driven by changes in accounts payable and other current liabilities and income taxes payable.

### Cash Flows from Investing Activities

Net cash used in investing activities attributable to continuing operations in 2016 of \$117.2 million consisted primarily of the acquisition of CompareCards for \$81.2 million, the acquisition of SimpleTuition for \$4.5 million, the acquisition of two office buildings in Charlotte, North Carolina for \$23.4 million and \$10.6 million related to internally developed software and the acquisition of an aircraft. This was partially offset by a \$2.5 million decrease in restricted cash due to the release of funds in escrow for the surety bonds due to a reduction in collateral requirements.

Net cash provided by investing activities attributable to continuing operations in 2015 of \$4.9 million consisted primarily of \$12.2 million in the release of restricted cash previously held in escrow in connection with the sale of LendingTree Loans, offset by capital expenditures of \$7.2 million primarily related to internally developed software.

Net cash provided by investing activities attributable to continuing operations in 2014 of \$2.7 million consisted primarily of capital expenditures of \$3.9 million and \$0.7 million in payments to acquire a business, which was more than offset by a decrease in restricted cash of \$7.3 million. In 2014, we reached and executed a settlement with the disputing party on the earnout related to an acquisition, upon which \$2.0 million of cash previously held in escrow was released. Additionally, in 2014, we reached and executed a settlement with one of our LendingTree Loans' secondary market purchasers related to loan loss obligations, upon which \$2.0 million of cash previously held in escrow was released to us. Finally, in 2014, we reached and executed a settlement

with another secondary market purchaser related to loan loss obligations, upon which \$3.1 million of cash previously held by such secondary market purchaser was paid out.

### ***Cash Flows from Financing Activities***

Net cash used in financing activities attributable to continuing operations in 2016 of \$46.9 million consisted primarily of the repurchase of our stock of \$48.5 million and \$4.1 million in withholding taxes paid by us upon surrender of shares to satisfy obligations on equity awards; offset by \$5.8 million in excess tax benefits from stock-based award activity.

Net cash provided by financing activities attributable to continuing operations in 2015 of \$86.9 million consisted primarily of net proceeds from the November 2015 equity offering of \$91.5 million and \$4.6 million in excess tax benefits from stock-based award activity, offset by \$7.6 million in withholding taxes paid by us upon the surrender of shares to satisfy obligations on equity awards, \$1.2 million for the payment of debt issuance costs, the repurchase of our stock of \$0.2 million and \$0.1 million in dividend payments.

Net cash used in financing activities attributable to continuing operations in 2014 of \$7.7 million consisted primarily of \$4.8 million in withholding taxes paid by us upon the surrender of shares to satisfy obligations on equity awards and the repurchase of our stock of \$2.6 million.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements other than our operating lease obligations and funding commitments pursuant to our surety bonds, none of which have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. See Note 12—Commitments to the consolidated financial statements included elsewhere in the report for further details.

### **Summary of Contractual Obligations**

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2016.

<b>Contractual Obligations <sup>(a)</sup></b>	<b>Payments Due By Period as of December 31, 2016</b>				
	<b>Total</b>	<b>Less Than 1 Year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>More Than 5 Years</b>
Operating lease obligations <sup>(b)</sup>	\$ 4,681	\$ 1,374	\$ 2,252	\$ 1,055	\$ —
Long-term contractual obligations <sup>(c)</sup>	23,600	—	23,600	—	—
<b>Total contractual obligations</b>	<b>\$ 28,281</b>	<b>\$ 1,374</b>	<b>\$ 25,852</b>	<b>\$ 1,055</b>	<b>\$ —</b>

(a) Excludes potential obligations under surety and litigation bonds and the indemnification obligations, repurchase obligations and premium repayment obligations for which our HLC subsidiary continues to be liable following the sale of substantially all of the operating assets of our LendingTree Loans business in the second quarter of 2012. Excludes a \$0.6 million accrual related to uncertain tax position, as we are unable to determine when, or if, payments for these taxes will ultimately be made.

(b) Our operating lease obligations are associated with office space.

(c) Includes a liability of \$23.1 million for the estimated fair value of contingent consideration obligations reflected on the balance sheet for the acquisition of CompareCards. Actual contingent consideration payments could range from zero to \$45.0 million. Also includes a \$0.5 million hold-back of the purchase price related to the SimpleTuition acquisition.

## Critical Accounting Policies and Estimates

The following disclosure is provided to supplement the description of our accounting policies contained in Note 2—Significant Accounting Policies to the consolidated financial statements included elsewhere in this report in regard to significant areas of judgment. This disclosure includes accounting policies related to both continuing operations and discontinued operations. Management is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with generally accepted accounting principles. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates. Because of the size of the financial statement elements to which they relate, some of our accounting policies and estimates have a more significant impact on our consolidated financial statements than others. A discussion of some of our more significant accounting policies and estimates follows.

### Loan Loss Obligations

We make estimates as to our exposure related to our obligation to repurchase loans previously sold to investors or to repay premiums paid by investors in purchasing loans, and reserve for such contingencies accordingly. Such payments to investors may be required in cases where underwriting deficiencies, borrower fraud, documentation defects, early payment defaults and early loan payoffs occurred.

Our HLC subsidiary continues to be liable for certain indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of our LendingTree Loans business on June 6, 2012. Approximately \$4.0 million is being held in escrow pending resolution of certain of these contingent liabilities. We have been negotiating with certain secondary market purchasers to settle any existing and future contingent liabilities, but we may not be able to complete such negotiations on acceptable terms, or at all. Because we do not service the loans LendingTree Loans sold, we do not maintain nor have access to the current balances and loan performance data with respect to the individual loans previously sold to investors. Accordingly, we are unable to determine, with precision, our maximum exposure for breaches of the representations and warranties LendingTree Loans made to the investors that purchased such loans.

We estimate the liability for loan losses using a settlement discount framework. This approach estimates the lifetime losses on the population of remaining loans originated and sold by LendingTree Loans using actual defaults for loans with similar characteristics and projected future defaults. It also considers the likelihood of claims expected due to alleged breaches of representations and warranties made by LendingTree Loans and the percentage of those claims investors estimate LendingTree Loans may agree to repurchase. We then apply a settlement discount factor to the result of the foregoing to reflect publicly- announced bulk settlements for similar loan types and vintages, our own settlement experience, as well as LendingTree Loans' non-operating status, in order to estimate a range of the potential obligation. Changes to any one of these factors could significantly impact the estimate of the liability and could have a material and adverse impact on our results of operations for any particular period.

We have considered both objective and subjective factors in our estimation process, but given current general industry trends in mortgage loans as well as housing prices, market expectations and actual losses related to LendingTree Loans' obligations could vary significantly from the obligation recorded as of December 31, 2016 of \$6.8 million or the range of remaining loan losses of \$4.4 million to \$8.0 million. See Note 18—Discontinued Operations—LendingTree Loans—Loan Loss Obligations to the consolidated financial statements included elsewhere in this report for additional information on the loan loss reserve.

### Income Taxes

Estimates of deferred income taxes and the significant items giving rise to the deferred assets and liabilities are shown in Note 10—Income Taxes to the consolidated financial statements included elsewhere in this report, and reflect management's assessment of actual future taxes to be paid on items reflected in the consolidated financial statements, giving consideration to both timing and the probability of realization. Actual income taxes could vary from these estimates due to future changes in income tax law, state income tax apportionment or the outcome of any review of our tax returns by the IRS, as well as actual operating results that may vary significantly from anticipated results.

We also recognize liabilities for uncertain tax positions based on the two-step process prescribed by the accounting guidance for uncertainty in income taxes. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. This measurement step is inherently difficult and requires subjective estimations of such amounts to determine the probability of various possible outcomes. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

A valuation allowance is provided on deferred tax assets if it is determined that it is *"more likely than not"* that the deferred tax asset will not be realized.

In the fourth quarter of 2015, we concluded, based upon all available evidence, it was more likely than not we would have sufficient future taxable income to realize the majority of our net deferred tax assets. As a result, we released the majority of the valuation allowance in 2015. We significantly improved our operating performance in 2015, emerged from cumulative losses in recent years to a cumulative profit position and project taxable income in future years. While we believe the assumptions included in our projections of future taxable income are reasonable, if the actual results vary from expected results due to unforeseen changes in the economy or mortgage industry, or other factors, we may need to make future adjustments to the valuation allowance for all, or a portion, of the net deferred tax assets.

At December 31, 2016 and 2015, we recorded a partial valuation allowance of \$2.1 million and \$2.3 million, respectively, primarily related to state net operating losses, which we do not expect to be able to utilize prior to expiration.

### **Stock-Based Compensation**

The forms of stock-based awards granted to our employees are principally restricted stock units ("RSUs"), RSUs with performance conditions, restricted stock and stock options. The value of RSU and restricted stock awards is measured at their grant dates as the fair value of common stock and amortized ratably as non-cash compensation expense over the vesting term. The value of RSUs with performance conditions is measured at their grant dates as the fair value of common stock and recognized as non-cash compensation expense, using a graded vesting attribution model that considers the probability of the targets being achieved. The value of stock options issued, as discussed in Note 9—Stock-Based Compensation to the consolidated financial statements included elsewhere in this report, is estimated using a Black-Scholes option pricing model. If an award is modified, we determine if the modification requires a new calculation of fair value or change in the vesting term of the award.

As of December 31, 2016, there was approximately \$7.8 million, \$7.5 million, \$1.7 million and \$0.1 million of unrecognized compensation cost related to stock options, RSUs, RSUs with performance conditions and restricted stock, respectively. These costs are expected to be recognized over a weighted-average period of approximately 1.5 years for stock options, 1.9 years for RSUs, 1.9 years for RSUs with performance conditions and 0.4 years for restricted stock.

### **Recoverability of Long-Lived Assets**

We review the carrying value of all long-lived assets, primarily property and equipment, and definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may be impaired. Impairment is considered to have occurred whenever the carrying value of a long-lived asset cannot be recovered from cash flows that are expected to result from the use and eventual disposition of the asset. This recoverability test requires us to make assumptions and judgments related to factors used in a calculation of undiscounted cash flows, including, but not limited to, management's expectations for future operations and projected cash flows. The key assumptions used in this calculation include Adjusted EBITDA, the remaining useful lives of the primary cash flow generating asset in the asset group and, to a lesser extent, the deduction of capital expenditures and taxes paid in cash to arrive at net cash flows.

During the fourth quarter of 2014, we lost key customers and experienced a decline in revenue for a certain product included within the Education business. Accordingly, in early 2015, we amended our strategic course for this product, resulting in a reduction in anticipated future cash flows. At December 31, 2014, we reviewed the long-lived assets associated with this product for recoverability, resulting in an impairment charge to customer lists and internally developed software of approximately \$0.8 million. The fair value of the long-lived assets was determined using a discounted cash flow model. The impairment charge is included in general and administrative expense on the accompanying consolidated statement of operations and comprehensive income.

The value of long-lived assets subject to assessment for impairment is \$97.0 million at December 31, 2016.

### **Business Acquisitions**

When we acquire businesses, we allocate the purchase price to tangible assets and liabilities and identifiable intangible assets acquired at their acquisition date fair values. Any residual purchase price is recorded as goodwill. We also estimate the fair value of any contingent consideration using Level 3 unobservable inputs. Our estimates of fair value are based upon assumptions believed to be reasonable but which are uncertain and involve significant judgments by management.

We reassess the fair value of contingent consideration quarterly until the contingency is resolved, and changes in the fair value are recorded in operating income (expense) in the consolidated statements of operations.

### **New Accounting Pronouncements**

See Note 2—Significant Accounting Policies to the consolidated financial statements included elsewhere in this report for a description of recent accounting pronouncements.

### **ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk***

Other than our Revolving Credit Facility, which currently has no borrowings outstanding, we do not have any financial instruments that are exposed to significant market risk. We maintain our cash and cash equivalents in bank deposits and short-term, highly liquid money market investments. A hypothetical 100-basis point increase or decrease in market interest rates would not have a material impact on the fair value of our cash equivalents securities, or our earnings on such cash equivalents, but would have an effect on the interest paid on borrowings under the Revolving Credit Facility, if any. As of February 28, 2017, there were no borrowings under the Revolving Credit Facility.

Fluctuations in interest rates affect consumer demand for new mortgages and the level of refinancing activity which, in turn, affects lender demand for mortgage leads. Typically, a decline in mortgage interest rates will lead to reduced lender demand for leads from third-party sources, as there are more consumers in the marketplace seeking refinancings and, accordingly, lenders receive more organic lead volume. Conversely, an increase in mortgage interest rates will typically lead to an increase in lender demand for third-party leads, as there are fewer consumers in the marketplace and, accordingly, the supply of organic mortgage lead volume decreases.

**ITEM 8. *Financial Statements and Supplementary Data***

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of LendingTree, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of LendingTree, Inc. and its subsidiaries at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina  
February 28, 2017

**LENDINGTREE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2016	2015	2014
	<i>(in thousands, except per share amounts)</i>		
<b>Revenue</b>	<b>\$ 384,402</b>	<b>\$ 254,216</b>	<b>\$ 167,350</b>
Costs and expenses:			
Cost of revenue <i>(exclusive of depreciation and amortization shown separately below)</i>	13,764	9,370	7,903
Selling and marketing expense	261,100	172,849	112,704
General and administrative expense	37,227	30,030	25,883
Product development	13,761	10,485	7,457
Depreciation	4,944	3,008	3,245
Amortization of intangibles	1,243	149	136
Restructuring and severance	122	422	373
Litigation settlements and contingencies	129	(611)	10,618
<b>Total costs and expenses</b>	<b>332,290</b>	<b>225,702</b>	<b>168,319</b>
<b>Operating income (loss)</b>	<b>52,112</b>	<b>28,514</b>	<b>(969)</b>
Other income (expense), net:			
Interest expense, net	(561)	(171)	(2)
Other income	23	—	—
<b>Income (loss) before income taxes</b>	<b>51,574</b>	<b>28,343</b>	<b>(971)</b>
Income tax (expense) benefit	(20,366)	22,973	484
<b>Net income (loss) from continuing operations</b>	<b>31,208</b>	<b>51,316</b>	<b>(487)</b>
<b>(Loss) income from discontinued operations</b>	<b>(3,714)</b>	<b>(3,269)</b>	<b>9,849</b>
<b>Net income and comprehensive income</b>	<b>\$ 27,494</b>	<b>\$ 48,047</b>	<b>\$ 9,362</b>
<b>Weighted average shares outstanding:</b>			
Basic	11,812	11,516	11,188
Diluted	12,773	12,541	11,188
<b>Income (loss) per share from continuing operations:</b>			
Basic	\$ 2.64	\$ 4.46	\$ (0.04)
Diluted	\$ 2.44	\$ 4.09	\$ (0.04)
<b>(Loss) income per share from discontinued operations:</b>			
Basic	\$ (0.31)	\$ (0.28)	\$ 0.88
Diluted	\$ (0.29)	\$ (0.26)	\$ 0.88
<b>Net income per share:</b>			
Basic	\$ 2.33	\$ 4.17	\$ 0.84
Diluted	\$ 2.15	\$ 3.83	\$ 0.84

The accompanying notes to consolidated financial statements are an integral part of these statements.

**LENDINGTREE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2016	December 31, 2015
	<i>(in thousands, except par value and share amounts)</i>	
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 91,131	\$ 206,975
Restricted cash and cash equivalents	4,089	6,541
Accounts receivable (net of allowance of \$1,059 and \$606, respectively)	41,382	29,873
Prepaid and other current assets	4,021	2,085
Current assets of discontinued operations	—	110
<b>Total current assets</b>	<b>140,623</b>	<b>245,584</b>
Property and equipment, net	35,462	9,415
Goodwill	56,457	3,632
Intangible assets, net	71,684	10,992
Deferred income tax assets	14,610	20,977
Other non-current assets	810	1,039
Non-current assets of discontinued operations	3,781	4,142
<b>Total assets</b>	<b>\$ 323,427</b>	<b>\$ 295,781</b>
<b>LIABILITIES:</b>		
Accounts payable, trade	\$ 5,593	\$ 5,741
Accrued expenses and other current liabilities	49,403	34,885
Current liabilities of discontinued operations (Note 18)	11,711	13,401
<b>Total current liabilities</b>	<b>66,707</b>	<b>54,027</b>
Contingent considerations	23,600	—
Other non-current liabilities	1,685	586
Non-current liabilities of discontinued operations	—	26
<b>Total liabilities</b>	<b>91,992</b>	<b>54,639</b>
Commitments and contingencies (Notes 12 and 13)		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock \$.01 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock \$.01 par value; 50,000,000 shares authorized; 13,955,378 and 13,865,620 shares issued, respectively, and 11,791,633 and 12,392,093 shares outstanding, respectively	140	139
Additional paid-in capital	1,018,010	1,006,688
Accumulated deficit	(722,630)	(750,124)
Treasury stock 2,163,745 and 1,473,527 shares, respectively	(64,085)	(15,561)
<b>Total shareholders' equity</b>	<b>231,435</b>	<b>241,142</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 323,427</b>	<b>\$ 295,781</b>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**LENDINGTREE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	Common Stock				Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	
	Total	Number of Shares	Amount	Amount			Number of Shares	Amount
	<i>(in thousands)</i>							
<b>Balance as of December 31, 2013</b>	<b>\$ 87,008</b>	<b>12,620</b>	<b>\$ 126</b>	<b>\$ 907,148</b>	<b>\$ (807,533)</b>	<b>1,369</b>	<b>\$ (12,733)</b>	
Net income and comprehensive income	9,362	—	—	—	9,362	—	—	
Non-cash compensation	7,446	—	—	7,446	—	—	—	
Purchase of treasury stock	(2,610)	—	—	—	—	99	(2,610)	
Dividends	(28)	—	—	(28)	—	—	—	
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(4,812)	235	3	(4,815)	—	—	—	
<b>Balance as of December 31, 2014</b>	<b>\$ 96,366</b>	<b>12,855</b>	<b>\$ 129</b>	<b>\$ 909,751</b>	<b>\$ (798,171)</b>	<b>1,468</b>	<b>\$ (15,343)</b>	
Net income and comprehensive income	48,047	—	—	—	48,047	—	—	
Non-cash compensation	8,508	—	—	8,508	—	—	—	
Purchase of treasury stock	(218)	—	—	—	—	6	(218)	
Dividends	(11)	—	—	(11)	—	—	—	
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(7,613)	158	1	(7,614)	—	—	—	
Tax benefit from stock-based award activity	4,601	—	—	4,601	—	—	—	
Proceeds from equity offering, net of offering costs	91,462	853	9	91,453	—	—	—	
<b>Balance as of December 31, 2015</b>	<b>\$ 241,142</b>	<b>13,866</b>	<b>\$ 139</b>	<b>\$ 1,006,688</b>	<b>\$ (750,124)</b>	<b>1,474</b>	<b>\$ (15,561)</b>	
Net income and comprehensive income	27,494	—	—	—	27,494	—	—	
Non-cash compensation	9,647	—	—	9,647	—	—	—	
Purchase of treasury stock	(48,524)	—	—	—	—	690	(48,524)	
Issuance of common stock for stock options, restricted stock awards and restricted stock units, net of withholding taxes	(4,084)	89	1	(4,085)	—	—	—	
Tax benefit from stock-based award activity	5,760	—	—	5,760	—	—	—	
<b>Balance as of December 31, 2016</b>	<b>\$ 231,435</b>	<b>13,955</b>	<b>\$ 140</b>	<b>\$ 1,018,010</b>	<b>\$ (722,630)</b>	<b>2,164</b>	<b>\$ (64,085)</b>	

The accompanying notes to consolidated financial statements are an integral part of these statements.

**LENDINGTREE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2016	2015	2014
	<i>(in thousands)</i>		
Cash flows from operating activities attributable to continuing operations:			
<b>Net income and comprehensive income</b>	<b>\$ 27,494</b>	<b>\$ 48,047</b>	<b>\$ 9,362</b>
Less: Loss (income) from discontinued operations, net of tax	3,714	3,269	(9,849)
Income (loss) from continuing operations	31,208	51,316	(487)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities attributable to continuing operations:			
Loss on disposal of fixed assets	640	748	282
Impairment of long-lived assets	—	—	805
Amortization of intangibles	1,243	149	136
Depreciation	4,944	3,008	3,245
Non-cash compensation expense	9,647	8,508	7,446
Deferred income taxes	6,367	(29,969)	106
Excess tax benefit from stock-based award activity	(5,760)	(4,601)	—
Bad debt expense	515	337	206
Amortization of debt issuance costs	245	47	—
Changes in current assets and liabilities:			
Accounts receivable	(8,361)	(16,598)	(1,228)
Prepaid and other current assets	(1,558)	(874)	(84)
Accounts payable, accrued expenses and other current liabilities	4,769	13,689	(1,935)
Income taxes payable	13,385	6,247	740
Other, net	1,170	577	(157)
<b>Net cash provided by operating activities attributable to continuing operations</b>	<b>58,454</b>	<b>32,584</b>	<b>9,075</b>
Cash flows from investing activities attributable to continuing operations:			
Capital expenditures	(31,955)	(7,237)	(3,856)
Acquisition of intangible assets	(2,030)	—	—
Acquisition of CompareCards	(81,182)	—	—
Acquisition of other businesses	(4,500)	(37)	(740)
Decrease in restricted cash	2,452	12,175	7,300
<b>Net cash (used in) provided by investing activities attributable to continuing operations</b>	<b>(117,215)</b>	<b>4,901</b>	<b>2,704</b>
Cash flows from financing activities attributable to continuing operations:			
Payments related to net-share settlement of stock -based compensation, net of proceeds from exercise of stock options	(4,085)	(7,612)	(4,812)
Proceeds from equity offering, net of offering costs	(23)	91,484	—
Payment of debt issuance costs	(8)	(1,215)	—
Excess tax benefit from stock-based award activity	5,760	4,601	—
Purchase of treasury stock	(48,524)	(218)	(2,610)
Dividends	—	(131)	(229)
<b>Net cash (used in) provided by financing activities attributable to continuing operations</b>	<b>(46,880)</b>	<b>86,909</b>	<b>(7,651)</b>
<b>Total cash (used in) provided by continuing operations</b>	<b>(105,641)</b>	<b>124,394</b>	<b>4,128</b>
Discontinued operations:			
Net cash used in operating activities attributable to discontinued operations	(10,203)	(3,631)	(9,583)
<b>Total cash used in discontinued operations</b>	<b>(10,203)</b>	<b>(3,631)</b>	<b>(9,583)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(115,844)</b>	<b>120,763</b>	<b>(5,455)</b>
Cash and cash equivalents at beginning of period	206,975	86,212	91,667
<b>Cash and cash equivalents at end of period</b>	<b>\$ 91,131</b>	<b>\$ 206,975</b>	<b>\$ 86,212</b>
<b>Supplemental cash flow information:</b>			
Interest paid	\$ 320	\$ 60	\$ 2
Income tax payments	3,095	703	3
Income tax refunds	(22)	(96)	(779)

The accompanying notes to consolidated financial statements are an integral part of these statements.

## **NOTE 1—ORGANIZATION**

### **Company Overview**

LendingTree, Inc. ("LendingTree" or the "Company"), is the parent of LendingTree, LLC and several companies owned by LendingTree, LLC.

LendingTree operates what it believes to be the leading online loan marketplace for consumers seeking loans and other credit-based offerings. The Company offers consumers tools and resources, including free credit scores, that facilitate comparison-shopping for mortgage loans, home equity loans, reverse mortgage loans, auto loans, credit cards, personal loans, student loans, small business loans and other related offerings. The Company primarily seeks to match in-market consumers with multiple lenders on its marketplace who can provide them with competing quotes for the loans or credit-based offerings they are seeking. The Company also serves as a valued partner to lenders seeking an efficient, scalable and flexible source of customer acquisition with directly measurable benefits, by matching the consumer loan inquiries it generates with these lenders.

The consolidated financial statements include the accounts of LendingTree and all its wholly-owned entities. Intercompany transactions and accounts have been eliminated.

### **Discontinued Operations**

The businesses of RealEstate.com, REALTORS® (which represent the former Real Estate segment) and LendingTree Loans are presented as discontinued operations in the accompanying consolidated balance sheets, consolidated statements of operations and comprehensive income and consolidated cash flows for all periods presented. The notes accompanying these consolidated financial statements reflect the Company's continuing operations and, unless otherwise noted, exclude information related to the discontinued operations. *See* Note 18 —Discontinued Operations for additional information.

### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

## **NOTE 2—SIGNIFICANT ACCOUNTING POLICIES**

### **Revenue Recognition**

The Company derives its revenue primarily from match fees and closing fees. Revenue within the mortgage product category is primarily generated from match fees paid by network lenders that receive a loan request, and in some cases upfront fees or clicks or call transfers. In addition to match and other upfront fees, revenue within the non-mortgage product category is also generated from closing fees and approval fees.

Match fees are earned through the delivery of qualified loan requests that originated through the Company's websites or affiliates. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. Delivery is deemed to have occurred at the time a loan request is delivered to the customer, provided that no significant obligations remain.

Closing fees are derived from lenders on certain auto, business, personal loan types and student loans when a transaction is closed with the consumer. Closed loan fees and closed sale fees are recognized at the time the lender reports the closed loan or closed sale to the Company, which could be several months after the original request is transmitted. For consumer credit card loan requests, the Company sends traffic to issuers and recognizes revenue at the time of card approval.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and short-term, highly liquid money market investments with original maturities of three months or less.

**Restricted Cash**

Cash escrowed or contractually restricted for a specific purpose is designated as restricted cash.

**Accounts Receivable**

Accounts receivable are stated at amounts due from customers, net of an allowance for doubtful accounts.

The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time accounts receivable are past due, previous loss history and the specific customer's current ability to pay its obligation. Accounts receivable are considered past due when they are outstanding longer than the contractual payment terms. Accounts receivable are written off when management deems them uncollectible.

A reconciliation of the beginning and ending balances of the allowance for doubtful accounts is as follows (*in thousands*):

	Year Ended December 31,		
	2016	2015	2014
<b>Balance, beginning of the period</b>	\$ 606	\$ 349	\$ 408
Charges to earnings	515	337	206
Write-off of uncollectible accounts receivable	(62)	(80)	(265)
<b>Balance, end of the period</b>	<b>\$ 1,059</b>	<b>\$ 606</b>	<b>\$ 349</b>

**Loan Loss Obligations (Discontinued Operations)**

The Company's Home Loan Center, Inc. ("HLC") subsidiary, which during its period of active operation primarily conducted business as LendingTree Loans, sold loans it originated to investors on a servicing-released basis and the risk of loss or default by the borrower was generally transferred to the investor. However, LendingTree Loans was required by these investors to make certain representations relating to credit information, loan documentation and collateral. To the extent LendingTree Loans did not comply with such representations or there are early payment defaults, LendingTree Loans may be required to repurchase loans or indemnify the investors for any losses from borrower defaults. LendingTree Loans maintains a liability for the estimated exposure relating to such contingent obligations and changes to the estimate are recorded in income from discontinued operations in the periods they occur.

The Company estimates the liability for loan losses using a settlement discount framework. This approach estimates the lifetime losses on the population of remaining loans originated and sold by LendingTree Loans using actual defaults for loans with similar characteristics and projected future defaults. It also considers the likelihood of claims expected due to alleged breaches of representations and warranties made by LendingTree Loans and the percentage of those claims investors estimate LendingTree Loans may agree to repurchase. The Company then applies a settlement discount factor to the result of the foregoing to reflect publicly announced bulk settlements for similar loan types and vintages, the Company's own settlement experience, as well as LendingTree Loans' non-operating status, in order to estimate a range of potential liability. Changes to any one of these factors could significantly impact the estimate of the liability and could have a material impact on the Company's results of operations for any particular period. See Note 18—Discontinued Operations—LendingTree Loans—Loan Loss Obligations for additional information on the loan loss reserve.

**Segment Reporting**

The Company has one reportable segment.

**Property and Equipment**

Property and equipment, including internally-developed software and significant improvements, are recorded at cost less accumulated depreciation. Acquisition and construction costs for land and building is capitalized and depreciated over the applicable useful lives. Due to the rapid advancements in technology and evolution of company products, all internally-developed software is written-off at the end of its useful life. Repairs and maintenance and any gains or losses on dispositions are recognized as incurred in current operations.

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Depreciation is recorded on a straight-line basis to allocate the cost of depreciable assets to operations over their estimated service lives. The following table presents the estimated useful lives for each asset category:

Asset Category	Estimated Useful Lives
Land	N/A
Building	34 years
Site Improvements	1 to 15 years
Computer equipment and capitalized software	1 to 5 years
Leasehold improvements	Lesser of asset life or life of lease
Furniture and other equipment	3 to 7 years
Aircraft and automobile	5 to 10 years

**Software Development Costs**

Software development costs primarily include internal and external labor expenses incurred to develop the software that powers the Company's websites. Certain costs incurred during the application development stage are capitalized based on specific activities tracked, while costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software development costs are amortized over an estimated useful life of one to three years.

**Goodwill and Indefinite-Lived Intangible Assets**

Goodwill acquired in business combinations is assigned to the reporting units that are expected to benefit from the combination as of the acquisition date. Goodwill and indefinite-lived intangible assets, primarily the Company's trade names and trademarks, are not amortized. Rather, these assets are tested annually for impairment as of October 1, or more frequently upon the occurrence of certain events or substantive changes in circumstances.

As part of its annual impairment testing of goodwill and indefinite-lived intangible assets, in each instance, the Company may elect to assess qualitative factors as a basis for determining whether it is necessary to perform the traditional quantitative impairment testing. If the Company's assessment of these qualitative factors indicates that it is not more likely than not that the fair value of the reporting unit or indefinite-lived intangible asset is less than its carrying value, then no further testing is required. Otherwise, the goodwill reporting unit or long-lived intangible assets, as applicable, must be quantitatively tested for impairment.

The quantitative test for goodwill impairment is determined using a two-step process. The first step is to compare the fair value of a reporting unit with its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of its reporting units by using a market approach and a discounted cash flow ("DCF") analysis. Determining fair value using a DCF analysis requires the exercise of significant judgments, including judgments about appropriate discount rates, perpetual growth rates and the amount and timing of expected future cash flows. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is required to be performed to measure the amount of impairment, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The quantitative impairment test for indefinite-lived intangible assets involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its estimated fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of indefinite-lived intangible assets are determined using a DCF valuation analysis that employs a relief-from-royalty methodology in estimating the fair value of trade names and trademarks. Significant judgments inherent in this analysis include the determination of royalty rates, discount rates, perpetual growth rates and the amount and timing of future revenues.

For the October 1, 2016 and 2015 annual impairment tests of goodwill and indefinite-lived intangible assets, the Company elected to perform qualitative assessments as a precursor to the traditional quantitative tests. Results of the October 1, 2016 and 2015 annual impairment tests indicated that it is not more likely than not that the fair value of the goodwill and the indefinite-lived intangible assets were each less than their respective carrying values. Accordingly, no further testing was required.



### **Long-Lived Assets and Intangible Assets with Definite Lives**

Long-lived assets include property and equipment and intangible assets with definite lives. Amortization of definite-lived intangible assets is recorded on a straight-line basis over their estimated lives.

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying amount is deemed to not be recoverable, an impairment loss is recorded as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

At December 31, 2016 and 2015, the Company performed its annual review of impairment triggering events for long-lived assets and determined that a triggering event had not occurred.

During the fourth quarter of 2014, the Company lost key customers and experienced a decline in revenue for a certain product included within the Education business. Accordingly, in early 2015, the Company amended its strategic course for this product, resulting in a reduction in anticipated future cash flows. At December 31, 2014, the Company reviewed the long-lived assets associated with this product for recoverability, resulting in an impairment charge to customer lists and internally developed software of approximately \$0.8 million. The fair value of the long-lived assets was determined using a discounted cash flow model. The impairment charge is included in general and administrative expense on the accompanying consolidated statement of operations and comprehensive income.

### **Fair Value Measurements**

The Company categorizes its assets and liabilities measured at fair value into a fair value hierarchy that prioritizes the assumptions used in pricing the asset or liability into the following three levels:

- **Level 1:** Observable inputs, such as quoted prices for identical assets and liabilities in active markets obtained from independent sources.
- **Level 2:** Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are derived principally from or corroborated by observable market data.
- **Level 3:** Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions, based on the best information available under the circumstances, about the assumptions market participants would use in pricing the asset or liability.

The Company's non-financial assets, such as goodwill, intangible assets and property and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

Contingent consideration payments related to acquisitions are measured at fair value each reporting period using Level 3 inputs. The Company's estimates of fair value are based upon assumptions believed to be reasonable but which are uncertain and involve significant judgments by management. Any changes in the fair value of these contingent consideration payments are included in operating income (expense) in the consolidated statements of operations.

### **Cost of Revenue**

Cost of revenue consists primarily of expenses associated with compensation and other employee-related costs (including stock-based compensation) related to internally-operated call centers, third-party customer call center fees, credit scoring fees, credit card fees, website network hosting and server fees.

### **Product Development**

Product development expense consists primarily of compensation and other employee-related costs (including stock-based compensation) and third-party labor costs that are not capitalized, for employees and consultants engaged in the design, development, testing and enhancement of technology.

## **Advertising**

Advertising costs are expensed in the period incurred (except for production costs which are initially capitalized and then recognized as expense when the advertisement first runs) and principally represent offline costs, including television, print and radio advertising, and online advertising costs, including fees paid to search engines and distribution partners. Advertising expense was \$243.2 million, \$159.2 million and \$102.2 million for the years ended December 31, 2016, 2015 and 2014, respectively, and is included in selling and marketing expense on the consolidated statements of operations and comprehensive income.

## **Income Taxes**

Income taxes are accounted for under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In estimating future tax consequences, all expected future events are considered. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. Interest is recorded on potential tax contingencies as a component of income tax expense and recorded net of any applicable related income tax benefit. For the years ended December 31, 2016 and 2015, the Company followed the incremental or "with" and "without" approach to intraperiod tax allocation for determination of the amount of tax benefit to allocate to continuing operations as prescribed in ASC 740-20-45-7 with the exception of the allocation of the release of the valuation allowance for deferred tax assets which is governed by ASC 740-10-45-20. During 2014, the Company reported loss from continuing operations and income from discontinued operations. As a result, the Company followed the accounting guidance prescribed in ASC 740-20-45-7, which provides an exception to the "with" and "without" approach to intraperiod tax allocation for determination of the amount of tax benefit to allocate to continuing operations in such circumstances.

In accordance with the accounting standard for uncertainty in income taxes, liabilities for uncertain tax positions are recognized based on the two-step process prescribed by the accounting standards. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

The Company uses the tax law ordering approach to determine the potential utilization of windfall benefits. These tax benefits are credited to additional paid-in capital when they reduce current taxable income consistent with the tax law ordering approach.

## **Stock-Based Compensation**

The forms of stock-based awards granted to LendingTree employees are principally restricted stock units ("RSUs"), RSUs with performance conditions, restricted stock and stock options. RSUs are awards in the form of units, denominated in a hypothetical equivalent number of shares of LendingTree common stock and with the value of each award equal to the fair value of LendingTree common stock at the date of grant. RSUs may be settled in cash, stock or both, as determined by the Company's Compensation Committee at the time of grant. The Company does not have a history of settling these awards in cash. Each stock-based award is subject to service-based vesting, where a specific period of continued employment must pass before an award vests. The Compensation Committee can modify the vesting provisions of an award. Certain RSUs and restricted stock awards also include performance-based vesting, where certain performance targets set at the time of grant must be achieved before an award vests.

LendingTree recognizes as expense non-cash compensation for all stock-based awards for which vesting is considered probable. The amount of non-cash compensation is reduced by estimated forfeitures, as the amount recorded to the consolidated statement of operations and comprehensive income is based on awards ultimately expected to vest. The forfeiture rate is estimated at the grant date, based on historical experience and revised, if necessary, in subsequent periods if the actual forfeiture rate differs from the estimated rate.

For service-based awards, non-cash compensation is measured at fair value on the grant date and expensed ratably over the vesting term. The fair value of each stock option award is estimated using the Black-Scholes option pricing model, while the fair value of an RSU or restricted stock award is measured as the closing common stock price at the time of grant. For certain performance-based awards, the fair value is measured on the grant date as the fair value of the Company's common stock awarded and recognized as non-cash compensation, using a graded vesting attribution model that considers the probability of the targets being achieved.

Tax benefits resulting from tax deductions in excess of the non-cash compensation recognized in the consolidated statement of operations and comprehensive income are reported as a component of financing cash flows. In 2016 and 2015, \$5.8 million and \$4.6 million, respectively, of tax benefits in excess of non-cash compensation recognized in the consolidated statement of

shareholders' equity is reported as a component of financing cash flows. In 2014, while there were excess tax benefits from non-cash compensation, the tax benefits are not reflected in the consolidated statement of shareholders' equity because the Company did not recognize a current tax benefit.

### **Litigation Settlements and Contingencies**

Litigation settlements and contingencies consists of expenses related to actual or anticipated litigation settlements, in addition to legal fees incurred in connection with various patent litigation claims the Company pursues against others.

The Company is involved in legal proceedings on an ongoing basis. If the Company believes that a loss arising from such matters is probable and can be reasonably estimated, the estimated liability is accrued in the consolidated financial statements. If only a range of estimated losses can be determined, an amount within the range is accrued that, in the Company's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the low end of the range is accrued. For those proceedings in which an unfavorable outcome is reasonably possible but not probable, an estimate of the reasonably possible loss or range of losses or a conclusion that an estimate of the reasonably possible loss or range of losses arising directly from the proceeding (i.e., monetary damages or amounts paid in judgment or settlement) are not material is disclosed. Legal expenses associated with these matters are recognized as incurred.

### **Accounting Estimates**

Management is required to make certain estimates and assumptions during the preparation of the consolidated financial statements in accordance with GAAP. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during any period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements, including discontinued operations, include: loan loss obligations; the recoverability of long-lived assets, goodwill and intangible assets; the determination of income taxes payable and deferred income taxes, including related valuation allowances; contingent consideration related to business combinations; litigation accruals; various other allowances, reserves and accruals; and assumptions related to the determination of stock-based compensation.

### **Certain Risks and Concentrations**

LendingTree's business is subject to certain risks and concentrations including dependence on third-party technology providers, exposure to risks associated with online commerce security and credit card fraud.

Financial instruments, which potentially subject the Company to concentration of credit risk at December 31, 2016, consist primarily of cash and cash equivalents and accounts receivable, as disclosed in the consolidated balance sheet. Cash and cash equivalents are in excess of Federal Deposit Insurance Corporation insurance limits, but are maintained with quality financial institutions of high credit. The Company requires certain network lenders to maintain security deposits with the Company, which in the event of non-payment, would be applied against any accounts receivable outstanding.

Due to the nature of the mortgage lending industry, interest rate fluctuations may negatively impact future revenue from the Company's lender marketplace.

For the years ended December 31, 2016, 2015 and 2014, one marketplace lender accounted for revenue representing 13%, 12% and 13% of total revenue, respectively, and another marketplace lender accounted for 15%, 11% and 11% of total revenue, respectively.

Lenders participating on the Company's marketplace can offer their products directly to consumers through brokers, mass marketing campaigns or through other traditional methods of credit distribution. These lenders can also offer their products online, either directly to prospective borrowers, through one or more online competitors, or both. If a significant number of potential consumers are able to obtain loans from participating lenders without utilizing the Company's service, its ability to generate revenue may be limited. Because the Company does not have exclusive relationships with the lenders whose loan offerings are offered on its online marketplace, consumers may obtain offers and loans from these lenders without using its service.

The Company maintains operations solely in the United States.

## Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-06 which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge (Step 2 of the goodwill impairment test). Instead, an impairment charge will be based on the excess of the carrying amount over the fair value. This ASU is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. This ASU will have an immaterial impact on the Company.

In January 2017, the FASB issued ASU 2017-01 which provides guidance to assist in evaluating whether a set of transferred assets and activities constitutes a business or an asset. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. The ASU is to be applied prospectively to any transactions occurring within the period of adoption. The Company early adopted this ASU. *See* Note 4—Property and Equipment for the impact of this ASU on the acquisition of office buildings in December 2016.

In November 2016, the FASB issued ASU 2016-18 which is intended to reduce the diversity in the classification and presentation of changes in restricted cash in the statement of cash flows, by requiring entities to combine the changes in cash and cash equivalents and restricted cash in one line. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash in the statement of cash flows. In addition, if more than one line item is recorded on the balance sheet for cash and cash equivalents and restricted cash, a reconciliation between the statement of cash flows and balance sheet is required. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. The retrospective transition method, requiring adjustment to all comparative periods presented, is required. The Company is evaluating the impact this ASU will have on its consolidated financial statements and whether to early adopt.

In August 2016, the FASB issued ASU 2016-15 which addresses eight cash flow classification issues, eliminating the diversity in practice. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. The retrospective transition method, requiring adjustment to all comparative periods presented, is required unless it is impracticable for some of the amendments, in which case those amendments would be prospectively applied as of the earliest date practicable. The Company is evaluating the impact this ASU will have on its consolidated financial statements and whether to early adopt.

In March 2016, the FASB issued ASU 2016-09 which simplifies various aspects related to how share-based payments are accounted for and presented in the financial statements, including the income tax consequences, classification of awards as either equity or liabilities, forfeitures and classification of excess tax benefits on the statement of cash flows. This ASU is effective for annual and interim reporting periods beginning after December 15, 2016, with early adoption permitted. Upon adoption, any adjustments are to be reflected as of the beginning of the fiscal year of adoption. The Company is evaluating the impact this ASU will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 related to leases. This ASU requires the recognition of a right-of-use lease asset and a lease liability by lessees for all leases greater than one year in duration. This ASU is effective for annual and interim reporting periods beginning after December 15, 2018, with early adoption permitted. The guidance must be adopted using a modified retrospective transition. The Company is evaluating the impact this ASU will have on its consolidated financial statements and whether to early adopt.

In August 2014, the FASB issued ASU 2014-15 related to management's assessment of a company's ability to continue as a going concern. This ASU requires an assessment for each annual and interim reporting period and requires disclosure when there is substantial doubt about a company's ability to continue as a going concern. This ASU is effective for annual and interim reporting period beginning after December 15, 2016. The Company adopted this ASU and it did not have a significant impact.

In May 2014, the FASB issued ASU 2014-09 related to revenue recognition. This ASU was initiated as a joint project between the FASB and the International Accounting Standards Board ("IASB") to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and international financial reporting standards ("IFRS"). This guidance will supersede the existing revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition and was set to be effective for annual reporting periods beginning after December 15, 2016. However, in July 2015, the FASB deferred the effective date by one year, such that the standard will be effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted as of the original effective date of December 15, 2016. The ASU can be applied (i) retrospectively to each prior period presented or (ii) retrospectively with the cumulative effect of initially adopting the ASU recognized at the date of initial application. In March 2016, the FASB issued ASU 2016-08, which clarifies the principal

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versus agent guidance under ASU 2014-09. In April 2016, the FASB issued ASU 2016-10, which clarifies the identification of distinct performance obligations in a contract. In May 2016, the FASB issued ASU 2016-12, which clarifies the guidance on assessing collectability, presenting sales taxes, measuring noncash consideration and certain other transition matters. The clarification ASU's must be adopted concurrently with the adoption of ASU 2014-09. The Company is evaluating the impact these ASU's will have on its consolidated financial statements and which implementation method to apply.

**NOTE 3—RESTRICTED CASH**

Restricted cash and cash equivalents consists of the following (*in thousands*):

	December 31, 2016	December 31, 2015
Cash in escrow for surety bonds <sup>(a)</sup>	\$ —	\$ 2,453
Cash in escrow from sale of LendingTree Loans <sup>(b)</sup>	4,032	4,028
Other	57	60
<b>Total restricted cash and cash equivalents</b>	<b>\$ 4,089</b>	<b>\$ 6,541</b>

(a) See Note 12—Commitments for a discussion of surety bonds. In February 2016, all funds in escrow were released to the Company from restriction due to a reduction in collateral requirements.

(b) HLC, a subsidiary of the Company, continues to be liable for certain indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of its LendingTree Loans business in the second quarter of 2012.

**NOTE 4—PROPERTY AND EQUIPMENT**

The balance of property and equipment, net is as follows (*in thousands*):

	December 31, 2016	December 31, 2015
Land	\$ 5,818	\$ —
Building	14,679	—
Site improvements	950	—
Computer equipment and capitalized software	14,886	10,192
Leasehold improvements	3,048	2,096
Furniture and other equipment	826	432
Aircraft and automobile	1,988	23
Projects in progress	3,006	3,612
<b>Total gross property and equipment</b>	<b>45,201</b>	<b>16,355</b>
Accumulated depreciation	(9,739)	(6,940)
<b>Total property and equipment, net</b>	<b>\$ 35,462</b>	<b>\$ 9,415</b>

Unamortized capitalized software development costs, in service or under development, are \$9.4 million and \$8.0 million at December 31, 2016 and 2015, respectively. Capitalized software development depreciation expense was \$4.3 million, \$2.6 million and \$2.8 million for the years ended December 31, 2016, 2015 and 2014, respectively.

During 2014, the Company recorded an impairment charge in its Education business of approximately \$0.4 million to internally developed software. See Note 2—Significant Accounting Policies for a discussion of the impairment.

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In December 2016, the Company acquired two office buildings in Charlotte, North Carolina for \$23.5 million in cash, which included \$0.1 million in acquisition-related costs which were capitalized. The Company intends to utilize one or both buildings in the future as the corporate headquarters and to continue to rent any unused space. The acquisition has been accounted for as an asset purchase and the allocation of the purchase price to the assets acquired is as follows (*in thousands*):

	Fair Value	Weighted Average Depreciation Life
Land	\$ 5,818	N/A
Building	14,679	34.0 years
Site improvements	950	6.6 years
Tenant leases	2,029	3.2 years
<b>Total purchase price</b>	<b>\$ 23,476</b>	

Future rental income from the building tenants as of December 31, 2016 under operating lease agreements having an initial or remaining non-cancelable lease term in excess of one year are as follows (*in thousands*):

Year ending December 31,	Amount
2017	\$ 1,435
2018	1,197
2019	951
2020	599
2021	151
<b>Total</b>	<b>\$ 4,333</b>

Rental income is included in other income on the accompanying consolidated statement of operations and comprehensive income.

**NOTE 5—GOODWILL AND INTANGIBLE ASSETS**

The balance of goodwill, net is as follows (*in thousands*):

	Goodwill	Accumulated Impairment Loss	Net Goodwill
<b>Balance at December 31, 2015</b>	<b>\$ 486,720</b>	<b>\$ (483,088)</b>	<b>\$ 3,632</b>
Acquisition of CompareCards	52,450	—	52,450
Acquisition of SimpleTuition	375	—	375
<b>Balance at December 31, 2016</b>	<b>\$ 539,545</b>	<b>\$ (483,088)</b>	<b>\$ 56,457</b>

The balance of intangible assets, net is as follows (*in thousands*):

	December 31, 2016	December 31, 2015
Intangible assets with indefinite lives	\$ 10,142	\$ 10,142
Intangible assets with definite lives, net	61,542	850
<b>Total intangible assets, net</b>	<b>\$ 71,684</b>	<b>\$ 10,992</b>

**Goodwill and Indefinite-Lived Intangible Assets**

The Company's goodwill is associated with its one reportable segment. The carrying amount of goodwill increased during the year ended December 31, 2016 due to the acquisitions of CompareCards and SimpleTuition. See Note 6—Business Acquisitions for a discussion of the acquisitions and associated goodwill. There was no change in the carrying amount of goodwill during the year ended December 31, 2015. Results of the annual impairment test as of October 1, 2016 indicated that no impairment had occurred.

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Intangible assets with indefinite lives relate to the Company's trademarks. Results of the annual impairment test as of October 1, 2016 indicated that no impairment had occurred.

**Intangible Assets with Definite Lives**

Intangible assets with definite lives relate to the following (*dollars in thousands*):

	Weighted Average Amortization Life	Cost	Accumulated Amortization	Net
Technology	4.0 years	\$ 28,300	\$ (659)	\$ 27,641
Customer lists	11.7 years	28,100	(639)	27,461
Trademarks and tradenames	4.5 years	5,342	(937)	4,405
Tenant leases	3.2 years	2,030	—	2,030
Other	3.0 years	250	(245)	5
<b>Balance at December 31, 2016</b>		<b>\$ 64,022</b>	<b>\$ (2,480)</b>	<b>\$ 61,542</b>

	Weighted Average Amortization Life	Cost	Accumulated Amortization	Net
Customer lists	10.0 years	\$ 1,000	\$ (150)	\$ 850
Other	2.2 years	1,087	(1,087)	—
<b>Balance at December 31, 2015</b>		<b>\$ 2,087</b>	<b>\$ (1,237)</b>	<b>\$ 850</b>

Amortization of intangible assets with definite lives is computed on a straight-line basis and, based on balances as of December 31, 2016, future amortization is estimated to be as follows (*in thousands*):

	Amortization Expense
Year ending December 31, 2017	\$ 11,175
Year ending December 31, 2018	11,037
Year ending December 31, 2019	10,783
Year ending December 31, 2020	9,935
Year ending December 31, 2021	3,270
Thereafter	15,342
<b>Total intangible assets with definite lives, net</b>	<b>\$ 61,542</b>

On November 16, 2016, the Company acquired Iron Horse Holdings, LLC, which does business under the name CompareCards. See Note 6—Business Acquisitions for a discussion of the acquisition and associated intangibles.

In December 2016, the Company acquired two office buildings in Charlotte, North Carolina. See Note 4—Property and Equipment for a discussion of the purchase and associated intangibles.

During 2014, the Company recorded an impairment charge in its Education business of approximately \$0.4 million to customer lists. See Note 2—Significant Accounting Policies for a discussion of the impairment.

**NOTE 6—BUSINESS ACQUISITIONS**

**Iron Horse Holdings, LLC**

On November 16, 2016, the Company acquired all of the membership interests of Iron Horse Holdings, LLC, which does business under the name CompareCards ("CompareCards"). CompareCards is an online marketing platform for credit cards, which the Company plans to use to grow its existing credit card business. The Company paid \$80.7 million in initial cash consideration and will make two earnout payments, each ranging from zero to \$22.5 million, based on the amount of earnings before interest,

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taxes, depreciation and amortization CompareCards generates during the periods of January 1, 2017 through December 31, 2017 and January 1, 2018 through December 31, 2018, or up to \$45.0 million in aggregate payments (the "Earnout Payments").

The purchase price for the acquisition is \$103.8 million comprised of an upfront cash payment of \$80.7 million on November 16, 2016 and \$23.1 million for the estimated fair value of the Earnout Payments, which is included in contingent considerations in the accompanying consolidated balance sheet. The upfront cash payment was funded from cash on hand.

The estimated fair value of the Earnout Payments is determined using an option pricing model. The estimated value of the Earnout Payments is based upon available information and certain assumptions, known at the time of this report, which management believes are reasonable. Any differences in the actual Earnout Payments from the current estimated fair value of the Earnout Payments will be recorded in operating income (expense) in the consolidated statements of operations.

The acquisition has been accounted for as a business combination. The preliminary allocation of purchase price to the assets acquired and the liabilities assumed is as follows (*in thousands*):

	<b>Fair Value</b>
Accounts receivable	\$ 3,538
Total intangible assets with definite lives, net	55,400
Goodwill	52,450
Accounts payable and accrued liabilities	(7,582)
<b>Total purchase price</b>	<b>\$ 103,806</b>

The Company primarily used the income approach for the valuation as appropriate, and used valuation inputs in these models and analyses that were based on market participant assumptions. Market participants are buyers and sellers unrelated to the Company and fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date.

The acquired intangible assets are definite-lived assets consisting primarily of development technology, customer relationships, and trade name and trademarks. The estimated fair values of the developed technology was determined using excess earnings analysis, the customer relationships were determined using the distributor method and the trade name and trademarks were determined using relief from royalty analysis. The fair value of the intangible assets with definite lives are as follows (*dollars in thousands*):

	<b>Fair Value</b>	<b>Weighted Average Amortization Life</b>
Technology	\$ 27,900	4 years
Customer lists	\$ 23,200	12 years
Trade name and trademarks	\$ 4,300	5 years

As of December 31, 2016, the Company has not completed its determination of the final allocation of the purchase price with respect to the acquired working capital. The purchase price allocation is expected to be finalized during the first quarter of 2017. The valuation of intangible assets has been completed, but the Company continues to obtain information on other current assets and liabilities that existed at the time of the acquisition. Any future adjustments to the current assets and liabilities acquired as part of the acquisition will also adjust goodwill.

The Company recorded goodwill of \$52.5 million, which represents the excess of the purchase price over the estimated fair value of tangible and intangible assets acquired, net of the liabilities assumed. The goodwill is primarily attributable to CompareCards as a going concern, which represents the ability of the Company to earn a higher return on the collection of assets and business of CompareCards than if those assets and business were to be acquired and managed separately. The benefit of access to the work force is an additional relevant element of goodwill. The goodwill is recorded in the Company's one reportable segment. For income tax purposes, the Company treated the acquisition as an asset purchase and the goodwill will be tax deductible.

As of the acquisition date, the Company's consolidated results of operations include the results of the acquired CompareCards business. In 2016, revenue of \$9.2 million and net income from continuing operations of \$0.8 million have been included in the Company's consolidated results of operations. Acquisition-related costs were \$0.4 million in 2016 and are included in general and administrative expense on the consolidated statement of operations and comprehensive income.



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The unaudited pro forma financial results for the years ended December 31, 2016 and 2015 combine the consolidated results of the Company and CompareCards giving effect to the acquisition as if it had been completed on January 1, 2015. This unaudited pro forma financial information is presented for informational purposes only and is not indicative of future operations or results had the acquisition been completed as of January 1, 2015, or any other date.

The unaudited pro forma financial results include adjustments for additional amortization expense based on the fair value of the intangible assets with definite lives and their estimated useful lives. The provision for income taxes from continuing operations has also been adjusted to reflect the results of operations of CompareCards and the adjustment to historical results. CompareCards did not pay taxes at the entity level as it was a limited liability company whose members elected for it to be taxed as a partnership.

	2016	2015
	<i>(in thousands)</i>	
Pro forma revenue	\$ 448,418	\$ 308,647
Pro forma net income from continuing operations	\$ 33,407	\$ 41,099

The unaudited pro forma net income from continuing operations for 2015 has been adjusted to include acquisition-related costs of \$5.5 million incurred by the Company and CompareCards that are directly attributable to the acquisition, which will not have an ongoing impact. Accordingly, these costs have been eliminated from the unaudited pro forma net income from continuing operations for 2016.

**SimpleTuition, Inc.**

On May 31, 2016, the Company acquired certain assets of SimpleTuition, Inc. ("SimpleTuition"), a leading online marketing platform for student loans, for \$5.0 million of cash consideration. Of the purchase price, \$4.5 million was funded with available cash on hand and \$0.5 million was held-back in satisfaction of any potential claims.

The acquisition has been accounted for as a business combination. During the quarter ended September 30, 2016, the Company completed its determination of the final allocation of the purchase price with respect to the acquired assets. The Company has recorded the \$5.0 million paid to the tangible and identifiable intangible assets based on their fair value, with the residual recorded to goodwill in the Company's one reportable segment. No liabilities were assumed. Acquisition-related costs were \$0.1 million for 2016 and are included in general and administrative expense on the consolidated statements of operations and comprehensive income. The allocation of the purchase price to the assets acquired is as follows (*dollars in thousands*):

	Fair Value	Weighted Average Amortization Life
Accounts receivable	\$ 125	N/A
Total intangible assets with definite lives, net	\$ 4,500	9.2 years
Goodwill	\$ 375	N/A

The Company treated the purchase as an asset acquisition for income tax purposes and is deducting the recognized goodwill for income tax purposes.

The acquisition of SimpleTuition was not considered significant to the accompanying consolidated financial statements.

**Other**

On June 30, 2014, the Company acquired certain intangible assets to be used in its home services business for \$0.6 million paid on the acquisition date, plus contingent consideration of \$0 to \$0.8 million. During the fourth quarter of 2014, the Company finalized the purchase price of \$1.0 million, which included an estimated contingent consideration of \$0.4 million. The entire purchase price was allocated to the customer lists acquired, which is being amortized on a straight-line basis over a useful life of 10 years. Additionally during the nine months following the acquisition, performance against the conditions of the earn-out reduced the total contingent consideration to \$0.2 million, which was fully paid as of December 31, 2015.

**NOTE 7—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consist of the following (*in thousands*):

	December 31, 2016	December 31, 2015
Accrued litigation liabilities	\$ 736	\$ 636
Accrued advertising expense	26,976	20,841
Accrued compensation and benefits	5,626	4,464
Accrued professional fees	1,411	711
Customer deposits and escrows	5,041	4,471
Other	9,613	3,762
<b>Total accrued expenses and other current liabilities</b>	<b>\$ 49,403</b>	<b>\$ 34,885</b>

**NOTE 8—SHAREHOLDERS' EQUITY**

Basic and diluted income (loss) per share was determined based on the following share data (*in thousands*):

	Year Ended December 31,		
	2016	2015	2014
<b>Weighted average basic common shares</b>	11,812	11,516	11,188
Effect of stock options	886	866	—
Effect of dilutive share awards	75	159	—
<b>Weighted average diluted common shares</b>	<b>12,773</b>	<b>12,541</b>	<b>11,188</b>

For the year ended December 31, 2014, the Company had losses from continuing operations and, as a result, no potentially dilutive securities were included in the denominator for computing diluted loss per share, because the impact would have been anti-dilutive. Accordingly, the weighted average basic shares outstanding were used to compute loss per share amounts for this period. For the year ended December 31, 2014, approximately 0.7 million shares related to potentially dilutive securities were excluded from the calculation of diluted loss per share, because their inclusion would have been anti-dilutive.

See Note 9—Stock-Based Compensation for a full description of outstanding equity awards.

**Common Stock Repurchases**

In each of January 2010, May 2014, January 2016 and February 2016, the board of directors authorized and the Company announced the repurchase of up to \$10.0 million, \$10.0 million, \$50.0 million and \$40.0 million, respectively, of LendingTree's common stock. During the years ended December 31, 2016, 2015 and 2014, the Company purchased 690,218, 5,250 and 99,345 shares, respectively, of its common stock for aggregate consideration of \$48.5 million, \$0.2 million and \$2.6 million, respectively. At December 31, 2016, approximately \$48.7 million remains authorized for share repurchase.

**Equity Offering**

In November 2015, the Company completed an equity offering of 852,500 shares of its common stock. The common stock was issued at a price of \$115.00 per share. The Company received net proceeds of \$91.5 million, after deducting approximately \$5.9 million in underwriting discounts and \$0.7 million in offering expenses.

**NOTE 9—STOCK-BASED COMPENSATION**

The Company currently has one active plan, the Fourth Amended and Restated LendingTree 2008 Stock and Annual Incentive Plan (the "Equity Award Plan"), under which future awards may be granted, which currently covers outstanding stock options to acquire shares of the Company's common stock, restricted stock, RSUs and RSUs with performance conditions, and provides for the future grants of these and other equity awards. Under the Equity Award Plan, the Company is authorized to grant stock options, restricted stock, RSUs and other equity-based awards for up to 4.35 million shares of LendingTree common stock to employees, non-employee consultants, officers and directors.

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The Equity Award Plan has a stated term of ten years and provides that the exercise price of stock options granted will not be less than the market price of the common stock on the grant date. The Equity Award Plan itself does not specify grant dates or vesting schedules, as those determinations are delegated to the Compensation Committee of the board of directors. Each grant agreement reflects the vesting schedule for that particular grant, as determined by the Compensation Committee. The Compensation Committee has the authority to modify the vesting provisions of an award.

Non-cash compensation related to equity awards is included in the following line items in the accompanying consolidated statements of operations and comprehensive income (*in thousands*):

	Year Ended December 31,		
	2016	2015	2014
Cost of revenue	\$ 129	\$ 95	\$ 32
Selling and marketing expense	2,722	1,597	901
General and administrative expense	4,699	5,120	5,148
Product development	2,097	1,558	1,196
Restructuring and severance	—	138	169
<b>Total non-cash compensation</b>	<b>\$ 9,647</b>	<b>\$ 8,508</b>	<b>\$ 7,446</b>

For the years ended December 31, 2016 and 2015, the Company recognized \$3.7 million and \$3.0 million of income tax benefit related to non-cash compensation. For the year ended December 31, 2014, the Company recognized no income tax benefit related to non-cash compensation due to its net operating loss and valuation allowance. As of December 31, 2016, there was approximately \$7.8 million, \$7.5 million, \$1.7 million and \$0.1 million of unrecognized compensation cost related to stock options, RSUs, RSUs with performance conditions and restricted stock, respectively. These costs are expected to be recognized over a weighted-average period of approximately 1.5 years for stock options, 1.9 years for RSUs, 1.9 years for RSUs with performance conditions and 0.4 years for restricted stock.

### Stock Options

A summary of the changes in outstanding stock options is as follows:

	Number of Options	Weighted Average Exercise Price <i>(per option)</i>	Weighted Average Remaining Contractual Term <i>(in years)</i>	Aggregate Intrinsic Value <sup>(a)</sup> <i>(in thousands)</i>
<b>Outstanding at December 31, 2015</b>	1,918,182	\$ 18.85		
Granted	86,149	79.46		
Exercised	(6,093)	38.58		
Forfeited	(6,329)	74.48		
Expired	(107)	117.95		
<b>Outstanding at December 31, 2016</b>	<b>1,991,802</b>	<b>\$ 21.23</b>	<b>5.16</b>	<b>\$ 159,754</b>
<b>Options exercisable</b>	<b>970,202</b>	<b>\$ 9.69</b>	<b>2.63</b>	<b>\$ 88,977</b>

(a) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price of \$101.35 on the last trading day of 2016 and the exercise price, multiplied by the number of shares covered by in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2016. The intrinsic value changes based on the market value of the Company's common stock.

Upon exercise, the intrinsic value represents the pre-tax difference between the Company's closing stock price on the exercise date and the exercise price, multiplied by the number of stock options exercised. During the years ended December 31, 2016, 2015 and 2014, the total intrinsic value of stock options that were exercised was \$0.3 million, \$5.9 million and \$0.2 million, respectively. Cash received from stock option exercises and the related actual tax benefit realized were \$0.2 million and \$0.1 million, respectively, for the year ended December 31, 2016.

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During the years ended December 31, 2016, 2015 and 2014, the Company granted stock options with a weighted average grant date fair value per share of \$40.05, \$27.60 and \$11.22, respectively, of which the vesting periods include (a) three years from the grant date, (b) 25% and 75% over a period of 2.5 years and 3.5 years, respectively, (c) 25% and 75% over a period of 2.0 years and 3.0 years, respectively, (d) 25% and 75% over a period of 1.67 years and 2.67 years, respectively, (e) six months from the grant date, (f) one year from the grant date, (g) two years from the grant date and (h) five months from the grant date.

For purposes of determining stock-based compensation expense, the weighted average grant date fair value per share of the stock options was estimated using the Black-Scholes option pricing model, which requires the use of various key assumptions. The weighted average assumptions used are as follows:

	Year Ended December 31,		
	2016	2015	2014
Expected term <sup>(1)</sup>	5.22 - 6.38 years	5.21 - 6.23 years	5.75 - 6.63 years
Expected dividend <sup>(2)</sup>	—	—	—
Expected volatility <sup>(3)</sup>	48% - 53%	38% - 48%	36% - 64%
Risk-free interest rate <sup>(4)</sup>	1.10% - 2.18%	1.65% - 2.01%	1.81% - 2.13%

- (1) The expected term of stock options granted was calculated using the 'Simplified Method', which utilizes the midpoint between the weighted average time of vesting and the end of the contractual term. This method was utilized for the stock options due to a lack of historical exercise behavior by the Company's employees.
- (2) For all stock options granted during the years ended December 31, 2016, 2015 and 2014, no dividends are expected to be paid over the contractual term of the stock options, resulting in a zero expected dividend rate.
- (3) The expected volatility rate is based on the historical volatility of the Company's common stock or a blended rate which includes the historical volatility of the Company's common stock and that of a peer group.
- (4) The risk-free interest rate is specific to the date of grant. The risk-free interest rate is based on U.S. Treasury yields for notes with comparable expected terms as the awards, in effect at the grant date.

As of December 31, 2016, the non-vested options are expected to vest over a weighted-average period of approximately 1.5 years. During the years ended December 31, 2016, 2015 and 2014, the total fair value of options vested was \$0.9 million, \$0.8 million and \$0.4 million, respectively.

**Restricted Stock Units**

A summary of the changes in outstanding nonvested RSUs is as follows:

	RSUs	
	Number of Units	Weighted Average Grant Date Fair Value <i>(per unit)</i>
<b>Nonvested at December 31, 2015</b>	237,377	\$ 43.13
Granted <sup>(a)</sup>	78,334	76.52
Vested	(142,289)	34.72
Forfeited	(21,048)	61.35
<b>Nonvested at December 31, 2016</b>	152,374	\$ 65.64

- (a) The grant date fair value per share of the RSUs is calculated as the closing market price of LendingTree's common stock at the time of the grant.

The total fair value of RSUs that vested during the years ended December 31, 2016, 2015 and 2014 was \$10.1 million, \$11.0 million and \$11.0 million, respectively.

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**Restricted Stock**

A summary of the changes in outstanding nonvested restricted stock is as follows:

	Restricted Stock	
	Number of Shares	Weighted Average Grant Date Fair Value (per share)
<b>Nonvested at December 31, 2015</b>	68,762	\$ 23.60
Granted <sup>(a)</sup>	—	—
Vested	(54,298)	23.18
Forfeited	—	—
<b>Nonvested at December 31, 2016</b>	14,464	\$ 25.14

(a) The grant date fair value per share of the restricted stock is calculated as the closing market price of LendingTree's common stock at the time of grant.

The total fair value of restricted stock that vested during the years ended December 31, 2016, 2015 and 2014 was \$3.9 million, \$4.1 million and \$1.5 million, respectively.

**Restricted Stock Units with Performance Conditions**

During 2016, the Company granted RSUs with performance conditions to certain employees, of which vesting periods range from 0.33 years to 2.33 years, pending the attainment of certain performance targets set at the time of grant.

A summary of the changes in outstanding nonvested RSUs with performance conditions is as follows:

	RSUs with Performance Conditions	
	Number of Units	Weighted Average Grant Date Fair Value (per unit)
<b>Nonvested at December 31, 2015</b>	—	\$ —
Granted	56,761	87.27
Vested	(1,953)	83.60
Forfeited	(10,299)	83.60
<b>Nonvested at December 31, 2016</b>	44,509	\$ 88.28

(a) The grant date fair value per share of the RSUs with performance conditions is calculated as the closing market price of LendingTree's common stock at the time of grant.

The total fair value of RSUs with performance conditions that vested during the year ended December 31, 2016 was \$0.2 million.

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**NOTE 10—INCOME TAXES**

**Income Tax Provision**

The components of the income tax expense (benefit) are as follows *(in thousands)*:

	Year Ended December 31,		
	2016	2015	2014
Current income tax expense (benefit):			
Federal	\$ 11,519	\$ 5,847	\$ (371)
State	2,480	1,149	(219)
<b>Current income tax expense (benefit)</b>	<b>13,999</b>	<b>6,996</b>	<b>(590)</b>
Deferred income tax (benefit) provision:			
Federal	3,703	(19,676)	63
State	2,664	(10,293)	43
<b>Deferred income tax (benefit) provision</b>	<b>6,367</b>	<b>(29,969)</b>	<b>106</b>
<b>Income tax expense (benefit)</b>	<b>\$ 20,366</b>	<b>\$ (22,973)</b>	<b>\$ (484)</b>

A reconciliation of the income tax expense (benefit) to the amounts computed by applying the statutory federal income tax rate to income (loss) from continuing operations before income taxes is shown as follows *(in thousands)*:

	Year Ended December 31,		
	2016	2015	2014
Income tax expense (benefit) at the federal statutory rate of 35%	\$ 18,051	\$ 9,920	\$ (340)
State income taxes, net of effect of federal tax benefit	4,038	1,480	(143)
Change in (release of) valuation allowance	(416)	(34,409)	—
Research and experimentation tax credit	(2,574)	—	—
Other, net	1,267	36	(1)
<b>Income tax expense (benefit)</b>	<b>\$ 20,366</b>	<b>\$ (22,973)</b>	<b>\$ (484)</b>

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**Deferred Income Taxes**

The tax effects of cumulative temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (*in thousands*):

	December 31,	
	2016	2015
Deferred tax assets:		
Provision for accrued expenses	\$ 8,056	\$ 7,247
Net operating loss carryforwards <sup>(a)</sup>	8,548	15,036
Non-cash compensation expense	5,699	4,321
Goodwill	1,825	1,825
Other	139	1,544
<b>Total gross deferred tax assets</b>	<b>24,267</b>	<b>29,973</b>
Less: valuation allowance <sup>(b)</sup>	(2,101)	(2,341)
<b>Total deferred tax assets, net of the valuation allowance</b>	<b>22,166</b>	<b>27,632</b>
Deferred tax liabilities:		
Intangible and other assets	(2,704)	(2,060)
Other	(1,071)	(453)
<b>Total gross deferred tax liabilities</b>	<b>(3,775)</b>	<b>(2,513)</b>
<b>Net deferred taxes</b>	<b>\$ 18,391</b>	<b>\$ 25,119</b>

(a) At December 31, 2016, the Company had pre-tax consolidated federal net operating losses ("NOLs") of \$10.9 million. The federal NOLs will expire in 2030. The Company's NOLs will be available to offset taxable income (until such NOLs are either used or expire) subject to the Internal Revenue Code Section 382 annual limitation. In addition, the Company has state NOLs of approximately \$221.0 million at December 31, 2016 that will expire at various times between 2017 and 2037.

(b) The valuation allowance is related to items for which it is "*more likely than not*" that the tax benefit will not be realized.

Deferred income taxes are presented in the accompanying consolidated balance sheets as follows (*in thousands*):

	December 31,	
	2016	2015
Deferred income tax assets	\$ 14,610	\$ 20,977
Non-current assets of discontinued operations	3,781	4,142
<b>Net deferred taxes</b>	<b>\$ 18,391</b>	<b>\$ 25,119</b>

**Valuation Allowance**

A valuation allowance is provided on deferred tax assets if it is determined that it is "*more likely than not*" that the deferred tax asset will not be realized. As of each reporting date, management considers both positive and negative evidence regarding the likelihood of future realization of the deferred tax assets.

In the fourth quarter of 2015 the Company concluded, based upon all available evidence, it was more likely than not it would have sufficient future taxable income to realize the majority of its net deferred tax assets. As a result, the Company released the majority of the valuation allowance in 2015. The Company significantly improved its operating performance in 2015, emerged from cumulative losses in recent years due to a cumulative profit position and projects taxable income in future years. While the Company believes the assumptions included in its projections of future taxable income are reasonable, if the actual results vary from expected results due to unforeseen changes in the economy or mortgage industry, or other factors, the Company may need to make future adjustments to the valuation allowance for all, or a portion, of the net deferred tax assets. At December 31, 2016 and 2015, the Company recorded a partial valuation allowance of \$2.1 million and \$2.3 million, respectively, primarily related to state net operating losses, which the Company does not expect to be able to utilize prior to expiration.

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A reconciliation of the beginning and ending balances of the deferred tax valuation allowance is as follows (*in thousands*):

	Year Ended December 31,		
	2016	2015	2014
<b>Balance, beginning of the period</b>	\$ 2,341	\$ 40,121	\$ 49,674
Charges to earnings <sup>(a)</sup>	(240)	(37,780)	(3,707)
Out of period adjustment <sup>(b)</sup>	—	—	(5,846)
<b>Balance, end of the period</b>	<b>\$ 2,101</b>	<b>\$ 2,341</b>	<b>\$ 40,121</b>

(a) During 2015, the amount is primarily related to the Company's release of the valuation allowance, current year utilization of net operating loss carryforwards, the write-off of certain state net operating losses that expire in 2015 and state net operating losses not expected to be utilized in future years due to changes in ownership limitations.

(b) Out of period adjustment in the valuation allowance is offset by an out of period adjustment to the deferred tax assets, thus the adjustment is limited to disclosure. The error related primarily to the calculation of the federal benefit of the state operating loss carryforwards.

**Unrecognized Tax Benefits**

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, is as follows (*in thousands*):

	Year Ended December 31,	
	2016	2015
<b>Balance, beginning of the period</b>	\$ 19	\$ 23
Additions based on tax positions of the current year	550	—
Lapse of statute of limitations	(19)	(4)
<b>Balance, end of the period</b>	<b>\$ 550</b>	<b>\$ 19</b>

Interest and, if applicable, penalties are recognized related to unrecognized tax benefits in income tax expense. For the year ended December 31, 2015, the Company incurred interest and penalties on unrecognized tax benefits of \$0.1 million which was included in income tax expense. Interest and penalties on unrecognized tax benefits included in income tax expense for each of the years ended December 31, 2016 and 2014 was immaterial. As of December 31, 2015, the accrual for interest and penalties was \$0.1 million. The accrual for interest and penalties as of December 31, 2016 was immaterial.

As of December 31, 2016, the accrual for unrecognized tax benefits, including interest, was \$0.6 million, which would benefit the effective tax rate if recognized. As of December 31, 2015, the accrual for unrecognized tax benefits, including interest, was \$0.2 million, of which an immaterial amount would benefit the effective tax rate if recognized.

**Tax Audits**

LendingTree is subject to audits by federal, state and local authorities in the area of income tax. These audits include questioning the timing and the amount of deductions and the allocation of income among various tax jurisdictions. Income taxes payable include amounts considered sufficient to pay assessments that may result from examination of prior year returns; however, any amounts paid upon resolution of issues raised may differ from the amount provided. Differences between the reserves for tax contingencies and the amounts owed by the Company are recorded in the period they become known. As of December 31, 2016, the Company is subject to a federal income tax examination for the tax years 2012 through 2015. In addition, the Company is subject to state and local tax examinations for the tax years 2013 through 2015.

**NOTE 11—REVOLVING CREDIT FACILITY**

**Senior Secured Revolving Credit Facility**

On October 22, 2015, the Company's wholly-owned subsidiary, LendingTree, LLC, entered into a \$125.0 million five-year senior secured revolving credit facility which matures on October 22, 2020 (the "Revolving Credit Facility"). The proceeds of the Revolving Credit Facility can be used to finance working capital needs, capital expenditures and general corporate purposes,



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including to finance permitted acquisitions. As of December 31, 2016, the Company does not have any borrowings outstanding under the Revolving Credit Facility.

Up to \$10.0 million of the Revolving Credit Facility will be available for short-term loans, referred to as swingline loans. Additionally, up to \$10.0 million of the Revolving Credit Facility will be available for the issuance of letters of credit. Under certain conditions, the Company will be permitted to add one or more term loans and/or increase revolving commitments under the Revolving Credit Facility up to an aggregate amount of \$50.0 million.

The Company's borrowings under the Revolving Credit Facility bear interest at annual rates that, at the Company's option, will be either:

- a base rate generally defined as the sum of (i) the greater of (a) the prime rate of SunTrust Bank, (b) the federal funds effective rate plus 0.5% and (c) the LIBO rate (defined below) on a daily basis applicable for an interest period of one month plus 1.0% and (ii) an applicable percentage of 1.0% to 2.0% based on the funded debt to consolidated EBITDA ratio; or
- a LIBO rate generally defined as the sum of (i) the rate for Eurodollar deposits in the applicable currency and (ii) an applicable percentage of 2.0% to 3.0% based on the funded debt to consolidated EBITDA ratio.

All swingline loans bear interest at the base rate defined above. Interest on the Company's borrowings are payable quarterly in arrears for base rate loans and on the last day of each interest rate period (but not less often than three months) for LIBO rate loans.

The Revolving Credit Facility contains certain restrictive financial covenants, which include a funded debt to consolidated EBITDA ratio and a consolidated EBITDA to interest expense ratio. In addition, the Revolving Credit Facility contains customary affirmative and negative covenants in addition to events of default for a transaction of this type that, among other things, restrict additional indebtedness, liens, mergers or certain fundamental changes, asset dispositions, dividends, stock repurchases and other restricted payments, transactions with affiliates, sale-leaseback transactions, hedging transactions, loans and investments and other matters customarily restricted in such agreements. The Company was in compliance with all covenants at December 31, 2016.

The Revolving Credit Facility requires LendingTree, LLC to pledge as collateral, subject to certain customary exclusions, 100% of its assets, including 100% of its equity in all of its subsidiaries. The obligations under this facility are unconditionally guaranteed on a senior basis by LendingTree, Inc. and specific subsidiaries of LendingTree, LLC, which guaranties are secured by a pledge as collateral, subject to certain customary exclusions, of 100% of each of such guarantor's assets, including 100% of its equity in all of its subsidiaries.

The Company is required to pay an unused commitment fee quarterly in arrears on the difference between committed amounts and amounts actually borrowed under the Revolving Credit Facility equal to an applicable percentage of 0.25% to 0.5% per annum based on a funded debt to consolidated EBITDA ratio. The Company is required to pay a letter of credit participation fee and a letter of credit fronting fee quarterly in arrears. The letter of credit participation fee is based upon the aggregate face amount of outstanding letters of credit at an applicable percentage of 2.0% to 3.0% based on the funded debt to consolidated EBITDA ratio. The letter of credit fronting fee is 0.125% per annum on the face amount of each letter of credit.

The Company incurred debt issuance costs of \$1.2 million for the Revolving Credit Facility, which is included in prepaid and other current assets and other non-current assets in the Company's consolidated balance sheet and is being amortized to interest expense over the life of the Revolving Credit Facility of five years.

## **NOTE 12—COMMITMENTS**

### **Operating Leases**

The Company leases office space used in connection with its operations under various operating leases, which contain escalation clauses. The Company's operating leases relate to its office space in Charlotte, North Carolina and Burlingame, California.

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Future minimum payments as of December 31, 2016 under operating lease agreements having an initial or remaining non-cancelable lease term in excess of one year are as follows (*in thousands*):

Year ending December 31,	Amount
2017	\$ 1,374
2018	1,227
2019	1,025
2020	1,055
2021	—
<b>Total</b>	<b>\$ 4,681</b>

Rental expense for all operating leases, except those with terms of a month or less that were not renewed, charged to continuing operations was \$1.6 million, \$1.2 million and \$1.1 million, for each of the years ended December 31, 2016, 2015 and 2014, respectively, and a majority of which is included in general and administrative expense in the consolidated statements of operations and comprehensive income.

**Bonds**

The Company has funding commitments that could potentially require performance in the event of demands by third parties or contingent events, as follows (*in thousands*):

	Commitments Due By Period				
	Total	Less Than 1 year	1-3 years	3-5 years	More Than 5 years
Surety bonds <sup>(a)</sup>	\$ 4,293	\$ 4,268	\$ 25	\$ —	\$ —
Litigation bonds <sup>(b)</sup>	140	140	—	—	—
<b>Total</b>	<b>\$ 4,433</b>	<b>\$ 4,408</b>	<b>\$ 25</b>	<b>\$ —</b>	<b>\$ —</b>

(a) State laws and regulations generally require businesses which engage in mortgage brokering activity to maintain a mortgage broker or similar license. Mortgage brokering activity is generally defined to include, among other things, receiving valuable consideration for offering assistance to a buyer in obtaining a residential mortgage or soliciting financial and mortgage information from the public and providing that information to an originator of residential mortgage loans. All states require that the Company maintain surety bonds for potential claims.

(b) Bonds required for certain legal matters.

**NOTE 13—CONTINGENCIES**

**Overview**

LendingTree is involved in legal proceedings on an ongoing basis. In assessing the materiality of a legal proceeding, the Company evaluates, among other factors, the amount of monetary damages claimed, as well as the potential impact of non-monetary remedies sought by plaintiffs (e.g., injunctive relief) that may require it to change its business practices in a manner that could have a material and adverse impact on the business. With respect to the matters disclosed in this Note 13, unless otherwise indicated, the Company is unable to estimate the possible loss or range of losses that could potentially result from the application of such non-monetary remedies.

As of December 31, 2016 and 2015, the Company has a litigation settlement accrual of \$0.7 million and \$0.6 million, respectively, in continuing operations and \$4.0 million and \$3.6 million, respectively, in discontinued operations. The litigation settlement accrual relates to litigation matters that were either settled or a firm offer for settlement was extended, thereby establishing an accrual amount that is both probable and reasonably estimable.

## Specific Matters

### Intellectual Property Litigation

#### *Zillow*

*LendingTree v. Zillow, Inc., et al. Civil Action No. 3:10-cv-439.* On September 8, 2010, the Company filed an action for patent infringement in the U.S. District Court for the Western District of North Carolina against Zillow, Inc., Nextag, Inc., Quinstreet, Inc., Quinstreet Media, Inc. and Adchemy, Inc. The complaint was amended to include Leadpoint, Inc. d/b/a Securerights on September 24, 2010. The complaint alleged that each of the defendants infringed one or both of the Company's patents—U.S. Patent No. 6,385,594, entitled "Method and Computer Network for Co-Ordinating a Loan over the Internet," and U.S. Patent No. 6,611,816, entitled "Method and Computer Network for Co-Ordinating a Loan over the Internet." The defendants in this action asserted various defenses and counterclaims against the Company, including the assertion by certain of the defendants of counterclaims alleging illegal monopolization via the Company's maintenance of the asserted patents. Defendant NexTag asserted defenses of laches and equitable estoppel. In July 2011, the Company reached a settlement agreement with Leadpoint, Inc., pursuant to which all claims against Leadpoint, Inc. and all counterclaims against the Company by Leadpoint, Inc. were dismissed. In November 2012, the Company reached a settlement agreement with Quinstreet, Inc. and Quinstreet Media, Inc. (collectively, the "Quinstreet Parties"), pursuant to which all claims against the Quinstreet Parties and all counterclaims against the Company by the Quinstreet Parties were dismissed. After an unsuccessful attempt to reach settlement through mediation with the remaining parties, this matter went to trial beginning in February 2014, and on March 12, 2014, the jury returned a verdict. The jury found that the defendants Zillow, Inc., Adchemy, Inc., and NexTag, Inc. did not infringe the two patents referenced above and determined that those patents are invalid due to an inventorship defect, and the court found that NexTag was entitled to defenses of laches and equitable estoppel. The jury found in the Company's favor on the defendants' counterclaims alleging inequitable conduct and antitrust violations. Judgment was entered on March 31, 2014. After the court entered judgment, on May 27, 2014, the Company reached a settlement agreement with defendant Adchemy, Inc., including an agreement to dismiss and withdraw all claims, counterclaims, and motions between the Company and Adchemy, Inc. As a result, a joint and voluntary dismissal was filed June 12, 2014 with respect to claims between the Company and Adchemy. The parties filed various post-trial motions; in particular, defendants collectively sought up to \$9.7 million in fees and costs. On October 9, 2014, the court denied the Company's post-trial motion for judgment as a matter of law and denied Zillow's post-trial motions for sanctions and attorneys' fees. The court also denied in part and granted in part NexTag's post-trial motion for attorneys' fees, awarding NexTag a portion of its attorneys' fees and costs totaling \$2.3 million, plus interest.

In November 2014, the Company filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit with respect to the jury verdict concerning Zillow, Inc. and Nextag, Inc. and the award of attorneys' fees. In March 2015, the U.S. Court of Appeals for the Federal Circuit granted the Company's motion to stay appellate briefing pending an *en banc* review by such court of the laches defense in an unrelated patent infringement matter and ruled in favor of Zillow, Inc. on an immaterial amount of costs related to the trial process. In June 2015, the Company reached a settlement agreement for \$1.1 million with defendant NexTag pursuant to which the Company dismissed its appeal of the jury verdict and the award of attorney's fees concerning NexTag, and NexTag dismissed its cross-appeal and claims relating to the jury verdict and the award of attorneys' fees. In July 2015, the stay was lifted on the Company's appeal with respect to the jury verdict concerning Zillow, Inc. The appeal was heard by the U.S. Court of Appeals for the Federal Circuit in June 2016, and in July 2016 the Court determined that certain of the claims of the two patents referenced above were directed to ineligible subject matter and thus such claims were invalid under 35 U.S.C. Section 101. With respect to the remaining claims that the Court did not hold were ineligible, the Court granted a remand to the federal district court to allow LendingTree to file a motion to vacate the judgment of invalidity for incorrect inventorship.

### Legal Matters

#### *Next Advisor Continued, Inc.*

*Next Advisor Continued, Inc. v. LendingTree, Inc. and LendingTree, LLC, No. 15-cvs-20775 (N.C. Super. Ct.).* On November 6, 2015, the plaintiff filed this action against LendingTree, Inc. and LendingTree, LLC (together "LendingTree"). The plaintiff generally alleges that LendingTree breached a non-disclosure agreement and misappropriated trade secrets in the context of a potential business acquisition of the plaintiff by LendingTree. Based upon these allegations, the plaintiff asserts claims for breach of contract, misappropriation of trade secrets, and violation of the North Carolina Unfair and Deceptive Trade Practices Act. The plaintiff seeks damages, attorneys' fees and injunctive relief.

On December 16, 2015, LendingTree filed its answer to the plaintiff's complaint, denying the material allegations and asserting numerous defenses thereto. In June 2016, the Court granted plaintiff's motion for preliminary injunction and ordered that LendingTree cease any utilization of confidential and trade secret information of plaintiff and cease marketing its credit card product via certain third party content marketing platforms until the judge finally determines the facts in this matter and the

appropriate relief, if any, to be granted with respect thereto. LendingTree believes that the plaintiff's allegations lack merit and intends to vigorously defend this action. In July 2016, LendingTree filed a notice of interlocutory appeal with respect to the order granting plaintiff's motion for preliminary injunction to the North Carolina Supreme Court; the interlocutory appeal was dismissed in December 2016. In February 2017, LendingTree filed a motion for partial summary judgment. An estimated liability of \$0.1 million for this matter is included in the accompanying consolidated balance sheet as of December 31, 2016.

## **Legal Matters**

### ***Massachusetts Division of Banks***

On February 11, 2011, the Massachusetts Division of Banks (the "Division") delivered a Report of Examination/Inspection to LendingTree, LLC, which identified various alleged violations of Massachusetts and federal laws, including the alleged insufficient delivery by LendingTree, LLC of various disclosures to its customers. On October 14, 2011, the Division provided a proposed Consent Agreement and Order to settle the Division's allegations, which the Division had shared with other state mortgage lending regulators. Thirty-four of such state mortgage lending regulators (the "Joining Regulators") indicated that if LendingTree, LLC would enter into the Consent Agreement and Order, they would agree not to pursue any analogous allegations that they otherwise might assert. None of the Joining Regulators have asserted any such allegations.

The proposed Consent Agreement and Order calls for a fine to be allocated among the Division and the Joining Regulators and for LendingTree, LLC to adopt various new procedures and practices. The Company has commenced negotiations toward an acceptable Consent Agreement and Order. It does not believe its mortgage marketplace business violated any federal or state mortgage lending laws; nor does it believe that any past operations of the mortgage business have resulted in a material violation of any such laws. Should the Division or any Joining Regulator bring any actions relating to the matters alleged in the February 2011 Report of Examination/Inspection, the Company intends to defend against such actions vigorously. The range of possible loss is estimated to be between \$0.5 million and \$6.5 million, and an estimated liability of \$0.5 million has been established for this matter in the accompanying consolidated balance sheet as of December 31, 2016.

### **Litigation Related to Discontinued Operations**

#### ***Residential Funding Company***

*Residential Funding Company, LLC v Home Loan Center, Inc., No. 13-cv-3451 (U.S. Dist. Ct., Minn.)*. On or about December 16, 2013, Home Loan Center, Inc. was served in the above captioned matter. Generally, Residential Funding Company, LLC ("RFC") seeks damages for breach of contract and indemnification for certain residential mortgage loans as well as residential mortgage-backed securitizations ("RMBS") containing mortgage loans. RFC asserts that, beginning in 2008, RFC faced massive repurchase demands and lawsuits from purchasers or insurers of the loans and RMBS that RFC had sold. RFC filed for bankruptcy protection in May 2012. Plaintiff alleges that, after RFC filed for Chapter 11 protection, hundreds of proofs of claim were filed, many of which mirrored the litigation filed against RFC prior to its bankruptcy.

In December 2013, the United States Bankruptcy Court for the Southern District of New York entered an Order confirming the Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors. Plaintiff then began filing substantially similar complaints against approximately 80 of the loan originators from whom RFC had purchased loans, including Home Loan Center, in federal and state courts in Minnesota and New York. In each case, Plaintiff claims that the defendant is liable for a portion of the global settlement in RFC's bankruptcy.

Plaintiff asserts two claims against HLC: (1) breach of contract based on HLC's alleged breach of representations and warranties concerning the quality and characteristics of the mortgage loans it sold to RFC (Count One); and (2) contractual indemnification for alleged liabilities, losses, and damages incurred by RFC arising out of purported defects in loans that RFC purchased from HSBC and sold to third parties (Count Two). Plaintiff alleges that the "types of defects" contained in the loans it purchased from HLC included "income misrepresentation, employment misrepresentation, appraisal misrepresentations or inaccuracies, undisclosed debt, and missing or inaccurate documents."

HLC filed a Motion to Dismiss under Rule 12(b)(6) of the Federal Rules of Civil Procedure or, in the alternative, a Motion for More Definite Statement under Rule 12(e). On June 25, 2015 the judge denied HLC's motion.

On July 9, 2015, HLC filed its answer to RFC's complaint, denying the material allegations of the complaint and asserting numerous defenses thereto. Discovery is ongoing in this matter. HLC intends to vigorously defend this action. An estimated liability of \$3.0 million for this matter is included in the accompanying consolidated balance sheet as of December 31, 2016.

***Lehman Brothers Holdings, Inc. Demand Letter***

*Lehman Brothers Holdings Inc. v. 1<sup>st</sup> Advantage Mortgage, LLC et al., Case No. 08-13555 (SCC) (Bankr. S.D.N.Y.)*. In February 2016, Lehman Brothers Holdings Inc. (“LBHI”) filed an Adversary Complaint against Home Loan Center and approximately 149 other defendants (the “Complaint”). The Complaint generally seeks (1) a declaratory judgment that the settlements entered by LBHI with Fannie Mae and Freddie Mac as part of LBHI’s bankruptcy proceedings gave rise to LBHI’s contractual indemnification claims against defendants alleged in the Complaint; (2) indemnification from HLC and the other defendants for losses allegedly incurred by LBHI in respect of defective mortgage loans sold by defendants to LBHI or its affiliates; and (3) interest, attorneys’ fees and costs incurred by LBHI in the litigation. HLC intends to defend this action vigorously. HLC had previously received a demand letter (the “Letter”) from LBHI in December 2014 with respect to 64 loans (the “Loans”) that LBHI alleged were sold by HLC to Lehman Brothers Bank FSB (“LBB”) between 2004 and 2008 pursuant to a loan purchase agreement (the “LPA”) between HLC and LBB. The Letter generally sought indemnification from HLC in accordance with the LPA for certain claims that LBHI alleged it allowed in its bankruptcy with respect to the Loans. An estimated liability of \$1.0 million for this matter is included in the accompanying consolidated balance sheet as of December 31, 2016.

**NOTE 14—FAIR VALUE MEASUREMENTS**

The carrying amounts of the Company's financial instruments are equal to fair value at December 31, 2016.

Contingent consideration payments related to acquisitions are measured at fair value each reporting period using Level 3 unobservable inputs. The changes in the fair value of the Company's Level 3 liabilities during the year ended December 31, 2016 are as follows (*in thousands*):

	<b>Contingent Consideration</b>
<b>Balance at January 1, 2016</b>	\$ —
Transfers into Level 3	—
Transfers out of Level 3	—
Total net gains (losses) included in earnings (realized and unrealized)	—
Purchases, sales and settlements:	
Additions	23,100
Payments	—
<b>Balance at December 31, 2016</b>	<b>\$ 23,100</b>

The contingent consideration liability at December 31, 2016 is the estimated fair value of the Earnout Payments of the CompareCards acquisition. The Company will make Earnout Payments ranging from zero to \$45.0 million based on the achievement of certain defined earnings targets. See Note 6—Business Acquisitions for additional information on the contingent consideration of the CompareCards acquisition. The significant unobservable inputs used to calculate the fair value of the contingent consideration are estimated future cash flows for CompareCards and the discount rate. Actual results will differ from the projected results and could have a significant impact on the estimated fair value of the contingent consideration. Additionally, as the liability is stated at present value, the passage of time alone will increase the estimated fair value of the liability each reporting period. Any changes in fair value will be recorded in operating income (expense) in the consolidated statements of operations.

**NOTE 15—RELATED PARTY TRANSACTIONS**

One of the Company's board of directors also serves as a director to a marketing partner of the Company. During 2016 and 2015, the Company recognized \$1.3 million and \$0.7 million, respectively, of expenses for this marketing partner through the normal course of business.

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**NOTE 16—BENEFIT PLANS**

The Company operates a retirement savings plan for its employees in the United States that is qualified under Section 401(k) of the Internal Revenue Code. Employees are eligible to enroll in the plan upon date of hire. Participating employees may contribute up to 50% of their pre-tax earnings, but not more than statutory limits (generally \$18,000, \$18,000 and \$17,500 for 2016, 2015 and 2014, respectively). The company match contribution is fifty cents for each dollar a participant contributes to the plan, with a maximum contribution of 6% of a participant's eligible earnings. Matching contributions are invested in the same manner as each participant's voluntary contributions in the investment options provided under the plan. LendingTree stock is not included in the available investment options or the plan assets. Funds contributed to the plan vest according to the participant's years of service, with less than three years of service vesting at 0%, and three years or more of service vesting at 100%. Matching contributions were approximately \$0.7 million, \$0.5 million and \$0.5 million for the years ended December 31, 2016, 2015 and 2014, respectively.

**NOTE 17—RESTRUCTURING EXPENSE**

Accrued restructuring costs primarily relate to lease obligations for call center leases exited in 2010, which were completed in 2015. Restructuring expense and payments against liabilities are as follows (*in thousands*):

	<b>Continuing Lease Obligations</b>
<b>Balance at December 31, 2013</b>	<b>\$ 462</b>
Restructuring expense	13
Payments	(297)
<b>Balance at December 31, 2014</b>	<b>\$ 178</b>
Restructuring income	(29)
Payments	(149)
<b>Balance at December 31, 2015</b>	<b>\$ —</b>

**NOTE 18—DISCONTINUED OPERATIONS**

The revenue and net (loss) income reported as discontinued operations in the accompanying consolidated statements of operations and comprehensive income are as follows (*in thousands*):

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>	<b>\$ 1,325</b>	<b>\$ 6</b>	<b>\$ 14,256</b>
(Loss) income before income taxes <sup>(a)</sup>	\$ (5,728)	\$ (5,047)	\$ 10,392
Income tax benefit (expense)	2,014	1,778	(543)
<b>Net (loss) income</b>	<b>\$ (3,714)</b>	<b>\$ (3,269)</b>	<b>\$ 9,849</b>

(a) Income before income taxes for the year ended December 31, 2014 includes income from a reduction in the loan loss reserve of \$14.1 million. See additional information in "Loan Loss Obligations" below.

**LendingTree Loans**

On June 6, 2012, the Company sold substantially all of the operating assets of its LendingTree Loans business for \$55.9 million in cash to a wholly-owned subsidiary of Discover Financial Services ("Discover").

Discover generally did not assume liabilities of the LendingTree Loans business that arose before the closing date, except for certain liabilities directly related to assets Discover acquired. Of the purchase price paid, as of December 31, 2016, \$4.0 million is being held in escrow in accordance with the agreement with Discover for certain loan loss obligations that remain with the Company following the sale. As a result of a settlement agreement in 2014 with a secondary market purchaser of loans, \$12.1 million was released from escrow in December 2015. The escrowed amount is recorded as restricted cash at December 31, 2016.

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Discover participated as a marketplace lender from closing of the transaction through July 2015.

**Significant Assets and Liabilities of LendingTree Loans**

Upon closing of the sale of substantially all of the operating assets of the LendingTree Loans business on June 6, 2012, LendingTree Loans ceased to originate consumer loans. Liability for losses on previously sold loans will remain with LendingTree Loans and are discussed below.

***Loan Loss Obligations***

LendingTree Loans sold loans it originated to investors on a servicing-released basis, so the risk of loss or default by the borrower was generally transferred to the investor. However, LendingTree Loans was required by these investors to make certain representations and warranties relating to credit information, loan documentation and collateral. These representations and warranties may extend through the contractual life of the loan. Subsequent to the loan sale, if underwriting deficiencies, borrower fraud or documentation defects are discovered in individual loans, LendingTree Loans may be obligated to repurchase the respective loan or indemnify the investors for any losses from borrower defaults if such deficiency or defect cannot be cured within the specified period following discovery. In the case of early loan payoffs and early defaults on certain loans, LendingTree Loans may be required to repay all or a portion of the premium initially paid by the investor.

HLC, a subsidiary of the Company, continues to be liable for these indemnification obligations, repurchase obligations and premium repayment obligations following the sale of substantially all of the operating assets of its LendingTree Loans business in the second quarter of 2012.

The following table represents the aggregate loans sold, subsequent settlements and remaining unsettled loans as of December 31, 2016:

	<b>Number of Loans</b>	<b>Original Issue Balance</b>
	<i>(in thousands)</i>	<i>(in billions)</i>
Loans sold by HLC	234	\$ 38.9
Subsequent settlements	(172)	(28.8)
<b>Remaining unsettled loans</b>	<b>62</b>	<b>\$ 10.1</b>

During the fourth quarter of 2015, LendingTree Loans completed a settlement agreement for \$0.6 million with one of the investors to which it had sold loans. This investor accounted for approximately 10% of the total number of loans sold and 12% of the original issue balance. This settlement related to all existing and future losses on loans sold to this investor.

During the fourth quarter of 2014, LendingTree Loans completed a settlement agreement for \$5.4 million with the largest investor to which it had sold loans. This investor accounted for approximately 40% of both the total number of loans sold and the original issue balance. This settlement related to all existing and future losses on loans sold to this investor. The settlement was paid in the fourth quarter of 2014 with restricted cash of \$3.1 million and cash on hand of \$2.3 million. The settlement with this investor in the fourth quarter of 2014 and the impact this settlement had on the estimate of the remaining loan loss obligations resulted in income of \$14.1 million, which was included in income from discontinued operations in the accompanying consolidated statements of operations and comprehensive income during 2014. The adjustment to the loan loss reserve did not result in tax expense recognition due to the Company's full valuation allowance against its deferred tax assets.

In the second quarter of 2014, LendingTree Loans completed settlements with two buyers of previously purchased loans.

The Company has been negotiating with certain of the remaining secondary market purchasers to settle any existing and future contingent liabilities, but it may not be able to complete such negotiations on acceptable terms, or at all. Because LendingTree Loans does not service the loans it sold, it does not maintain nor generally have access to the current balances and loan performance data with respect to the individual loans previously sold to investors. Accordingly, LendingTree Loans is unable to determine, with precision, its maximum exposure for breaches of the representations and warranties it made to the investors that purchased such loans.

The Company uses a settlement discount framework for evaluating the adequacy of the reserve for loan losses. This model estimates lifetime losses on the population of remaining loans originated and sold by LendingTree Loans using actual defaults for loans with similar characteristics and projected future defaults. It also considers the likelihood of claims expected due to alleged breaches of representations and warranties made by LendingTree Loans and the percentage of those claims investors estimate LendingTree Loans may agree to repurchase. A settlement discount factor is then applied to the result of the foregoing to reflect

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publicly-announced bulk settlements for similar loan types and vintages, as well as LendingTree Loans' non-operating status, in order to estimate a range of potential obligation.

The estimated range of remaining loan losses using this settlement discount framework was determined to be \$4.4 million to \$8.0 million at December 31, 2016. The reserve balance recorded as of December 31, 2016 was \$6.8 million. Management has considered both objective and subjective factors in the estimation process, but given current general industry trends in mortgage loans as well as housing prices and market expectations, actual losses related to LendingTree Loans' obligations could vary significantly from the obligation recorded as of the balance sheet date or the range estimated above.

Additionally, LendingTree has guaranteed certain loans sold to two investors in the event that LendingTree Loans is unable to satisfy its repurchase and warranty obligations related to such loans.

Based on historical experience, it is anticipated that LendingTree Loans will continue to receive repurchase requests and incur losses on loans sold in prior years.

The activity related to loss reserves on previously sold loans is as follows (*in thousands*):

	Year Ended December 31,		
	2016	2015	2014
<b>Loan loss reserve, beginning of period</b>	<b>\$ 8,127</b>	<b>\$ 8,750</b>	<b>\$ 28,543</b>
Provision adjustments <sup>(a)</sup>	(1,323)	—	(14,144)
Charge-offs to reserves	—	(623)	(5,649)
<b>Loan loss reserve, end of period</b>	<b>\$ 6,804</b>	<b>\$ 8,127</b>	<b>\$ 8,750</b>

(a) As discussed above, during 2014, LendingTree Loans completed a settlement agreement with the largest investor to which it had sold loans, resulting in an adjustment to the provision. During 2016, the Company adjusted the loan loss reserve by \$1.8 million to remove the estimated liability for loans sold to RFC. The Company is in litigation with RFC and reserved the loss for this litigation in the legal reserve. See Note 13—Contingencies for additional information about the RFC litigation.

The liability for losses on previously sold loans is presented as current liabilities of discontinued operations in the accompanying consolidated balance sheets as of December 31, 2016 and 2015.

**NOTE 19—SEGMENT INFORMATION**

The Company has one reportable segment.

Mortgage and non-mortgage product revenue is as follows (*in thousands*):

	Year Ended December 31,		
	2016	2015	2014
Mortgage products	\$ 219,991	\$ 165,272	134,137
Non-mortgage products	164,411	88,944	33,213
<b>Total revenue</b>	<b>\$ 384,402</b>	<b>\$ 254,216</b>	<b>\$ 167,350</b>



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**NOTE 20—QUARTERLY FINANCIAL INFORMATION (UNAUDITED)**

The following tables set forth summary financial information for the years ended December 31, 2016 and 2015:

	Q1	Q2	Q3	Q4
	<i>(in thousands, except per share amounts)</i>			
<b>2016</b>				
Revenue	\$ 94,713	\$ 94,290	\$ 94,558	\$ 100,841
Operating income	11,845	12,715	14,150	13,402
Income from continuing operations	6,905	9,002	7,280	8,021
Loss from discontinued operations	(1,203)	(1,150)	(664)	(697)
Net income and comprehensive income	\$ 5,702	\$ 7,852	\$ 6,616	\$ 7,324
Income per share from continuing operations:				
Basic	\$ 0.58	\$ 0.76	\$ 0.62	\$ 0.68
Diluted	\$ 0.54	\$ 0.71	\$ 0.57	\$ 0.63
Loss per share from discontinued operations:				
Basic	\$ (0.10)	\$ (0.10)	\$ (0.06)	\$ (0.06)
Diluted	\$ (0.09)	\$ (0.09)	\$ (0.05)	\$ (0.05)
Net income per share:				
Basic	\$ 0.48	\$ 0.67	\$ 0.56	\$ 0.62
Diluted	\$ 0.44	\$ 0.62	\$ 0.52	\$ 0.57

	Q1	Q2	Q3	Q4
	<i>(in thousands, except per share amounts)</i>			
<b>2015</b>				
Revenue	\$ 50,935	\$ 55,136	\$ 69,804	\$ 78,341
Operating income	5,718	6,775	7,773	8,248
Income from continuing operations	5,413	6,439	7,383	32,081
Loss from discontinued operations	(226)	(1,717)	(1,295)	(31)
Net income and comprehensive income	\$ 5,187	\$ 4,722	\$ 6,088	\$ 32,050
Income per share from continuing operations:				
Basic	\$ 0.48	\$ 0.57	\$ 0.65	\$ 2.69
Diluted	\$ 0.44	\$ 0.52	\$ 0.59	\$ 2.47
Loss per share from discontinued operations:				
Basic	\$ (0.02)	\$ (0.15)	\$ (0.11)	\$ —
Diluted	\$ (0.02)	\$ (0.14)	\$ (0.10)	\$ —
Net income per share:				
Basic	\$ 0.46	\$ 0.41	\$ 0.53	\$ 2.69
Diluted	\$ 0.43	\$ 0.38	\$ 0.49	\$ 2.47

**ITEM 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

Not applicable.

**ITEM 9A. *Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), management, with the participation of our principal executive officer (Chief Executive Officer) and our principal financial officer (Chief Financial Officer), evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which by their nature can provide only reasonable assurance regarding management's control objectives. Management does not expect that our disclosure controls and procedures will prevent or detect all errors and fraud. A control system, irrespective of how well it is designed and operated, can only provide reasonable assurance and cannot guarantee that it will succeed in its stated objectives.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2016, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our 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 GAAP. Our 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 our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, our management used the criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under the framework in the Internal Control-Integrated Framework, issued by the COSO, management has concluded that our internal control over financial reporting was effective as of December 31, 2016. The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing under "Item 8. Financial Statements and Supplementary Data" included elsewhere in this annual report.

**Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as defined in the Exchange Act, Rules 13a-15(f)) that occurred during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 9B. Other Information**

### ***Increase in Authorized Number of Directors***

On February 22, 2017, in accordance with our bylaws and upon the recommendation of the Nominating and Corporate Governance Committee, our board of directors duly adopted a resolution increasing the authorized number of directors from seven to nine.

### ***Appointment of New Directors***

On February 22, 2017, our board of directors, upon the recommendation of the Nominating and Corporate Governance Committee, appointed Mr. Thomas M. Davidson, Jr. and Mr. G. Kennedy Thompson to fill two newly-created vacancies on our board of directors, effective March 15, 2017. Our board of directors has determined that Messrs. Davidson and Thompson both qualify as independent under the independence standards under the Listing Rules of the NASDAQ Stock Market.

Mr. Davidson, age 45, is the co-founder and has served as Chief Executive Officer of EverFi, Inc., a software-as-a-service education technology company headquartered in Washington, D.C., since 2008. Prior to founding EverFi, Inc., Mr. Davidson was a venture capitalist at Village Ventures from 2007-2009 with a focus on early-stage technology companies in the education and social media spaces. From 1994 to 2000, Mr. Davidson served three terms in the Maine House of Representatives where he served as Chairman of the Utilities and Energy Committee and was a senior member of the Taxation Committee and the Banking Insurance and Business and Economic Development Committees.

Mr. Thompson, age 66, has been a partner of Aquiline Capital Partners, a New York based private equity firm, since 2009. From 1999 to 2008, Mr. Thompson was President and Chief Executive Officer of Wachovia Corporation. Mr. Thompson served in numerous industry leadership positions including Chairman of the Clearing House, Chairman of the Financial Services Roundtable, Chairman of the Financial Services Forum and President of the Federal Advisory Council of the Federal Reserve Board. In the past five years, he has served as a member of the board of directors of HP Inc. (NYSE: HPQ) and BNC Bank, and is currently a trustee of the Morehead-Cain Foundation.

In consideration for their services, Messrs. Davidson and Thompson will be compensated in accordance with the compensation plan for non-employee directors previously approved by our board of directors.

There are no arrangements or understandings between Messrs. Davidson or Thompson and any other persons pursuant to which either was selected as a director, and no transactions between our company and Messrs. Davidson or Thompson which require disclosure under Item 404(a) of Regulation S-K.

### ***New Board Committee Compositions***

On February 22, 2017, our board of directors, upon the recommendation of the Nominating and Corporate Governance Committee, approved the following new committee assignments, effective March 1, 2017 (except as provided below):

- Our Audit Committee will be composed of Ms. Henderson, Peter Horan and Steven Ozonian (Chair), each of whom is independent and each of whom is qualified under the Listing Rules of the NASDAQ Stock Market to serve on our audit committee. Our board has designated each of Peter Horan and Steve Ozonian as an audit committee financial expert.
- Our Compensation Committee will be composed of Craig Troyer, Steven Ozonian (Chair) and Saras Sarasvathy.
- Our Nominating and Corporate Governance Committee will be composed of Robin Henderson and Peter Horan (Chair). Thomas Davidson will become a member of the Nominating and Corporate Governance Committee effective March 15, 2017.
- Our Transactions Committee will be composed of Douglas Lebda (Chair), Peter Horan and Neal Dermer. G. Kennedy Thompson will become a member of our Transactions Committee effective March 15, 2017.

### PART III

As set forth below, the information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated herein by reference to the Company's definitive proxy statement to be used in connection with its 2017 Annual Meeting of Stockholders and which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company's fiscal year ended December 31, 2016 (the "2017 Proxy Statement"), in accordance with General Instruction G(3) of Form 10-K.

**ITEM 10. *Directors, Executive Officers and Corporate Governance***

The information required by Item 10 will be contained in, and is hereby incorporated by reference to, the 2017 Proxy Statement.

**ITEM 11. *Executive Compensation***

The information required by Item 11 will be contained in, and is hereby incorporated by reference to, the 2017 Proxy Statement.

**ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by Item 12 will be contained in, and is hereby incorporated by reference to, the 2017 Proxy Statement.

**ITEM 13. *Certain Relationships and Related Transactions, and Director Independence***

The information required by Item 13 will be contained in, and is hereby incorporated by reference to, the 2017 Proxy Statement.

**ITEM 14. *Principal Accounting Fees and Services***

The information required by Item 14 will be contained in, and is hereby incorporated by reference to, the 2017 Proxy Statement.

**PART IV****ITEM 15. Exhibits, Financial Statement Schedules****(a) List of documents filed as part of this report:****(1) Consolidated Financial Statements of LendingTree, Inc.**

Report of Independent Registered Public Accounting Firm: PricewaterhouseCoopers LLP.

Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2016, 2015 and 2014.

Consolidated Balance Sheets as of December 31, 2016 and 2015.

Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2016, 2015 and 2014.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2016, 2015 and 2014.

Notes to Consolidated Financial Statements.

**(2) Consolidated Financial Statement Schedules of LendingTree, Inc.**

All financial statements and schedules have been omitted since the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or required.

**(3) Exhibits**

The documents set forth below, numbered in accordance with Item 601 of Regulation S-K, are filed herewith or incorporated herein by reference to the location indicated below.

<b>Exhibit Number</b>	<b>Description</b>	<b>Location</b>
2.1	Separation and Distribution Agreement among IAC/InterActiveCorp, Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 HSN, Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, (No. 333-152700), filed August 1, 2008 Inc., dated August 20, 2008.	
2.2	Tax Sharing Agreement among IAC/InterActiveCorp, HSN, Inc., Exhibit 10.2 to the Registrant's Current Report on Form 8-K (No. Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc., dated 001-34063) filed August 25, 2008 August 20, 2008.	
2.3	Employee Matters Agreement among IAC/InterActiveCorp, HSN, Inc., Exhibit 10.3 to the Registrant's Current Report on Form 8-K (No. Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc., dated 001-34063) filed August 25, 2008 August 20, 2008.	
2.4	Transition Services Agreement among IAC/InterActiveCorp, HSN, Exhibit 10.4 to the Registrant's Current Report on Form 8-K (No. Inc., Interval Leisure Group, Inc., Ticketmaster and Tree.com, Inc., 001-34063) filed August 25, 2008 dated August 20, 2008.	
2.5	Spinco Assignment and Assumption Agreement among Exhibit 10.6 to the Registrant's Current Report on Form 8-K (No. IAC/InterActiveCorp, Tree.com, Inc., Liberty Media Corporation and 001-34063) filed August 25, 2008 Liberty USA Holdings, LLC, dated August 20, 2008.	
2.6	Asset Purchase Agreement among Home Loan Center, Inc., First Exhibit 2.1 to Registrant's Current Report on Form 8-K (No. 001-Residential Mortgage Network, Inc. dba SurePoint Lending, and the 34063) filed November 16, 2010 shareholders of First Residential Mortgage Network named therein, dated November 15, 2010.	
2.7	First Amendment to Asset Purchase Agreement among HLC, SurePoint Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed and the shareholders party thereto, dated March 14, 2011. March 21, 2011	
2.8	Second Amendment to Asset Purchase Agreement among HLC, Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed SurePoint and the shareholders party thereto, dated March 15, 2011. March 21, 2011	

Exhibit Number	Description	Location
2.9	Asset Purchase Agreement among Tree.com, Inc., Home Loan Center, Inc., LendingTree, LLC, HLC Escrow, Inc. and Discover Bank, dated May 16, 2011 May 12, 2011**	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed
2.10	Asset Purchase Agreement among LendingTree, LLC, RealEstate.com, Inc. and Market Leader, Inc., dated September 15, 2011**	September 21, 2011
2.11	Amendment to Asset Purchase Agreement among Home Loan Center, Inc., HLC Escrow, Inc., LendingTree, LLC, Tree.com, Inc., Discover Bank and Discover Financial Services, dated February 7, 2012**	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed February 8, 2012
2.12	Membership Interest Purchase Agreement, dated as of November 16, 2016, by and among LendingTree, LLC, Iron Horse Holdings, LLC, all of the members of Iron Horse Holdings, LLC and Christopher J. Mettler. **	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed November 22, 2016
3.1	Amended and Restated Certificate of Incorporation of LendingTree, Inc.	Exhibit 3.1 to the Registrant's Current Report on Form 8-K (No. 001-34063) filed August 25, 2008
3.2	Third Amended and Restated By-laws of LendingTree, Inc.	Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed December 31, 2014
4.1	Amended and Restated Restricted Share Grant and Shareholders' Agreement, among Forest Merger Corp., LendingTree, Inc., InterActiveCorp and the Grantees named therein, dated July 7, 2003*	Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (No. 333-152700), filed August 1, 2008
4.2	Registration Rights Agreement among Tree.com, Inc., Liberty Media Corporation and Liberty USA Holdings, LLC, dated August 20, 2008.	Exhibit 10.5 to the Registrant's Current Report on Form 8-K (No. 001-34063) filed August 25, 2008
10.1	Letter Agreement between Tree.com, Inc. and Alexander Mandel, dated July 27, 2012*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed November 14, 2012
10.2	Change in Control Letter between Tree.com, Inc. and Alexander Mandel, dated July 27, 2012*	Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q filed November 14, 2012
10.3	Amended Employment Offer and Change in Control Letter and Release by and between Alexander Mandel and LendingTree, Inc., dated July 2, 2015 *	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed October 26, 2015
10.4	Letter Agreement between Tree.com, Inc. and Carla Shumate, dated December 11, 2012*	Exhibit 10.1 to the Registrant's Annual Report on Form 10-K filed April 1, 2013
10.5	Letter Agreement between LendingTree, Inc. and Carla Shumate, dated March 11, 2015*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed April 30, 2015
10.6	Letter Agreement between LendingTree, Inc. and Carla Shumate, dated December 31, 2015*	Exhibit 10.6 to the Registrant's Annual Report on Form 10-K filed March 1, 2016
10.7	Employment Agreement between Tree.com, Inc. and Douglas Lebda, dated January 9, 2014*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.8	Restricted Share Grant and Stockholder's Agreement among IAC/InterActiveCorp, LendingTree Holdings Corp. and Douglas R. K. Lebda, dated August 15, 2008, together with Exhibit A thereto, Amended and Restated Certificate of Incorporation of LendingTree Holdings Corp.*	Exhibits 99.2 and 99.3 to the Registrant's Current Report on Form 8-K (No. 001-34063) filed August 20, 2008
10.9	Amendment No. 1 to the Restricted Share Grant and Stockholder's Agreement between Tree.com, Inc., LendingTree Holdings Corp. and Douglas R. Lebda, dated August 30, 2010*	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q (No. 001-34063) filed November 12, 2010
10.10	Amendment No. 1 to the Stock Option Award Agreement between Douglas R. Lebda and Tree.com, Inc., dated May 10, 2010*	Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q (No. 001-34063) filed May 12, 2010

<b>Exhibit Number</b>	<b>Description</b>	<b>Location</b>
10.11	Employment Agreement between Tree.com, Inc. and Gabriel Dalporto, dated January 9, 2014*	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.12	Employment Agreement between LendingTree, Inc. and Gabriel Dalporto, dated March 11, 2015*	Exhibit 10.6 to the Registrant's Annual Report on Form 10-K filed March 16, 2015
10.13	Letter Agreement between LendingTree, Inc. and Nikul Patel, dated December 31, 2015*	Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed March 1, 2016
10.14	Fourth Amended and Restated Tree.com, Inc. 2008 Stock and Annual Incentive Plan*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed August 7, 2014
10.15	Deferred Compensation Plan for Non-Employee Directors*	Exhibit 10.15 to the Registrant's Registration Statement on Form S-1 (No. 333-152700), filed August 1, 2008
10.16	2011 Deferred Compensation Plan for Non-Employee Directors*	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed April 30, 2015
10.17	Form of Notice of Restricted Stock Unit Award*	Exhibit 10.86(b) to the Registrant's Post-Effective Amendment to its Registration Statement on Form S-1 (No. 333-152700), filed July 13, 2012
10.18	Form of Notice of Restricted Stock Unit Award*	Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.19	Form of Restricted Stock Award*	Exhibit 10.86(c) to the Registrant's Post-Effective Amendment to its Registration Statement on Form S-1 (No. 333-152700), filed July 13, 2012
10.20	Form of Notice of Restricted Stock Award*	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.21	Standard Terms and Conditions to Restricted Stock Award Letters of Tree.com BU Holding Company, Inc.*	Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed February 3, 2011
10.22	Form of Amendment to Restricted Stock Awards for Douglas R. Lebda*	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed May 12, 2010
10.23	Form of Notice of Stock Option Award Granted Under the 2008 Stock and Annual Incentive Plan*	Exhibit 10.6 to the Registrant's Current Report on Form 8-K (No. 001-34063) filed March 27, 2009
10.24	Form of Notice of Stock Option Award Granted Under the Amended and Restated 2008 Stock and Annual Incentive Plan*	Exhibit 10.86(d) to the Registrant's Post-Effective Amendment to its Registration Statement on Form S-1 (No. 333-152700), filed July 13, 2012
10.25	Form of Notice of Stock Option Award Granted Under the Second Amended and Restated 2008 Stock and Annual Incentive Plan*	Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q (No. 001-34063) filed May 12, 2010
10.26	Form of Notice of Stock Option Award Granted Under the 2008 Stock and Annual Incentive Plan*	Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed May 7, 2014
10.27	Stock Purchase Agreement between Tree.com, Inc. and Douglas R. Lebda, dated February 8, 2009*	Exhibit 10.1 to the Registrant's Current Report on Form 8-K (No. 001-34063) filed February 11, 2009
10.28	Amendment No. 1 to Stock Purchase Agreement between Tree.com, Inc. and Douglas R. Lebda, dated May 10, 2010*	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q (No. 001-34063) filed May 12, 2010
10.29	Credit Agreement by and among LendingTree, LLC, LendingTree, Inc. and SunTrust Bank, dated October 22, 2015	Exhibit 99.1 to the Registrant's Quarterly Report on Form 10-Q filed October 26, 2015
10.30	First Amendment to Credit Agreement by and among LendingTree, LLC, LendingTree, Inc. and SunTrust Bank, dated February 25, 2016	
10.31	Agreement of Purchase and Sale, by and among LendingTree, LLC and an affiliate of Greenstreet Real Estate Partners, L.P., dated October 17, 2016	
10.32	First Amendment to Purchase and Sale, by and among LendingTree, LLC and an affiliate of Greenstreet Real Estate Partners, L.P., dated November 28, 2016	

Exhibit Number	Description	Location
10.33	Employment Agreement between LendingTree, Inc. and Neil Salvage, dated August 2, 2013*	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed May 10, 2016
10.34	Letter Agreement between LendingTree, Inc. and Neil Salvage, dated January 15, 2015*	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed May 10, 2016
10.35	Employment Agreement between LendingTree, Inc. and Neil Salvage † dated November 28, 2016*	
10.36	Letter Agreement between LendingTree, Inc. and Neil Salvage dated † November 28, 2016*	
21.1	Subsidiaries of LendingTree, Inc.	†
23.1	Consent of independent registered public accounting firm.	†
24.1	Power of Attorney (included on signature page of this Annual Report † on Form 10-K)	†
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) † or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	†
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) † or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	†
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. †† Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	††
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. †† Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	††
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	†††
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	†††
101.INS	XBRL Instance Document	†††
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	†††
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	†††
101.SCH	XBRL Taxonomy Extension Schema Document	†††

† Filed herewith

†† This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Exchange Act and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

††† Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under those sections.

\* Management contract or compensation plan or arrangement.



\*\* Certain schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of all omitted schedules to the SEC upon its request.

+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment and this exhibit has been submitted separately to the SEC.

**ITEM 16. Form 10-K Summary**

Not applicable.

**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.

Date: February 28, 2017

LendingTree, Inc.

By:           /s/ DOUGLAS R. LEBDA            
 Douglas R. Lebda  
*Chairman and Chief Executive Officer*

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Katharine Pierce as his or her true and lawful attorney and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney and agent may lawfully do or cause to be done by virtue hereof.

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 indicated and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>          /s/ DOUGLAS R. LEBDA          </u> Douglas R. Lebda	Chairman, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	February 28, 2017
<u>          /s/ GABRIEL DALPORTO          </u> Gabriel Dalporto	Chief Financial Officer <i>(Principal Financial Officer)</i>	February 28, 2017
<u>          /s/ CARLA SHUMATE          </u> Carla Shumate	Senior Vice President and Chief Accounting Officer <i>(Principal Accounting Officer)</i>	February 28, 2017
<u>          /s/ NEAL DERMER          </u> Neal Dermer	Director	February 28, 2017
<u>          /s/ ROBIN HENDERSON          </u> Robin Henderson	Director	February 28, 2017
<u>          /s/ PETER HORAN          </u> Peter Horan	Director	February 28, 2017
<u>          /s/ STEVEN OZONIAN          </u> Steven Ozonian	Director	February 28, 2017
<u>          /s/ SARAS SARASVATHY          </u> Saras Sarasvathy	Director	February 28, 2017
<u>          /s/ CRAIG TROYER          </u> Craig Troyer	Director	February 28, 2017

## FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Agreement") is made and entered into as of February 25, 2016, by and among LENDINGTREE, LLC, a Delaware limited liability company (the "Borrower"), LENDINGTREE, INC., a Delaware corporation ("Parent"), the other Loan Parties (as defined in the Credit Agreement referred to below), the Lenders (as defined below) party hereto, and SUNTRUST BANK, as the administrative agent for itself and on behalf of the Lenders (in such capacity, the "Administrative Agent").

## W I T N E S S E T H :

WHEREAS, the Borrower, Parent, the financial institutions from time to time party thereto (the "Lenders"), and the Administrative Agent have executed and delivered that certain Credit Agreement dated as of October 22, 2015 (as the same may be amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"); and

WHEREAS, the Borrower has requested that the Lenders agree to amend certain provisions of the Credit Agreement as set forth herein, and the Administrative Agent and the Lenders party hereto have agreed to such amendments, in each case subject to the terms and conditions hereof.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, each of the parties hereto hereby covenants and agrees as follows:

SECTION 1. Definitions. Unless otherwise specifically defined herein, each term used herein (and in the recitals above) which is defined in the Credit Agreement shall have the meaning assigned to such term in the Credit Agreement. Each reference to "hereof," "hereunder," "herein," and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

SECTION 2. Amendments to Credit Agreement.

(a) Amendments to Section 1.1. The following new definitions are hereby added to Section 1.1 of the Credit Agreement in appropriate alphabetical order:

"Specified Cash Contribution" shall mean capital contributions to Parent made in cash or the net cash proceeds from Permitted Capital Stock Issuances actually received by Parent.

"Specified Cash Contribution Amount" shall mean the aggregate amount of Specified Cash Contributions made after the Closing Date.

"Permitted Capital Stock Issuance" shall mean any sale or issuance of any Qualified Capital Stock of Parent to the extent permitted hereunder.

"Qualified Capital Stock" shall mean any Capital Stock that is not Disqualified Capital Stock.

(b) Amendments to Section 7.5(f). Section 7.5(f) of the Credit Agreement is amended and restated in its entirety so that it reads as follows:

(f) other Restricted Payments made by Parent or any Subsidiary of Parent so long as (i) the aggregate amount of Restricted Payments made pursuant to this clause (f) since the Closing Date does not exceed the sum of (A) \$50,000,000, plus (B) 50% of cumulative Excess Cash Flow for the period commencing on January 1, 2016, and ending on the first day of the most recent Fiscal Year beginning before such Restricted Payment is made, plus (C) the Specified Cash Contribution Amount, (ii) no Default or Event of Default shall have occurred and be continuing at the time such Restricted Payment is made, (iii) the Consolidated Leverage Ratio is less than or equal to 2.75 to 1.00, calculated on a Pro Forma Basis as of the last day of the most recently ended Fiscal Quarter for which financial statements are required to have been delivered pursuant to Section 5.1(a) or (b), and (iv) after giving effect to such Restricted Payment, the Loan Parties shall have Liquidity of at least \$20,000,000.

SECTION 3. Conditions Precedent. This Agreement shall become effective only upon satisfaction or waiver of the following conditions precedent except as otherwise agreed between the Borrower, Parent, and the Administrative Agent:

(a) the Administrative Agent's receipt of this Agreement duly executed by each of (i) the Loan Parties, (ii) the Required Lenders, and (iii) the Administrative Agent; and

(b) the Borrower shall have paid all fees, costs and expenses owed by the Borrower to the Administrative Agent or any of its Affiliates, without limitation, reasonable fees, charges and disbursements of counsel for the Administrative Agent.

SECTION 4. Miscellaneous Terms.

(a) Loan Document. For avoidance of doubt, the Loan Parties, the Lenders party hereto, and the Administrative Agent each hereby acknowledges and agrees that this Agreement is a Loan Document.

(b) Effect of Agreement. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding, and enforceable obligations of the Loan Parties.

(c) No Novation or Mutual Departure. The Loan Parties expressly acknowledge and agree that (i) there has not been, and this Agreement does not constitute or establish, a novation with respect to the Credit Agreement or any of the other Loan Documents, or a mutual departure from the strict terms, provisions, and conditions thereof, other than with respect to the amendments contained in Section 2 above and (ii) nothing in this Agreement shall affect or limit the Administrative Agent's or any Lender's right to demand payment of liabilities owing from any Loan Party to the Administrative Agent or the Lender under, or to demand strict performance of the terms, provisions, and conditions of, the Credit Agreement and the other Loan Documents, to exercise any and all rights, powers, and remedies under the Credit Agreement or the other Loan Documents or at law or in equity, or to do any and all of the foregoing, immediately at any time after the occurrence of a Default or an Event of Default under the Credit Agreement or the other Loan Documents.

(d) Ratification. Each Loan Party hereby (i) restates, ratifies, and reaffirms all of its obligations and covenants set forth in the Credit Agreement and the other Loan Documents to which it is a party effective as of the date hereof and (ii) restates and renews each and every representation and warranty heretofore made by it in the Credit Agreement and the other Loan Documents as fully as if made on the date hereof and with specific reference to this Agreement and any other Loan Documents executed or delivered in connection herewith (except with respect to representations and warranties made as of an expressed date, in which case such representations and warranties shall be true and correct as of such date).

(e) No Default. To induce Lenders to enter into this Agreement, Borrower hereby acknowledges and agrees that, as of the date hereof, and after giving effect to the terms hereof, there exists (i) no Default or Event of Default and (ii) no right of offset, defense, counterclaim, claim, or objection in favor of Borrower or arising out of or with respect to any of the Loans or other obligations of Borrower owed to Lenders under the Credit Agreement or any other Loan Document.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

(g) Fax or Other Transmission. Delivery by one or more parties hereto of an executed counterpart of this Agreement via facsimile, telecopy, or other electronic method of transmission pursuant to which the signature of such party can be seen (including, without limitation, Adobe Corporation's Portable Document Format) shall have the same force and effect as the delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic method of transmission shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability, or binding effect of this Agreement.

(h) Recitals Incorporated Herein. The preamble and the recitals to this Agreement are hereby incorporated herein by this reference.

(i) Section References. Section titles and references used in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

(j) Further Assurances. The Loan Parties agree to take, at the Loan Parties' expense, such further actions as the Administrative Agent shall reasonably request from time to time to evidence the amendments set forth herein and the transactions contemplated hereby.

(k) Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(l) Severability. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

(m) Reaffirmation. Each Guarantor (i) consents to the execution and delivery of this Agreement, (ii) reaffirms all of its obligations and covenants under the Loan Documents to which it is a party, and (iii) agrees that none of its respective obligations and covenants shall be reduced or limited by the execution and delivery of this Agreement.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed by its duly authorized officer as of the day and year first above written.

**BORROWER:**

**LENDINGTREE, LLC**

By: /s/Gabriel Dalporto  
Name: Gabriel Dalporto  
Title: CFO

**PARENT AND GUARANTOR:**

**LENDINGTREE, INC.**

By: /s/Gabriel Dalporto  
Name: Gabriel Dalporto  
Title: CFO

**GUARANTORS:**

**HOME LOAN CENTER, INC.**

By: /s/Gabriel Dalporto  
Name: Gabriel Dalporto  
Title: Treasurer

**TREE.COM BU HOLDING COMPANY, INC.**

By: /s/Gabriel Dalporto  
Name: Gabriel Dalporto  
Title: Treasurer

**DEGREETREE, INC.** (for itself and as successor to Tree Home Services, Inc.)

By: /s/Gabriel Dalporto  
Name: Gabriel Dalporto  
Title: Treasurer

ADMINISTRATIVE AGENT AND LENDERS:

**SUNTRUST BANK**, as the Administrative Agent and a Lender

By: /s/ Brian Guffin

Name: Brian Guffin

Title: Director

**BANK OF AMERICA, N.A.,**  
as a Lender

By: /s/ Charles R. Dickerson  
Name: Charles R. Dickerson  
Title: SVP



**JPMORGAN CHASE BANK, N.A.,**  
as a Lender

By: /s/ Justin Kelley  
Name: Justin Kelley  
Title: Executive Director

**FIFTH THIRD BANK,**  
as a Lender

By: /s/ Jim Barber  
Name: Jim Barber  
Title: Vice President

**ROYAL BANK OF CANADA,**  
as a Lender

By: /s/ Christian Gutierrez

Name: Christian Gutierrez

Title: Authorized Signatory

[\*\*\*] - Confidential portions of this document have been redacted and filed separately with the Commission.

## PURCHASE AND SALE CONTRACT

### 1. PARTIES.

This Purchase and Sale Contract (this "Contract") is made between REXFORD PARK INVESTORS, LLC, a Delaware limited liability company ("Seller"), and LENDINGTREE, LLC, a Delaware limited liability company ("Purchaser").

### 2. PROPERTY.

For and in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase and take from Seller, subject to and in accordance with all of terms and conditions of this Contract, all of the Seller's right, title, and interest in and to all of the following described property including any and all rights to oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with the same (collectively, the "Property"):

**2.1 Land.** The land more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Land") commonly known as Rexford Park I & II located at 2100 and 2115 Rexford Road, Charlotte, North Carolina, together with all of Seller's right, title and interest in and to all easements and other appurtenances (if any) to the Land.

**2.2 Improvements.** All buildings, structures and other improvements located on the Land and equipment serving the same (collectively, the "Improvements"). The Land and Improvements are collectively referred to herein as the "Real Property".

**2.3 Leases.** The Seller's interest as landlord in, to and under all leases relating to the Property, or any portion thereof, as amended from time to time, and in effect on the date of Closing, as hereinafter defined (collectively, the "Leases") and all guaranties (if any) relating to the Leases.

**2.4 Contracts.** The Seller's interest as the owner of the Property in, to and under the contracts and agreements relating to the Property with the parties identified in Exhibit "B" or are hereafter executed by Seller in accordance with Section 7.1.3 of this Contract, which in either case remain in effect on the date of Closing (collectively, the "Property Agreements"), excluding the existing management and leasing agreements which will be terminated at or prior to the Closing.

**2.5 Tangible Property.** All tangible personal property used by Seller in connection with the ownership or operation of the Improvements, provided the same are now owned or are acquired by Seller prior to the Closing (collectively, the "Tangible Property").

**2.6 Intangible Property.** To the extent assignable or transferable, all plans and specifications for the Improvements and any permits, approvals, licenses, warranties and intangible personal property, if any, relating to the Property (collectively, the "Intangible Property").

### 3. CONSIDERATION.

**3.1 Purchase Price; Earnest Money.** The purchase price for the Property shall be Twenty-Four Million Nine Hundred Thousand and No/100 Dollars (\$24,900,000.00) (the "Purchase Price"), which shall be paid as follows:

- (a) Five Hundred Thousand Dollars (\$500,000.00) (the "First Deposit") shall be deposited by Purchaser into escrow with Chicago Title Insurance Company, 200 S. Tryon Street, Suite 800, Charlotte, NC 28202, Attention: Scott Mansfield ("Escrow Agent") in immediately available funds no later than three (3) Business Days (as defined below) after the execution of this Contract by Purchaser and Seller (the date on which the later of Seller or Purchaser executes this Contract and delivers a copy to the counterparty is called the "Effective Date");
- (b) An additional Five Hundred Thousand Dollars (\$500,000.00) (the "Second Deposit") in immediately available funds shall be deposited by Purchaser into escrow with Escrow Agent no later than three (3) Business Days after the expiration of the Due Diligence Period (as defined below); and

- (c) The balance of the Purchase Price, subject to the adjustments, credits and proration provided in this Contract, shall be deposited by Purchaser into escrow with the Escrow Agent in immediately available funds on or prior to the Closing Date as required by Section 9.3 to allow for the consummation of the Closing pursuant to this Contract on the Closing Date.

The First Deposit and Second Deposit shall, upon receipt, be deposited by the Escrow Agent into a non-interest bearing account or, if elected by Purchaser, in an interest-bearing account, with such interest reportable as interest earned by Purchaser. If the Purchaser fails to make the First Deposit as required under Section 3.1(a) above, then this Contract shall automatically terminate and become null and void, and neither party shall have any further rights or obligations under this Contract. The First Deposit and the Second Deposit, when made, and all accrued interest, if any, on such deposits are collectively called the "Earnest Money." All fees or costs charged by Escrow Agent for depositing the Earnest Money in an interest bearing account shall be paid by Purchaser. Seller and Purchaser shall execute all documents reasonably required by Escrow Agent in connection with the Earnest Money.

**3.2 Further Application of Earnest Money.** In the event that the Closing is consummated, all Earnest Money will be applied in partial satisfaction of the Purchase Price. If, however, the Closing is not consummated, the Earnest Money will be delivered to Seller as liquidated damages as provided in Section 12.2 or returned to Purchaser by the Escrow Agent as elsewhere expressly provided in this Contract.

**3.3 Dispute as to Earnest Money.** The Escrow Agent shall hold in and disburse from escrow any monies and documents held by it under this Contract in accordance with the terms and provisions of this Contract. The Escrow Agent shall not be liable for any actions taken by it in good faith, but only for its breach of its obligations under this Contract, negligence or willful misconduct. Each party agrees to indemnify and hold the Escrow Agent harmless from and against any and all claims, demands, losses, liabilities, damages, fees, costs and expenses (including reasonable attorneys' fees and costs through all trial, appellate and post-judgment levels and proceedings) which the Escrow Agent may incur in its capacity as escrow agent under this Contract, except for any such claim, demand, loss, liability, damage, fee, cost and/or expense incurred as a result of the Escrow Agent's breach of its obligations under this Contract, negligence or willful misconduct. In the event of a dispute with respect to the right to receive the Earnest Money, the Escrow Agent may interplead the Earnest Money into a court of competent jurisdiction. All reasonable attorneys' fees and costs and Escrow Agent's costs and expenses incurred in connection with such interpleader will be assessed against the party that is not awarded the Earnest Money or, if the Earnest Money is distributed in part to both parties, then in the inverse proportion of such distribution.

**3.4 Independent Consideration.** Notwithstanding anything to the contrary contained herein, One Hundred and No/100 Dollars (\$100.00) of the Earnest Money shall be paid to Seller as independent consideration for entering into this Contract (the "Independent Consideration"), and shall be non-refundable to Purchaser in all events, and Seller acknowledges that said amount is adequate consideration therefor. In the event that the Earnest Money is returned to Purchaser for any reason, the Independent Consideration shall be paid to Seller.

#### **4. TITLE AND SURVEY.**

**4.1 Title Commitment and Documents.** Purchaser acknowledges that Seller has made available to Purchaser copies of the following: (a) the Owner's Policy of Title Insurance issued in connection with Seller's acquisition of the Land, and (b) Seller's survey of the Land (such survey and any updated survey obtained by Purchaser at Purchaser expense are collectively called the "Survey"). Promptly after the Effective Date, Purchaser shall order from Chicago Title Insurance Company (the "Title Company") for delivery to Purchaser with a copy to Seller, a current commitment for title insurance for the Real Property (the "Title Commitment") to be issued by the Title Company to Purchaser in the amount of the Purchase Price, setting forth the matters (the "Title Exceptions") that the Title Company determines affect title to the Real Property. Purchaser shall be entitled to obtain an updated Survey of the Land and Improvements and certified to Seller, Purchaser and Purchaser's lender (if any). The updated Survey shall be obtained by Purchaser at Purchaser's expense, but Seller shall provide a \$600 credit to Purchaser at Closing to defray a portion of the surveying costs.

**4.2 Review of Title Commitment, Survey and Exception Documents.** Purchaser will have from the Effective Date until five (5) Business Days prior to the expiration of the Due Diligence Period ("Title Review Period") within which to deliver to Seller written notice specifying Purchaser's objections, if any, to the Title Commitment, Title Exceptions and/or matters reflected on the Survey, provided, however, that in no event shall Purchaser have the right to object to any of the matters described on Exhibit "C" attached hereto (the "Existing Exceptions"). The Purchaser's objections to the Title Commitment, Title Exceptions and/or Survey that are timely raised by Purchaser in compliance with this Section 4.2 are collectively called the "Title Objections."

**4.3 Purchaser's Right to Terminate.** If Purchaser timely notifies Seller in writing of Title Objections prior to the expiration of the Title Review Period, Seller will, within five (5) Business Days after Seller's receipt of Purchaser's notice (such 5-Business Day period is called the "Seller Notice Period"), notify Purchaser in writing ("Seller's Title Notice") of the Title Objections that Seller will attempt to cure at Seller's sole cost and expense and/or of the Title Objections that Seller cannot or will not cure at Seller's expense; provided, however, that notwithstanding anything to the contrary provided herein, Seller shall be required to take the following actions regarding any Title Objections that are timely raised by Purchaser:

(a) satisfy all mortgages, deeds of trust, liens and similar monetary encumbrances on the Real Property (provided the same are in a liquidated amount) that have been executed by Seller, and satisfy or transfer to bond all liens that arise in connection with any work or services performed or materials, supplies or other property delivered to the Real Property at the request of Seller and all judgments in a liquidated amount against Seller, other than non-delinquent taxes and assessments (collectively, "Seller's Liens");

(b) pay any delinquent taxes or other amounts then due and payable by Seller to any governmental entity and relating to any period prior to the Closing (but Seller shall not be required to pay any such amounts that are payable by any tenant of the Property); and

(c) cure any title matters adversely affecting the marketability of the Property that are timely objected to by Purchaser and may be cured at or prior to the Closing with the expenditure of an aggregate amount of \$25,000.00 or less.

The Title Objections that Seller is required to address in accordance with clauses (a), (b) and (c) are collectively called the "Required Cure Items." Failure by Seller to timely respond to the Purchaser's Title Objections shall be deemed Seller's decision not to cure any Title Objections other than the Required Cure Items. If Seller elects within the Seller Notice Period not to attempt to cure any of the Title Objections that have been timely raised by Purchaser other than the Required Cure Items, Purchaser has the option, exercisable by the delivery of written notice to Seller within five (5) Business Days after the earlier to occur of the receipt of Seller's Title Notice or the expiration of the Seller Notice Period (the "Purchaser Notice Period") to either (i) waive the uncured Title Objections, in which event the unsatisfied Title Objections (other than the Required Cure Items) will become Permitted Exceptions (hereinafter defined), or (ii) terminate this Contract, in which event the Earnest Money will be returned to Purchaser and upon such return neither Seller nor Purchaser will have any further obligations under this Contract except under any provisions that survive the termination of this Contract by their express terms. If Purchaser fails to notify Seller in writing before the expiration of the Purchaser Notice Period that Purchaser has elected to terminate this Contract pursuant to clause (ii) above, then Purchaser shall be deemed to have waived and accepted the uncured Title Objections (other than the Required Cure Items) as provided in clause (i) above. If after Purchaser has given its notice of Title Objections to Seller, the Title Company issues continuation reports or other written evidence indicating any new Title Exceptions which are not Permitted Exceptions and Purchaser delivers written notice thereof to Seller prior to the earlier to occur of (x) five (5) Business Days after Purchaser's receipt of such continuation report or other written evidence or (y) the Closing Date, then this Section 4.3 shall apply to such new Title Exceptions.

(d) If Seller shall have elected to attempt to cure the Title Objections (other than the Required Cure Items) and does not cure such Title Objections by the date on which the Closing is to occur, then Purchaser shall have the right (exercisable within five (5) Business Days of Seller's notification of its inability to cure or, if no such notification is delivered by Seller, on or prior to the Closing Date) to terminate this Contract, in which event the Earnest Money will be returned to Purchaser and upon such return neither Seller nor Purchaser will have any further obligations under this Contract except under any provisions that survive the termination of this Contract by their express terms. If Purchaser does not terminate this Contract in accordance with the immediately preceding sentence, then Purchaser shall be deemed to have elected to accept the uncured Title Objections (other than the Required Cure Items) and to purchase the Property subject thereto, with no adjustment, abatement or offset to the Purchase Price as a result of the existence of such uncured Title Objections. Notwithstanding anything to the contrary provided herein, Seller shall be entitled to cure any Title Objections at the Closing through the use of the Closing proceeds or otherwise.

**4.4 Permitted Exceptions.** For purposes of this Contract the term "Permitted Exceptions" will mean, collectively, the following: (a) all Existing Exceptions, (b) all Title Exceptions to which Purchaser has not timely objected, and (c) all Title Objections which Purchaser has waived, accepted or is deemed to have waived or accepted (other than the Required Cure Items, which Seller shall be obligated to remove at or prior to the Closing) under this Section 4.

## **5. DUE DILIGENCE PERIOD.**

**5.1 Items to be Delivered by Seller.** Within five (5) Business Days after the Effective Date, Seller shall make available to Purchaser (through a website or any other method) copies of the items described on Exhibit "D" relating to the Property to the extent in Seller's possession or control (collectively, the "Seller's Deliverables").

**5.2 Items Available to Purchaser.** Seller shall make available to Purchaser, promptly after Purchaser's request therefor, such other items of information relating to the Property reasonably requested by Purchaser that are in Seller's possession or control and that relate exclusively to the Property; provided, however, in no event shall Seller be required to make available to Purchaser books, records or files (whether in a printed or electronic format) that consist of or contain any of the following except to the extent the same are included in the Seller's Deliverables: appraisals; strategic plans, budgets, forecasts and similar forward-looking information for the Property; internal analyses; information regarding the Property that is embedded in information concerning the business, affairs and/or property of any affiliate of Seller; information related to, or obtained by Seller in connection with, Seller's purchase of the Property or any financing of the Property; communications and information related to the marketing of the Property for sale or any other sales contract relating to the Property; communications and information pertaining to any sale of the Property, including any materials provided to any prospective purchaser by Seller; internal communications among employees of Seller and/or any affiliate of Seller; communications or historical information pertaining to the Leases and the Property Agreements (or the negotiation thereof) excluding (a) any correspondence regarding any default or alleged default by Seller or a Tenant that, in either case, has not been cured or (b) information relating to any open Property expense billings.

**5.3 Due Diligence Period.** During the period (the "Due Diligence Period") commencing with the Effective Date and ending at 5:00 pm, Eastern time, on the date that is forty (40) days after the Effective Date (the "Termination Date"), Purchaser will have the option and right to conduct such investigations, inspections, analyses, surveys, tests, examinations, studies, and appraisals of the Property and to research and examine all governmental records, zoning, development rights and other public information relating to the Property, as Purchaser deems necessary or desirable, at Purchaser's sole cost and expense, to determine if the Property is suitable for Purchaser's purposes; provided, however, any entry onto, or physical examination, inspection or testing of, the Property (a) must be scheduled in advance with Seller and comply with the provisions of Section 5.4, (b) may be performed only after the delivery by Purchaser of the insurance certificate required under Section 5.4, and (c) shall be subject to, and must be conducted in full compliance with, the terms of the Leases and this Contract. Purchaser shall deliver to Seller copies of all third party inspection reports received by Purchaser or any other written notices received by Purchaser identifying any potential violations of law promptly after receipt by Purchaser of such third party inspection reports or other notices. Upon any termination of this Contract, Purchaser shall deliver to Seller, without recourse to Purchaser, a copy of any third party written reports received by Purchaser as a result of the activities of or on behalf of Purchaser to the extent a copy has not previously been delivered to Seller. Purchaser shall cause to be repaired any physical damage to the Property caused by any entry on the Property and/or any activities performed by, for or on behalf of Purchaser under this Section 5 and shall restore the Property to the condition existing immediately prior to such entry and/or exercise of such activities. The obligations of Purchaser under this Section 5.3 shall survive the Closing or earlier termination of this Contract.

**5.4 Access.** To facilitate the Purchaser's physical inspections under Section 5.3 but subject to the rights of the tenants under the Leases and the full compliance with all terms and conditions of the Leases, from the later to occur of the Effective Date or the delivery of the insurance certificate required below until the Closing or the earlier termination of this Contract, Seller will provide Purchaser and Purchaser's agents, consultants, inspectors and representatives reasonable access to the Real Property upon at least one (1) Business Day's prior written or email notice from Purchaser to Seller (but in no event less than 24 hours' advance notice); provided, however, that (a) Seller shall have the right to accompany any person entering the Real Property for or on behalf of Purchaser, (b) Purchaser shall have no right to conduct any physical testing, boring, sampling or removal without the specific prior written consent of Seller after the submission by Purchaser to Seller of a work plan, which work plan Seller may modify, limit or disapprove in its reasonable discretion within three (3) Business Days following receipt of Purchaser's request, failing which Seller shall be deemed to have approved the work plan, (c) prior to any entry onto the Real Property, Purchaser must provide to Seller an insurance certificate evidencing that Purchaser has at least \$1,000,000 of public liability insurance that names Seller as an additional insured with respect to the Property, (d) during the Due Diligence Period, Purchaser shall have the right to conduct tenant interviews with any of the current tenants leasing 3,000 square feet or more of the Property, subject to at least three (3) Business Days' advance written or email notice by Purchaser to Seller and, at Seller's request, Seller's participation in any such interview, (e) notwithstanding the foregoing, the parties acknowledge that Purchaser's broker has a relationship with the tenant Campus Crest (which tenant is currently attempting to sublease its premises or assign its lease) and that Purchaser desires to relocate or terminate Campus Crest's lease following Closing, and that Purchaser's broker shall have the right to communicate and negotiate with Campus Crest without prior notice to Seller, provided any offer or agreement that Purchaser makes or enters into with Campus Crest shall be conditioned upon Purchaser acquiring the Property at Closing and shall not affect in any way any obligations or liabilities of Campus Crest or the lease guarantor to Seller (whether such obligations or liabilities arise before or after the Closing), and (f) except as provided in the foregoing subparagraphs (d) and (e), Purchaser shall not have the right to communicate with any of the tenants of the Property without the specific prior written or email consent of Seller, and Seller shall have the right to participate in any communications allowed by Seller. All requests for any entry on the Real Property shall be made to Mr. Bradley Safchik, 786-464-8327 (office); 305-951-1134 (mobile), or such other representative of Seller that may hereafter be designated by Seller. Purchaser will use all commercially reasonable efforts to minimize interference with the tenants under the Leases or their operations at the Real Property.

**5.5 Indemnity.** Purchaser agrees to indemnify, defend and hold Seller and its affiliates and their respective agents, members, partners, shareholders, directors, officers, employees and representatives, harmless from and against any liens, claims, demands, damages, losses and/or expenses (including, without limitation, reasonable attorneys' fees), suffered or incurred by Seller or its affiliates or their respective agents, members, partners, shareholders, directors, officers, employees and representatives, as a result of, arising out of, or in connection with, Purchaser or Purchaser's agents or representatives exercising any rights set forth in this Section 5 or arising from Purchaser or its agents or representatives otherwise entering upon the Real Property, except to the extent arising from the negligence or willful misconduct of Seller or its agents, members, partners, directors, officers or representatives; provided, however, that the foregoing indemnity shall not be applicable to any liens, claims, demands, damages, losses or expenses resulting solely from the discovery of any existing condition on, or information relating to, the Property. Purchaser will repair or cause to be repaired any damage caused by Purchaser or Purchaser's agents or representatives in the conduct of the review and/or inspection contemplated hereunder. The indemnification and other obligations of Purchaser in this Section 5.5 will survive the Closing or earlier termination of this Contract.

**5.6 Option to Terminate.** If Purchaser is not satisfied, in Purchaser's sole and absolute discretion, with the condition of the Property, or if Purchaser determines, in Purchaser's sole and absolute discretion, that the Property is unsuitable for Purchaser's purposes, or if Purchaser, in Purchaser's sole and absolute discretion, elects not to proceed with the transaction contemplated by this Contract, then Purchaser may terminate this Contract by giving written notice to Seller before 5 pm, Eastern time, on the Termination Date. In the event that Purchaser terminates this Contract in strict compliance with the provisions of this Section 5.6, the Earnest Money will be returned to Purchaser (except that the Independent Consideration shall be paid to Seller) and the parties will have no further obligations under this Contract except for return of the Earnest Money and any obligations that expressly survive the termination of this Contract. If Purchaser fails to notify Seller in writing before 5 pm, Eastern time, on the Termination Date that Purchaser has elected to terminate this Contract, then Purchaser shall no longer have any termination rights under this Section 5.6, the Earnest Money shall be nonrefundable except as otherwise expressly provided in this Contract, and the parties shall proceed to close the transaction contemplated hereby subject to and in accordance with the terms of this Contract.

Seller acknowledges that Purchaser is seeking certain Incentives (defined below) in connection with its acquisition of the Property and operation of its business therein, and that Purchaser is not obligated to acquire the Property without such Incentives. If such Incentives are not finally approved by Purchaser during the Due Diligence Period, then Purchaser may elect to terminate this Contract in accordance with the foregoing provisions of this Section 5.6. For the purposes hereof, "Incentives" shall mean any state, local and other economic incentives or other benefits from various state, local, utility and non-profit agencies that Purchaser or any other person, agency, or entity may seek to obtain for Purchaser's benefit, including but not limited to property tax rebates, credits, abatements, and cash grants.

**5.7 Property Agreements.** Purchaser shall notify Seller in writing prior to the expiration of the Due Diligence Period of those Property Agreements that Purchaser elects to assume at the Closing; provided that any Property Agreements which cannot be terminated by their terms or cannot be terminated without a penalty shall be required to be assumed by Purchaser at Closing. Seller shall terminate all Property Agreements (insofar as they affect the Property) other than Property Agreements that Purchaser elects to assume or is required to assume under this Contract. Seller shall not be required to pay any termination fee or penalty in connection with the termination of any Property Agreement.

## **6. REPRESENTATIONS AND WARRANTIES.**

**6.1 Seller's Representations and Warranties.** Seller makes the following warranties and representations to Purchaser as of the Effective Date, and such representations and warranties will be updated at Closing as provided in Section 6.2 below:

**6.1.1 Organization.** Seller is duly formed, validly existing and in good standing under the laws of the state of its organization.

**6.1.2 Authority.** Seller has the requisite power and authority, has taken all actions required by its organizational documents and applicable law, and has obtained all necessary consents, to execute and deliver this Contract and to consummate the transactions contemplated in this Contract. The person signing this Contract on behalf of Seller is authorized to do so. The performance of this Contract by Seller will not result in any breach of, or constitute any default under, any agreement, document, instrument, or other obligation to which Seller is a party or by which Seller or the Property is bound.

**6.1.3 Pending Actions.** To Seller's Knowledge (as defined below), there are no pending or threatened actions, suits, arbitrations or government investigations or any unsatisfied orders or judgments against Seller, which, if adversely determined, could individually or in the aggregate (a) materially interfere with the consummation of the transaction contemplated by this Contract, or (b) have a material adverse impact on the Property. To Seller's Knowledge, Seller has



not received notice of any pending or threatened condemnation or similar proceeding affecting the Property or any part thereof.

**6.1.4 Leases.** (a) The only Leases in effect as of the Effective Date are with the tenants identified on Exhibit "B"; (b) except as set forth on Exhibit "B", (i) all tenant improvements required under all Leases in existence on the Effective Date and the Additional Leases (as defined below) to be constructed by Seller have been completed, and (ii) all brokerage commissions payable under the Leases in existence on the Effective Date and the Additional Leases have been paid, (c) except as set forth in the Campus Crest Lease, no Tenant under any of the Leases (each, a "Tenant") has any option or right of first offer to purchase the Property; (d) except as set forth in the Leases, no Tenant has any right or option to lease additional space in the Property, extend the term of such Lease, put back to the landlord any space currently subject to such Tenant's Lease or terminate any Lease, (e) no written notice of default has been given or received by Seller with respect to any Lease that in either case remains uncured; (f) except as set forth on Exhibit "B", no Tenant has paid rent for more than one month in advance; (g) Seller has provided or will provide in accordance with Section 5.1 or Section 7.1.3, as applicable, of this Contract true and correct copies of the Leases to Purchaser; (h) except as set forth in Exhibit "B", Seller has not released or discharged in writing any guarantor under any lease guaranty pertaining to the Leases except as set forth in the Leases; (i) attached to this Contract as Exhibit "M" is a rent roll for the Leases (the "Rent Roll"), but Seller only represents that the Rent Roll consists of the rent roll used by Seller in its management of the Property supplemented by information on two (2) additional Leases (one with Medflow Holdings, LLC and the other with Blacka Jessup & Henderson LLP) that have been circulated for execution but have not been fully executed on the Effective Date (the "Additional Leases"), and Seller makes no further representations regarding the accuracy of the Rent Roll; and (j) attached to this Contract as Exhibit "N" is a list of security deposits currently held by Seller under the Leases.

**6.1.5 Property Agreements.** The only contracts and agreements pertaining to the Real Property in effect as of the Effective Date that will continue to be in effect after the Closing are with the parties identified in Exhibit "B". To Seller's Knowledge, Seller has received no written notice of default from any service provider that remains uncured, no written notice of default has been sent by Seller to a service provider and, to Seller's knowledge, all Property Agreements are in full force and effect. Seller has provided, or will provide in accordance with Section 5.1 or Section 7.1.3, as applicable, of this Contract, true and correct copies of the Property Agreements to Purchaser.

**6.1.6 Bankruptcy.** There are no attachments, executions, assignments for the benefit of creditors or proceedings under any bankruptcy or other debtor relief laws pending, or to Seller's Knowledge threatened, against Seller or its interest in the Property nor are any of the foregoing contemplated by Seller.

**6.1.7 FIRPTA.** Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code, as amended.

**6.1.8 Terrorist Organizations Lists.** Seller is not, and is not acting, directly or indirectly, for or on behalf of, any person named by the United States Treasury Department as a Specifically Designated National and Blocked Person, or for or on behalf of any person designated in Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism. Seller is not engaged in the transaction contemplated by this Contract directly or indirectly on behalf of, or facilitating such transaction directly or indirectly on behalf of, any such person.

**6.1.9 Violations.** To Seller's Knowledge as of the Effective Date, Seller has not received any written notices from any governmental authority of any uncured zoning, building, environmental protection, clean air, pollution, fire or health code violations with respect to the Property or uncured violations of any federal, state or local law pertaining to the Property.

**6.1.10 Possessory Rights.** Except as granted under the Leases or the Permitted Exceptions, Seller has not granted to any person or entity any possessory interest in or right to use any portion of the Property.

**6.1.11 Third Party Commitments.** Except for the Permitted Exceptions, Leases and Property Agreements and as otherwise expressly permitted hereunder, Seller has not made any commitment to any governmental authority, utility company, Tenant, or to any other entity, organization, group or individual, that in any instance would be binding upon the Property or the Purchaser after Closing.

**6.1.12 Tangible Property.** Seller owns the Tangible Property free and clear of mortgages, pledges, liens, security interests or other encumbrances other than those that will be satisfied or released at Closing and all claims or rights of others other than the rights of Tenants and their successors and assigns under the Leases.

As used in this Contract, the term "Seller's Knowledge" means the actual knowledge of Bradley Safchik, without imposing any duty of investigation or personal liability on such individual, and shall not include any imputed, implied or constructive knowledge of such individual. Seller represents and warrants that the foregoing individual is the representative of Seller that is most likely to have knowledge concerning the matters represented by Seller in this Section 6.1.

**6.2 Survival of Seller's Representations and Warranties.** Seller shall promptly notify Purchaser in writing if, to Seller's Knowledge, any facts, circumstances or events occur after the Effective Date that would make any of the representations or warranties contained in Section 6.1 untrue at the Closing. If any of the representations or warranties of Seller contained in this Contract, as updated as permitted under this Contract, are not made accurate by Seller on or prior to the Closing, Purchaser may elect, as its sole remedy (unless the same were made inaccurate by a willful act of Seller in violation of this Contract by Seller, in which case Section 12.1 shall be applicable), to terminate this Contract prior to the Closing, in which event the Earnest Money shall be returned to Purchaser and the parties shall have no further obligations under this Contract except for those obligations that survive termination by their express terms. If Purchaser does not elect to terminate this Contract, then the representations and warranties of Seller shall be updated at Closing to reflect all matters disclosed by Seller. The representations and warranties of Seller set forth in Section 6.1, as they may be updated at Closing, (i) shall survive Closing and expire two hundred seventy (270) days after the Closing Date (the "Survival Period") except to the extent, and only to the extent, if any, that Purchaser shall have given Seller written notice during such Survival Period which describes in reasonable detail the breach or alleged breach of such representations and warranties by Seller and, if curable, the curative actions requested by Purchaser, and which provides Seller with a reasonable period of time, not less than thirty (30) days, in which to resolve such matters to the reasonable satisfaction of Purchaser; and (ii) shall expire and be of no further force and effect two (2) years after the day the cause of action accrues (which the parties agree will be the Closing Date) with respect to any matters timely disclosed in a written notice delivered by Purchaser to Seller under subsection (i) hereof. Seller shall have no liability to Purchaser for a breach of any representation or warranty unless written notice containing a description of the specific nature of such breach shall have been given by Purchaser to Seller prior to the expiration of the Survival Period. Furthermore, notwithstanding anything to the contrary contained in this Contract, if the Closing shall have occurred: (a) Seller shall have no liability (and Purchaser shall make no claim against Seller) for a breach of any representation or warranty or any other obligation of Seller under this Contract or any document executed by Seller in connection with this Contract, unless the valid claims for actual damages incurred due to such breaches collectively exceed \$25,000.00; (b) the liability of Seller for a breach of a representation or warranty under Section 6.1 or the Seller Bringdown Certificate (as defined in Section 9.2.1 below) shall in no event exceed, in the aggregate, the amount of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00); and (c) in no event shall Seller be liable for any consequential or punitive damages, except in the case of fraud. Seller covenants and agrees that from and after the Closing until the last day of the Survival Period, Seller shall maintain a minimum net worth as determined in accordance with generally accepted accounting principles of not less than Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00); provided, however, that if any written claim is made and delivered to Seller prior to the last day of the Survival Period, Seller shall continue to maintain, until such claim has been finally adjudicated or settled and paid to the extent required by such judgment or settlement, a net worth of not less than the lesser of (i) \$750,000 or (ii) 125% of the reasonable amount required to satisfy such claim. Seller's obligations under this Section 6.2 shall survive the Closing.

**6.3 Purchaser's Representations and Warranties.** Purchaser makes the following warranties and representations to Seller, which warranties and representations shall be deemed to have been remade by Purchaser at the Closing and shall survive the Closing for the Survival Period:

**6.3.1 Organization.** Purchaser is duly organized, validly existing and in good standing under the laws of the state of its organization.

**6.3.2 Authority.** Purchaser has the requisite power and authority, has taken all actions required by its organizational documents and applicable law, and has obtained all necessary consents, to execute and deliver this Contract and to consummate the transactions contemplated in this Contract. The person signing this Contract on behalf of Purchaser is authorized to do so. Performance of this Contract by Purchaser will not result in any breach of, or constitute any default under, any agreement or other instrument to which Purchaser is a party or by which Purchaser is bound.

**6.3.3 Bankruptcy.** There are no attachments, executions, assignments for the benefit of creditors or proceedings under any bankruptcy or other debtor relief laws pending, or to the actual knowledge of Purchaser threatened, against Purchaser nor are any of the foregoing contemplated by Purchaser.

**6.3.4 Terrorist Organizations Lists.** Purchaser is not acting, directly or indirectly, for or on behalf of any person named by the United States Treasury Department as a Specifically Designated National and Blocked Person, or for or on behalf of any person designated in Executive Order 13224 as a person who commits, threatens to commit, or

supports terrorism. Purchaser is not engaged in the transaction contemplated by this Contract directly or indirectly on behalf of, or facilitating such transaction directly or indirectly on behalf of, any such person.

**6.3.5 No Litigation.** There is no litigation pending or, to Purchaser's knowledge, threatened against Purchaser, which if adversely determined would materially adversely affect Purchaser's ability to enter into or perform this Contract.

7. **SELLER'S COVENANTS.**

**7.1 Covenants regarding Property.** Between the Effective Date and the Closing, Seller shall:

**7.1.1 Maintain Property.** Maintain the portions of the Property that Seller is required to maintain under the Leases in the ordinary course of business consistent with the practices and procedures of Seller in effect as of the Effective Date, ordinary wear and tear and damage from casualty or condemnation excepted; provided, however, that notwithstanding the foregoing, Seller shall have no obligation to cure any violation of any law, ordinance or other governmental requirement or any physical condition that would give rise to a violation of any law, ordinance or other governmental requirement, whether the same exists as of the Effective Date or prior to Closing (each a "Violation") except for any Violations that, in the reasonable determination of Seller, can be cured prior to the Closing by an aggregate expenditure of \$100,000 or less and for which Seller has received, prior to the Closing, written notice from the relevant governmental authority that the Violation exists. Seller shall promptly send to Purchaser a copy of all written notices of a Violation it receives from relevant governmental authorities. If (a) any written notice of a Violation is received by Purchaser after the expiration of the Due Diligence Period that (i) does not result from any communications by the Purchaser or its agents or representatives with the relevant governmental authority and (ii) does not relate to a matter that Purchaser knew constituted a violation of law prior to the expiration the Due Diligence Period as a result of the identification of such matter in a third party report or a written notice received by Purchaser, and (b) Seller is not obligated to cure such noticed Violation in accordance with the foregoing provisions, then Purchaser shall have the right to terminate this Contract by delivering written notice thereof to Seller within five (5) Business Days following Purchaser's receipt of the written notice of the Violation if Seller does not, at Seller's option, agree either (i) to cure the violation at Seller's cost and, if the cure has not been completed by Closing, deposit in escrow with the Title Company the reasonably estimated unpaid cost therefor for disbursement in payment of the costs of Seller's curative action (with any undisbursed sums be disbursed to Seller upon the completion of the curative action), or (ii) to provide a credit to Purchaser at Closing in an amount equal to the reasonably unpaid estimated cost to cure the violation. If Seller elects to provide a credit pursuant to clause (ii) above, then Seller shall have no further obligation in connection with the Violation and Purchaser shall be responsible for the cure thereof.

**7.1.2 Insurance.** Maintain all casualty, liability, and hazard insurance currently in force with respect to the Property or other replacement insurance that is reasonably comparable to the existing insurance; and

**7.1.3 Property Operation.** Between the Effective Date and the date which is five (5) Business Days prior to the expiration of the Due Diligence Period (the "Seller Discretion Period"), Seller may lease, operate, manage, and enter into contracts with respect to the Property in the ordinary course of business consistent with the practices and procedures of Seller prior to the date hereof, subject to the limitations contained below in this Section 7.1.3. During the Seller Discretion Period, Seller shall (i) promptly notify Purchaser in writing of the commencement of any negotiations pertaining to the modification of any existing Leases or Property Agreements or the execution of any new Leases or Property Agreements that will affect the Property after the Closing, (ii) promptly send to Purchaser a copy of all written offers, letters of intent, leases, lease amendments, contracts and contract amendments, in each case, that pertain to the modification of any existing Lease or Property Agreement or any new Lease or Property Agreement that are received from or sent to Seller, other than any such documents sent between Seller and any of its affiliates or any employees, counsel, agents or advisors of Seller or any of its affiliates, and (iii) prior to the expiration of the Seller Discretion Period, send Purchaser a true and complete copy of any modifications of any Lease or Property Agreement or new Leases or Property Agreements that Seller enters into accompanied by a statement of all Purchaser Leasing Costs (as defined in Section 10.3.4) that Purchaser would be responsible for under Section 10.3.4 hereof. Seller hereby notifies Purchaser that the Additional Leases have been sent to the tenants thereunder for execution. Following the expiration of the Seller Discretion Period, Seller shall not enter into any new lease, Lease modification, Property Agreement modification or contract that cannot be terminated prior to the Closing without the prior written approval of Purchaser (which approval may be given or withheld in Purchaser's sole discretion). Notwithstanding the foregoing, in no event (even during the Seller Discretion Period) shall Seller (a) apply any tenant security deposits unless the applicable lease is terminated and the tenant thereunder has vacated its premises, (b) initiate any zoning reclassification of the Property or seek any variance under existing zoning ordinances applicable to the Property, or (c) impose any additional restrictive covenants or

encumbrances on the Property (other than exceptions to be removed by Closing) or execute or file any subdivision plat affecting the Property. If Purchaser fails to give Seller notice of its approval or disapproval, together with the reason for any disapproval, of any proposed action requiring its approval under this Section 7.1.3 within three (3) Business Days after Seller notifies Purchaser in writing of the proposed action, then Purchaser shall be deemed to have given its disapproval. The representations and warranties of Seller shall be updated at Closing to reflect any leases and contracts executed by Seller as permitted by the provisions of this Section 7.1.3. Seller shall promptly provide to Purchaser copies of all documents executed by Seller pursuant to this Section 7.1.3.

**7.2 Marketing of Property.** Between the Effective Date and the Closing, Seller shall not market the Property for sale and shall not accept or negotiate any letter of intent to sell the Property or sales agreement with respect to the Property (other than this Contract).

**7.3 Estoppels and SNDAs.**

**7.3.1** After the expiration of the Due Diligence Period, Seller shall use commercially reasonable efforts to obtain and deliver to Purchaser, prior to Closing, an estoppel letter in substantially the form attached hereto as Exhibit "E" executed by each of the Tenants; provided, however, that if any Tenant is permitted under the terms of its Lease to provide less information or to otherwise make different statements or provide a different form of estoppel certification, then if the tenant refuses to provide an estoppel letter in the form of Exhibit "E", Seller shall use commercially reasonable efforts to obtain an estoppel certificate in accordance with the relevant Lease. Any estoppel letter in substantially the form of Exhibit "E" or that complies with the provisions of the relevant Lease is called a "**Tenant Estoppel**". Commercially reasonable efforts shall not include the payment of any sums by Seller to any Tenant, the incurrance of any other liability to any Tenant, or the granting of any other concession to any Tenant.

**7.3.2** Within five (5) days after the delivery by Purchaser to Seller of a completed subordination, non-disturbance and subordination form for any Lease, Seller shall send to the Tenants under any Leases identified by Purchaser, for execution by each of the relevant Tenants, a subordination, non-disturbance and attornment agreement ("SNDA") in favor of Purchaser's lender on Purchaser's lender's standard form; provided, however, that notwithstanding the foregoing (a) in no event shall Seller be required to send an SNDA to any Tenant prior to the expiration of the Due Diligence Period, and (b) the failure of any such Tenant to execute and deliver an SNDA shall not affect any of the obligations of the Purchaser under this Contract or be a condition to Purchaser's obligation to close the purchase of the Property. Purchaser acknowledges and agrees that this Contract and the Purchaser's obligations hereunder are not contingent upon the receipt by Purchaser of loan or other financing in connection with the Property regardless of the provisions of this Section 7.3.2 or any reference in this Contract to any lender of or loan to Purchaser.

**8. "AS IS" SALE.**

**8.1 Seller's Deliveries.** Except as otherwise expressly provided in this Contract or in the Seller Documents (defined in Section 8.2 below), any and all materials, reports, studies or other items furnished by Seller or on Seller's behalf, whether or not required by the terms of this Contract (including but not limited to the Seller's Deliverables) are delivered without representation or warranty, express or implied, by Seller as to the truth, accuracy and completeness thereof, and any reliance thereon by the Purchaser shall be at Purchaser's own risk, without any recourse against Seller and subject to Purchaser's independent examination.

**8.2 AS-IS SALE.** PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS IS, WHERE IS AND WITH ALL FAULTS" BASIS SUBJECT, HOWEVER, TO THE EXPRESS REPRESENTATIONS OF SELLER CONTAINED IN THIS CONTRACT OR THE DEED (AS DEFINED BELOW) OR OTHER CLOSING DOCUMENTS. THE OCCURRENCE OF CLOSING SHALL CONSTITUTE AN ACKNOWLEDGMENT BY PURCHASER THAT THE PROPERTY WAS ACCEPTED WITHOUT PRESENTATION OR WARRANTY, EXPRESS OR IMPLIED EXCEPT FOR THE REPRESENTATIONS CONTAINED IN THIS CONTRACT OR THE DEED OR OTHER CLOSING DOCUMENTS EXECUTED BY SELLER (THE DEED AND SUCH OTHER CLOSING DOCUMENTS ARE COLLECTIVELY CALLED THE "SELLER DOCUMENTS"). EXCEPT FOR THE WRITTEN REPRESENTATIONS SPECIFICALLY SET FORTH IN THIS CONTRACT OR THE SELLER DOCUMENTS, SELLER HEREBY SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTEES OF ANY KIND OR CHARACTER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, FUTURE OR OTHERWISE, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY, ITS CONDITION (PHYSICAL, FINANCIAL OR OTHERWISE), THE OPERATION OF, ACCESS TO, OR THE FITNESS FOR ANY SPECIFIC PURPOSE OR USE, MERCHANTABILITY, HABITABILITY, OR THE LIE AND TOPOGRAPHY, OF ALL OR ANY PORTION OF THE PROPERTY, THE EXISTENCE, LOCATION OR AVAILABILITY OF UTILITY LINES FOR WATER, SEWER, DRAINAGE, ELECTRICITY OR ANY OTHER UTILITY, THE INCOME-PRODUCING POTENTIAL OF THE PROPERTY, THE LAWS,

REGULATIONS AND RULES APPLICABLE TO THE PROPERTY OR THE COMPLIANCE (OR NON-COMPLIANCE) OF THE PROPERTY THEREWITH, ANY ENVIRONMENTAL LAWS, REGULATIONS AND RULES (OR OTHER LAWS RELATIVE TO HAZARDOUS MATERIALS) APPLICABLE TO THE PROPERTY OR THE COMPLIANCE (OR NON-COMPLIANCE) OF THE PROPERTY THEREWITH, THE QUANTITY, QUALITY OR CONDITION OF THE ARTICLES OF PERSONAL PROPERTY INCLUDED IN THE TRANSACTIONS CONTEMPLATED HEREBY, THE PERMITTED USE OF THE PROPERTY OR ANY PART THEREOF OR ANY OTHER MATTER OR THING AFFECTING OR RELATING TO THE PROPERTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. PURCHASER ACKNOWLEDGES THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. WITHOUT LIMITING ANY EXPRESS REPRESENTATIONS CONTAINED IN THIS CONTRACT OR THE SELLER DOCUMENTS, PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT (1) ALL INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE SELLER'S DELIVERABLES) WAS OR WILL BE OBTAINED FROM A VARIETY OF SOURCES AND (A) SUCH INFORMATION HAS BEEN AND WILL BE PROVIDED WITHOUT ANY RECOURSE TO OR LIABILITY OF SELLER OR THE PREPARES THEREOF, AND (B) SELLER (I) HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND (II) HAS NOT MADE ANY EXPRESS OR IMPLIED, ORAL OR WRITTEN, REPRESENTATIONS AS TO ANY SUCH INFORMATION OR THE ACCURACY, COMPLETENESS, FORM OR CONTENT OF SUCH INFORMATION, (2) THE PURCHASE PRICE REFLECTS THE "AS-IS" NATURE OF THIS SALE AND ANY FAULTS, LIABILITIES, DEFECTS OR OTHER ADVERSE MATTERS THAT MAY BE ASSOCIATED WITH THE PROPERTY, (3) PURCHASER'S DECISION TO PURCHASE THE PROPERTY SHALL BE BASED SOLELY ON THE TERMS OF THIS CONTRACT AND PURCHASER'S INDEPENDENT EVALUATION OF THE PROPERTY, AND (4) ANY INFORMATION (INCLUDING, WITHOUT LIMITATIONS, THE SELLER'S DELIVERABLES) HERETOFORE OR HEREAFTER PROVIDED BY SELLER TO PURCHASER SHALL BE FOR INFORMATIONAL PURPOSES ONLY, AND PURCHASER SHALL NOT RELY UPON ANY SUCH INFORMATION. PURCHASER HEREBY RELEASES SELLER AND ITS AFFILIATES AND THEIR RESPECTIVE EMPLOYEES, AGENTS AND ATTORNEYS FROM ALL OBLIGATIONS AND LIABILITIES WITH RESPECT TO ALL SUCH INFORMATION (INCLUDING, WITHOUT LIMITATION, THE SELLER'S DELIVERABLES) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS CONTRACT, AND THE CLOSING STATEMENT SHALL INCLUDE A RATIFICATION AND CONFIRMATION OF SUCH RELEASE AS OF THE CLOSING DATE. PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS CONTRACT, SELLER SHALL BE UNDER NO DUTY TO MAKE ANY AFFIRMATIVE DISCLOSURE REGARDING ANY MATTER WHICH MAY BE KNOWN TO SELLER, OR ITS OFFICERS, DIRECTORS, CONTRACTORS, AGENTS OR EMPLOYEES.

**8.3** NOTWITHSTANDING THE FOREGOING, THE PURCHASER'S RELEASE OF SELLER AND WAIVER AS SET FORTH IN SECTION 8.2 SHALL NOT CONSTITUTE A RELEASE OR WAIVER BY PURCHASER NOR PERTAIN TO ANY CLAIM OR CAUSE OF ACTION BY PURCHASER AGAINST SELLER, TO THE EXTENT THAT SUCH A CLAIM OR CAUSE OF ACTION BY PURCHASER OTHERWISE EXISTS, FOR (A) FRAUD OR WILLFUL MISREPRESENTATION, OR (B) A BREACH BY SELLER OF THIS CONTRACT OR ANY SELLER DOCUMENTS, INCLUDING A BREACH OF ANY REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN THIS CONTRACT, OR (C) ANY TORT CLAIMS MADE OR BROUGHT BY A THIRD PARTY UNRELATED TO PURCHASER WHICH ARISE ON ACCOUNT OF EVENTS THAT OCCURRED AT THE PROPERTY PRIOR TO CLOSING, OR (D) ANY CLAIMS MADE OR CAUSES OF ACTION BROUGHT BY ANY GOVERNMENTAL AUTHORITY OR OTHER THIRD-PARTY (UNAFFILIATED WITH THE PURCHASER) WITH RESPECT TO HAZARDOUS MATERIALS DEPOSITED OR PLACED IN, AT, OR UNDER THE PROPERTY BY SELLER, OR (E) ANY CLAIMS MADE OR CAUSES OF ACTION BROUGHT BY ANY THIRD PARTY UNRELATED TO PURCHASER ALLEGING A DEFAULT OR BREACH BY SELLER WHICH IS ALLEGED TO HAVE OCCURRED PRIOR TO THE CLOSING DATE UNDER ANY CONTRACT, AGREEMENT OR LEASE TO WHICH SELLER AND ANY SUCH CLAIMANT WERE PARTIES. NOTHING CONTAINED IN THIS SECTION 8.3 SHALL IMPLY THAT PURCHASER HAS ANY RIGHT TO ANY CLAIM OR CAUSE OF ACTION FOR ANY OF THE MATTERS DESCRIBED IN THIS SECTION 8.3.

**8.4 SURVIVAL.** THE PROVISIONS OF THIS SECTION 8 SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS CONTRACT.

**9. CLOSING.**

**9.1 Closing Date.** The consummation of this transaction (the "Closing") will take place through an escrow with the Title Company on that date that is thirty (30) days after the expiration of the Due Diligence Period or such earlier date to which the parties may agree in writing; provided, however, that if all conditions to Purchaser's obligations to fund and close the purchase contemplated hereby have been satisfied or waived in writing by Purchaser, then Purchaser upon at least five (5) Business Days'

written notice to Seller shall be entitled to accelerate the Closing to such earlier Business Day as may be mutually acceptable to Seller and Purchaser. The date on which the Closing is required to occur (or if the Closing occurs, the date on which the Closing occurs) is called the "Closing Date." The Closing shall be accomplished through the delivery of the closing documents and funds in escrow to the Title Company, without the need for either Seller or Purchaser to be present at the Closing. All documents delivered in escrow to the Title Company by Seller and Purchaser shall be released from escrow and delivered to the other party at the Closing.

**9.2 Seller's Closing Obligations.** At or prior to the Closing, Seller will do, or cause to be done, the following:

**9.2.1** Seller will execute, acknowledge (if necessary), and deliver in escrow to the Title Company, for delivery to Purchaser at the Closing, the following documents:

- (a) a Special Warranty Deed conveying the Land and the Improvements in the form and substance of Exhibit "G" (the "Deed");
- (b) an Assignment and Assumption of Lessor's Interest in Leases in the form and substance of Exhibit "H";
- (c) a Bill of Sale and General Assignment in the form and substance of Exhibit "I";
- (d) a Certificate of Non-Foreign Status in the form and substance of Exhibit "J";
- (e) a notification of change of ownership in the form and substance of Exhibit "K";
- (f) an affidavit in the form of Exhibit "L";

(g) any form required from the Seller by law in connection with the delivery of the Deed and the payment of any transfer taxes;

(h) a document pursuant to which Seller confirms its liability for all unpaid amounts of the Seller Leasing Costs pursuant to Section 10.3.4 and indemnifies Purchaser with respect thereto;

(i) a certificate of Seller confirming that its representations and warranties set forth in this Contract, as updated in accordance with this Contract, are correct in all material respects as if made on the Closing Date or noting any exceptions, but such certificate shall expressly provide that the representations and warranties are subject to the provisions of Section 6.2 hereof (the "Seller Bringdown Certificate");

(j) a closing statement setting forth the Purchase Price, the costs payable in connection with the transaction contemplated hereby, the disbursements hereunder and otherwise conforming to the requirements of this Contract; and

(k) all such additional documents as may be reasonably required by the Title Company and consistent with this Contract to consummate the sale of the Property pursuant to this Contract.

**9.2.2** Seller will terminate, as of the Closing Date, all management and leasing agreements relating to the Real Property and all Property Agreements which Purchaser does not elect to assume (except for those which Purchaser is required to assume pursuant to the terms of this Contract);

**9.2.3** Seller shall deliver to the Title Company all documents that may be reasonably required by the Title Company to evidence the due organization and good standing of Seller, the power and authority of Seller to convey the Property, and the authority of each signatory for Seller to execute this Contract, the Deed and the other closing documents.

**9.2.4** Seller will deliver possession of the Property to Purchaser upon the consummation of the Closing free and clear of all possessory rights other than the tenants and other occupants under the Leases, but subject to the Permitted Exceptions.

**9.2.5** Seller will deliver to Purchaser within two (2) Business Days after the Closing, the following to the extent in Seller's possession or control: original Leases, original Property Agreements, Seller's lease files, and any transferable permits held by Seller pertaining to the operation of the Property.

**9.2.6** Seller will pay all costs required to be paid by Seller pursuant to Section 10.1 of this Contract.

All documents required to be delivered by Seller must be delivered in escrow to the Title Company no later than 5:00 p.m. (local time at the closing office of the Title Company) on the Business Day immediately preceding the Closing Date.

**9.3 Purchaser's Closing Obligations.** At or prior to the Closing, Purchaser will do, or cause to be done, the following:

**9.3.1** Purchaser will pay to Seller the Purchase Price, as adjusted in accordance with the express provisions of this Contract;

**9.3.2** Purchaser will execute and deliver to the Title Company in escrow, for delivery to Seller at Closing, the following: (a) counterparts of the documents described in Section 9.2 requiring Purchaser's signature, (b) a closing statement setting forth the Purchase Price, the costs payable in connection with the transaction contemplated hereby, the disbursements hereunder and otherwise conforming to the requirements of this Contract, (c) a certificate, duly executed by Purchaser, confirming that its representations and warranties set forth in this Contract are correct as if made on the Closing Date, (d) a document pursuant to which Purchaser assumes liability for all unpaid amounts of the Purchaser Leasing Costs pursuant to Section 10.3.4 and indemnifies Seller with respect thereto, and (e) any instruments reasonably necessary to consummate the sale of the Property pursuant to this Contract (including, by way of example, evidence of the authority of the signatory for Purchaser to consummate the Closing).

**9.3.3** Purchaser will pay all costs required to be paid by Purchaser pursuant to Section 10.1 of this Contract.

All documents required to be delivered by Purchaser must be delivered in escrow to the Title Company no later than 5:00 p.m. (local time at the closing office of the Title Company) on the Business Day immediately preceding the Closing Date. All funds required to be paid by Purchaser pursuant to this Contract must be delivered in escrow, in immediately available funds, no later than 2:00 p.m. (local time at the Title Company) on the Closing Date.

**10. COSTS, PRORATIONS AND ADJUSTMENTS.**

**10.1 Expenses.** Seller will pay for one-half of the escrow fees charged by the Title Company for the purchase/sale transaction (but not any fees relating to any Exchange, as defined below), any curative title action required of Seller under this Contract, the commission of Brokers due pursuant to Seller's separate agreement with Brokers, Seller's attorneys' fees to prepare the Deed, a \$600 credit in connection with the updated Survey pursuant to Section 4.1, and any transfer taxes or revenue stamps in connection with the recording of the Deed. Purchaser will pay for the costs charged by the Title Company for the issuance of the owner's title policy contemplated thereby (the "Owner's Title Policy"), all of the costs charged by the Title Company for extended coverage, any title insurance coverage for any lender, and all endorsements to the Owner's Title Policy or any loan policy, all fees, costs, expenses and other sums relating to any loan applied for and/or obtained by Purchaser, all fees and costs relating to the Purchaser's examination and investigation of the Property, all fees of Escrow Agent relating to placing the deposit in an interest-bearing account, all recording fees, one-half (1/2) of the escrow fees charged by the Title Company for the purchase/sale transaction, the cost of any updated Survey obtained by Purchaser and all revisions thereto, and all of the fees charged by the Title Company for handling any Exchange or any loan transaction. Seller and Purchaser will be responsible for the fees and expenses of their respective attorneys, consultants and advisors.

**10.2 Taxes and Assessments.** Seller will pay all installments of real estate taxes that are due and payable prior to the Closing. Purchaser shall be responsible for the payment of all general real estate taxes that become due after the Closing. Taxes shall be prorated as of the Apportionment Time (as defined below) on a calendar year basis (i.e., based on any tax bill issued by the governing authority issued during the calendar year in which Closing occurs despite the fact that such tax bill may be for a fiscal year and not such calendar year). "Apportionment Time" shall mean the Closing Date. Purchaser shall not receive a credit for any special assessments, or installments thereof, that are levied or are first due and payable after the Closing and Purchaser shall be responsible for all such special assessments or installments thereof.

**10.3 Prorations and Adjustments.** The prorations and adjustments to the Purchase Price set forth in this Section 10.3 shall be made between Seller and Purchaser and included in the closing statement. All prorations shall be made on a per diem basis as of the Apportionment Time (as defined above).

**10.3.1** Current rents, advance rentals, operating expenses, additional rent and other charges actually paid by tenants under the Leases, and charges under the Property Agreements to be assumed by Purchaser shall be prorated as of the Apportionment Time.

**10.3.2** The parties shall use commercially reasonable efforts to cause all utility providers to perform a meter reading as close to the Closing Date as is practicable. Purchaser shall arrange for the provision of all utility services in Purchaser's name from and after the Closing, so that such utility services are no longer provided in Seller's name. Seller shall be entitled to a refund of all utility deposits made by or on behalf Seller, and Purchaser shall make its own deposits directly with the utility provider. Seller shall receive a credit for all deposits made by or on behalf of Seller to the extent the same remain on deposit for the benefit of Purchaser.

**10.3.3** Unapplied security deposits existing under the Leases as of the Closing shall be credited to Purchaser at Closing.

**10.3.4** Subject to the last sentence of this Section 10.3.4, any tenant improvements, allowances, third party leasing commissions and all costs and reimbursements payable by the landlord to or on behalf of the tenant that are paid or incurred by Seller after the Effective Date of this Contract with respect to leases, lease renewals, lease expansions, lease modifications or other rental agreements executed after the Effective Date in accordance with Section 7.1.3, excluding the Additional Leases, shall be paid by Purchaser at or after Closing. All of the foregoing amounts are called the "Purchaser Leasing Costs." The Purchaser Leasing Costs shall not include any tenant improvements, allowances or third party leasing commissions that, in each case, relate to the primary term of the Additional Leases or of the Lease with Peachtree Providence Partners, LLC (the "Peachtree Lease"), all of which shall be Seller Leasing Costs (but the Purchaser Leasing Costs shall include any and all costs, fees or expenses that are payable under or in connection with any of the Leases (including, without limitation, the Additional Leases and the Peachtree Lease) after the Closing that relate to any election by the landlord under any Lease to move the tenant or that relate to any extension or renewal option under such Leases). Seller shall receive a credit at Closing for such Purchaser Leasing Costs paid by Seller on or prior to the Closing Date. At the Closing, Purchaser shall execute and deliver to Seller a document pursuant to which Purchaser assumes liability for all unpaid amounts of the Purchaser Leasing Costs and indemnifies Seller with respect thereto. Any tenant improvements, allowances and third party leasing commissions that relate to Leases executed prior to the Effective Date (as the same may have been modified by any lease renewals, lease expansions, lease modifications or other rental agreements executed prior to the Effective Date) and the Additional Leases, exclusive of the Purchaser Leasing Costs and any costs, fees or expenses relating to extensions or renewal terms not exercised prior to the Effective Date, shall be paid for by Seller at or prior to the Closing. All of the foregoing amounts payable by Seller are called the "Seller Leasing Costs." At the Closing, Seller shall execute and deliver to Purchaser a document pursuant to which Purchaser confirms its liability for all unpaid amounts of the Seller Leasing Costs and indemnifies Purchaser with respect thereto. The terms of this Section 10.3.4 shall survive Closing.

**10.3.5** If on the Closing Date, any Tenant is delinquent in the payment of rent, including any additional rent billed but unpaid at the time of Closing, said delinquent rent shall remain the property of Seller and no proration with respect thereto shall be made at Closing. Purchaser will use its reasonable efforts to collect such delinquent rent; provided, however, that Purchaser shall not be required to commence any legal action to collect such sums. If Purchaser does not elect to file a lawsuit on Seller's behalf (in which event all matters in such lawsuit relating to any sums due to Seller will be controlled solely by Seller), then Seller reserves the right to file a lawsuit for damages against the applicable tenant for any delinquent rent, and Purchaser shall reasonably cooperate with Seller in connection therewith at no expense to Purchaser. For a period of six (6) months following the Closing (or such additional period of time during which Seller is pursuing a claim in court against the applicable tenant, if such claim is commenced during the 6 month period), Purchaser shall not modify any Lease in any way that affects any sums that may be due to Seller. Seller shall have the right to contact tenants to request payment of delinquent rentals after the Closing Date and to institute legal proceedings, at Seller's sole expense, to collect and retain such delinquent rentals. If Purchaser collects any sums from Tenants, following the application of any sums collected from any Tenant to the monthly rental obligations accruing on or after the Closing Date, Purchaser shall remit the balance thereof, if any, to Seller, less all reasonable direct out-of-pocket costs of collection actually incurred by Purchaser in connection with the collection of the sums due to Seller. All sums received by Purchaser after Closing from any tenants attributable to the period prior to the Closing Date shall be deemed to be held in trust by Purchaser for Seller for application as provided in this Section.

**10.3.6** Purchaser will obtain its own insurance from and after the Closing. Seller shall be entitled to cancel its insurance at Closing and shall be entitled to all unearned premiums thereon.

**10.4** Adjustment. To the extent that errors are discovered in, or additional information becomes available with respect to, the prorations and allocations made at Closing, Seller and Purchaser agree to make such post-Closing adjustments as may be necessary to correct any inaccuracy; however, all prorations will be final thirty (30) days after Closing except as otherwise



provided in Section 10.5 below, and except that if the tax bill issued in the year in which Closing occurs is not available prior to the Closing, then post-Closing adjustments for such tax bill will be final ninety (90) days after the tax bill is issued.

**10.5 Additional Rent.** Reconciliations of taxes, insurance charges and other expenses owed by tenants of the Property for the calendar year (or fiscal year if different from the calendar year) in which Closing occurs shall be prepared by Purchaser with the cooperation of Seller within ninety (90) days following the end of such year in accordance with the requirements set forth in the Leases and as provided in this Section 10.5. The proration between the parties of income received from tenants from reconciliations of expenses under the Leases shall be calculated based on the expenses for such year, the sums collected from tenants (inclusive of payments made by each tenant after any reconciliation statements are delivered to the tenants) and the expenses paid by each party with respect to each party's period of ownership of Property. Purchaser shall provide to Seller an accounting of the reconciliations and receipts from tenants. Any sums due to either party as a result of any reconciliation shall be promptly paid to the other party, but in no event shall any sums due to Seller be paid later than ten (10) Business Days after receipt of the reconciliation payment from relevant tenant.

**10.6 Disputes with Respect to Adjustments.** If Seller and Purchaser, each acting reasonably and in good faith, cannot resolve any issue with respect to the adjustments described in this Section 10, they shall submit such issue for binding resolution by a nationally recognized accounting firm mutually acceptable to both parties (the "Accounting Firm"). The parties shall bear equally all fees and expenses of the Accounting Firm in connection with the resolution of such issue, and each party shall bear its own legal, accounting and other fees and expenses incurred in connection with the resolution of the issue by the Accounting Firm. Such resolution shall be final and binding on the parties and judgment may be entered upon such resolution in any court having jurisdiction thereof. Seller and Purchaser agree that the proceeding described in this Section 10.6 shall be conducted in Charlotte, North Carolina.

**10.7 Survival.** The provisions of this Section 10 will survive Closing.

## **11. CONDITIONS TO PURCHASER'S AND SELLER'S CLOSING OBLIGATIONS.**

**11.1 Conditions to Purchaser's Obligations.** In addition to any other conditions to Closing set forth in this Contract, Purchaser's obligation to fund the Purchase Price and close this transaction is subject to the satisfaction or waiver by Purchaser, in its sole and absolute discretion, of the following conditions:

**11.1.1** As of Closing, the representations and warranties of Seller in Section 6.1, subject to the updates and exceptions thereto permitted under this Contract, shall be true and correct in all material respects; and

**11.1.2** Seller shall have performed, observed and complied with all covenants, agreements and conditions required by this Contract to be performed, observed and complied with by Seller prior to, or as of, the Closing.

**11.1.3** Seller shall have delivered to Purchaser, at least five (5) Business Days prior to the Closing, Acceptable Tenant Estoppels (as defined below) from tenants leasing at least seventy percent (70%) of the space in the Property that is subject to a Lease, which must include Acceptable Tenant Estoppels from the following Tenants (the "Required Tenants"): (a) Campus Crest Lease, LLC, (b) Medflow Holdings, LLC, (c) Wells Fargo Bank, N.A., (d) Dickey McCamey, (e) KSQ Architects, PC, and (f) Edwin M. Rollins Company. An "Acceptable Tenant Estoppel" means a Tenant Estoppel executed by a Tenant that is (i) is dated not more than thirty (30) days prior to the Closing Date, (ii) states that the Lease is in effect, (iii) does not indicate that a default exists under the relevant Lease on the part of the landlord, and (iv) does not contain any information that deviates in any material respect from the information contained in the rent roll delivered by Seller to Purchaser as a part of Seller's Deliverables. Notwithstanding the foregoing, in the event Seller delivers the Acceptable Tenant Estoppels from the Required Tenants but cannot for any reason obtain a sufficient number of Acceptable Tenant Estoppels from other Tenants so as to meet the foregoing condition, then Seller may, at its option, elect to deliver to Purchaser at or prior to the Closing a certificate or certificates of Seller in the form of Exhibit "F" (the "Seller Estoppel") with respect to Tenants leasing up to fifteen percent (15%) of the space in the Property that is subject to a Lease and thereupon the foregoing precedent condition in this Section 11.1.3 shall be deemed satisfied; provided, however, in no event may Seller provide a Seller Estoppel on behalf of a Required Tenant. Seller's liability under each such Seller's certificate delivered in order to meet the condition set forth in this Section 11.1.3 shall expire and be of no further force or effect on the earlier of (A) two hundred seventy (270) days following the Closing Date except to the extent, and only to the extent, if any, that Purchaser shall have delivered to Seller written notice during such 270-period that describes in reasonable detail a breach or alleged breach by Seller of such Seller Estoppel, and (B) the date that Purchaser receives an Acceptable Tenant Estoppel from the applicable Tenant.

**11.1.4** The Title Company has committed to issue the Owner's Title Policy upon the delivery of all documents required to be delivered by Purchaser, payment of all costs required to be paid by Purchaser, and the satisfaction of all conditions required to be satisfied by the Purchaser.

If any of the conditions set forth in this Section are not satisfied as of the Closing Date, then Purchaser shall have the option, in its sole and absolute discretion, to (i) waive the condition and proceed to close the purchase of the Property contemplated herein and accept the Property without the satisfaction of such conditions with no reduction in the Purchase Price or (ii) (A) if the failure to satisfy the condition results from the default of Seller, exercise an available remedy for default as provided in Section 12.1 below, or (B) if the failure to satisfy the condition does not result from the default of Seller, terminate this Contract, in which event the Earnest Money will be returned to Purchaser, and the parties will have no further obligations under this Contract except for any obligations that survive termination of this Contract by their express terms. If Purchaser fails to deliver written notice of its election prior to the Closing, then Purchaser shall be deemed to have elected to proceed under clause (i) above.

**11.2 Conditions to Seller's Obligations.** In addition to any other conditions to Closing set forth in this Contract, Seller's obligation to close this transaction is subject to the satisfaction or waiver by Seller, in its sole and absolute discretion, of the following conditions:

**11.2.1** As of Closing, the representations and warranties of Purchaser contained in Section 6.3 shall be true and correct; and

**11.2.2** Purchaser shall have performed, observed and complied with all covenants, agreements and conditions required by this Contract to be performed, observed and complied with by Purchaser prior to, or as of, the Closing.

If any of such conditions are not satisfied as of the Closing Date, then Seller shall have the option, in its sole and absolute discretion, to (i) exercise its remedies under Section 12.2, or (ii) waive the condition and proceed to close the sale of the Property contemplated herein. If Seller fails to deliver written notice of its election prior at or prior to the Closing, then Seller shall be deemed to have elected to proceed under clause (ii) above.

## **12. REMEDIES.**

**12.1 Default by Seller.** If the transaction contemplated herein is not consummated because of a default on the part of Seller that is not cured within five (5) Business Days after written notice from Purchaser (or if such default does not consist of a willful action of Seller and cannot reasonably be cured within such 5 Business Day period, within such additional time, not to exceed an additional five (5) Business Days as may be reasonably necessary to cure the default), then Purchaser may elect, as its sole remedy, in Purchaser's sole and absolute discretion, by written notice to Seller to either: (a) terminate this Contract and receive the return of the Earnest Money and a reimbursement from Seller of all Purchaser's reasonable and documented out-of-pocket expenses actually incurred in connection with this Contract (collectively, "Purchaser's Transaction Expenses") up to a maximum reimbursement of \$250,000.00, in which event this Contract shall terminate, the Earnest Money shall be refunded to Purchaser by the Escrow Agent, and upon the receipt by Purchaser of the Earnest Money and Purchaser's Transaction Expenses neither party shall have any further obligations under this Contract except under any provisions that survive the termination of this Contract by their express terms; (b) waive the default and close on and take title to the Property on the Closing Date subject to such default without any reduction in the Purchase Price; or (c) seek specific performance of this Contract provided that written notice of Purchaser's intent to seek specific performance is delivered to Seller within thirty (30) days after the date set forth in this Contract for the Closing and the specific performance action is actually filed within sixty (60) days after the date set forth in this Contract for the Closing. If written notice of Purchaser's intent to seek specific performance is not delivered to Seller within such thirty (30) day period, or if such written notice is given but a specific performance action is not filed prior to the expiration of such sixty (60) day period, then Purchaser shall be conclusively deemed to have elected to obtain a return of the Earnest Money, payment of the Purchaser's Transaction Expenses and to terminate this Contract as provided in (a) above. Purchaser waives and relinquishes the right to any other remedy other than as specified in this Section 12.1. Notwithstanding the foregoing, or any other provision in this Contract to the contrary, (i) if the transaction contemplated herein is not consummated because of a default on the part of Seller that is not cured within five (5) Business Days after written notice from Purchaser, (ii) Purchaser seeks specific performance in full compliance with the foregoing provisions, and (iii) Seller voluntarily transfers and conveys the Property or any portion thereof to another party that makes specific performance unavailable to Purchaser, Purchaser may bring an action for Purchaser's damages resulting from such transfer that will be deemed to include the excess of consideration received by Seller in connection with Seller's transfer and conveyance of Property to a party other than Purchaser in excess of the Purchase Price and Purchaser will receive a refund of the Earnest Money. The exercise by Purchaser of any of the remedies set forth in this Section 12.1 shall not limit or affect the liability of Seller under any indemnities contained in this Contract, any obligations of Seller that survive the termination of this Contract by their express terms, or the right of either party to recover attorneys' fees, costs and expenses as provided in Section 12.3 below.

**12.2 Default by Purchaser.** If the transaction contemplated herein is not consummated because of a default on the part of Purchaser that is not cured within five (5) Business Days after written notice from Seller, or Purchaser defaults in any of its obligations hereunder (including, without limitation, a breach in a representation, warranty or covenant) that is not cured within five (5) Business Days after written notice from Seller (or if such default does not consist of a willful action of Purchaser and cannot reasonably be cured within such 5 Business Day period, within such additional time, not to exceed an additional five (5) Business Days as may be reasonably necessary to cure the default), then Seller shall have the right, as Seller's sole and exclusive remedy except as provided below, to receive the Earnest Money as liquidated damages and in full and final settlement of any claims or damages that Seller has or may have against Purchaser except as provided below, and upon the receipt by Seller of the Earnest Money this Contract shall terminate and be of no further force or effect, except with respect to those indemnities and obligations of Purchaser set forth in this Contract which survive termination by their express terms. It is agreed that the damages that will be sustained by Seller in the event of the Purchaser's default under this Contract are difficult or impossible to accurately ascertain and the Earnest Money is a fair and reasonable estimate of such damages thereof and is intended not as a penalty, but as liquidated damages. The receipt by Seller of liquidated damages shall not limit or affect the liability of Purchaser under any indemnities contained in this Contract, any obligations of Purchaser that survive the termination of this Contract by their express terms or the right of either party to recover attorneys' fees, costs and expenses as provided in Section 12.3 below.

**12.3 Attorneys' Fees and Costs.** In the event either party to this Contract commences legal action of any kind to enforce or interpret the terms and conditions of this Contract or any of the closing documents, the prevailing party in such litigation will be entitled to collect from the other party all costs, expenses and attorneys' fees incurred in connection with such action. This Section 12.3 shall survive Closing or termination of this Contract.

### **13. RISK OF LOSS, DESTRUCTION, AND CONDEMNATION.**

**13.1 Risk of Loss.** Except as otherwise provided in this Contract, Seller shall bear the risk of loss for damage to the Property, or any part thereof, from the execution of this Contract through the Closing. Upon Closing, full risk of loss with respect to the Property will pass to Purchaser. If the Real Property or any material portion thereof is damaged by any cause of whatsoever nature prior to the Closing, Seller will promptly give Purchaser written notice of such damage and Seller's reasonable estimate of the cost to repair such damage.

#### **13.2 Casualty.**

**13.2.1 Major Damage.** If the cost, in the reasonable judgment of a contractor selected by Seller and reasonably acceptable to Purchaser (each an "Acceptable Contractor"), for repairing any such damage exceeds \$500,000, Purchaser will have the option, in Purchaser's sole and absolute discretion, exercisable by written notice delivered to Seller within five (5) Business Days of Seller's delivery to Purchaser of notice of the damage and the cost to repair the same but in all events prior to the Closing, to terminate this Contract. If the scheduled Closing Date is less than five (5) Business Days following Seller's delivery of notice to Purchaser of the damage and the cost to repair the same, at Purchaser's option the Closing shall be delayed to allow Purchaser to have five (5) Business Days to deliver a written termination notice in accordance with the foregoing provisions. In the event of the termination of this Contract by Purchaser under this Section 13.2.1, the Earnest Money will be promptly refunded to Purchaser and thereafter neither party will have any further duties or obligations hereunder except under provisions which survive the termination of this Contract by their express terms. If Purchaser does not exercise such right to terminate prior to the Closing within the period set forth above, then Seller shall convey the Property to Purchaser, in its damaged condition, without reduction of the Purchase Price, in which event (a) Seller at Closing shall assign to Purchaser all of Seller's right, title and interest in and to any claims Seller may have under the property insurance policies relating to such damage to the Real Property excluding any claims for Seller's Allocated Proceeds (as defined below), (b) Seller at Closing will pay to Purchaser any property insurance proceeds actually collected by Seller prior to the Closing and the applicable amount of Seller's deductible pursuant to the relevant property damage policy that are collectively in excess of Seller's Allocated Proceeds, and (c) Seller will have no liability or obligation to repair the Property.

**13.2.2 Minor Damage.** If the cost, in the reasonable judgment of an Acceptable Contractor, for repairing any such damage (exclusive of repairs required to be made by tenants under the Leases) does not exceed \$500,000.00, then (a) Seller shall convey the Property to Purchaser on the Closing Date in its damaged condition without reduction of the Purchase Price except that Purchaser at Closing shall receive a credit for any property insurance proceeds actually collected by Seller prior to the Closing and the applicable amount of Seller's deductible pursuant to the relevant property damage policy that are collectively in excess of Seller's Allocated Proceeds, (b) Seller at Closing shall assign to Purchaser all of Seller's right, title and interest in and to any claims Seller may have under the property insurance policies relating to such

damage to the Real Property excluding any claims for Seller's Allocated Proceeds, and (c) Seller will have no liability or obligation to repair or replace the Property.

**13.2.3 Seller's Allocated Proceeds.** Notwithstanding anything to the contrary provided in this Contract, Seller shall have the right to receive and retain from the insurance proceeds (whether such proceeds are paid prior to or after the Closing) all portions of the "Seller's Allocated Proceeds" (as hereinafter defined) that are in excess of the applicable insurance policy deductibles. If prior to the Closing Seller shall not have received insurance proceeds equal to the amount by which Seller's Allocated Proceeds exceeds the applicable insurance policy deductibles, then within five (5) Business Days after Purchaser's receipt of any insurance proceeds and written documentation evidencing the Seller's Allocated Proceeds Purchaser shall pay to Seller an amount equal to the unpaid Seller Allocated Proceeds in excess of the applicable insurance policy deductibles. The provisions of this Section 13.2.3 shall survive the Closing. "Seller's Allocated Proceeds" means with respect to any casualty, collectively: (a) the reasonable, out-of-pocket costs (including reasonable attorneys' fees) incurred by Seller in connection with the settlement of any insurance claim with respect to such casualty; (b) the proceeds of any rental loss, business interruption or similar insurance that are allocable to the period prior to the Apportionment Time; and (c) the reasonable, out-of-pocket costs incurred by Seller in stabilizing, securing and/or restoring the Property following such casualty as required by any Lease.

**13.3 Condemnation.** If any condemnation or eminent proceedings are commenced with respect to all or any material portion of the Real Property prior to the Closing, Purchaser may at Purchaser's election terminate this Contract prior to the Closing by written notice to Seller within five (5) Business Days after Purchaser has been notified of the commencement of the condemnation or eminent domain proceedings. In the event of such termination, the Earnest Money shall be returned to Purchaser and upon such return neither Seller nor Purchaser will have any further obligations under this Contract except under any provisions that survive the termination of this Contract by their express terms. If Purchaser does not exercise such right to terminate prior to the Closing within the period prescribed, then Seller shall at Closing assign to Purchaser all right, title and interest of Seller in and to any award made in connection with such condemnation or eminent domain proceedings and pay to Purchaser any proceeds thereof received prior to the Closing excluding any portion thereof that is allocable to loss of use of the Property prior to the Apportionment Time; provided, however, the Closing shall not be delayed by reason of any such proceedings and the Purchase Price shall not be reduced as a result thereof. A portion of the Property shall be deemed to be material under this Section 13.3 only if an Acceptable Contractor's reasonable estimate of the diminution in value of the Property resulting from the eminent domain proceedings exceeds \$225,000.00.

**13.4 Closing.** Purchaser shall have no further rights against Seller after the Closing in connection with any damage to the Property or any condemnation or eminent domain proceeding.

#### **14. REAL ESTATE COMMISSIONS AND FEES.**

Seller represents and warrants to Purchaser that Seller has not dealt with, or entered into any agreement with, any real estate broker, agent, finder, or any party in connection with the transaction contemplated hereby other than Trinity ("Seller's Broker") and Jones LaSalle Brokerage, Inc. ("Purchaser's Broker," together with Seller's Broker, the "Brokers"). Purchaser hereby represents and warrants to Seller that Purchaser has not dealt with, or entered into any agreement with, any real estate broker, agent, finder, or any party in connection with the transaction contemplated hereby other than the "Brokers". Seller shall pay to Brokers any commission payable in connection with the closing of the sale under this Contract pursuant to a separate agreement between or among Seller and Brokers. Each party hereby indemnifies and agrees to hold the other party harmless for, from and against any loss, liability, damage, cost, or expense (including, without limitation, reasonable attorneys' fees) paid or incurred by the other party by reason of a breach of the representation and warranty or any agreement made by such indemnifying party under this Section 14. The provisions of this Section 14 will survive the Closing or termination of this Contract.

#### **15. NOTICES.**

**15.1 Written Notice.** All notices, demands and requests which may be given or which are required to be given by either party to the other party under this Contract must be in writing and must be sent by United States certified or registered mail, postage fully prepaid, return receipt requested, or by electronic mail (email), or by Federal Express or a similar nationally recognized overnight courier service, or by facsimile with a confirmation copy delivered by a nationally recognized overnight courier service. Notice will be considered effective on actual receipt (or, if delivery of any properly addressed notice is refused or is unable to be delivered, upon the date of such refusal or the attempted delivery). Notice sent by facsimile will be effective on the actual receipt of the facsimile (not the date of the receipt of the confirmation copy). The respective attorneys for Seller and Purchaser are authorized to give and receive any notices required or permitted to be sent hereunder.

**15.2 Addresses.** The addresses for proper notice under this Contract are as follows:

Seller:

Rexford Park Investors, LLC  
c/o Greenstreet Real Estate Partners, L.P.  
Attn: Jeffrey A. Safchik  
2601 S. Bayshore Drive, Suite 900  
Miami, FL 33133  
Office: (305) 858-4225  
Facsimile: (305) 858-2334  
Email: [jsafchik@greenstreetpartners.com](mailto:jsafchik@greenstreetpartners.com)

with a copy to:

Sherry A. Stanley, P.A.  
6821 Camarin St.  
Coral Gables, FL 33146  
Attn: Sherry A. Stanley, Esq.  
Facsimile: 305-514-0606  
Email: [ssstanley@sastanleylaw.com](mailto:ssstanley@sastanleylaw.com)

ESCROW AGENT:

Chicago Title Insurance Company  
200 S. Tryon Street, Suite 800  
Charlotte, NC 28202  
Attention: Scott Mansfield  
Email: [scott.mansfield@ctt.com](mailto:scott.mansfield@ctt.com)

Purchaser:

LendingTree, LLC  
11115 Rushmore Drive  
Charlotte, NC 28277  
Attn: CFO  
Copy to: General Counsel  
Email: [Gabriel.Dalporto@lendingtree.com](mailto:Gabriel.Dalporto@lendingtree.com)  
and [Katharine.Pierce@lendingtree.com](mailto:Katharine.Pierce@lendingtree.com)

with a copy to:

Moore & Van Allen, PLLC  
100 N. Tryon Street, Suite 4700  
Charlotte, NC 28202  
Attn: Evan Bass  
Email: [evanbass@mvalaw.com](mailto:evanbass@mvalaw.com)

Either party may from time to time by written notice delivered in accordance with Section 15.1 designate a different address to the other party.

**16. NO ASSIGNMENT.**

Neither party shall be entitled to assign this Contract without the prior written consent of the other party; provided, however, that Purchaser may assign this Contract, without Seller's consent, to an entity controlled by or under common control with Purchaser so long as such assignee assumes in writing all obligations of Purchaser hereunder and Purchaser delivers to Seller a copy of such fully executed assignment and assumption (which shall set forth the relationship of the assignee to Purchaser ) at least five (5) Business Days prior to Closing. Purchaser shall remain liable under this Contract following any assignment.

**17. MISCELLANEOUS.**

**17.1 Entire Agreement.** This Contract contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

**17.2 Gender and Number.** Words of any gender used in this Contract will be construed to include any other gender and words in the singular number will be construed to include the plural, and vice versa, unless the context requires otherwise.

**17.3 Captions.** The captions used in connection with the sections and subsections of this Contract are for convenience of reference only and will not be deemed define, describe, expand or limit the meaning of the language of this Contract.

**17.4 Successors and Assigns.** This Contract will be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. No third party, other than Escrow Agent, shall be a third party beneficiary of this Contract.

**17.5 Counterparts.** This Contract may be executed by Seller and Purchaser in separate identical counterparts or counterpart signature pages attached to the same Contract, and such counterparts, when taken together, or this Contract with all counterpart signature pages will constitute but one and the same instrument. The parties authorize each other to detach and combine original signature pages and consolidate them into a single original agreement. A copy of this Contract or counterpart hereof

executed by any person or entity that is transmitted by facsimile, email or other electronic means shall have the same binding legal effect as an originally signed copy of this Contract.

**17.6 Controlling Law; Venue.** This Contract will be construed under, governed by and enforced in accordance with the laws of the State of North Carolina, without reference to the laws of any other state. Venue for any litigation relating to this Contract shall be in Mecklenburg County, North Carolina.

**17.7 Exhibits.** All exhibits, schedules, attachments, annexed instruments and addenda referred to herein will be considered a part hereof for all purposes with the same force and effect as if set forth in full herein.

**17.8 No Rule of Construction.** Seller and Purchaser have each been represented by counsel and both Seller and Purchaser have participated in the negotiations and preparation of this Contract. Therefore, this Contract will be deemed to be drafted by both Seller and Purchaser, and no rule of construction will be invoked respecting the authorship of this Contract. Accordingly, should any provision of this Contract require judicial interpretation, the court interpreting or construing such provision shall not apply the rule of construction that a document or any provision thereof is to be construed more strictly against one party as a result of the authorship of such provision.

**17.9 Severability.** All agreements and covenants contained in this Contract are severable. In the event any provision contained herein is held to be invalid by any court, this Contract will be interpreted as if such invalid provision were not contained herein and all remaining provisions of this Contract shall remain in full force and effect.

**17.10 Construction of Words.** The word "any" will be construed as "any and all." The word "including" will be construed as "including but not limited to." The words "herein", "hereof", "hereunder" and other words of similar import shall refer to this entire Contract and not to any particular article, section or paragraph of this Contract unless otherwise specifically provided.

**17.11 Time of Essence.** Time is important to both Seller and Purchaser in the performance of this Contract, and both parties have agreed that time is of the essence under all provisions of this Contract.

**17.12 Time Periods.** All time periods shall be measured in calendar days unless otherwise specified to the contrary, except that if the final date of any period specified in this Contract falls upon a day which is not a Business Day, then, and in such event, the time of such period will be extended to the next Business Day. Whenever used in this Contract, "Business Day" means any day, other than a Saturday or Sunday, on which banks are open for the transaction of banking business in Charlotte, North Carolina, and Miami, Florida.

**17.13 Waivers; Modifications.** No waiver, modification, amendment, discharge, or change of this Contract shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge, or change is sought.

**17.14 No Recordation.** Neither this Contract nor any memorandum, affidavit or other document referencing this Contract shall be recorded by or at the request of Purchaser in any public records. Should Purchaser ever record or attempt to record this Contract, or a memorandum, affidavit or other document referencing this Contract, then, notwithstanding anything herein to the contrary, said recordation or attempt at recordation shall constitute a default by Purchaser and, in addition to the other remedies provided for herein, Seller shall be entitled to all rights available at law or in equity.

**17.15 No Survival Except as Specified.** Except as otherwise expressly provided in this Contract, no agreements and other obligations of Seller and Purchaser in this Contract shall survive the Closing and no action based on any provision that does not survive the Closing shall be commenced after the Closing.

**17.16 Survival.** The provisions of Sections 17 shall survive any termination of this Contract and shall survive the Closing.

## **18. CONFIDENTIALITY.**

Purchaser and Seller each hereby agree to hold all information related to this transaction in strict confidence, and will not disclose same to any person other than affiliates, partners, members, directors, officers, employees and agents of each, or to consultants, attorneys, accountants, lenders, banks or other third parties working with the respective party in connection with the transaction who need to know such information for the purpose of performing the respective party's obligations under this Contract and consummating the transactions contemplated hereby (the persons or entities to which a respective party is permitted to disclose

are collectively called such party's "Representatives") provided that all such Representatives agree to hold such information in strict confidence in accordance with this Section 18 (with Purchaser and Seller each being liable for any disclosure in violation of this Section 18 by any of their respective Representatives), except that notwithstanding the foregoing, (a) Seller, Purchaser and their Representatives shall be allowed to disclose information pertaining to the transaction as may be appropriate to comply with its obligations under this Contract, to satisfy any conditions precedent to the Closing, and as may otherwise be reasonably appropriate in connection with the transaction, and (b) Purchaser shall be allowed to identify itself as a potential acquirer of the Property in connection with obtaining information and reports from third parties other than tenants. Prior to Closing, any release to the public of information with respect to the matters set forth in this Contract will be made only in the form approved by Purchaser and Seller and their respective counsel. This Section 18 shall survive any termination of the Contract and shall supersede and replace the obligations of either party under any separate confidentiality or non-disclosure agreement executed by such party (which are hereby terminated and of no further force or effect); provided, however, that the terms and conditions of this Section 18 shall terminate upon the conveyance of the Property to Purchaser pursuant to this Contract. Notwithstanding anything to the contrary, Purchaser and Seller may each disclose information and the terms of this transaction in response to lawful process or subpoena or other valid or enforceable order of a court of competent jurisdiction or as otherwise required by law (including as required by Purchaser under any applicable Securities and Exchange Commission rules or regulations) provided that, to the extent not prohibited by law, the disclosing party shall deliver written notice to the other party promptly upon receipt of any legal process, subpoena, or order and in advance of any disclosure in order to enable such other party to attempt to limit or eliminate the required disclosure or require confidential treatment of any disclosed information.

#### **19. IRS REPORTING REQUIREMENTS.**

For the purpose of complying with any information reporting requirements or other rules and regulations of the Internal Revenue Service ("IRS") that are or may become applicable as a result of or in connection with the transaction contemplated by this Contract, including, but not limited to, any requirements set forth in proposed Income Tax Regulation Section 1.6045-4 and any final or successor version thereof (collectively the "IRS Reporting Requirements"), Seller and Purchaser hereby designate and appoint the Title Company to act as the "Reporting Person" (as that term is defined in the IRS Reporting Requirements) to be responsible for complying with any IRS Reporting Requirements. The Title Company hereby acknowledges and accepts such designation and appointment and agrees to fully comply with any IRS Reporting Requirements that are or may become applicable as a result of or in connection with the transaction contemplated by this Contract. Without limiting the responsibility and obligations of the Title Company as the Reporting Person, Seller and Purchaser hereby agree to comply with any provisions of the IRS Reporting Requirements that are not identified therein as the responsibility of the Reporting Person. The provisions of this Section 19 will survive the Closing.

#### **20. Tax Deferred Exchange.**

**20.1 Cooperation.** Seller agrees to reasonably cooperate with Purchaser, at no expense or liability to Seller, to allow Purchaser to effectuate a 1031 tax deferred exchange ("Exchange") in connection with the Real Property; provided, however, that such cooperation shall be subject to the provisions of Section 20.2 below and in no event shall Seller be obligated to take any action that would delay the Closing or result in any increased obligations or liabilities to the Seller. Seller consents to the assignment of this Contract by the Purchaser to an exchange accommodator for the sole purpose of completing such Exchange. It is expressly agreed by the parties hereto that Purchaser's inability to obtain the desired tax treatment for any Exchange shall not affect the enforceability of this Contract and that nothing herein shall be construed as a representation or warranty by a party that the other party will, in fact, be eligible for any of the benefits of an Exchange.

**20.2 Additional Agreements.** Purchaser shall bear all costs of the Exchange. Purchaser hereby agrees to indemnify, defend and hold the Seller harmless from and against all liabilities (including, without limitation, Seller's attorneys' fees and costs) arising as a result of the Exchange that would not have arisen had the Purchaser not closed the transaction contemplated hereby as part of a like-kind Exchange. Anything in this Section to the contrary notwithstanding: (i) Seller makes no representation or warranty to Purchaser as to the effectiveness or tax impact of any proposed Exchange; (ii) in no event shall Seller be required to take title to any exchange or replacement property; (iii) Purchaser shall provide to Seller copies of all documents that are to be executed by Seller no less than seven (7) Business Days prior to the Closing Date; (iv) in no event shall completion of any such Exchange be a cause or excuse for any delay in the Closing; (v) Seller shall be required to incur any costs or expenses or incur any additional liabilities or obligations in order to accommodate any Exchange requested by the Purchaser or any exchange facilitator; and (vi) Purchaser agrees to use a qualified intermediary to conduct the Exchange.

[Signature Page Follows]

IN WITNESS WHEREOF, this Purchase and Sale Contract was executed as of the respective dates set forth below:

**SELLER:**

REXFORD PARK INVESTORS, LLC, a Delaware limited liability company

Date: October 17, 2016

By: /s/ Jeffrey A. Safchik

Name: Jeffrey A. Safchik

Title: President

**PURCHASER:**

LENDINGTREE, LLC, a Delaware limited liability company

Date: October 17, 2016

By: /s/ Gabriel Dalporto

Name: Gabriel Dalporto

Title: Chief Financial Officer



JOINDER BY ESCROW AGENT

The undersigned, Chicago Title Insurance Company (referred to in this Contract as the "Escrow Agent"), hereby acknowledges that it received this Contract executed by Seller and Purchaser on the \_\_\_\_ day of October, 2016, and accepts the obligations of Escrow Agent as set forth herein. Escrow Agent agrees that it will hold the Earnest Money in accordance with this Contract.

**CHICAGO TITLE INSURANCE COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

Schedule of Exhibits:

- Exhibit "A" - Legal Description
- Exhibit "B" - Tenants and Third Parties under Property Agreements and Information Pertaining to the Leases
- Exhibit "C" - Existing Exceptions
- Exhibit "D" - Seller's Deliverables
- Exhibit "E" - Estoppel Letter
- Exhibit "F" - Seller Estoppel Letter
- Exhibit "G" - Special Warranty Deed
- Exhibit "H" - Assignment and Assumption of Lessor's Interest in Leases
- Exhibit "I" - Bill of Sale and General Assignment
- Exhibit "J" - Certificate of Non-Foreign Status
- Exhibit "K" - Notification Letter
- Exhibit "L" - Seller's Affidavit
- Exhibit "M" - Rent Roll
- Exhibit "N" - Security Deposits

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

Parcel One:

(2100 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 3.42 acres, more or less, and being more particularly described as follows:

Beginning at the intersection of the centerline of Policy Place and Rexford Road, said point being the POINT OF COMMENCEMENT: thence, along the centerline of Rexford Road in an easterly direction a distance of 494.27', more or less, to a point, said point being the POINT OF BEGINNING; thence, continuing along the centerline of Rexford Road S77-14-34E a distance of 312.15' to a point; thence, along a curve to the right in the centerline of Rexford Road an arc distance of 144.92' to a point, said curve having a radius of 1071.42', a chord distance of 144.81' and a chord bearing of S72-22-30E; thence, leaving the centerline of Rexford Road and going along the west and north property lines of The Park Hotel Group the following eight (8) courses and distances: (1) S20-31-26W, passing a ½" rebar found on the south right of way line of Rexford Road at 50.00', passing a ½" rebar set at 191.00', a total distance of 201.00' to a point; (2) along a curve to the left an arc distance of 105.00' to a point marked by a ½" rebar found, said curve having a radius of 870.42', a chord distance of 104.94', and a chord bearing of N72-49-35W; (3) S12-38-36W a distance of 20.24' to a point marked by a ½" rebar; (4) S77-14-00E a distance of 68.03' to a point marked by a nail found; (5) along a curve to the right an arc distance of 61.28' to a point, said curve having a radius of 78.00', a chord distance of 59.71' and a chord bearing of S35-13-58W; (6) along a curve to the left an arc distance of 115.86' to a point, said curve having radius of 187.00', a chord distance of 114.02', and a chord bearing of S39-59-26W, (7) S22-15-26W a distance of 62.00' to a point; (8) along a curve to the right an arc distance of 49.57' to a point marked by a nail set, said curve having a radius of 171.19', a chord distance of 49.40', and a chord bearing of S30-38-44W; thence, along the north property line of Sara H. Bissell and Alice L. Harney N79-11-16W a distance of 156.53' to a point marked by a nail set; thence, along the east property line of Bissell and Associates N12-45-26E, passing an iron pin set on the south right of way line of Rexford Road at 441.10', a total distance of 491.10' to a point in the centerline of Rexford Road, said point being the POINT OF BEGINNING.

Together with the access easement as recorded in Deed Book 4453, Page 521 of the Mecklenburg County Records.

**TOGETHER WITH THE REAL PROPERTY DESCRIBED ON THE FOLLOWING PAGE:**

*Parcel Two:*

(2115 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 239,441 square feet or 5.50 acres, more or less, and being more particularly described as follows:

Beginning with a point at the intersection of the center line of Rexford Road and the center line of Policy Place, said point being the POINT OF COMMENCEMENT; thence, with the center line of Rexford Road in an easterly direction a distance of 792.96' to a calculated point, said point being the POINT OF BEGINNING; thence N12-39-38E a distance of 50.00' to a calculated point which is along the northern right of way line of Rexford Road and is the southeastern property corner of BCI Property Company Number 43 (deed referenced Deed Book 4518, Page 081); thence, with the eastern property line of BCI Property Company Number 43, N12-39-38E a distance of 737.49' to a point marked by a ½" rebar set which is along the southern property line of Barclay Downs Number 11 Subdivision (plat reference Map Book 14, Page 89); thence, with the southern property line of Barclay Downs Number 11 Subdivision six (6) courses as follows: (1) S60-10-42E a distance of 9.93' to a point marked by a ½" rebar set; (2) S10-44-28W a distance of 21.68' to a point marked by a ½" rebar set; (3) S34-11-12E a distance of 97.77' to a point marked by a ½" rebar set; (4) S81-33-44E a distance of 50.39' to a point marked by a 1" pipe found; (5) S61-18-03E a distance of 91.21' to a point marked by a 1" pipe found; (6) N88-40-08E a distance of 74.83' to a point marked by a ½" rebar found which is the north western property corner of Trianon Apartments (deed reference Deed Book 3667, Page 547); thence, with the western property line at Trianon Apartments S02-24-24E a distance of 326.96' to a point marked by a ½" rebar found which is the northern property corner of Janet & Ben F. Hager (deed reference Deed Book 8394, Page 85); thence, with the western property line of Janet & Ben F. Hager three (3) courses as follows: (1) S18-41-12W a distance of 204.46' to a point marked by a ¼" rebar found; (2) N71-09-27W a distance of 25.66' to a point marked by a ½" rebar found; (3) S26-06-30W a distance of 165.90' to a point marked by a 1/2" rebar found which is along the northern right of way line of Rexford Road; thence S27-00-58W a distance of 50.00' to a calculated point which is on the center line of Rexford Road; thence, with the centerline of Rexford Road (2) courses as follows: (1) with a curve to the left having an arc distance of 268.45' to a calculated point, said curve having a radius of 1071.42', a chord distance of 267.75', and a chord bearing of N70-09-46W; (2) N77-20-22W a distance of 13.46' to a calculated point, said point being the POINT OF BEGINNING.

EXHIBIT "B"

TENANTS AND THIRD PARTIES UNDER PROPERTY AGREEMENTS

AND INFORMATION PERTAINING TO THE LEASES

Tenants and Information Pertaining to the Leases:

**Tenants as of Effective Date:**

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**Tenant improvements not yet completed:**

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**Unpaid brokerage commissions:**

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**Tenants that have paid rent for more than one month in advance:**

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Third Parties under Property Agreements:

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**EXHIBIT "C"**

**EXISTING EXCEPTIONS**

1. Taxes and assessments, or installments thereof, that are not yet due and payable;
2. The Leases and any memoranda (or short forms) thereof and the rights and claims of all tenants thereunder and their successors, assigns and subtenants;
3. The following exceptions:
  - (a) The lien of all taxes for the year of Closing, which are due and payable but not yet delinquent, and subsequent years;
  - (b) Building restriction lines, easements, and any other matters shown on map or plat recorded in Map Book 24, Page 679;
  - (c) Title to that portion of the Land within the bounds of Rexford Road;
  - (d) intentionally omitted;
  - (e) Riparian rights of others incident to any branches, creeks, streams or other waters coursing the Land;
  - (f) Easement(s) or right(s)-of-way in favor of the City of Charlotte recorded in Book 4321, Page 312;
  - (g) Rights or claims of AT&T Wireless PCS, LLC in possession as tenant under an unrecorded lease, a Memorandum or Short Form evidencing same being recorded in Book 16430, Page 297;
  - (h) Easement(s) or right(s)-of-way in favor of the City of Charlotte recorded in Book 3161, Page 256;
  - (i) Easement(s) or right(s)-of-way in favor of the City of Charlotte recorded in Book 4321, Page 306;
  - (j) Easement(s) or right(s)-of-way in favor of Duke Power Company recorded in Book 3941, Page 540;
  - (k) Easement(s) or right(s)-of-way in favor of Duke Power Company recorded in Book 3947, Page 805;
  - (l) Easement(s) or right(s)-of-way in favor of Southern Bell Telephone and Telegraph Company recorded in Book 878, Page 306; and
  - (m) Easement(s) or right(s)-of-way in favor of ICG Access Services, Inc. recorded in Book 7773, Page 523;
  - (n) Driveway Easement Number One and Driveway Easement Number Two as reserved in deed recorded in Book 4400, Page 73; as assigned in Book 4703, Page 325, as to Driveway Easement No. One; and further assigned in recorded in Book 4453, Page 521, as to Driveway Easement No. Two; and
  - (o) The following matters (s) as shown on survey by Jimmy F. Cain, PLS, dated November 12, 2015, and any easement(s) or right(s)-of-way associated therewith:
    - a. Various utility lines with manholes; drainage inlets; fire hydrants; security lights; power poles; water meters; water valves; power boxes; and telephone pedestals located on the Land; and
    - b. Drainage pond located in the northern portion of Parcel Two.
4. All matters that are revealed by the following survey of the Property: Survey prepared by Jimmy F. Cain, PLS, dated November 12, 2015
5. All zoning and governmental restrictions and/or regulations pertaining to the Property;

6. Any fees and charges (such as license fees) required to be paid by any Tenant of the Property pursuant to its Lease; and
7. Any matters resulting from Purchaser's actions or entry onto the Property.

**EXHIBIT "D"**

**SELLER'S DELIVERABLES**

1. The Owner's Policy of Title Insurance issued in connection with Seller's acquisition of the Land;
2. Plans and specifications of the Improvements;
3. Operating statements from 2014, 2015 and YTD 2016;
4. Property condition reports or maintenance reports prepared by third party inspections or engineers on behalf of Seller regarding the Improvements and/or HVAC servicing said Improvements;
5. Survey of the Property prepared for Seller;
6. Any written correspondence with Seller and any governmental entity regarding any streetscape plans or drainage improvement plans relative to the Property;
7. A copy of all Leases;
8. A copy of all Property Agreements; and
9. Environmental reports prepared for Seller relative to the Property.



**EXHIBIT "E"**

**ESTOPPEL LETTER**

Attn:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned, \_\_\_\_\_, a \_\_\_\_\_ (the "Tenant"), hereby certifies to \_\_\_\_\_ and its affiliates (collectively, "Purchaser") and Purchaser's lenders ("Lenders") (collectively, the "Interested Parties") the following:

(1) The Tenant is the tenant under that certain \_\_\_\_\_, whereby the Tenant is leasing certain premises containing approximately \_\_\_\_\_ square feet and located at \_\_\_\_\_ (the "Premises") in the building ("Building") commonly known as \_\_\_\_\_, from \_\_\_\_\_, as landlord (the "Landlord"), successor-in-interest to \_\_\_\_\_. A true, correct and complete copy of the lease, including all amendments, supplements, modifications and assignments (collectively, the "Lease") is attached hereto as Exhibit A.

(2) The Lease is in full force and effect and has not been modified, amended, supplemented or assigned, except as set forth in the attached Exhibit A. The Lease is the entire agreement between the Landlord and the Tenant with respect to the Premises and there are no other agreements (written or oral) between the Landlord and the Tenant other than the Lease.

(3) Tenant has performed all of its current obligations under the Lease and Tenant is not in default under the Lease. Tenant has not received any notice from Landlord of a default by Tenant under the Lease, and, to Tenant's knowledge, there are no events which have occurred that with the giving of notice or the passage of time or both, would result in a default by Tenant under the Lease.

(4) There are no uncured defaults on the part of the Landlord under the Lease, Tenant has not sent any notice of default under the Lease to the Landlord, and there are no events which have occurred that, with the giving of notice or the passage of time or both, would result in a default by Landlord thereunder, and at the present time Tenant has no claim against Landlord under the Lease.

(5) The current term of the Lease is scheduled to expire on \_\_\_\_\_. The Tenant has the following options to renew the term of the Lease: \_\_\_\_\_.

(6) The current monthly base rent under the Lease is \$ \_\_\_\_\_. The Tenant has paid rent under the Lease through \_\_\_\_\_. Tenant has no charge, lien, claim of set-off or defense against rents or other charges due or to become due under the Lease or otherwise under any of the terms, conditions, or covenants contained therein.

(7) Except for \_\_\_\_\_, Tenant has not paid, and from and after the date hereof, Tenant will not pay, any rent under the Lease for more than thirty (30) days in advance of its due date.

(8) Tenant has not received any concession (rental or otherwise) except as set forth in the Lease, nor is Tenant aware or have knowledge of any future concession (rental or otherwise), in connection with renting the Premises except as set forth in the Lease.

(9) No commission or other payment is currently due to any real estate broker by Tenant in connection with the leasing of the Premises to Tenant and there are no agreements, oral or written, under which real estate broker is entitled to any future payment or commission by Tenant in connection with the leasing of the Premises to Tenant except as follows: \_\_\_\_\_.

(10) [Tenant is required under the Lease to pay its pro rata share of operating expenses over the operating expenses for the base year of \_\_\_\_\_, and is currently paying an estimated amount of \$ \_\_\_\_\_ per month. TO BE INCLUDED ONLY IF APPLICABLE]

(11) The Landlord is holding a security deposit under the Lease in the amount of \_\_\_\_\_. Tenant has not received any notice from Landlord that all or any portion of the security deposit has been applied against any of Tenant's obligations under the Lease.

(12) There is not pending nor threatened against or contemplated by Tenant, any petition of bankruptcy, whether voluntary or otherwise, any assignment for the benefit of creditors, or any petition seeking reorganization or arrangements under the federal bankruptcy laws or those of any state.

(13) Tenant has not subleased any part of the Premises and Tenant occupies, and is in sole possession of the Premises, except as follows:\_\_\_\_\_.

(14) Tenant has accepted the Premises and Landlord has completed all construction, alterations and improvements required under the terms of the Lease to be completed by Landlord except as set forth below and has paid any and all allowances or inducements which are payable by Landlord under the Lease except as follows:\_\_\_\_\_.

(15) Tenant has no options or rights of first offer or refusal with respect to purchasing all or any portion of the Building or the renting of additional space in the Building except as follows: \_\_\_\_\_. Tenant has no right or option to terminate its Lease with respect to all or any portion of the Premises except as set forth in the Lease.

This Estoppel Certificate is being provided by the undersigned, as Tenant, to the Interested Parties. Tenant agrees that the information and representations contained herein may be, and is being, relied upon by the Interested Parties; and all such persons shall be entitled to rely on and to have the benefit of the assurances to matters set forth in this certification. Where no information has been inserted on any blank hereof, the blank shall be deemed to read "NONE".

The person executing this certification on behalf of Tenant is duly authorized to and has the legal capacity execute this certification, and this certification is and shall be binding on the Tenant, its successors, assigns and representatives and any party claiming through or under Tenant and shall inure to the benefit of Purchaser and Lenders.

WITNESS the following signature:

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT "F"**

**SELLER ESTOPPEL LETTER**

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned, Rexford Park Investors, LLC, a Delaware limited liability company (the "Landlord"), hereby certifies to \_\_\_\_\_ and its affiliates (collectively, "Purchaser") and Purchaser's lenders ("Lenders") (collectively, the "Interested Parties") the following:

1. \_\_\_\_\_ (the "Tenant") is the tenant under that certain \_\_\_\_\_, whereby the Tenant is leasing certain premises containing approximately \_\_\_\_\_ square feet and located at \_\_\_\_\_ (the "Premises") in the building ("Building") commonly known as \_\_\_\_\_, from Landlord, as landlord[ successor-in-interest to \_\_\_\_\_]. A true, correct and complete copy of the lease, including all amendments, supplements, modifications and assignments (collectively, the "Lease") is attached hereto as Exhibit A.
2. The Lease is in full force and effect and has not been modified, amended, supplemented or assigned, except as set forth in the attached Exhibit A. The Lease is the entire agreement between the Landlord and the Tenant with respect to the Premises and there are no other agreements (written or oral) between the Landlord and the Tenant other than the Lease.
3. Neither the Landlord nor, to the Landlord's Knowledge (as defined below), the Tenant is in default under the Lease.
4. The current term of the Lease is scheduled to expire on \_\_\_\_\_. The Tenant has the following options to renew the term of the Lease: \_\_\_\_\_.
5. The current monthly base rent under the Lease is \$ \_\_\_\_\_. The Tenant has paid rent under the Lease through \_\_\_\_\_. Tenant has no charge, lien, claim of set-off or defense against rents or other charges due or to become due under the Lease or otherwise under any of the terms, conditions, or covenants contained therein.
6. Landlord has not received from Tenant any rent under the Lease for more than thirty (30) days in advance of its due date.
7. Landlord has not provided any concession (rental or otherwise) except as set forth in the Lease, nor to Landlord's Knowledge does any future concession (rental or otherwise) exist in favor of Tenant in connection with renting the Premises except as set forth in the Lease.
8. No commission or other payment is currently due to any real estate broker by Landlord in connection with the primary term of the Lease and there are no agreements, oral or written, under which real estate broker is entitled to any future payment or commission by Landlord in connection with the leasing of the Premises to Tenant except as follows: \_\_\_\_\_.
9. [Tenant is required under the Lease to pay its pro rata share of operating expenses over the operating expenses for the base year of \_\_\_\_\_, and is currently paying an estimated amount of \$ \_\_\_\_\_ per month. TO BE INCLUDED ONLY IF APPLICABLE]
10. The Landlord is holding a security deposit under the Lease in the amount of \_\_\_\_\_. Landlord has not provided any notice to Tenant that all or any portion of the security deposit has been applied against any of Tenant's obligations under the Lease except as follows: \_\_\_\_\_.

11. To Landlord's Knowledge, there is not pending nor threatened against Tenant any petition of bankruptcy, whether voluntary or otherwise, any assignment for the benefit of creditors, or any petition seeking reorganization or arrangements under the federal bankruptcy laws or those of any state.
12. To Landlord's Knowledge, Tenant has not subleased any part of the Premises and Tenant occupies, and is in sole possession of the Premises, except as follows:\_\_\_\_\_.
13. Tenant has accepted the Premises and Landlord has completed all construction, alterations and improvements required under the terms of the Lease to be completed by Landlord except as set forth below and has paid any and all allowances or inducements which are payable by Landlord under the Lease except as follows:\_\_\_\_\_.
14. Tenant has no options or rights of first offer or refusal with respect to purchasing all or any portion of the Building or the renting of additional space in the Building except as follows:\_\_\_\_\_. Tenant has no right or option to terminate its Lease with respect to all or any portion of the Premises except as set forth in the Lease.

This Estoppel Certificate is being provided by the undersigned, as Landlord, to the Interested Parties. Landlord agrees that the information and representations contained herein may be, and is being, relied upon by the Interested Parties; and all such persons shall be entitled to rely on and to have the benefit of the assurances to matters set forth in this certification subject to the terms and conditions contained herein. Where no information has been inserted on any blank hereof, the blank shall be deemed to read "NONE".

"Landlord's Knowledge" means the actual knowledge of Bradley Safchik, without imposing any duty of investigation or personal liability on such individual, and shall not include any imputed, implied or constructive knowledge of such individual.

Notwithstanding anything to the contrary provided herein, the liability of Landlord hereunder shall terminate on the first to occur of (i) two hundred seventy days (270) after the acquisition of the property by Purchaser except to the extent, and only to the extent, if any, that Purchaser shall have given Seller written notice during such 270-day period which describes in reasonable detail the breach or alleged breach of such representations and warranties by Seller or (ii) delivery of a tenant estoppel executed by the Tenant that is consistent with the matters set forth herein.

Very truly yours,

REXFORD PARK INVESTORS, LLC

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT "G"**

**SPECIAL WARRANTY DEED**

Excise Tax: \_\_\_\_\_

Tax Parcel ID No. \_\_\_\_\_ Verified by \_\_\_\_\_ County

on the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_ By: \_\_\_\_\_

Mail/Box to: \_\_\_\_\_

This instrument was prepared by: \_\_\_\_\_

Brief description for the Index: \_\_\_\_\_

THIS DEED, made this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between

**GRANTOR:** \_\_\_\_\_  
whose mailing address is \_\_\_\_\_ and  
\_\_\_\_\_  
whose mailing address is \_\_\_\_\_  
(herein referred to collectively as "**Grantor**") and

**GRANTEE:** \_\_\_\_\_  
whose mailing address is \_\_\_\_\_ and  
\_\_\_\_\_  
whose mailing address is \_\_\_\_\_  
(herein referred to collectively as "**Grantee**") and

*[Include mailing address for each Grantor and Grantee; marital status of each individual Grantor and Grantee; and type of entity, e.g., corporation, limited liability company, for each non-individual Grantor and Grantee.]*

**WITNESSETH:**

For valuable consideration from Grantee to Grantor, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby gives, grants, bargains, sells and conveys unto Grantee in fee simple, subject to the Permitted Exceptions hereinafter provided, if any, the following described property located in the City of Charlotte, County of Mecklenburg, State of North Carolina, more particularly described as follows:

See **Exhibit A** attached hereto and made a part hereof

Said property having been previously conveyed to Grantor by instrument(s) recorded in Book \_\_\_\_\_, Page \_\_\_\_\_, and being reflected on plat(s) recorded in Map/Plat Book \_\_\_\_\_, page/slide \_\_\_\_\_.

All or a portion of the property herein conveyed \_\_\_ includes or \_\_\_ does not include the primary residence of a Grantor.

TO HAVE AND TO HOLD unto Grantee, together with all privileges and appurtenances thereunto belonging, in fee simple, subject to the Permitted Exceptions hereinafter and hereinabove provided, if any.

And Grantor hereby warrants that, except for the Permitted Exceptions, (a) Grantor has done nothing to impair the title as received by Grantor and (b) Grantor will forever warrant and defend the title against the lawful claims of all persons claiming by, through or under Grantor.

This conveyance is made subject to the following Permitted Exceptions:

See **Exhibit B** attached hereto and made a part hereof

All references to Grantor and Grantee as used herein shall include the parties as well as their heirs, successors and assigns, and shall include the singular, plural, masculine, feminine or neuter as required by context.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

GRANTOR:

REXFORD PARK INVESTORS, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Jeffrey A. Safchik  
Title: President

<p>State of _____ County of _____</p> <p>I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document as the _____ of Rexford Park Investors, LLC, a Delaware limited liability company, on behalf of that company:</p> <p>_____</p> <p>Such individual(s) are personally known to me or produced _____ as identification.</p> <p>Date: _____</p> <p>_____ Notary's Printed or Typed Name</p> <p>My Commission Expires: _____</p>	<p>(Official/Notarial Seal)</p>
---	---------------------------------

EXHIBIT A  
TO SPECIAL WARRANTY DEED

(2100 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 3.42 acres, more or less, and being more particularly described as follows:

Beginning at the intersection of the centerline of Policy Place and Rexford Road, said point being the POINT OF COMMENCEMENT: thence, along the centerline of Rexford Road in an easterly direction a distance of 494.27', more or less, to a point, said point being the POINT OF BEGINNING; thence, continuing along the centerline of Rexford Road S77-14-34E a distance of 312.15' to a point; thence, along a curve to the right in the centerline of Rexford Road an arc distance of 144.92' to a point, said curve having a radius of 1071.42', a chord distance of 144.81' and a chord bearing of S72-22-30E; thence, leaving the centerline of Rexford Road and going along the west and north property lines of The Park Hotel Group the following eight (8) courses and distances: (1) S20-31-26W, passing a ½" rebar found on the south right of way line of Rexford Road at 50.00', passing a ½" rebar set at 191.00', a total distance of 201.00' to a point; (2) along a curve to the left an arc distance of 105.00' to a point marked by a ½" rebar found, said curve having a radius of 870.42', a chord distance of 104.94', and a chord bearing of N72-49-35W; (3) S12-38-36W a distance of 20.24' to a point marked by a ½" rebar; (4) S77-14-00E a distance of 68.03' to a point marked by a nail found; (5) along a curve to the right an arc distance of 61.28' to a point, said curve having a radius of 78.00', a chord distance of 59.71' and a chord bearing of S35-13-58W; (6) along a curve to the left an arc distance of 115.86' to a point, said curve having radius of 187.00', a chord distance of 114.02', and a chord bearing of S39-59-26W, (7) S22-15-26W a distance of 62.00' to a point; (8) along a curve to the right an arc distance of 49.57' to a point marked by a nail set, said curve having a radius of 171.19', a chord distance of 49.40', and a chord bearing of S30-38-44W; thence, along the north property line of Sara H. Bissell and Alice L. Harney N79-11-16W a distance of 156.53' to a point marked by a nail set; thence, along the east property line of Bissell and Associates N12-45-26E, passing an iron pin set on the south right of way line of Rexford Road at 441.10', a total distance of 491.10' to a point in the centerline of Rexford Road, said point being the POINT OF BEGINNING.

Together with the access easement as recorded in Deed Book 4453, Page 521 of the Mecklenburg County Records.

***TOGETHER WITH THE REAL PROPERTY DESCRIBED ON THE FOLLOWING PAGE:***

(2115 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 239,441 square feet or 5.50 acres, more or less, and being more particularly described as follows:

Beginning with a point at the intersection of the center line of Rexford Road and the center line of Policy Place, said point being the POINT OF COMMENCEMENT; thence, with the center line of Rexford Road in an easterly direction a distance of 792.96' to a calculated point, said point being the POINT OF BEGINNING; thence N12-39-38E a distance of 50.00' to a calculated point which is along the northern right of way line of Rexford Road and is the southeastern property corner of BCI Property Company Number 43 (deed referenced Deed Book 4518, Page 081); thence, with the eastern property line of BCI Property Company Number 43, N12-39-38E a distance of 737.49' to a point marked by a ½" rebar set which is along the southern property line of Barclay Downs Number 11 Subdivision (plat reference Map Book 14, Page 89); thence, with the southern property line of Barclay Downs Number 11 Subdivision six (6) courses as follows: (1) S60-10-42E a distance of 9.93' to a point marked by a ½" rebar set; (2) S10-44-28W a distance of 21.68' to a point marked by a ½" rebar set; (3) S34-11-12E a distance of 97.77' to a point marked by a ½" rebar set; (4) S81-33-44E a distance of 50.39' to a point marked by a 1" pipe found; (5) S61-18-03E a distance of 91.21' to a point marked by a 1" pipe found; (6) N88-40-08E a distance of 74.83' to a point marked by a ½" rebar found which is the north western property corner of Trianon Apartments (deed reference Deed Book 3667, Page 547); thence, with the western property line at Trianon Apartments S02-24-24E a distance of 326.96' to a point marked by a ½" rebar found which is the northern property corner of Janet & Ben F. Hager (deed reference Deed Book 8394, Page 85); thence, with the western property line of Janet & Ben F. Hager three (3) courses as follows: (1) S18-41-12W a distance of 204.46' to a point marked by a ¼" rebar found; (2) N71-09-27W a distance of 25.66' to a point marked by a ½" rebar found; (3) S26-06-30W a distance of 165.90' to a point marked by a 1/2" rebar found which is along the northern right of way line of Rexford Road; thence S27-00-58W a distance of 50.00' to a calculated point which is on the center line of Rexford Road; thence, with the centerline of Rexford Road (2) courses as follows: (1) with a curve to the left having an arc distance of 268.45' to a calculated point, said curve having a radius of 1071.42', a chord distance of 267.75', and a chord bearing of N70-09-46W; (2) N77-20-22W a distance of 13.46' to a calculated point, said point being the POINT OF BEGINNING.



EXHIBIT B  
TO SPECIAL WARRANTY DEED

**EXHIBIT "H"**

ASSIGNMENT AND ASSUMPTION OF  
LEASES, GUARANTIES AND LEASE COMMISSION AGREEMENTS

THIS ASSIGNMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between REXFORD PARK INVESTORS, LLC, a Delaware limited liability company (hereinafter referred to as "Assignor") and LENDINGTREE, LLC, a Delaware limited liability company (hereinafter referred to as "Assignee").

**WITNESSETH:**

WHEREAS, contemporaneously with the execution and delivery of this Assignment, Assignor has sold and conveyed to Assignee all those tracts or parcels of land more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with all improvements thereon and all rights, easements and appurtenances thereto (hereinafter collectively referred to as the "Property");

WHEREAS, in connection with such conveyance of the Property, Assignor and Assignee have agreed that Assignor shall transfer and assign to Assignee all right, title and interest of Assignor in and to all leases, subleases and other occupancy agreements (hereinafter collectively referred to as the "Leases") in force and effect at the date hereof, whether or not of record, for the use or occupancy of any portion of the Property, as described in Exhibit B attached hereto and incorporated herein by reference, all guaranties (hereinafter collectively referred to as the "Guaranties") of the obligations of the tenants under the Leases as described in Exhibit C attached hereto, all security deposits (hereinafter collectively referred to as the "Security Deposits") and prepaid rents and other sums (the "Prepaid Sums") as described in Exhibit D attached hereto, the receipt of which is hereby acknowledged by Assignee, and all lease commission agreements (hereinafter collectively referred to as the "Lease Commission Agreements") as described in Exhibit E attached hereto;

WHEREAS, Assignor and Assignee have further agreed that Assignee shall expressly assume all of the obligations of Assignor arising under each of the Leases and Lease Commission Agreements from and after (but not before) the date of this Assignment, including, without limitation, all obligations under the Leases with respect to Security Deposits;

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00), the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, Assignor and Assignee hereby agree as follows:

1. Transfer and Assignment. Assignor hereby sells, transfers, assigns, delivers and conveys to Assignee, its successors and assigns, subject to the permitted title exceptions set forth in Exhibit F attached hereto and made a part hereof, all right, title and interest of Assignor in, to and under the Leases, the Guaranties, the Security Deposits and the Lease Commission Agreements.
2. Assumption of Obligations. Assignee hereby assumes and agrees to observe and perform all of the obligations and duties of Assignor under each of the Leases and the Lease Commission Agreements (excluding any obligations under the Lease Commission Agreements for commissions in connection with the primary terms of the Leases) for that period of time from and after, but not before, the date of this Assignment, including without limitation, all covenants and obligations of Assignor with respect to the Security Deposits and Prepaid Sums.
3. Governing Law. This instrument shall be governed by and construed in accordance with the internal laws of the State of North Carolina, without reference to the conflicts of laws or choice of law provisions thereof.
4. Binding Effect. This instrument shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

(Signatures on following page)

IN WITNESS WHEREOF, each of Assignor and Assignee has caused this Assignment to be executed under seal by its duly authorized signatory as of the day and year first above written.

ASSIGNOR:

REXFORD PARK INVESTORS, LLC, a Delaware limited liability company

By: \_\_\_\_\_

Name: Jeffrey A. Safchik

Title: President

ASSIGNEE:

LENDINGTREE, LLC, a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(2100 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 3.42 acres, more or less, and being more particularly described as follows:

Beginning at the intersection of the centerline of Policy Place and Rexford Road, said point being the POINT OF COMMENCEMENT: thence, along the centerline of Rexford Road in an easterly direction a distance of 494.27', more or less, to a point, said point being the POINT OF BEGINNING; thence, continuing along the centerline of Rexford Road S77-14-34E a distance of 312.15' to a point; thence, along a curve to the right in the centerline of Rexford Road an arc distance of 144.92' to a point, said curve having a radius of 1071.42', a chord distance of 144.81' and a chord bearing of S72-22-30E; thence, leaving the centerline of Rexford Road and going along the west and north property lines of The Park Hotel Group the following eight (8) courses and distances: (1) S20-31-26W, passing a ½" rebar found on the south right of way line of Rexford Road at 50.00', passing a ½" rebar set at 191.00', a total distance of 201.00' to a point; (2) along a curve to the left an arc distance of 105.00' to a point marked by a ½" rebar found, said curve having a radius of 870.42', a chord distance of 104.94', and a chord bearing of N72-49-35W; (3) S12-38-36W a distance of 20.24' to a point marked by a ½" rebar; (4) S77-14-00E a distance of 68.03' to a point marked by a nail found; (5) along a curve to the right an arc distance of 61.28' to a point, said curve having a radius of 78.00', a chord distance of 59.71' and a chord bearing of S35-13-58W; (6) along a curve to the left an arc distance of 115.86 to a point, said curve having radius of 187.00', a chord distance of 114.02', and a chord bearing of S39-59-26W, (7) S22-15-26W a distance of 62.00' to a point; (8) along a curve to the right an arc distance of 49.57' to a point marked by a nail set, said curve having a radius of 171.19', a chord distance of 49.40', and a chord bearing of S30-38-44W; thence, along the north property line of Sara H. Bissell and Alice L. Harney N79-11-16W a distance of 156.53 to a point marked by a nail set; thence, along the east property line of Bissell and Associates N12-45-26E, passing an iron pin set on the south right of way line of Rexford Road at 441.10', a total distance of 491.10' to a point in the centerline of Rexford Road, said point being the POINT OF BEGINNING.

Together with the access easement as recorded in Deed Book 4453, Page 521 of the Mecklenburg County Records.

**TOGETHER WITH THE REAL PROPERTY DESCRIBED ON THE FOLLOWING PAGE:**

(2115 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 239,441 square feet or 5.50 acres, more or less, and being more particularly described as follows:

Beginning with a point at the intersection of the center line of Rexford Road and the center line of Policy Place, said point being the POINT OF COMMENCEMENT; thence, with the center line of Rexford Road in an easterly direction a distance of 792.96' to a calculated point, said point being the POINT OF BEGINNING; thence N12-39-38E a distance of 50.00' to a calculated point which is along the northern right of way line of Rexford Road and is the southeastern property corner of BCI Property Company Number 43 (deed referenced Deed Book 4518, Page 081); thence, with the eastern property line of BCI Property Company Number 43, N12-39-38E a distance of 737.49' to a point marked by a ½" rebar set which is along the southern property line of Barclay Downs Number 11 Subdivision (plat reference Map Book 14, Page 89); thence, with the southern property line of Barclay Downs Number 11 Subdivision six (6) courses as follows: (1) S60-10-42E a distance of 9.93' to a point marked by a ½" rebar set; (2) S10-44-28W a distance of 21.68' to a point marked by a ½" rebar set; (3) S34-11-12E a distance of 97.77' to a point marked by a ½" rebar set; (4) S81-33-44E a distance of 50.39' to a point marked by a 1" pipe found; (5) S61-18-03E a distance of 91.21' to a point marked by a 1" pipe found; (6) N88-40-08E a distance of 74.83' to a point marked by a ½" rebar found which is the north western property corner of Trianon Apartments (deed reference Deed Book 3667, Page 547); thence, with the western property line at Trianon Apartments S02-24-24E a distance of 326.96' to a point marked by a ½" rebar found which is the northern property corner of Janet & Ben F. Hager (deed reference Deed Book 8394, Page 85); thence, with the western property line of Janet & Ben F. Hager three (3) courses as follows: (1) S18-41-12W a distance of 204.46' to a point marked by a ¾" rebar found; (2) N71-09-27W a distance of 25.66' to a point marked by a ½" rebar found; (3) S26-06-30W a distance of 165.90' to a point marked by a 1/2" rebar found which is along the northern right of way line of Rexford Road; thence S27-00-58W a distance of 50.00' to a calculated point which is on the center line of Rexford Road; thence, with the centerline of Rexford Road (2) courses as follows: (1) with a curve to the left having an arc distance of 268.45' to a calculated point, said curve having a radius of 1071.42', a chord distance of 267.75', and a chord bearing of N70-09-46W; (2) N77-20-22W a distance of 13.46' to a calculated point, said point being the POINT OF BEGINNING.

EXHIBIT B TO ASSIGNMENT AND ASSUMPTION OF LEASES AND GUARANTIES

[LEASES]

[GUARANTIES]

EXHIBIT D TO ASSIGNMENT AND ASSUMPTION OF LEASES AND GUARANTIES

[SECURITY DEPOSITS]



EXHIBIT E TO ASSIGNMENT AND ASSUMPTION OF LEASES AND GUARANTIES

[LEASE COMMISSION AGREEMENTS]

**EXHIBIT "I"**

**BILL OF SALE AND GENERAL ASSIGNMENT**

THIS BILL OF SALE AND GENERAL ASSIGNMENT (this "Assignment") is made as of the \_\_\_ day of \_\_\_\_\_, 2016, by REXFORD PARK INVESTORS, LLC, a Delaware limited liability company (hereinafter referred to as "Assignor"), to LENDINGTREE, llc, a Delaware limited liability company (hereinafter referred to as "Assignee").

W I T N E S S E T H:

WHEREAS, contemporaneously with the execution and delivery of this Assignment, Assignor has sold, conveyed and assigned to Assignee all of its right, title and interest in and to the real property described in Exhibit A attached hereto and by this reference made a part hereof, together with all improvements thereon (the "Improvements") and all rights, easements and appurtenances thereto (hereinafter collectively referred to as the "Property"); and

WHEREAS, Assignor has agreed to convey to Assignee assign to Assignee all of Assignor's right, title and interest in and to all assignable guaranties and warranties in connection with the Improvements and to certain property, contract rights and other matters more fully described below subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, in hand paid, the receipt and sufficiency of which are hereby acknowledged, Assignor, subject to the terms hereof, hereby conveys, assigns, transfers, and sells to Assignee, without recourse, the following:

- (1) All tangible personal property owned and used by Seller in connection with the ownership or operation of the Improvements;
- (2) All right, title and interest of Assignor in, to and under the contracts identified on Exhibit B attached hereto (collectively, the "Contracts");
- (3) All Assignor's right, title, and interest in and to all transferable architectural, mechanical, engineering, and other plans and specifications, including site plans, floor plans, drawings, schematics, and surveys, relating to the Property;
- (4) All Assignor's right, title and interest in and to all transferable certificates, permissions, consents, authorizations, variances, waivers, licenses, approvals, and other permits from any governmental authority in respect of the Property and held by Seller; and
- (5) All the right, title, interest, claim and demand which Assignor has in the guaranties and warranties described on Exhibit B attached hereto and incorporated herein by this reference (collectively, the "Warranties") in connection with the Improvements to the extent assignable. Notwithstanding anything to the contrary contained herein, if any Warranty cannot be assigned by Assignor, Assignor agrees to fully cooperate with Assignee (at no cost to Assignor) to enforce the terms of the Warranty on behalf of Assignee if Assignor is so allowed to enforce such Warranty.

Notwithstanding anything to the contrary contained herein, this Assignment (a) shall not apply to any portion of the Warranties or other rights or instruments described herein which apply to Improvements not located on the Property and (b) shall be subject and subordinate to Assignor's assignment, if any, of any Warranties or other rights or instruments described herein to any tenants of the Property under leases with Assignor as of the date hereof.

All tangible personal property is conveyed, assigned, transferred and sold in its "AS IS", "WHERE IS" condition. Assignor hereby disclaims any and all warranties in connection with the tangible personal property transferred hereby, including without limitation, any warranty of fitness for a particular purpose.

Assignee hereby assumes and agrees to observe and perform all of the obligations and duties of Assignor under each of the Contracts for that period of time from and after, but not before, the date of this Assignment.

(Signature on following page)

IN WITNESS WHEREOF, Assignor has duly executed this Assignment the day and year first above written.

ASSIGNOR:

REXFORD PARK INVESTORS, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Jeffrey A. Safchik  
Title: President

(2100 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 3.42 acres, more or less, and being more particularly described as follows:

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Together with the access easement as recorded in Deed Book 4453, Page 521 of the Mecklenburg County Records.

*TOGETHER WITH THE REAL PROPERTY DESCRIBED ON THE FOLLOWING PAGE:*

(2115 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 239,441 square feet or 5.50 acres, more or less, and being more particularly described as follows:

Beginning with a point at the intersection of the center line of Rexford Road and the center line of Policy Place, said point being the POINT OF COMMENCEMENT; thence, with the center line of Rexford Road in an easterly direction a distance of 792.96' to a calculated point, said point being the POINT OF BEGINNING; thence N12-39-38E a distance of 50.00' to a calculated point which is along the northern right of way line of Rexford Road and is the southeastern property corner of BCI Property Company Number 43 (deed referenced Deed Book 4518, Page 081); thence, with the eastern property line of BCI Property Company Number 43, N12-39-38E a distance of 737.49' to a point marked by a ½" rebar set which is along the southern property line of Barclay Downs Number 11 Subdivision (plat reference Map Book 14, Page 89); thence, with the southern property line of Barclay Downs Number 11 Subdivision six (6) courses as follows: (1) S60-10-42E a distance of 9.93' to a point marked by a ½" rebar set; (2) S10-44-28W a distance of 21.68' to a point marked by a ½" rebar set; (3) S34-11-12E a distance of 97.77' to a point marked by a ½" rebar set; (4) S81-33-44E a distance of 50.39' to a point marked by a 1" pipe found; (5) S61-18-03E a distance of 91.21' to a point marked by a 1" pipe found; (6) N88-40-08E a distance of 74.83' to a point marked by a ½" rebar found which is the north western property corner of Trianon Apartments (deed reference Deed Book 3667, Page 547); thence, with the western property line at Trianon Apartments S02-24-24E a distance of 326.96' to a point marked by a ½" rebar found which is the northern property corner of Janet & Ben F. Hager (deed reference Deed Book 8394, Page 85); thence, with the western property line of Janet & Ben F. Hager three (3) courses as follows: (1) S18-41-12W a distance of 204.46' to a point marked by a ¾" rebar found; (2) N71-09-27W a distance of 25.66' to a point marked by a ½" rebar found; (3) S26-06-30W a distance of 165.90' to a point marked by a 1/2" rebar found which is along the northern right of way line of Rexford Road; thence S27-00-58W a distance of 50.00' to a calculated point which is on the center line of Rexford Road; thence, with the centerline of Rexford Road (2) courses as follows: (1) with a curve to the left having an arc distance of 268.45' to a calculated point, said curve having a radius of 1071.42', a chord distance of 267.75', and a chord bearing of N70-09-46W; (2) N77-20-22W a distance of 13.46' to a calculated point, said point being the POINT OF BEGINNING.

EXHIBIT B TO GENERAL ASSIGNMENT

GUARANTIES AND WARRANTIES

**EXHIBIT "J"**

**CERTIFICATE OF NON-FOREIGN STATUS**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by the transferor, the undersigned hereby certifies the following on behalf of the transferor:

1. The undersigned, MG Real Estate Partners L.P. ("MG") is a company formed and existing under the laws of the State of Delaware, is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. MG is not a disregarded entity as defined in §1.1445-2(b)(2)(iii);
3. MG's U.S. employer identification number is \_\_\_\_\_; and
4. MG's office address is 2601 S. Bayshore Drive, Suite 900, Miami, FL 33133.

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of MG.

**MG REAL ESTATE PARTNERS L.P.**,  
a Delaware limited partnership

By: GREENSTREET MANAGEMENT, INC.,  
a Delaware corporation, its General Partner

By: \_\_\_\_\_  
Name:  
Title:

\* The grantor in the deed is Rexford Park Investors, LLC, which is a disregarded entity. The ultimate owner of the beneficial interests of Rexford Park Investors, LLC is MG Real Estate Partners L.P.

**EXHIBIT "K"**

**NOTIFICATION LETTER**

[date of closing]

Re: Lease relating to space located in the Rexford Park I & II,  
Charlotte, North Carolina

Ladies and Gentlemen:

Please be advised that effective \_\_\_\_\_, Rexford Park Investors, LLC ("Transferor") has transferred the above-referenced property to LendingTree, LLC ("Transferee").

All future rental payments should be sent to the following address:

The contact information for the Purchaser is set forth below:

Transferor:

Transferee:

REXFORD PARK INVESTORS, LLC, a Delaware limited liability company LENDINGTREE, LLC, a Delaware limited liability company

By: \_\_\_\_\_

Name: Jeffrey A. Safchik

Title: President

By: \_\_\_\_\_

Name:

Title:



**EXHIBIT "L"**

**SELLER'S AFFIDAVIT**

BEFORE ME, the undersigned authority personally appeared Jeffrey A. Safchik ("Affiant"), as the President of Rexford Park Investors, LLC ("Seller"), who, after being first duly sworn, on oath, deposes and says that to the best of his knowledge:

1. Affiant is the President of Seller and is fully authorized to execute all documents on behalf of Seller in connection with the sale of the real property described on Exhibit A attached hereto (the "Property") to LendingTree, LLC ("Purchaser").
2. There have been no construction, repairs, alterations or improvements made, ordered or contracted to be made on or to the Property, nor materials ordered therefor, by Seller within the last one hundred twenty (120) days which have not been paid for, and there are no outstanding or disputed claims for any such work or item, except as follows: \_\_\_\_\_.
3. Seller has not and will not, for the period commencing on \_\_\_\_\_ [insert latest commitment date] through the recording of the deed executed by Seller to Purchaser (such period is called the "Gap Period"), encumber, cause any defect to appear in the title to the Property, or convey all or any part of the Property except for the documents executed in connection with the sale to Purchaser. Seller agrees to hold harmless and indemnify \_\_\_\_\_ ("Title Company") against all reasonable costs, expenses and attorneys' fees suffered or incurred by Title Company as a result of the failure of Seller, upon receipt of written notice from any of the Title Company, to promptly remove, bond or otherwise dispose of any such encumbrance, defect or conveyance that may arise or be filed against the Property during the Gap Period as a result of any breach by the Seller of the foregoing agreement.
4. Seller is in possession of the Property on the date hereof subject only to the rights of the tenants identified on Exhibit B attached hereto and their respective sublessees, successors and assigns.
5. No mortgages, easements, or restrictions have been executed by the Seller that remain unrecorded except as follows, and copies of such unrecorded documents are attached hereto: \_\_\_\_\_.
6. No bankruptcy proceedings have been filed by or against the Seller.
7. There are no pending actions or proceedings relating to the Grantor in any state or federal court in the United States. There are no outstanding state or federal judgments against the Grantor or the Property.

This Affidavit for the purpose of inducing the Title Company to issue owner and loan title insurance policies and/or endorsements in connection with the conveyance of the Property by Seller to Purchaser in connection with the Property. Seller agrees to indemnify and hold harmless the Title Company against liability resulting from its reliance upon the statements made herein if any of the foregoing statements is untrue and the Seller does not cure the same within ten (10) days after written notice. The individual executing this Affidavit may be subject to criminal liability for perjury if any statement contained herein is knowingly false, but such individual shall not be subject to any monetary or other civil liability to Title Company under or in connection with this Seller's Affidavit.

IN WITNESS WHEREOF, the foregoing Affidavit was executed by the undersigned as of the \_\_\_\_ day of \_\_\_\_\_, 2016.

REXFORD PARK INVESTORS, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Jeffrey A. Safchik  
Title: President

STATE OF FLORIDA        )  
      ) SS:  
COUNTY OF MIAMI-DADE    )

The foregoing instrument was sworn to, subscribed and acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2016, by Jeffrey A. Safchik, the President of Rexford Park Investors, LLC, on behalf of that limited liability company. He is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Print or Stamp Name: \_\_\_\_\_  
Notary Public, State of Florida  
Commission No.:

My Commission Expires:

EXHIBIT A

PROPERTY DESCRIPTION

(2100 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 3.42 acres, more or less, and being more particularly described as follows:

Beginning at the intersection of the centerline of Policy Place and Rexford Road, said point being the POINT OF COMMENCEMENT: thence, along the centerline of Rexford Road in an easterly direction a distance of 494.27', more or less, to a point, said point being the POINT OF BEGINNING; thence, continuing along the centerline of Rexford Road S77-14-34E a distance of 312.15' to a point; thence, along a curve to the right in the centerline of Rexford Road an arc distance of 144.92' to a point, said curve having a radius of 1071.42', a chord distance of 144.81' and a chord bearing of S72-22-30E; thence, leaving the centerline of Rexford Road and going along the west and north property lines of The Park Hotel Group the following eight (8) courses and distances: (1) S20-31-26W, passing a ½" rebar found on the south right of way line of Rexford Road at 50.00', passing a ½" rebar set at 191.00', a total distance of 201.00' to a point; (2) along a curve to the left an arc distance of 105.00' to a point marked by a ½" rebar found, said curve having a radius of 870.42', a chord distance of 104.94', and a chord bearing of N72-49-35W; (3) S12-38-36W a distance of 20.24' to a point marked by a ½" rebar; (4) S77-14-00E a distance of 68.03' to a point marked by a nail found; (5) along a curve to the right an arc distance of 61.28' to a point, said curve having a radius of 78.00', a chord distance of 59.71' and a chord bearing of S35-13-58W; (6) along a curve to the left an arc distance of 115.86' to a point, said curve having radius of 187.00', a chord distance of 114.02', and a chord bearing of S39-59-26W, (7) S22-15-26W a distance of 62.00' to a point; (8) along a curve to the right an arc distance of 49.57' to a point marked by a nail set, said curve having a radius of 171.19', a chord distance of 49.40', and a chord bearing of S30-38-44W; thence, along the north property line of Sara H. Bissell and Alice L. Harney N79-11-16W a distance of 156.53' to a point marked by a nail set; thence, along the east property line of Bissell and Associates N12-45-26E, passing an iron pin set on the south right of way line of Rexford Road at 441.10', a total distance of 491.10' to a point in the centerline of Rexford Road, said point being the POINT OF BEGINNING.

Together with the access easement as recorded in Deed Book 4453, Page 521 of the Mecklenburg County Records.

***TOGETHER WITH THE REAL PROPERTY DESCRIBED ON THE FOLLOWING PAGE:***

(2115 Rexford Road)

All that tract or parcel of land, lying and being in the City of Charlotte, Charlotte Township, Mecklenburg County, North Carolina containing 239,441 square feet or 5.50 acres, more or less, and being more particularly described as follows:

Beginning with a point at the intersection of the center line of Rexford Road and the center line of Policy Place, said point being the POINT OF COMMENCEMENT; thence, with the center line of Rexford Road in an easterly direction a distance of 792.96' to a calculated point, said point being the POINT OF BEGINNING; thence N12-39-38E a distance of 50.00' to a calculated point which is along the northern right of way line of Rexford Road and is the southeastern property corner of BCI Property Company Number 43 (deed referenced Deed Book 4518, Page 081); thence, with the eastern property line of BCI Property Company Number 43, N12-39-38E a distance of 737.49' to a point marked by a ½" rebar set which is along the southern property line of Barclay Downs Number 11 Subdivision (plat reference Map Book 14, Page 89); thence, with the southern property line of Barclay Downs Number 11 Subdivision six (6) courses as follows: (1) S60-10-42E a distance of 9.93' to a point marked by a ½" rebar set; (2) S10-44-28W a distance of 21.68' to a point marked by a ½" rebar set; (3) S34-11-12E a distance of 97.77' to a point marked by a ½" rebar set; (4) S81-33-44E a distance of 50.39' to a point marked by a 1" pipe found; (5) S61-18-03E a distance of 91.21' to a point marked by a 1" pipe found; (6) N88-40-08E a distance of 74.83' to a point marked by a ½" rebar found which is the north western property corner of Trianon Apartments (deed reference Deed Book 3667, Page 547); thence, with the western property line at Trianon Apartments S02-24-24E a distance of 326.96' to a point marked by a ½" rebar found which is the northern property corner of Janet & Ben F. Hager (deed reference Deed Book 8394, Page 85); thence, with the western property line of Janet & Ben F. Hager three (3) courses as follows: (1) S18-41-12W a distance of 204.46' to a point marked by a ¾" rebar found; (2) N71-09-27W a distance of 25.66' to a point marked by a ½" rebar found; (3) S26-06-30W a distance of 165.90' to a point marked by a 1/2" rebar found which is along the northern right of way line of Rexford Road; thence S27-00-58W a distance of 50.00' to a calculated point which is on the center line of Rexford Road; thence, with the centerline of Rexford Road (2) courses as follows: (1) with a curve to the left having an arc distance of 268.45' to a calculated point, said curve having a radius of 1071.42', a chord distance of 267.75', and a chord bearing of N70-09-46W; (2) N77-20-22W a distance of 13.46' to a calculated point, said point being the POINT OF BEGINNING.

**EXHIBIT B**

**TENANTS**

**EXHIBIT "M"**

**RENT ROLL**

[see attached]

Database: TRINITYPM		Rent Roll		Page: 1
Bldg Status:	Active only	Rexford Park Investors 1		Date: 10/14/2016
		10/14/2016		Time: 10:20 AM

Bldg Id	Suit Id	Occupant Name	Rent Start	Expiration	GLA Sqt	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Expense Stop	Monthly Other Income	Future Rent Increases		PSF
											Cat	Date	
<b>Vacant Suites</b>													
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Occupied Suites</b>													
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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Database: TRINITYPM		Rent Roll			Page: 2							
Bidg Status: Active only		Rexford Park Investors 1			Date: 10/14/2016							
		10/14/2016			Time: 10:20 AM							
Bldg Id	Suit Id	Occupant Name	Rent Start	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Cost Recovery	Monthly Expense Stop	Monthly Other Income	Future Rent Increases	
											Cat Date	Monthly Amount
												PSF

Totals:	Occupied Sqft:	Leased/Unoccupied Sqft:	Vacant Sqft:	Total Sqft:	Occupied Sqft:	Leased/Unoccupied Sqft:	Vacant Sqft:	Total Sqft:	Monthly Base Rent	Annual Rate PSF	Cost Recovery	Monthly Expense Stop	Monthly Other Income	Future Rent Increases	Monthly Amount	PSF
	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
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Database: TRINITYPM		Rent Roll		Page: 3											
Bldg Status: Active only		Rexford Park Investors 2		Date: 10/14/2016											
		10/14/2016		Time: 10:20 AM											
Bldg Id	Suit Id	Occupant Name	Rent Start	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Expense Stop	Monthly Other Income	Cat	Date	Future Rent Increases	Monthly Amount	PSF

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



Database:	TRINITYPM	Rent Roll	Page: 5
Bldg Status:	Active only	Rexford Park Investors 2	Date: 10/14/2016
		10/14/2016	Time: 10:20 AM

Bldg Id	Suit Id	Occupant Name	Rent Start	Expiration	GLA Sqft	Monthly Base Rent	Annual Rate PSF	Monthly Cost Recovery	Expense Stop	Monthly Other Income	Future Rent Increases	PSF	
											Cat	Date	Monthly Amount

Totals: Occupied Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Leased/Unoccupied Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Vacant Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Total Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]

Total Rexford Park Investors 2:

Occupied Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Leased/Unoccupied Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Vacant Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Total Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]

Grand Total:

Occupied Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Leased/Unoccupied Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Vacant Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]  
 Total Sqft: [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*] [\*\*\*]



**EXHIBIT "N"**  
**SECURITY DEPOSITS**

[see attached]

Database:	TRINITYPM	CM Security Deposits Ledger	Page:	1
BLDG:	Rp1	Trinity Partners Management LLC	Date:	10/17/2016
Occupancy Status:	Current New	Rexford Park Investors 1	Time:	10:17 AM
Include Leases with Zero Balances and No Activity:	Yes	10/16 Through 10/16		

Bldg/Lease	Date	Category	SR	Description	Int. Rate	Debit	Credit	Balance	Receipt Desc.	Receipt Type
***	***	***						Master Occp Id: ***		
Balance Forward										
***	***	***						Master Occp Id: ***		
Balance Forward										

Database:	TRINITY/PM	CM Security Deposits Ledger	Page:	2
BLDG:	Rp2	Trinity Partners Management LLC	Date:	10/17/2016
Occupancy Status:	Current New	Rexford Park Investors 2	Time:	10:17 AM
Include Leases with Zero Balances and No Activity:	Yes	10/16 Through 10/16		

Bldg/Lease	Date	Category	SR	Description	Int. Rate	Debit	Credit	Balance	Receipt Desc.	Receipt Type
[***]	[***]	[***]						Master Occp Id: [***] [***]		
Balance Forward										
[***]	[***]	[***]						Master Occp Id: [***] [***]		
Balance Forward										
[***]	[***]	[***]						Master Occp Id: [***] [***]		
Balance Forward										
[***]	[***]	[***]						Master Occp Id: [***] [***]		
Balance Forward										

Database: TRINITYPM  
 BLDG: Rp2  
 Occupancy Status: Current New  
 Include Leases with Zero Balances and No Activity: Yes

Page: 3  
 Date: 10/17/2016  
 Time: 10:17 AM

Bldg/Lease	Date	Category	SR	Description	Int. Rate	Debit	Credit	Balance	Receipt Desc.	Receipt Type



Database:	TRINITYPM	CM Security Deposits Ledger	Page:	4
BLDG:	Rp2	Trinity Partners Management LLC	Date:	10/17/2016
Occupancy Status:	Current New	Rexford Park Investors 2	Time:	10:17 AM
Include Leases with Zero Balances and No Activity:	Yes	10/16 Through 10/16		

Bldg/Lease	Date	Category	SR	Description	Int. Rate	Debit	Credit	Balance	Receipt Desc.	Receipt Type
Master Occp Id: [***]										
Balance Forward										
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Master Occp Id: [***]										
Balance Forward										
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Master Occp Id: [***]										
Balance Forward										
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Master Occp Id: [***]										
Balance Forward										
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Master Occp Id: [***]										
Balance Forward										
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
Master Occp Id: [***]										
Grand Total:										

**FIRST AMENDMENT**  
**TO**  
**PURCHASE AND SALE CONTRACT**

**THIS AMENDMENT TO PURCHASE AND SALE CONTRACT** (this "Amendment") is made and entered into as of this 28<sup>th</sup> day of November, 2016, by and between **REXFORD PARK INVESTORS, LLC**, a Delaware limited liability company ("Seller"), and **LENDINGTREE, LLC**, a Delaware limited liability company ("Purchaser").

**BACKGROUND:**

- A. Seller and Purchaser are parties to that certain Purchase and Sale Contract dated October 17, 2016 (the "Contract"), whereby Seller has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Seller, subject to the terms therein, certain real property located at 2100 and 2115 Rexford Road in Charlotte, Mecklenburg County, North Carolina, as more particularly described in the Contract.
- B. Pursuant to Section 5.3 of the Contract, the Due Diligence Period (as defined in the Contract) currently expires today, November 28, 2016.
- C. Purchaser has requested, and Seller has agreed, to extend the Due Diligence Period until 5:00 p.m. (EST) on November 30, 2016.
- D. The parties desire to enter into this Amendment in order to memorialize the foregoing.

**AGREEMENT:**

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. **Defined Terms**. All defined terms used herein, as indicated by the initial capitalization thereof, shall, unless otherwise expressly defined herein, have the same meaning herein as is ascribed thereto in the Contract.
2. **Due Diligence Period**. Seller and Purchaser hereby amend the Contract to provide that the Termination Date shall be November 30, 2016, and that the Due Diligence Period shall expire at 5:00 p.m. (EST) on November 30, 2016.
3. **Final Agreement; Ratification**. This Amendment and the Contract represent the final agreement between Seller and Purchaser regarding the subject matter hereof and may not be contradicted by evidence of prior, subsequent or contemporaneous oral agreements of the parties. No amendment or modification hereto shall be valid and binding unless expressed in writing and executed by both parties hereto. In the event of a conflict between the terms of the Contract and this Amendment, this Amendment shall control and prevail.
4. **Counterparts**. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise one and the same instrument. Purchaser and Seller agree to accept a digital image of this Amendment as true and correct original and admissible as best evidence for the purposes of State law, Federal Rule of Evidence 1002, and the like statutes and regulations.

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

**SELLER:**

**REXFORD PARK INVESTORS, LLC,**  
a Delaware limited liability company

By: /s/ Jeffrey A. Safchik  
Name: Jeffrey A. Safchik  
Title: President

**PURCHASER:**

**LENDINGTREE, LLC,**  
a Delaware limited liability company

By: /s/Gabriel Dalporto  
Name: Gabriel Dalporto  
Title: Chief Financial Officer



November 28, 2016

Neil Salvage  
11115 Rushmore Dr.  
Charlotte, NC 28277

Dear Neil,

It is with great pleasure that I offer you a promotion to the position of President, LendingTree, Inc. ("LTI"). I am very excited about having you in this role. Your employer will continue to be LendingTree, LLC ("LTL" which is a wholly-owned subsidiary of LTI). References to "Company" in this letter agreement shall be interpreted to refer to LTI and/or LTL as applicable.

As President, you will continue to report directly to me, and you will continue to be based in the Company's headquarters location in Charlotte, North Carolina. As you are a Section 16 Officer of the Company, this position change, related compensation and all related terms of employment require approval by the Board of Directors of the Company (the "Board" and such approval (which would include any required approvals by the Board's Compensation Committee) is the "Board Approval"). It is our plan to seek that approval within a week or so and to make your new position effective at the time of such Board Approval.

Upon Board Approval, this letter agreement will provide the terms and conditions for your employment with the Company through January 1, 2019 (or your earlier termination of employment).

Highlights of your terms of employment are outlined below, each of which would become operative upon Board Approval:

**Base Pay:** You will receive an annual base salary of \$410,000.00 (\$15,769.23 bi-weekly), which can be modified solely in the discretion of the Board's Compensation Committee. You will be paid on a bi-weekly basis.

**Bonus:** You are eligible to receive a target incentive bonus in an amount up to 100% of your base salary based on performance criteria approved by the Board's Compensation Committee, beginning with the fiscal year that begins on January 1, 2017. Payouts can be greater than or less than target and are a function of individual and Company performance as well as management discretion and may not be awarded in each payment period. You must be actively employed by the Company on the date bonuses are paid in order to receive any payment for which you are eligible. All applicable withholdings and deductions will be made from salary and bonuses (and other compensation), such as 401(k) contributions (if any), Federal and State taxes, etc.

**Equity:** Your outstanding equity compensation awards shall continue to be governed by their applicable terms and conditions except as modified in this letter agreement. In connection with requesting the Board Approval, we will also request approval for a promotional equity compensation grant, the amount of which we will determine within the next several days. In addition, you will be considered for an equity compensation grant in February 2018.

**Benefits:** You will be eligible to participate in employee benefits that are available to similarly situated employees of the Company. The Company reserves the right to modify its compensation and benefits programs at any time (including paid time off and retirement benefits), but you will in any case remain eligible to participate in those benefits that are available to similarly situated employees of the Company. In the event of a conflict between a statement made in this letter agreement and the terms and conditions of the Company's applicable policies and/or benefits plans, the actual text of the policy or plan will govern.

**Paid Time Off:** You will continue to be eligible to take reasonable amounts of time off with pay in accordance with Company policies and procedures.

**Retirement:** You will remain eligible to participate in the Company's Retirement Savings Plan (a 401(k) plan).

**Severance:** Your employment may be terminated by you or by the Company at any time. If your employment is terminated by the Company without Cause (as defined below) or if you resign your employment for Good Reason (as defined below), you will be eligible to receive the following severance benefits:

- (a) an aggregate cash amount equal to your then-annual base salary (the “Cash Severance”); and
- (b) the ability to exercise your then-vested Company stock options until the earlier of (1) the second anniversary of your termination of employment or (2) the applicable time of expiration of each stock option as specified in the stock option agreement or underlying equity compensation plan (the extension of exercisability of your stock options together with the Cash Severance are the “Severance Benefits”).

As a condition to receiving any Severance Benefits, you must execute (and not revoke) a waiver and general release of claims agreement in favor of the Company within forty-five (45) days following the effective date of termination of your employment or else your eligibility to receive the Severance Benefits shall immediately become null and void. If such agreement becomes effective by its own terms within not more than 55 days after your termination of employment, then the first Cash Severance installment (in an amount equal to two months of your annual base salary) will be paid to you on the 60th day after termination of your employment and, for the ten months thereafter, you will receive pro-rata installments of the Cash Severance in accordance with the Company’s regularly scheduled pay dates for its employees. It is intended that any amounts payable hereunder shall comply with or be exempt from Section 409A of the Internal Revenue Code of 1986 (“Section 409A”) (including under Treasury Regulation §§ 1.409A-1(b)(4) (“short-term deferrals”) and (b)(9) (“separation pay plans,” including the exceptions under subparagraph (iii) and subparagraph (v)(D)) and other applicable provisions of Treasury Regulation §§ 1.409A-1 through A-6).

Should you obtain other employment or are otherwise compensated for services during the one year period following your termination of employment, the Company’s obligation to make Cash Severance payments to you will be reduced dollar for dollar by any such other compensation you receive. You agree to inform the Company in writing promptly of your employment status and any compensation paid to or be paid to you or on your behalf.

“Cause” will include fraud, dishonesty, theft, embezzlement, misconduct by you that is injurious to the Company or any of its affiliates, conviction of, or entry of a plea of guilty or *nolo contendere* to, a crime that constitutes a felony or other crime involving moral turpitude, competition with the Company or any of its affiliates, unauthorized use of any trade secrets of the Company or any of its affiliates or Company confidential information, a violation of any policy, code or standard of ethics generally applicable to employees of the Company, your material breach of fiduciary duties owed to the Company, your excessive and unexcused absenteeism unrelated to a disability, or, following written notice and a reasonable opportunity to cure, gross neglect by you of the duties assigned to you. Upon termination of your employment for Cause: (i) no further base salary will be paid to you after the date of termination and no annual bonus will be paid to you after the date of termination, (ii) you will forfeit any earned but unpaid annual bonus relating to a previously completed performance year, and (iii) you will not be eligible to receive any annual bonus relating to the performance year in which your employment terminates.

“Good Reason” is defined as the occurrence of any of the following actions taken by the Company without your written consent: (i) a material adverse change in the office to which you report as you assume this role, excluding any change that is an isolated and inadvertent action not taken in bad faith and that is remedied by the Company after you notify us or that occurs due to internal restructuring, realignment or the resignation, promotion, demotion or a reorganization of managers within the Company; (ii) material reduction in your annual base salary; or (iii) relocation of your principal place of business more than 50 miles from the Charlotte, North Carolina metropolitan area. In order to resign your employment for Good Reason, you must notify the Company in writing within fifteen (15) days of the initial existence of any event falling under the foregoing clauses (i) through (iii) and such notice shall describe in detail the facts and circumstances explaining why you believe a Good Reason event has occurred. The Company shall then have sixty (60) days following its receipt of such notice to cure or remedy such alleged Good Reason event such that Good Reason will not be deemed to exist for such event. If the event remains uncured or is not remedied by the Company within such sixty (60) day period and if your employment has not otherwise been terminated, then a termination of your employment for Good Reason shall automatically occur on the first business day following the end of such sixty (60) day cure/remedy period.

**Change in Control:** You will receive benefits described in a change in control letter issued by the Company to certain executives of the Company, as the same may be revised from time to time (the “CIC Letter”). In the event the conditions for you to receive severance benefits under the CIC Letter occur (disregarding the contingencies relating to a general release of claims in favor of the Company and restrictive covenants to be included therein), you will be entitled to receive the severance benefits described in the CIC Letter (subject to the contingencies stated therein), and the preceding section of this letter agreement describing severance benefits will not apply. The prohibitions on Competing Activity (as defined below) and solicitations of customers and employees discussed below will continue to apply notwithstanding any lesser restrictions set forth in the CIC Letter.

**Section 409A:** For purposes of Section 409A, each of the payments that may be made under this letter agreement shall be deemed to be a separate payment. You and the Company agree to negotiate in good faith to make amendments to this letter, as the parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. Neither you nor the Company shall have the right to accelerate or defer the delivery of any such payments or benefits except (i) where payment may be made within a certain period of time, the timing of payment within such period will be in the sole discretion of the Company, and (ii) to the extent specifically permitted or required by Section 409A. To the extent any nonqualified deferred compensation payment to you could be paid in one or more of your taxable years depending upon you completing certain employment-related actions, then any such payments will commence or occur in the later taxable year to the extent required by Section 409A. With respect to the time of payments of any amounts under the letter that are “deferred compensation” subject to Section 409A, references in this letter to “termination of employment” (and substantially similar phrases) shall mean “separation from service” within the meaning of Section 409A. Notwithstanding anything in this letter to the contrary, if you are considered a “specified employee” under Section 409A upon your separation from service and if payment of any amounts on account of your separation from service under this letter is required to be delayed for a period of six months after separation from service in order to avoid taxation under Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid in a lump sum payment, without interest, within five business days after the end of the six-month delay period. If you die during the six month delay period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to the personal representative of your estate within 60 days after the date of your death. While it is intended that all payments and benefits provided to you under this letter or otherwise will be exempt from or comply with Section 409A, the Company makes no representation or covenant to ensure that such payments and benefits are exempt from or compliant with Section 409A. The Company will have no liability to you or any other party if a payment or benefit under this letter or otherwise is challenged by any taxing authority or is ultimately determined not to be so exempt or compliant. You further understand and agree that you will be entirely responsible for any and all taxes imposed on you as a result of this letter.

The Company is an at-will employer, and subject to the terms of this letter agreement, it reserves the right to change the terms and conditions of employment, including but not limited to termination, demotion, promotion, transfer, compensation, benefits, duties and location of work. All employment with the Company is at-will and either you or the Company may conclude the employment relationship at any time, with or without cause or advance notice (except as otherwise provided in this letter agreement).

This “at-will” paragraph contains the entire agreement between you and the Company regarding the right and ability of either you or the Company to terminate your employment. This “at-will” employment relationship can only be modified in a written agreement which has been executed by the Company’s Chief Executive Officer.

By signing this letter agreement, you agree and acknowledge that you will not, while employed by the Company and for two years thereafter:

- a. Engage in any Competitive Activity (as defined below) within the Prohibited Territory (as defined below); or assist anyone else in engaging in Competitive Activity within the Prohibited Territory.
  - i. “Competitive Activity” means competing against the Company by performing the same or substantially similar work as you performed on behalf of the Company at any time during the last twelve (12) months of employment with the Company in a Prohibited Territory for an entity engaged in the Business (as defined below). Notwithstanding the preceding, owning the stock or options to acquire stock totaling less than 5% of the outstanding shares in a public company shall not constitute, by itself, Competitive Activity.
  - ii. “Business” means: (a) a business of marketing, selling, and/or providing services related to internet-based loan brokerage or online lead generation for financial services products and/or home services products; and (b) the business engaged in by the Company as of your last day of employment with the Company.
  - iii. “Prohibited Territory” means: a) each city and county (or equivalent local unit of government) where you assisted the Company to engage in the Business at any time during the last (12) months of your employment with the Company; and b) any territory assigned to you by the Company at any time during the last twelve (12) months of your employment with the Company.
- b. Solicit customers with whom you have business dealings as part of your work for the Company to be customers of products or services that are competitive with the products or services of the Company.
- c. Solicit or attempt to persuade other Company employees to leave the Company.

The above restrictions are intended to protect important legitimate business interests of the Company and are not meant to prevent you from obtaining future work or earning a living. You understand that if you do not adhere to these restrictions, the Company will have the right to seek enforcement and remedy.

If you choose to accept the terms of this offer, please sign below and return to Claudette Parham, the Company's Chief People Officer. This letter agreement constitutes the entire agreement of the parties with respect to the subject matter and, upon Board Approval, supersedes any and all prior agreements whether written or oral including without limitation your previous employment letter agreements with the Company, dated August 2, 2013 and January 15, 2015.

Again, I am excited to continue our working relationship with you in this key role.

Sincerely,

/s/ Douglas Lebda

Douglas Lebda

Chairman & Chief Executive Officer

Agreed and Accepted:

/s/ Neil Salvage

Neil Salvage

November 29, 2016

Date



November 28, 2016

Neil Salvage  
President, LendingTree, Inc.

Dear Neil:

This letter is to notify you of a valuable additional benefit for certain employees of LendingTree, LLC (“LTL” which is a wholly-owned subsidiary of LendingTree, Inc. (“Company”)) that was adopted by the Compensation Committee of the Company Board of Directors in the event there is a Change of Control at the Company.

Should a Change of Control occur, all Company equity issued to you would immediately fully vest. There is no action you need to take - the accelerated vesting would automatically occur upon a Change of Control.

In addition, if there is a Change of Control and you (a) resign for Good Reason or (b) your employment is terminated without Cause and for reasons unrelated to performance (and other than as a result of your death or disability), during the twelve (12) month period following the Change of Control, you will receive a severance payment of two (2) years of base salary. For the purposes of a Change of Control, this severance payment would replace any payment under the Company’s general severance plan or other arrangement to which you would otherwise be entitled. There is no requirement to mitigate this severance payment.

The severance payment described above is contingent upon your signing a general release of claims in favor of the Company and such release of claims becoming irrevocable prior to the date of payment. Such release will contain restrictive covenants (substantially in the form attached) in effect for one year following your termination date including a non-compete provision and restrictions on solicitation of employees and customers.

You must execute (and not revoke) such general release of claims within forty-five (45) days following the effective date of a qualifying termination of your employment or else your eligibility to receive the benefits described in this letter shall immediately become null and void. If such general release of claims becomes effective on a timely basis by its own terms, then the severance payment will be paid to you on the 60th day after termination of your employment. It is intended that any amounts payable hereunder shall comply with or be exempt from Section 409A of the Internal Revenue Code of 1986 (“Section 409A”) (including under Treasury Regulation §§ 1.409A-1(b)(4) (“short-term deferrals”) and (b)(9) (“separation pay plans,” including the exceptions under subparagraph (iii) and subparagraph (v)(D)) and other applicable provisions of Treasury Regulation §§ 1.409A-1 through A-6). For purposes of Section 409A, each of the payments that may be made under this letter shall be deemed to be a separate payment. You and the Company agree to negotiate in good faith to make amendments to this letter, as the parties mutually agree are necessary or desirable to avoid the imposition of taxes, penalties or interest under Section 409A. Neither you nor the Company shall have the right to accelerate or defer the delivery of any such payments or benefits except (i) where payment may be made within a certain period of time, the timing of payment within such period will be in the sole discretion of the Company, and (ii) to the extent specifically permitted or required by Section 409A. To the extent any nonqualified deferred compensation payment to you could be paid in one or more of your taxable years depending upon you completing certain employment-related actions, then any such payments will commence or occur in the later taxable year to the extent required by Section 409A. With respect to the time of payments of any amounts under the letter that are “deferred compensation” subject to Section 409A, references in this letter to “termination of employment” (and substantially similar phrases) shall mean “separation from service” within the meaning of Section 409A. Notwithstanding anything in this letter to the contrary, if you are considered a “specified employee” under Section 409A upon your separation from service and if payment of any amounts on account of your separation from service under this letter is required to be delayed for a period of six months after separation from service in order to avoid taxation under Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid in a lump sum payment, without interest, within five business days after the end of the six-month delay period. If you die during the six-month delay period prior to the payment of benefits, the amounts withheld on account of Section 409A shall be paid to the personal representative of your estate within 60 days after the date of your death. While it is intended that all payments and benefits provided to you under this letter or otherwise will be exempt from or comply with Section 409A, the Company makes no representation or covenant to ensure that such payments and benefits are exempt from or compliant with Section 409A. The



Company will have no liability to you or any other party if a payment or benefit under this letter or otherwise is challenged by any taxing authority or is ultimately determined not to be so exempt or compliant. You further understand and agree that you will be entirely responsible for any and all taxes imposed on you as a result of this letter.

This letter does not create an employment contract or affect the right of the Company or LTL to terminate your employment, or change the terms and conditions of such employment, at any time and without notice.

Sincerely,

/s/ Claudette Parham

Claudette Parham

Chief People Officer

## Definitions

For the purposes of this letter, the following definitions apply:

**"Cause"** means gross negligence in carrying out your duties for the Company or any breach of fiduciary duties to the Company, conviction of, or plea of guilty or no contest to any felony, any act of fraud or embezzlement, material violation of a Company policy or any unauthorized use or disclosure of confidential information or trade secrets of the Company or its affiliates, or failure to cooperate in any Company investigation. Neither bad judgment nor mere negligence nor an act of omission reasonably believed by you to have been in, or not opposed to, the interests of the Company, shall constitute examples of gross negligence. References to "Company" in this definition include the Company and any affiliate of the Company.

**"Change of Control"** results when: (i) any person or entity who is not a controlling shareholder as of the date of this letter becomes a beneficial owner, directly or indirectly, of securities of the Company representing fifty percent or more of the total voting power of all of the Company's then outstanding voting securities, (ii) a merger or consolidation of the Company in which the Company's voting securities immediately prior to the merger or consolidation do not represent, or are not converted into securities that represent, a majority of the voting power of all voting securities of the surviving entity immediately after the merger or consolidation, or (iii) a sale of all or substantially all of the assets of the Company or a liquidation or dissolution of the Company. For purposes of defining Change of Control, "Company" refers to LendingTree, Inc. as a whole and does not apply to events only affecting specific businesses or subsidiaries of LendingTree, Inc.

**"Good Reason"** means the occurrence of any of the following without your written consent: (i) a material adverse change in your title, duties, operational authorities or reporting responsibilities from those in effect immediately prior to the Change in Control, excluding for this purpose any such change that is an isolated and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof and further excluding a change in your reporting officer due to internal restructuring, realignment, or the resignation, promotion, demotion, or a reorganization of managers within the Company (or affiliate), (ii) a material reduction in your annual base salary, or (iii) a relocation of your principal place of business more than 50 miles from your current office.

In order to resign your employment for Good Reason, you must notify the Company in writing within fifteen (15) days of the initial existence of any event falling under clauses (i) through (iii) and such notice shall describe in detail the facts and circumstances explaining why you believe a Good Reason event has occurred. The Company shall then have sixty (60) days following its receipt of such notice to cure or remedy such alleged Good Reason event such that Good Reason will not be deemed to exist for such event. If the event remains uncured or is not remedied by the Company within such sixty (60) day period and if your employment has not otherwise been terminated, then a termination of your employment for Good Reason shall automatically occur on the first business day following the end of such sixty (60) day cure/remedy period.

## Restrictive Covenants

In consideration of the compensation and other consideration given to you pursuant to the provisions of this letter, you understand and agree that the purpose of these covenants is to protect legitimate business interests of the Company (and its affiliates), and is not intended to eliminate your post-employment competition with the Company per se, nor is it intended to impair or infringe upon your right to work, earn a living, or acquire and possess property from the fruits of your labor. You hereby acknowledge that the post-employment restrictions set forth herein are reasonable and that they do not, and will not, unduly impair your ability to earn a living after the termination of your employment with Company (or any affiliate). You shall be subject to and agree to abide by the restrictions set forth in this Section.

1. Definitions.

The following capitalized terms shall have the meanings assigned to them below:

i. "**Competitive Services**" means Internet-based loan origination, Internet-based loan brokerage, Internet-based real estate brokerage services, or any other services that Company (or any affiliate) is engaged in as of the Determination Date.

ii. "**Determination Date**" means the date of termination of your employment with the Company (or any affiliate) for any reason whatsoever or any earlier date (during your employment) of an alleged breach of the Restrictive Covenants by you.

iii. "**Person**" means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

iv. "**Principal Or Representative**" means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

v. "**Protected Customers**" means any Person to whom the Company (or any affiliate) has sold its services or solicited to sell its services during the twelve (12) months prior to the Determination Date; provided, however, that Protected Customer shall not include any Person with which you can reasonably demonstrate that you had a pre-existing professional relationship prior to the commencement of your employment with the Company (or any affiliate).

vi. "**Protected Employees**" means employees of the Company (or any affiliate) who were employed by the Company (or any affiliate) at any time within six months prior to the Determination Date and with whom you had direct, personal and continuing dealings on behalf of the Company (or any affiliate) or whom you directly supervised.

vii. "**Restricted Period**" means the period of your employment with Company (or any affiliate) and a period extending one year from the termination of your employment with Company (or any affiliate).

2. Non-solicitation of Protected Employees. You understand and agree that the relationship between the Company and each of its Protected Employees constitutes a valuable asset of the Company and may not be converted to your own use. Accordingly, you hereby agree that during the Restricted Period you shall not directly or indirectly on your own behalf or as a Principal or Representative of any Person or otherwise solicit or induce any Protected Employee to terminate his or her employment relationship with the Company or to enter into employment with any other Person. References to "Company" in this definition include the Company and any affiliate of the Company.

3. Restriction on Relationships with Protected Customers. You understand and agree that the relationship between the Company and each of its Protected Customers constitutes a valuable asset of the Company and may not be converted to your own use. Accordingly, you hereby agree that, during the Restricted Period, you shall not, without the prior written consent of LendingTree, Inc., directly or indirectly, on your own behalf or as a Principal or Representative of any Person, solicit, divert, take away or attempt to solicit, divert or take away a Protected Customer for the purpose of providing or selling Competitive Services; provided, however, that the prohibition of this covenant shall apply only to Protected Customers with whom you had Material Contact on the Company's behalf during the twelve (12) months immediately preceding the Determination Date. For purposes of this Section, you had "**Material Contact**" with a Protected Customer if (a) you had direct business dealings with the Protected Customer on the Company's behalf or (b) you were responsible for supervising or coordinating the dealings between the Company and the Protected Customer. References to "Company" in this definition include the Company and any affiliate of the Company.

4. Covenant not to Compete. You agree and covenant that during the Restrictive Period you will not, without LendingTree, Inc.'s prior written consent, which may be granted or withheld in the sole discretion of LendingTree, Inc., directly or indirectly, (i) for yourself; (ii) as a consultant, manager, supervisor, employee or owner; or (iii) as an independent contractor, engage in activities related to Competitive Services for any Person which markets, sells or otherwise provides Competitive Services in the geographical areas in which the Company (or any affiliate) does business; *provided, however*, that the ownership by you of not more than five percent (5%) of the shares of any publicly traded class of stock of any corporation shall not be deemed, in and of itself, to violate the foregoing prohibitions.

5. ENFORCEMENT OF RESTRICTED COVENANTS.

i. Rights and Remedies upon Breach. In the event you breach, or threaten to commit a breach of, any of the provisions of the Restrictive Covenants, the Company shall have the right and remedy to enjoin, preliminarily and permanently, you from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Such right and remedy shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. In addition, the Restricted Period shall be extended for the period of any such breach or threatened breach.

ii. Severability of Covenants. You acknowledge and agree that the Restrictive Covenants are reasonable and valid in time and scope and in all other respects. The covenants set forth in this Section shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision contained herein. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and you in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

6. Confidentiality. You agree to keep secret and retain in strictest confidence, and shall not use for the benefit of yourself or others or disclose to others, any confidential and proprietary information of the Company, including but not limited to information and materials relating to the internal operations of the Company, its processes and procedures, trade “know-how”, sales, marketing and distribution methods and strategies, suppliers, customers, prospective customers, services, terms of contracts, pricing policies, business plans, research and development projects and any and all other business affairs of the Company (collectively, “**Confidential Information**”). Confidential Information does not include any information or material generally available to the public. You agree that the existence of and the terms and provisions of this Agreement shall remain and be kept strictly confidential. This confidentiality provision applies to and expressly prohibits all communications to any person or entity, including, without limitation, communications to any present, former or future Company employee. References to “Company” in this definition include the Company and any affiliate of the Company.

## SUBSIDIARIES OF LENDINGTREE, INC.

Name	Jurisdiction of Formation
LendingTree, LLC	DE
Tree BU Holding Company, Inc.	DE
DegreeTree, Inc.	DE
Iron Horse Holdings, LLC	DE
Rexford Office Holdings, LLC	DE
Home Loan Center, Inc.	CA
HLC Escrow, Inc.	CA
LT Real Estate, Inc.	DE

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-207718) and on Form S-8 (No. 333-197952 and No. 333-182670) of LendingTree, Inc. of our report dated February 28, 2017 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina  
February 28, 2017

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Douglas R. Lebda, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2016 of LendingTree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2017

**/s/ DOUGLAS R. LEBDA**

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Douglas R. Lebda  
*Chairman and Chief Executive Officer*  
*(principal executive officer)*

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gabriel Dalporto, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2016 of LendingTree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2017

**/s/ GABRIEL DALPORTO**

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Gabriel Dalporto  
Chief Financial Officer  
(principal financial officer)



**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Douglas R. Lebda, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 of LendingTree, Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of LendingTree, Inc.

Dated: February 28, 2017

/s/ **DOUGLAS R. LEBDA**

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Douglas R. Lebda  
*Chairman and Chief Executive Officer*  
*(principal executive officer)*

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gabriel Dalporto, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 of LendingTree, Inc. (the "Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of LendingTree, Inc.

Dated: February 28, 2017

/s/ **GABRIEL DALPORTO**

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Gabriel Dalporto  
*Chief Financial Officer*  
*(principal financial officer)*