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

FORM 10-K

(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, 2021
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 number 001-37997

SACHEM CAPITAL CORP.

(Exact name of registrant as specified in its charter)

New York	**81-3467779**
State or other jurisdiction of incorporation or organization	*(I.R.S. Employer Identification No.)*

698 Main Street, Branford, CT 06405
(Address of principal executive offices)
203-433-4736
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value $.001 per share	SACH	NYSE American LLC
7.125% notes due 2024	SCCB	NYSE American LLC
6.875% notes due 2024	SACC	NYSE American LLC
7.75% notes due 2025	SCCC	NYSE American LLC
6.00% notes due 2026	SCCD	NYSE American LLC
6.00% notes due 2027	SCCE	NYSE American LLC

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 Exchange Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

As of June 30, 2021, the last business day of registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's voting and non-voting common shares held by non-affiliates, computed by reference to the closing price for a common share on the NYSE American LLC on such date, was approximately $125.8 million.

As of March 30, 2022 the registrant had 35,513,887 common shares, $0.001 par value outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SACHEM CAPITAL CORP.
FORM 10-K ANNUAL REPORT

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K (this "Report") includes forward-looking statements. All statements other than statements of historical facts contained in this Report, including statements regarding our future results of operations and financial condition, strategy and plans, and our expectations for future operations, are forward-looking statements. The words "anticipate," "estimate," "expect," "project," "plan," "seek," "intend," "believe," "may," "might," "will," "should," "could," "likely," "continue," "design," and the negative of such terms and other words and terms of similar expressions are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives and financial needs. These forward- looking statements are subject to several risks, uncertainties and assumptions, including those described in "Risk Factors." Given these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We disclaim any duty to update any of these forward-looking statements after the date of this Report to confirm these statements in relationship to actual results or revised expectations.

All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in this Report. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.Unless the context otherwise requires, all references in this Report o "Sachem Capital," "we," "us" and"our" refer to Sachem Capital Corp., a New York corporation.

PART I

Item 1. Business

Background

We were organized as a New York corporation in January 2016 under the name HML Capital Corp. On December 15, 2016, we changed our name to Sachem Capital Corp. Prior to February 8, 2017, our business operated as a Connecticut limited liability company under the name Sachem Capital Partners, LLC ("SCP"). On February 9, 2017, we completed our initial public offering (the "IPO") in which we issued and sold 2.6 million of our common shares, $.001 par value per share, (our "Common Shares"). We believe that since the consummation of the IPO, we have qualified as a real estate investment trust ("REIT") and we elected to be taxed as a REIT beginning with our 2017 tax year. We believe that it is in the best interests of our shareholders that we continue to operate as a REIT. As a REIT, we are required to distribute at least 90% of our taxable income to our shareholders on an annual basis. To the extent we distribute less than 100% of our taxable income to our shareholders (but more than 90%) we will maintain our REIT status, but the undistributed portion will be subject to regular corporate income taxes. As a REIT, we are also subject to federal excise taxes and minimum state taxes. Finally, we intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act.

Business Overview

We are a Connecticut-based real estate finance company that specializes in originating, underwriting, funding, servicing and managing a portfolio of short-term (*i.e.,* three years or less) loans secured by first mortgage liens on real property located primarily in the Northeastern United States and Florida. Our typical borrower is a real estate investor or developer who will use the proceeds to fund its acquisition, renovation, rehabilitation, development and/or improvement of residential or commercial properties and that are held for investment or sale. The mortgaged property may or may not be income producing. We do not lend to owner-occupants. Our loans are referred to in the real estate finance industry as "hard money loans" primarily because they are secured by "hard" (*i.e.,* real estate) assets.

Our principal place of business is located in Branford, Connecticut and, since inception, our lending activity was concentrated almost exclusively in Connecticut and a few surrounding states. However, over the last two years, we have extended our geographic footprint significantly. While most of our loans, by number and amount, are still made in Connecticut, the percentages are declining. At December 31, 2021, our mortgage loan portfolio was spread across 14 states. Connecticut loans represented approximately 72.7% of our portfolio measured by number of loans and only 55.1% measured by the loan balances. Similarly, historically our primary focus has been on small loans – less than $500,000. Over the last two years, our strategy shifted and we began to actively pursue larger loans. At December 31, 2021, loans having an outstanding principal balance of $500,000 or less still represented 78.8% of the number of our loans in our portfolio but these loans only accounted for 26.1% of the amount of our loan portfolio.

Our loans typically have a maximum initial term of one to three years and bear interest at a fixed rate of 5.0% to 14.2% per year and a default rate of 18% per year. We usually receive origination fees, or "points," generally ranging from 1% to 3% of the original principal amount of the loan as well as other fees relating to underwriting, funding and managing the loan, such as inspection fees. We also receive additional "points" and other loan-related fees in connection with a renewal or extension of an existing mortgage loan. Interest is always payable monthly in arrears. Recently, as loan sizes have increased, we have required our borrowers to set up interest reserves that are funded with a minimum of one year's interest payments. Generally, we limit the amount of a loan to 70% of the value of the property securing the loan. However, we will consider loans with a higher loan to value ratio if there are other factors that we believe mitigate the risk. Those other factors could be additional collateral, the credit profile of the borrower, any prior history that we have with the borrower, the quality of the property or the nature of the local real estate market in which the property is located. Also, in the case of construction loans, the loan-to-value ratio is based on the post-construction value of the property. We rely on readily available market data, including appraisals when available or timely, tax assessment rolls, recent sales transactions and brokers to evaluate the value of the collateral. We also adopted a policy that limits the maximum amount of any loan we fund to a single borrower or a group of affiliated borrowers to 10% of the aggregate amount of our loan portfolio after accounting for the loan under consideration. Finally, any loan with an original principal amount exceeding $5 million must be approved by the Board of directors (the "Board").

Our primary objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term through dividends. We intend to achieve this objective via a simple, yet compelling, two-prong strategy: accelerate profitable growth and drive operational excellence. We will continue to selectively originate loans and carefully manage our loan portfolio in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions, economic cycles and high-growth geographies.

In summary, we built our business on a foundation of intimate knowledge of the Connecticut real estate market, our ability to respond quickly to customer needs and demands, and a disciplined underwriting and due diligence culture that focuses primarily on the value of the underlying collateral and that is designed to protect and preserve capital. As we implement our growth strategy, we will continue to apply this same rigor and discipline to selected geographies beyond Connecticut. We believe that our flexibility in terms of meeting the needs of borrowers without compromising our standards on credit risk, our in-house expertise, our intimate knowledge of real estate in the geographic markets we serve, and our focus on newly originated first mortgage loans have defined our success until now and should enable us to continue to achieve our objectives.

The Market Opportunity

We expect 2022 to be a challenging year. First, the novel corona virus known as COVID-19 remains a concern as the risk of new variants and the attendant personal and economic disruption is still prevalent. Second, the repercussions of the Ukrainian-Russian conflict and its geopolitical and economic impact is not fully known at this time. Finally, the Federal Reserve Board has started to raise interest rates, which could reduce the rate of growth of the U.S. economy. Nevertheless, we believe that there continues to be a significant market opportunity for a well-capitalized "hard money" lender to originate attractively priced loans to small- and mid-scale real estate developers with good collateral, particularly in markets where, traditionally, real estate values are stable and substandard properties are improved, rehabilitated, and renovated as well as under-developed markets that are experiencing rapid growth due to population shifts. We also believe developers will prefer to borrow from us rather than other lending sources because of our flexibility in structuring loans to suit their needs, our lending criteria, which places greater emphasis on the value of the collateral rather than the property cash flow or credit of the borrower, and our ability to close quickly.

Our Business and Growth Strategies

Our primary business objective remains to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term principally through dividends. We intend to achieve this objective by accelerating profitable growth and driving operational excellence. To accelerate profitable growth, we will continue to focus on selectively originating, managing, and servicing a portfolio of first mortgage real estate loans designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. To drive operational excellence, we have embarked on a broad change management initiative to review, assess, and upgrade — or transform if necessary — our existing operational processes, from workflows and employee roles/responsibilities to decision trees and data collection forms. To that end, in the third quarter of 2021 we rolled out a new underwriting model that automated the production of our loan documentation — term sheets, proof of funds, *etc*. The automation allows for more accurate and timely processing of loans, thus increasing loan production while keeping our employee headcount down. In addition, we have begun to focus on developing relationships with larger scale wholesale brokers, furthering our efforts to attract larger borrowers with better credit quality. We are also targeting larger-value commercial loans with strong, experienced sponsors. We believe that our ability to react quickly and our flexibility to structure loans that meet the needs of borrowers, our knowledge of the primary real estate markets in which we lend, our expertise in "hard money" lending and our focus on newly originated first mortgage loans, should enable us to achieve our primary objective.

Our strategy to achieve our objective also includes the following:

- capitalize on opportunities created by the long-term structural changes in the real estate lending market and the continuing lack of liquidity in the commercial and investment real estate markets;
- take advantage of the prevailing economic environment, current economic, political and social trends that may impact real estate lending, as well as the outlook for real estate in general and particular asset classes;
- remain flexible to capitalize on changing sets of investment opportunities that may be present in the various points of an economic cycle;

- increase the size and quality of our mortgage loans and expand our geographic footprint to reduce our exposure to adverse market conditions that have a disproportionate impact on a single asset class or geographic area;
- maintain our status as a publicly-held company, subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which gives us immediate access to the public markets for much-needed capital; and
- continue to operate to qualify as a REIT and for an exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act.

In 2021 we began to execute on this strategy:

- We adjusted and refined our business strategy to address changes in the marketplace and our growth to-date. Specifically, we continue to strengthen our geographic footprint beyond Connecticut. At December 31, 2021, we had loans in 13 other states -- California, Florida, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Tennessee and Texas. We continue to expand our presence in these states as well as seek opportunities in other markets that meet our underwriting and loan criteria.
- We are funding larger loans than we have in the past that are secured by what we believe are higher-quality properties that are being developed by borrowers that we deem to be more stable and that have a history of successful real estate development. In addition, we believe the migration to these types of loans will offset any rate compression and help us maintain a low foreclosure rate.
- To leverage our expertise in real estate finance and our capital resources, on the one hand, and to capitalize on lending opportunities in specific markets, on the other, we plan to partner and invest with local "hard money" real estate lenders creating satellite offices under the "Sachem" influence. An advantage of this model is that these local lenders subscribe to a "Sachem" model using their own personal assets and those of other investor partners to fund loan opportunities and operations which increases their capital commitment to the opportunity. Under these arrangements, we would provide loan funding capital as well as our underwriting and servicing expertise and our local partners would provide us with "boots on the ground" lending opportunities. We recently leased office space in Austin, Texas on a short-term basis for nominal rent, and we have a sales and marketing campaign, primarily via Google advertising, at nominal cost, in the hopes of building a robust pipeline to supplement our operator and to develop the Sachem brand in Texas. We retained the services of one person to oversee our Austin office. He is not an employee and will be compensated solely upon our successful consummation of a loan opportunity with a borrower. We also have had preliminary discussions with local lenders in other markets, including Orlando, Florida, Greenwich, Connecticut, Charlotte, North Carolina and Atlanta, Georgia. We plan to continue these discussions and scout other locations as well. However, we have not yet entered into any definitive agreements and we cannot assure you that we will be able to consummate any such partnerships or joint ventures on terms that will be acceptable to all parties.

We believe that the primary challenges for us in 2022 will be the following:

COVID-19. The possiblity of new, highly transmittable variants of the COVID-19 virus, could adversely impact our business. Generally, we follow the updated guidelines and recommendations issued by the State of Connecticut and Centers for Disease Control. We continue to encourage employees to stay home when sick and encourage working from home when possible. In the event of a positive COVID-19 test result, our employees are expected to inform management immediately and follow state testing and contact tracing protocols. To mitigate the risk of office closure and to ensure business continuity, our employees are equipped so they can seamlessly work remotely. This remote work set-up has proven to be effective since, at times during the pandemic, employees had to self-isolate based on their own health condition or that of an immediate family member. While loan processing and funding may have been marginally delayed, there was no material adverse impact to the service levels we provided our borrowers. In the event we are forced to close our physical office, we think it likely that there would be some adverse impact. For example, the underwriting process would continue to function but would take longer to complete without immediate access to background and credit profiles. Loan committee meetings would continue to be held virtually (as they are under normal conditions) but the loan approval process may incur delay or not be as thorough and efficient as in the past. In addition, we may not be able to meet with borrowers or potential borrowers, including physical property inspections, which could adversely impact our ability to service our loans, monitor compliance and originate new loans. Finally, the filing of loan documents with the various recording offices may be delayed.

Interest rate compression. For the years ended December 31, 2021 and 2020, the weighted yield on our mortgage loan portfolio was 11.57% and 11.79%, respectively. (For this purpose, weighted yield only takes into account the stated interest rate on the mortgage note adjusted to the default rate, if applicable.) We believe the interest rate compression will continue to be a factor in 2022, particularly as the Federal Reserve Board has begun to increase interest rates, thereby increasing borrowing costs and the cost of capital. This will not impact our fixed rate indebtedness but will have a direct impact on our future borrowing costs and on our adjustable rate obligations. We seek to mitigate some of the risk associated with rising rates by limiting the term of new loans to one year.

Geopolitical concerns. The Russian Ukrainian war has caused market volatility, spikes in commodity prices, supply chain interruptions, heightened cybersecurity concerns and general concerns that it might lead to unconventional warfare. The true ramifications of this conflict and their impact on the markets and our business are not fully known at this time. While our business is purely domestic, we are impacted by market volatility and cybersecurity threats. We will continue to monitor the situation closely and continue to take preventive measure and intend to respond appropriately to any threats to our operations.

Increased competition. In the past, our primary competitors were other non-bank real estate finance companies (similar to Sachem Capital Corp.), community and, in some cases, regional banks and other financial institutions. More recently, we are encountering competition from private equity funds, hedge funds and other specialty finance entities funded by investment banks, asset managers, private equity funds and hedge funds. Clearly, the primary driver for these new market participants is the need to generate yield. These competitors, generally, are well-funded and aggressive in terms of pricing. Our principal competitive advantages include our size, our ability to access the public markets for working capital, and our ability to address the needs of borrowers in terms of timing and structuring loan transactions. We believe these advantages still apply.

Borrower expectations. The new competitive landscape is shifting the negotiating leverage in favor of borrowers. As borrowers have more choices, they are demanding better terms. This is particularly true as we focus more on larger loans and borrowers with better credit histories.

Property value fluctuations. We remain aware of property value market cycles and utilize a dashboard of indicators to track property value trends. Our response to this development is to adhere to our underwriting guidelines, to take other measures to mitigate risk where appropriate and to aggressively enforce our rights when loans go into default. Some of our indicators within our dashboard are interest rate changes impacting mortgage rates, days-on-market, pending sales, National Association of Home Builders'("NAHB") Housing Market Index, and the Senior Loan Officer Opinion Survey, among others.

Increased operating expenses. Our operating expenses for 2021 were considerably higher than they were in 2020. This was due to a number of factors, including our higher debt load and increases in compensation expense as we hired new personnel and increased salaries of existing employees to administer and service a larger loan portfolio, more complex loan transactions and to manage the overall increase in the size of our operations. We expect this trend to continue in 2022. Finally, we expect our aggregate dividend payments will be higher in 2022 than in 2021 due to an increase in the number of Common Shares outstanding and the preferred shares that we issued in June 2021.

Unfunded commitments. Most of our loans are funded in full at closing. However, where all or a portion of the loan proceeds are to be used to fund the costs of renovating or constructing improvements on the property, only a portion of the loan may be funded at closing. At December 31, 2021, our mortgage loan portfolio included 177 loans with future funding obligations, in the aggregate principal amount of approximately $89.2 million, compared to 116 loans with future funding obligations in the aggregate principal amount of approximately $19.1 million at December 31, 2020. The increase is due to an increase in construction loan originations, a large portion of which is in the Florida market. Advances under these loans are funded against requests supported by all required documentation (including lien waivers) as and when needed to pay contractors and other costs of construction. In order to deal with these obligations, we are compelled to maintain higher cash balances, which could adversely impact our financial performance.

Despite the challenges we faced in 2021, including the changing dynamics of the real estate finance marketplace and the ongoing impact of COVID-19, and the challenges we expect to encounter in 2022, we continue to believe in the viability of our business model. Our goal is, and has always been, to continue to grow our mortgage loan portfolio and increase our loan profitability, while at the same time maintain or improve on our existing underwriting and loan criteria. Specifically, we believe that the following factors will impact our performance in 2022.

- *Strong balance sheet.* At December 31, 2021, we had approximately $180 million of shareholders' equity and total indebtedness for borrowed money of approximately $219.3 million (including deferred financing costs). Thus, our capital structure was approximately 56.9% debt and 43.1% equity compared to approximately 64.3% debt and 35.7% equity at December 31, 2020. Our equity includes 1,903,000 shares of Series A Preferred Stock, which carries a dividend rate of 7.75% per annum.

- *Access to capital*. As a public company subject to the reporting requirements of the Exchange Act, we are able to access the public markets for capital. Through December 31, 2021, we raised approximately $320 million (gross proceeds) through public offerings of our equity and debt securities. We have used the net proceeds from these offerings to increase our business.

- *Liquidity*. In addition, to our capital raises through the public markets, we have three other sources of liquidity: (i) a $200 million master repurchase financing facility (the "Churchill Facility") with Churchill MRA Funding I LLC ("Churchill"), a subsidiary of Churchill Real Estate, a vertically integrated real estate finance company based in New York, New York; (ii) a margin loan account with Wells Fargo that allows us to borrow against our investment securities portfolio (the "Wells Fargo Loan"); and (iii) a $1.4 million mortgage loan with New Haven Bank (the "NHB Mortgage") that we used to finance the purchase and renovation of what will be our new corporate headquarters. As of December 31, 2021, we had cash and cash equivalents of approximately $41.9 million and investment securities, net of the Wells Fargo Loan, of approximately $27.5 million.

- *Management*. We have made the necessary adjustments to our operations to replace one of our former co-chief executive officers by hiring new employees and re-assigning existing employees to new tasks. Our current senior management team includes our chief executive and chief financial officer (John L. Villano), a chief investment officer and director of investor relations (William C. Haydon) and a vice president - finance and operations (Nicholas M. Marcello). In addition, we have added personnel in operations, accounting and administration to accommodate the growth of our business. Although these new hires will result in increased compensation, they were and will continue to be necessary to accommodate our growth and to maintain our ability to continue to service our borrowers and manage our business without sacrificing quality.

Our Competitive Strengths

We believe our competitive strengths include:

- *History of successful operations.* We commenced operations as a limited liability company in December 2010 with three investors and limited equity capital. Since our inception through December 31, 2021, we have funded approximately 1,700 mortgage loans having an aggregate principal amount of approximately $643.0 million. Immediately prior to the IPO, we had approximately 155 investors and approximately $27 million of members' equity. At December 31, 2021, we had shareholders' equity of approximately $180 million. Through December 31, 2021, we raised approximately $153.8 million (gross proceeds) in equity capital and approximately $166.3 million (gross proceeds) of debt capital. Similarly, since the IPO, our mortgage loan portfolio has grown from $33.8 million to $292.3 million at December 31, 2021. In addition, at December 31, 2021, we had approximately $41.9 million of cash and cash equivalents and approximately $60.6 million of investment securities. We have reported net profits in every quarter since our IPO.

- *Long-standing relationships.* We have ongoing relationships with many of our borrowers. At December 31, 2021, our loan portfolio included 167 loans having an aggregate principal balance of approximately $36.4 million that were extensions of prior loans. Customers are also a referral source for new borrowers. As long as these borrowers remain active real estate investors, they provide us with an advantage in securing new business and help us maintain a pipeline to attractive new opportunities that may not be available to many of our competitors or to the general market.

- *Competent workforce.* Our employees are multi-skilled professionals who have a strong "team" orientation, a "continuous process improvement" mentality, and an authentic desire to learn all aspects of our business and contribute wherever and however they are needed.
- *Knowledge of the market.* We have an intimate knowledge of the Connecticut real estate market, which enhances our ability to identify attractive opportunities and helps distinguish us from many of our competitors. We have also established relationships with locals in other markets, such as Naples, Florida and Austin, Texas, to provide us with visibility, lending opportunities and local color.
- *Disciplined lending.* We seek to maximize our risk-adjusted returns, and preserve and protect capital, through our disciplined and credit-based approach. We utilize rigorous underwriting and loan closing procedures that include multiple checks and balances to evaluate the risks and merits of each potential transaction. We seek to protect and preserve capital by carefully evaluating the condition of the property, the location of the property, the value of the property and, where available, other forms of collateral.
- *Vertically integrated loan origination platform.* As a general rule, our strategy is to service and manage the loans we originate until they are paid. We manage and control the loan process from origination through closing with our own personnel or independent third parties, including legal counsel and appraisers, with whom we have relationships. Together, these individuals constitute a team highly experienced in credit evaluation, underwriting and loan structuring. We also believe that our procedures and experience allow us to execute opportunities quickly and efficiently.
- *Structuring flexibility.* As a small, non-bank real estate lender, we can move quickly and have much more flexibility than traditional lenders to structure loans to suit the needs of our clients. Our ability to customize financing structures to meet borrowers' needs is one of our key business strengths.
- *No legacy issues.* We are not burdened by distressed legacy real estate assets.

Our Real Estate Lending Activities

Our real estate lending activities involve originating, underwriting, funding, servicing and managing short-term loans (*i.e.,* loans with an initial term of three years or less), secured by first mortgage liens on real estate property held for investment purposes or development. Generally, borrowers use the proceeds from our loans to (i) acquire and/or renovate existing residential (single-, two- or three-family) real estate properties, (ii) acquire vacant real estate for development; and (iii) purchase and hold income producing properties. Our mortgage loans are structured to fit the needs and business plans of the borrowers. Revenue is generated primarily from the interest borrowers pay on our loans and, to a lesser extent, loan fee income generated on the origination and extension of loans.

At December 31, 2021, our outstanding mortgage loan portfolio included loans ranging in size from approximately $1,200 to $19.5 million. At December 31, 2021, approximately 88.5% our loans, accounting for approximately 38.3% of our loan portfolio, had a an outstanding principal balance of $1 million or less. That means, approximately 11.5% of our loans, accounting for approximately 61.7% of our loan portfolio, had an outstanding principal balance of more than $1 million. In comparison, at December 31, 2020, approximately 94.6% of our loans, accounting for approximately 59.5% of our loan portfolio, had a an outstanding principal balance of $1 million or less. That means, approximately 5.5% of our loans, accounting for approximately 40.5% of our loan portfolio, had an outstanding principal balance of more than $1 million. The table below gives a breakdown of our mortgage loan portfolio by loan size as of December 31, 2021:

Amount	Number of Loans	Aggregate Principal Amount
$100,000 or less	97	$ 5,961,978
$100,001 to $250,000	211	35,035,446
$250,001 to $500,000	102	35,365,409
$500,001 to $1,000,000	50	35,530,168
Over $1,000,000	60	180,408,208
Total	520	$ 292,301,209

Most of our loans are funded in full at closing. However, where all or a portion of the loan proceeds are to be used to fund the costs of renovating or constructing improvements on the property, only a portion of the loan may be funded at closing. At December 31, 2021, our loan portfolio included 177 loans with future funding obligations, having a funded principal amount of $129.7 million and $89.2 million unfunded pending borrower performance. Advances under these loans are funded against requests supported by all required documentation (including lien waivers) as and when needed to pay contractors and other costs of construction.

At December 31, 2021, approximately 72.7% of the loans in our portfolio (representing approximately 55.1% of the aggregate outstanding principal balance of our loan portfolio) were secured by properties located in Connecticut. In comparison, at the end of 2020, approximately 86% of the loans in our portfolio (representing approximately 77% of the aggregate outstanding principal balance of our loan portfolio) were secured by properties located in Connecticut. Most of the properties we finance are residential investment or commercial. However, in all instances the properties are held only for investment by the borrowers and may or may not generate cash flow. The table below gives a breakdown of our loan portfolio by state as of December 31, 2021:

State	Number of Loans	Amount	Percentage
California	1	$ 3,150,000	1.08 %
Connecticut	378	161,065,933	55.10 %
Florida	39	53,216,814	18.21 %
Maine	2	1,072,969	0.37 %
Maryland	4	5,018,000	1.72 %
Massachusetts	27	16,466,724	5.63 %
New Jersey	5	6,877,345	2.35 %
New York	46	38,415,615	13.14 %
North Carolina	2	1,215,000	0.42 %
Pennsylvania	3	643,570	0.22 %
Rhode Island	4	1,174,474	0.40 %
South Carolina	3	495,000	0.17 %
Tennessee	2	2,156,849	0.74 %
Texas	4	1,332,916	0.45 %
Total	520	$ 292,301,209	100 %

The typical terms of our loans are as follows:

Principal amount. At December 31, 2021, our outstanding loan portfolio included loans ranging in size up to $19.5 million. Approximately 53.3% of the loans had an outstanding principal balance of $250,000 or less, 75.0% had an outstanding principal balance of $500,000 or less and 88.5% had an outstanding principal balance of $1 million or less. At December 31, 2021 our average loan size was approximately $562,000 and the median loan size was approximately $202,000. In comparison, at December 31, 2020, our average loan size was approximately $314,000 and the median loan size was approximately $157,000. We have a policy that limits the amount of all loans to a single borrower or a group of related borrowers to no more than 10% of our total loan portfolio (after accounting for the loan in question), unless otherwise approved by the Board. In addition, we have another policy that requires the Board to approve all loans that have an original principal amount of $5 million or more.

Loan-to-Value Ratio. Our underwriting guidelines provide that the original principal amount of a loan should not exceed 70% of the fair market value of the property securing the loan. In the case of properties undergoing renovation, the loan-to-value ratio is calculated based on the estimated fair market value of the property after the renovations have been completed. However, we do make exceptions to this guideline if the facts and circumstances support the incremental risk. The factors we will consider include the additional collateral provided by the borrower, the credit profile of the borrower, our previous relationship, if any, with the borrower, the nature of the property, the geographic market in which the property is located and any other information we deem appropriate.

Interest rate. Currently, a fixed rate between 5.0% to 14.2% per annum with a default rate of 18% per annum.

Origination fees. Generally ranges from 1% to 3%. In addition, if the term of the loan is extended, additional points are payable upon the extension.

Term. Generally, one to three years with early termination in the event of a sale of the property. We may agree to extend the maturity date so long as the borrower complies with all loan covenants, financial and non-financial, and the loan otherwise satisfies our then existing underwriting criteria. As a matter of policy, we will only extend the maturity for one year at a time, although there is no limit on the number of times the same loan can be extended. We treat a renewal or extension of an existing loan as a new loan.

Prepayments. In most cases, borrower may prepay the loan at any time without premium or penalty.

Covenants. To timely pay all taxes, insurance, assessments, and similar charges with respect to the property; to maintain hazard insurance; to maintain and protect the property.

Events of default. Include: (i) failure to make payment when due; or (ii) breach of a covenant.

Payment terms. Interest only is payable monthly in arrears. Principal is due in a “balloon” payment at the maturity date.

Escrow. Generally, none required.

Reserves. Depending on the circumstances, we may require the borrower to establish reserves for interest, taxes and/or insurance. This has been particularly true with respect to larger loans.

Security. Each loan is evidenced by a promissory note, which is secured by a first mortgage lien on real property owned by the borrower. A loan may be further secured by additional property owned by the borrower, a pledge by the owners of the borrower of their equity interest in the borrower and/or personal guaranties from the borrower or a related party.

Fees and Expenses. Borrowers pay an application fee, an inspection fee, wire fee, bounced check fee and, in the case of construction loans, check requisition fee for each draw from the loan. Finally, as is typical in real estate finance transactions, the borrower pays all expenses relating to obtaining the loan including the cost of a property appraisal, the cost of an environmental assessment report, if any, the cost of a credit report and all title, recording fees and legal fees.

Operating Data

Our lending activities increased each year since we commenced operations and we have reported net profits in every quarter since our IPO.

Our Loan Portfolio

At December 31, 2021, our mortgage loan portfolio included 520 loans having an aggregate outstanding principal balance of $292.3 million. In comparison, at December 31, 2020, our loan portfolio included 495 loans having an aggregate outstanding principal balance of $155.6 million. The following table highlights certain information regarding our real estate lending activities for the periods indicated:

	Year Ended December 31,	
	2020	2021
Loans originated	$ 117,230,923	$ 251,832,318
Loans repaid	$ 54,961,570	$ 115,147,409
Mortgage lending revenues	$ 16,165,084	$ 28,878,552
Mortgage lending expenses	$ 8,050,668	$ 14,753,950
Number of loans outstanding	495	520
Principal amount of loans earning interest	$ 155,616,300	$ 292,301,209
Average outstanding loan balance	$ 314,376	$ 562,118
Weighted average contractual interest rate[1]	11.79 %	11.57 %
Weighted average term to maturity (in months) [2]	8	8

(1) Does not include origination fees.
(2) Does not give effect to extensions.

The following table details our mortgage loan portfolio as of December 31, 2021 by year of origination:

Year of Origination	Number of Loans	Aggregate Principal Amount
2021	246	$ 199,068,370
2020	97	52,582,978
2019	75	20,628,968
2018	36	6,504,358
2017	33	8,522,504
2016 and prior	33	4,994,031
Total	520	$ 292,301,209

We seek to mitigate some of the risk associated with rising rates by limiting the term of new loans to one year. At December 31, 2021, approximately 51.3% of the mortgage loans in our portfolio had a term of one year or less. If, at the end of the term, the loan is not in default and meets our other underwriting criteria, we will consider an extension or renewal of the loan at our then prevailing interest rate. If interest rates have decreased and we renew a loan at a lower rate, the "spread" between our borrowing costs and the yield on our portfolio will be squeezed and would adversely impact our net income. We cannot assure you that we will be able to increase our rates at any time in the future and we cannot assure you that we can continue to increase our market share.

Historically, most of our loans are paid prior to their maturity dates. For example, of the loans that were repaid in full during 2021, approximately 66.7% were repaid prior to maturity. Similarly, for 2020, approximately 82.4% of the loans repaid during that year were paid prior to maturity. Of the 520 mortgage loans that made up our loan portfolio at December 31, 2021, 107, or approximately 20.6%, had matured in 2021 but have not been repaid in full or extended. These loans are in the process of modification and will be extended if the borrower can satisfy our underwriting criteria, including the proper loan-to-value ratio, at the time of renewal. We treat renewals and extensions of existing loans as new loans.

We monitor our loans on a day-to-day basis. We generate daily reports from our loan tracking software that provides us with detailed information on each loan in our portfolio including the maturity date of the loan, the date the last payment was received, the date the next payment is due, the amount, if any, in arrears, whether we have received any notice from the insurance carrier that a claim has been made or that coverage has been discontinued and whether we have received any notice from the taxing authority of a lien for non- payment of taxes. If there is a default, we immediately contact the borrower to determine the reasons underlying the default and what action the borrower plans to take to cure the default. Once we become aware of the default, we continue to monitor the loan closely until we are satisfied that the situation has been resolved. Generally, we do not make periodic inspections of the properties securing our loans or obtain new appraisals during the term of the loan even if there is a default. However, if the borrower desires to extend the term of the loan, since we treat that as a new loan, we undertake all our underwriting procedures, including, if necessary, a new appraisal.

As a real estate finance company, we deal with a variety of default situations, including breaches of covenants, such as the obligation of the borrower to maintain adequate liability insurance on the mortgaged property, to pay the taxes on the property and to make timely payments to us. As such, we may not be aware that a default occurred. At December 31, 2021, of the 520 mortgage loans in our portfolio, 16, or approximately 3.1%, were in the process of foreclosure. The aggregate outstanding principal balance and the accrued but unpaid interest and borrower charges on these loans as of December 31, 2021 was approximately $4.4 million, or approximately 1.5% of our mortgage loan portfolio. In the case of each of these loans, we believe the value of the collateral exceeds the outstanding balance on the loan and, accordingly, we have not reserved for any losses. In comparison, at December 31, 2020, of the 495 mortgage loans in our portfolio, 16, or approximately 3.23%, were in the process of foreclosure. The aggregate outstanding principal balance and the accrued but unpaid interest and borrower charges on these loans as of December 31, 2020 was approximately $3.1 million, or approximately 2.0% of our mortgage loan portfolio. In the case of each of these loans, we believe the value of the collateral exceeds the outstanding balance on the loan and, accordingly, we have not reserved for any losses.

As our business and mortgage loan portfolio has grown, we realize that late payments could adversely impact our performance and could adversely impact our ability to comply with loan covenants under a credit facility. As a result, over the last few years we have been more aggressive in asserting our right to collect late payment fees. As a result, revenue from late payment fees increased initially. Notwithstanding our aggressive stance, we realized that certain borrowers may have difficulty staying current on their obligations. Thus, if a borrower can demonstrate true "hardship", we will not enforce our rights immediately and give the borrower an opportunity to cure its default. We do not have any specific definitive criteria as to what constitutes hardship or the period we will forbear. Some of the factors we will consider include the nature of the default (*i.e*., whether nonpayment of amounts due or breach of a covenant or agreement), the reason or reasons for the default, our cash flow requirements, the nature and length of our relationship with the borrower, whether or not the borrower has a history of non-payment and the loan-to-value ratio at the time of the default.

At December 31, 2021, eight affiliated borrowers accounted for 5.7% of our loan portfolio. At December 31, 2020, twelve affiliated borrowers accounted for 6.05% of our loan portfolio.

The following tables set forth information regarding the types of properties securing our mortgage loans outstanding at December 31, 2021 and 2020 and the interest earned in each category:

	At December 31,	
	2020	**2021**
Developer–Residential Mortgages	$ 112,240,128	$ 157,841,896
Developer–Commercial Mortgages	33,548,683	95,319,795
Land Mortgages	6,111,670	20,755,891
Mixed Use	3,715,819	18,383,627
Total Mortgages Receivable	$ 155,616,300	$ 292,301,209

	For the Years Ended December 31,					
	2020			**2021**		
	# of Loans	**Interest Earned**	**%**	**# of Loans**	**Interest Earned**	**%**
Residential	405	$ 9,969,162	72.1	388	$ 12,044,928	54.0
Commercial	67	2,979,792	21.6	77	7,273,862	32.6
Land Mortgages	13	542,838	3.9	34	1,583,884	7.1
Mixed Use	10	330,039	2.4	21	1,402,856	6.3
Total	495	$ 13,821,831	100.0	520	$ 22,305,530	100.0

At December 31, 2021: 378 loans, which accounted for approximately 55.1% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Connecticut; 39 loans, which accounted for approximately 18.2% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Florida; 46 loans, which accounted for approximately 13.1% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in New York; 27 loans, which accounted for approximately 5.6% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Massachusetts; and five loans, which accounted for approximately 2.3% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in New Jersey. No other state accounted for more than four loans or 2.0% of our loan portfolio.

At December 31, 2020: 427 loans, which accounted for approximately 77.0% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Connecticut; 17 loans, which accounted for approximately 9.64% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Florida; 13 loans, which accounted for approximately 4.14% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in New York; 22 loans, which accounted for approximately 2.84% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Massachusetts; four loans, which accounted for approximately 2.08% of the aggregate outstanding principal balance of our loan portfolio, were secured by properties located in Texas; one loan, which accounted for approximately 2.02% of the aggregate outstanding balance of our loan portfolio, was secured by properties located in California; and eight loans, which accounted for approximately 1.24% of our loan portfolio, was secured by a property located in Rhode Island. No other state accounted for more two loans or 1% of our loan portfolio.

Our Origination Process and Underwriting Criteria

Our management and underwriting team are experienced in hard money lending under various economic and market conditions. Our chief executive officer, John L. Villano, spends a significant portion of his time on business development as well as on underwriting, structuring and servicing each loan in our portfolio. In May 2021, we hired William C. Haydon as our chief investment officer and director of investor relations to manage the day-to-day underwriting and loan origination platform. A principal source of new transactions has been repeat business from existing and former customers and their referral of new business. We also receive leads for new business from banks, brokers, attorneys and web-based advertising.

When underwriting a loan, the primary focus of our analysis is the value of a property securing the loan. Prior to making a final decision on a loan application we conduct extensive due diligence of the property as well as the borrower and its principals. We rely on readily available market data, including appraisals and Automated Valuation Models ("AVM") when available or timely, tax assessment rolls, recent sales transactions and brokers to evaluate the value of the collateral.

We also order title, lien and judgment searches. In most cases, we will also make an on-site visit to evaluate not only the property but the neighborhood in which it is located. Finally, we analyze and assess selected financial and operational data provided by the borrower relating to its operation and maintenance of the property. In terms of the borrower and its principals, we obtain third party credit reports from one of the major credit reporting services as well as selected personal financial information provided by the borrower and its principals. We analyze all this information carefully prior to making a final determination.

Ultimately, our decision is based primarily on our conclusions regarding the value of the property, which takes into account factors such as the neighborhood in which the property is located, the current use and potential alternative use of the property, current and potential net income from the property, the local market, sales information of comparable properties, existing zoning regulations, the creditworthiness of the borrower and its principals and their experience in real estate ownership, construction, development and management. In conducting due diligence, we rely, in part, on third party professionals and experts including appraisers, engineers, title insurers and attorneys.

Before a loan commitment is issued, the loan must be reviewed and approved by our chief executive officer. Our loan commitments are generally issued subject to receipt by us of title documentation and title report, in a form satisfactory to us, for the underlying property.

Financing Strategy Overview

To continue to grow our business, we must increase the size of our loan portfolio, which requires that we use our existing working capital to fund new loans and raise additional capital either by selling shares of our capital stock or by incurring additional indebtedness. We do not have a policy limiting the amount of indebtedness that we may incur. Thus, our operating income in the future will depend on how much debt we incur and the spread between our cost of funds and the yield on our loan portfolio. Rising interest rates could have an adverse impact on our business if we cannot increase the rates on our loans to offset the increase in our cost of funds and to satisfy investor demand for yield. In addition, rapidly rising interest rates could have an unsettling effect on real estate values, which could compromise some of our collateral.

We do not have any formal policy limiting the amount of indebtedness we may incur, but we are limited to a 150% asset coverage ratio from our debt covenants. Depending on various factors we may, in the future, decide to take on additional debt to expand our mortgage loan origination activities to increase the potential returns to our shareholders. Although we have no pre-set guidelines in terms of leverage ratio, the amount of leverage we will deploy will depend on our assessment of a variety of factors, which may include the liquidity of the real estate market in which most of our collateral is located, employment rates, general economic conditions, the cost of funds relative to the yield curve, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, our opinion regarding the creditworthiness of our borrowers, the value of the collateral underlying our portfolio, and our outlook for interest rates and property values. At December 31, 2021, debt represented approximately 56.9% of our total capital compared to 64.3% at December 31, 2020. To prudently grow the business and satisfy the tax requirement to distribute 90% of our taxable income, we expect to maintain our current level of debt and look to reduce our cost of capital. We intend to maintain a modest amount of leverage for the sole purpose of financing our portfolio and not for speculating on changes in interest rates.

Debt

Our total outstanding indebtedness at December 31, 2021 was approximately $219.3 million, which included the Wells Fargo Loan balance of $33.2, $19.1 million outstanding under the Churchill Facility, $750,000 outstanding under the NHB Mortgage and $166.3 million aggregate outstanding principal amount of five-year, unsecured unsubordinated notes, including deferred financing costs (the “Notes”) as follows:

- $23,663,000 million bearing interest at the rate of 7.125% per annum and a maturity date of June 30, 2024 (the “June 2024 Notes”);
- $34,500,000 million bearing interest at the rate of 6.875% per annum and a maturity date of December 30, 2024 (the “December 2024 Notes”);
- $56,363,750 million, bearing interest at the rate of 7.75% per annum and a maturity date of September 30, 2025 (the “2025 Notes”); and
- $51,750,000 million, bearing interest at the rate of 6.00 per annum and a maturity date of December 30, 2026 (the “2026 Notes”.

All four series of Notes are unsecured, unsubordinated obligations and rank equally in right of payment with all our existing and future senior unsecured and unsubordinated indebtedness but are effectively subordinated in right of payment to all our existing and future secured indebtedness (including indebtedness that is initially unsecured but to which we subsequently grant a security interest). Interest on all four series of Notes is payable quarterly in arrears on March 30, June 30, September 30 and December 30 of each year the Notes are outstanding.

Each series of Notes was issued pursuant to the Indenture, dated June 21, 2019, and a supplement thereto, which provides for the form and terms, including default provisions and cures, applicable to each series. All four series of Notes are subject to (i) “Defeasance,” which means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on such notes when due and satisfying any additional conditions required under the Indenture, we will be deemed to have been discharged from our obligations under such notes and (ii) a covenant that precludes us paying any dividends, making any distributions in excess of 90% of our taxable income, incurring any indebtedness or purchasing any shares of our capital stock unless we have an “Asset Coverage Ratio” of at least 150% after giving effect to the payment of such dividend, the making of such distribution or the incurrence of such indebtedness. “Asset Coverage Ratio” means the ratio (expressed as a percentage) of the value of our total assets relative to the aggregate amount of our indebtedness.

We may, at our option, at any time and from time to time, on or after June 30, 2021, in the case of the June 2024 Notes, November 7, 2021, in the case of the December 2024 Notes, September 4, 2022, in the case of the 2025 Notes, and December 20, 2023, in the case of the 2026 Notes, redeem such notes, in whole or in part, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest to, but excluding, the date fixed for redemption. On and after any redemption date, interest will cease to accrue on the redeemed notes.

All four series of Notes trade on the NYSE American. The June 2024 Notes trade under the symbol “SCCB”, the December 2024 Notes trade under the symbol “SACC”, the 2025 Notes trade under the symbol “SCCC” and the 2026 Notes trade under the symbol “SCCD”.

On July 21, 2021, we consummated the $200 Churchill Facility pursuant to which we have the right, but not the obligation, to sell mortgage loans to Churchill, and Churchill has the right, but not the obligation, to purchase those loans that meet certain criteria. In addition, we have the right and, in some instances the obligation, to repurchase those loans from Churchill. The amount that Churchill will pay for each mortgage loan it purchases will vary based on the attributes of the loan and various other circumstances. The repurchase price is calculated by applying an interest factor to the purchase price of the mortgage loan. We also granted Churchill a first priority security interest on the mortgage loans sold to Churchill to secure our repurchase obligation. The cost of capital under the Churchill Facility is equal to the sum of (a) the greater of (i) 0.25% and (ii) the 30-day LIBOR plus (b) 3% – 4%, depending on the aggregate principal amount of the mortgage loans held by Churchill at that time. The Churchill Facility is subject to other terms and conditions, including representations and warranties, covenants and agreements typically found in these types of financing arrangements including a covenant that precludes us from A) (i) paying any dividend or making any distribution in excess of 90% of our taxable income, (ii)incurring any indebtedness or (iii) purchasing any of our capital stock, unless` we have an asset coverage ratio of at least 150%; and (B) have unencumbered cash and cash equivalents in an amount equal to or greater than 2.50% of the amount of our repurchase obligations. Churchill has the right to terminate the Churchill Facility at any time upon 180 days prior notice to us. At such time, we have an additional 180 days after termination to repurchase all the mortgage loans held by Churchill. At December 31,

2021, we had an outstanding balance of approximately $19.1 million under the Churchill Facility, which was accruing interest at the effective rate of 4.25% per annum.

In 2020, we established a margin loan account at Wells Fargo, secured by our portfolio of short-term securities. The outstanding balance on this loan bears interest at a rate equal to 1.75% below the prime rate. The interest rate at December 31, 2021 was 1.5%.

Equity

In 2021, we sold an aggregate of 10,490,188 Common Shares and realized net proceeds of approximately $56.0 million. The shares were sold to the public pursuant to at-the-market offerings.

In 2021, we raised aggregate net proceeds of approximately $45.5 million (after deducting underwriting discounts and commissions and offering expenses) from the sale of 1,903,000 shares of our 7.75% Series A Cumulative Redeemable Preferred Stock, par value $0.001 per share (the "Series Preferred Stock") in a firm commitment underwritten public offering at a public offering price of $25.00 per share, equal to the liquidation preference. The Series A Preferred Stock is listed on the NYSE American and began trading under the symbol "SACHPRA" on July 6, 2021.

The following table shows our sources of capital, including our financing arrangements, and our loan portfolio as of December 31, 2021:

Sources of Capital:	
Debt:	
Bonds payable, net	$ 160,529,363
Repurchase facility	19,087,189
Line of credit	33,178,031
Mortgage payable	750,000
Total debt	213,544,583
Other liabilities	24,334,607
Total liabilities	237,879,190
Capital (equity)	180,082,561
Total sources of capital	$ 417,961,751
Assets:	
Cash and short-term marketable securities	$ 102,572,558
Mortgages receivable	292,301,209
Other assets	23,087,984
Total assets	$ 417,961,751

Management

Commencing with our IPO, our founders, Jeffrey C. Villano and John L. Villano, served as co-chief executive officers. In addition, Jeffrey C. Villano served as our president and treasurer and John L. Villano served as our chairman, chief financial officer and secretary. On November 20, 2019, Jeffrey C. Villano resigned from his positions as our co-chief executive officer, president and treasurer. On December 10, 2019, he also resigned as a member of the Board. Upon his resignation, the Board confirmed John L. Villano as our sole chief executive and appointed him as president and treasurer as well. John L. Villano then resigned as secretary and Peter Giannotti, our in-house counsel, was appointed as secretary in his place.

Pursuant to his employment agreement with us, John L. Villano is required to devote 100% of his time and efforts to our business and has discontinued all other business activities in which he might be engaged even if it does not conflict with our business.

In May 2021, we hired William C. Haydon as our chief investment officer and director of investor relations. Mr. Haydon is a seasoned executive with over 25 years of experience in financial services and investment banking. His areas of expertise include

asset-based lending, securities asset management, public offerings, investment banking, and financial strategy and long-term planning. Mr. Haydon is responsible for managing our liquid reserves and securities portfolio and he oversees our underwriting team.

In January 2022, we promoted Nicholas M. Marcello to the position of vice president, finance and operations, in connection with the January 14, 2022 retirement of Peter Cuozzo from his positions as our Executive Vice President and Chief Operating Officer. Mr. Marcello joined us in September 2020 as director of finance and as vice president, finance and operations he has assumed a leadership role in business operations and will continue to have oversight of our financial reporting, capital markets activities, tax compliance, and investments.

Competition

The real estate finance markets in Connecticut and other geographic areas in which we operate are highly competitive. Our competitors include traditional lending institutions such as regional and local banks, savings and loan institutions, credit unions and other financial institutions as well as other market participants such as specialty finance companies, REITs, investment banks, insurance companies, hedge funds, private equity funds, family offices and high net worth individuals. In addition, there are numerous "hard money" lenders of significant size serving the markets in which we currently operate and those in which we plan to operate in the future. Many of these competitors enjoy competitive advantages over us, including greater name recognition, established lending relationships with customers, financial resources, and access to capital.

Notwithstanding intense competition and some of our competitive disadvantages, we believe we have carved a niche for ourselves among small real estate developers, owners and contractors throughout Connecticut and the rest of New England as well as in parts of New York State because we are well-capitalized, we have the flexibility to structure each loan to suit the needs of each individual borrower and we can act quickly. In addition, through our marketing efforts we are beginning to develop a brand identity in some of the other markets in which we operate, particularly those along the eastern seaboard as well as Texas. We believe we have developed a reputation among these borrowers for offering reasonable terms and providing outstanding customer service. We further believe our future success will depend on our ability to maintain and capitalize on our existing relationships with borrowers and brokers and to expand our borrower base by continuing to offer attractive loan products, remain competitive in pricing and terms, and provide superior service.

Sales and Marketing

We do not engage any third parties for sales and marketing services other than Google advertising. Rather, we rely on our senior executive officers and our new marketing department to generate lending opportunities as well as referrals from existing or former borrowers, brokers, bankers and web-based advertising. Particularly, in Florida, Texas and the Carolinas we rely on brokers for referrals. In addition, a principal source of new transactions has been repeat business from prior customers and their referral of new leads.

Over the past year, we have created a pipeline of originating loans via a digital marketing strategy and multiple marketing campaigns. Online marketing and advertising is a productive and cost-effective approach to generate leads. These campaigns place emphasis on digital marketing, targeting those at home or online surfing the web in need of a lender. Sachem has been able to find a new borrower segment by utilizing multiple online advertising platforms. Sachem has also joined a variety of websites to be a "listed lender," differentiating our services from our competitors in this relatively new virtual advertising world. The objective is to connect with a new audience while creating brand awareness in every new state we enter.

Intellectual Property

Our business does not depend on exploiting or leveraging any intellectual property rights. To the extent we own any rights to intellectual property, we rely on a combination of federal, state and common law trademarks, service marks and trade names, copyrights and trade secret protection. We have not registered any trademarks, trade names, service marks or copyrights in the United States Patent and Trademark Office.

Employees

As of December 31, 2021, we had 22 employees, including our chief executive officer, of which 19 were full-time.

Regulation

Our operations are subject, in certain instances, to supervision and regulation by state and federal governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions. In addition, we may rely on exemptions from various requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act, the Investment Company Act and ERISA. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties who we do not control.

Regulatory Reform

The Dodd-Frank Act, which went into effect on July 21, 2010, is intended to make significant structural reforms to the financial services industry. For example, pursuant to the Dodd-Frank Act, various federal agencies have promulgated, or are in the process of promulgating, regulations with respect to various issues that may affect us. Certain regulations have already been adopted and others remain under consideration by various governmental agencies, in some cases past the deadlines set in the Dodd-Frank Act for adoption. We do not believe any regulations adopted under the Dodd-Frank Act apply to us. However, it is possible that regulations that will be adopted in the future will apply to us or that existing regulations will apply to us as our business evolves.

Regulation of Commercial Real Estate Lending Activities

Although most states do not regulate commercial finance, certain states impose limitations on interest rates and other charges and on certain collection practices and creditor remedies and require licensing of lenders and financiers and adequate disclosure of certain contract terms. We also are required to comply with certain provisions of, among other statutes and regulations, certain provisions of the Equal Credit Opportunity Act that are applicable to commercial loans, The USA PATRIOT Act, regulations promulgated by the Office of Foreign Asset Control and federal and state securities laws and regulations.

Investment Company Act Exemption

Although we reserve the right to modify our business methods at any time, we are not currently required to register as an investment company under the Investment Company Act. However, we cannot assure you that our business strategy will not evolve over time in a manner that could subject us to the registration requirements of the Investment Company Act.

Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Real estate mortgages are excluded from the term "investment securities."

We rely on the exception set forth in Section 3(c)(5)(C) of the Investment Company Act which excludes from the definition of investment company "any person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses... (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." The U.S. Securities and Exchange Commission (the "SEC") generally requires that, for the exception provided by Section 3(c)(5)(C) to be available, at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of additional qualifying interests or real estate-type interests (with no more than 20% of the entity's assets comprised of miscellaneous assets). We believe we qualify for the exemption under this section and our current intention is to continue to focus on originating short term loans secured by first mortgages on real property. However, if, in the future, we do acquire non-real estate assets without the acquisition of substantial real estate assets, we may qualify as an "investment company" and be required to register as such under the Investment Company Act, which could have a material adverse effect on us.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters.

Qualification for exclusion from the definition of an investment company under the Investment Company Act will limit our ability to make certain investments. In addition, complying with the tests for such exclusion could restrict the time at which we can acquire and sell assets.

Item 1A. Risk Factors.

The following factors may affect our growth and profitability of and should be considered by any prospective purchaser or current holder of our securities:

Risks Related to Our Business and Our Company

The outbreak and spread of the novel coronavirus disease, known as COVID-19, could have a material adverse effect on our business, operations and financial condition.

In terms of COVID-19, keeping our workforce healthy and safe is our number one priority and we are following the updated guidelines and recommendations issued by the State of Connecticut and Centers for Disease Control. We continue to encourage employees to stay home when sick and encourage working from home when possible. In the event of a positive COVID-19 test result, Sachem employees inform management and follow state testing and contact tracing protocols. We have not been immune to the virus striking our employees and their family members. Fortunately, none of these occurrences has been life- threatening. However, to mitigate the risk of office closure and to ensure business continuity, our employees are equipped so they can seamlessly work remotely. This remote work set-up has proven to be effective since, at times during the pandemic, employees had to self-isolate based on their own health condition or that of an immediate family member. While loan processing and funding may have been marginally delayed, there was no material adverse impact to the service levels we provided our borrowers.

In the event we are forced to close our physical office, we think it likely that there would be some adverse impact. For example, the underwriting process would continue to function but would take longer to complete without immediate access to background and credit profiles. Loan committee meetings would continue to be held virtually (as they are under normal conditions) but the loan approval process may incur delay or not be as thorough and efficient as in the past. In addition, we may not be able to meet with borrowers or potential borrowers, including physical property inspections, which could adversely impact our ability to service our loans, monitor compliance and originate new loans. Finally, the filing of loan documents with the various recording offices may be delayed.

In summary, the consequences may include one or more of the following:

- increase the amount of time necessary to review loan applications, structure loans and fund loans;
- adversely impact the ability of borrowers to remain current on their obligations;
- reduce the rate of prepayments;
- delay the completion of renovation projects in-process;
- inhibit the ability of borrowers to sell their properties to repay their obligation to us; and
- delay foreclosure or other judicial proceedings necessary to enforce our rights.

Difficult conditions in the mortgage and real estate markets, the financial markets and the economy generally have caused and may cause us to experience losses in the future.

Our business is materially affected by conditions in the residential and commercial mortgage markets, the residential and commercial real estate markets, the financial markets and the economy generally. We believe the risks associated with our mortgage loan portfolio will be more acute during periods of economic slowdown, recession or market dislocations, especially if these periods are accompanied by declining real estate values and defaults. In prior years, concerns about the health of the global economy generally and the residential and commercial real estate markets specifically, as well as inflation, energy costs, perceived or actual

changes in interest rates, European sovereign debt, U.S. budget debates, geopolitical issues, international trade issues, public health issues, and the availability and cost of credit have contributed to increased volatility and uncertainty for the economy and the financial and credit markets. For example, COVID-19 has contributed significantly to the supply chain issues in the real estate sector that have affected our borrowers, ultimately slowing construction and driving up cost. In addition, we cannot assure that similar or a completely different set of adverse conditions will not arise in the future.

An economic slowdown, a public health crisis (such as COVID-19), delayed recovery or general disruption in the mortgage markets may result in decreased demand for residential and commercial properties, which could adversely impact homeownership rates and force owners of commercial properties to lower rents, thus placing additional pressure on property values. We believe there is a strong correlation between real estate values and mortgage loan delinquencies. For example, to the extent that a commercial property owner has fewer tenants or receives lower rents, such owner will generate less cash flow on the property, thus reducing the value of the property and increasing the likelihood that such property owner will default on its debt service obligations. If the borrowers of our mortgage loans default or become delinquent on their obligations, we may incur material losses on those loans. Any sustained period of increased payment delinquencies, defaults, foreclosures or losses could adversely affect both our operating income and our ability to obtain financing on favorable terms or at all. Any deterioration in the mortgage markets, the residential or commercial real estate markets, the financial markets and the economy generally may lower net income, increase losses and a decline in the market value of our assets, all of which may adversely affect our results of operations, the availability and cost of credit and our ability to make distributions to our shareholders.

The Ukrainian-Russian conflict could have a material adverse impact on our business.

The Ukrainian-Russian conflict, the responses thereto, such as sanctions imposed by the United States and other western democracies, and any expansion thereof is likely to have unpredictable and wide-ranging effects on the domestic and global economy and financial markets, which could have an adverse effect on our business and results of operations. Already the conflict has caused market volatility, a sharp increase in certain commodity prices, such as wheat and oil, and an increasing number and frequency of cybersecurity threats. So far, we have not experienced any direct impact from the conflict and, as our business is conducted exclusively in the United States, we are probably less vulnerable than companies with international operations. We will continue to monitor the situation carefully and, if necessary, take action to protect our business, operations and financial condition.

An increase in interest rates could adversely affect our ability to generate income and pay dividends.

Rising interest rates generally reduce the demand for mortgage loans due to the higher cost of borrowing. In addition, rising interest rates may also cause loans that we originated prior to an interest rate increase to provide yields that are below prevailing market interest rates. Moreover, if we must refinance our existing indebtedness at higher rates, the spread between our cost of funds and the yield on our mortgage loan portfolio will decrease. While interest rates are currently low and may remain at these levels for some time, eventually they will have to increase. When they do, the aforementioned factors could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our shareholders.

Prepayment rates can change, adversely affecting the performance of our assets.

The frequency at which prepayments (including both voluntary prepayments by the borrowers and liquidations due to defaults and foreclosures) occur on our mortgage loans is difficult to predict and is affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, legislative and other factors. Generally, borrowers tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. To the extent that faster prepayment rates are due to lower interest rates, the principal payments received from prepayments will tend to be reinvested in lower-yielding mortgage loans, which may reduce our income in the long run. Therefore, if actual prepayment rates differ from anticipated prepayment rates, our business, financial condition and results of operations and ability to make distributions to our shareholders could be materially adversely affected.

Short-term loans may involve a greater risk of loss than traditional mortgage loans.

Borrowers usually use the proceeds of a long-term mortgage loan or sale to repay a short-term loan. We may therefore depend on a borrower's ability to obtain permanent financing or sell the property to repay our loan, which could depend on market conditions and other factors. In a period of rising interest rates, it may be more difficult for borrowers to obtain long-term financing, which increases the risk of non- payment. Similarly, declining real estate values could adversely impact an owner's ability to refinance a mortgage or sell the underlying property. In this respect, we note that at December 31, 2021 approximately 107 mortgage loans in

our portfolio have matured and have not been repaid in full or extended. Short-term loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of a default, we bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest on our loan. To the extent we suffer such losses with respect to our loans, our enterprise value and the price of our Common Shares may be adversely affected.

Many of our loans are not funded with interest reserves and our borrowers may be unable to pay the interest accruing on the loans when due, which could have a material adverse impact on our financial condition.

Our loans are not always funded with an interest reserve. Thus, we generally rely on the borrowers to make interest payments as and when due from other sources of cash. Given the fact that many of the properties securing our loans are not income producing or even cash producing and most of the borrowers are entities with no assets other than the single property that is the subject of the loan, some of our borrowers have considerable difficulty servicing our loans and the risk of a non-payment of default is considerable. We depend on the borrower’s ability to refinance the loan at maturity or sell the property for repayment. If the borrower is unable to repay the loan, together with all the accrued interest, at maturity, our operating results and cash flows would be materially and adversely affected.

Many of the properties securing our mortgage loans are not income producing, thus increasing the risks of delinquency and foreclosure.

Most of our loans are secured by properties, whether residential or commercial, that are under construction or renovation and are not income producing. The risks of delinquency and foreclosure on these properties may be greater than similar risks associated with loans made on the security of single- family, owner-occupied, residential property. In the case of income producing properties, the ability of a borrower to repay the loan typically depends primarily upon the successful operation of such property. If the net operating income of the subject property is reduced, the borrower’s ability to repay the loan, or our ability to receive adequate returns on our investment, may be impaired.

In the case of non-income producing properties, the expectation is that our loans will be repaid out of sale or refinancing proceeds. Thus, the borrower’s ability to repay our mortgage loans will depend, to a great extent, on the value of the property at the maturity date of the loan. In the event of any default under a mortgage loan held by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and the outstanding principal and accrued interest of the mortgage loan, and any such losses could have a material adverse effect on our cash flow from operations and our ability to make distributions to our shareholders.

In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan.

Our due diligence may not reveal all the risks associated with a mortgage loan or the property that will be mortgaged to secure the loan, which could lead to losses.

Despite our efforts to manage credit risk, there are many aspects of credit risk that we cannot control. Our credit policies and procedures may not be successful in limiting future delinquencies, defaults, and losses, or they may not be cost effective. Our underwriting reviews and due diligence procedures may not be effective. Borrower circumstances could change during the term of the loan. Delay of foreclosures could delay resolution and increase ultimate loss severities, as a result. The value of the properties collateralizing or underlying the loans may decline. The frequency of default and the loss severity on loans upon default may be greater than we anticipate. If properties securing our mortgage loans become real estate owned because of foreclosure, we bear the risk of not being able to sell the property and recovering our investment and of being exposed to the risks attendant to the ownership of real property.

Before approving and funding a mortgage loan, we undertake extensive due diligence of the borrower, its principals (if the borrower is not an individual) and the property that will be mortgaged to secure the loan. Such due diligence is usually limited to (i) the credit history of the borrower and its principals (if the borrower is not an individual), (ii) the value of the property, (iii) legal and lien searches against the borrower, the guarantors and the property, (iv) an environmental assessment of the property, (v) a review of the documentation related to the property and (vi) other reviews and or assessments that we may deem appropriate to conduct. There can be no assurance that we will conduct any specific level of due diligence, or that, among other things, the due diligence

process will uncover all relevant facts, which could result in losses on the loan in question, which, in turn, could adversely affect our business, financial condition and results of operations and our ability to make distributions to our shareholders.

Residential mortgage loans are subject to increased risks.

At December 31, 2021, approximately 74.6% of the loans in our loan portfolio (representing approximately 54.0% of our outstanding mortgage loans receivable) are secured by residential real property. None of these loans are guaranteed by the U.S. government or any government sponsored entity. Therefore, the value of the underlying property, the creditworthiness and financial position of the borrower and the priority and enforceability of the lien will significantly impact the value of such mortgage. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may be less than the outstanding balance of the loan (including principal, accrued but unpaid interest and other fees and charges). In addition, any costs or delays involved in the foreclosure or liquidation process may increase losses.

Finally, residential mortgage loans are also subject to “special hazard” risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower’s mortgage debt by a bankruptcy court). In addition,claims may be assessed against us on account of our position as a mortgage holder or property owner, including assignee liability, responsibility for tax payments, environmental hazards and other liabilities. In some cases, these liabilities may be “recourse liabilities” or may otherwise lead to losses in excess of the purchase price of the related mortgage or property.

Our real estate assets are subject to risks particular to real property.

As a result of foreclosures, we also directly own real estate. In some cases, the real estate is classified as “held for sale” and in other cases it is classified as “held for rental”. Given the nature of our business, we may in the future acquire more real estate assets upon a default of mortgage loans. In general, real estate assets are subject to various risks, including:

- acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses;
- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001, social unrest and civil disturbances;
- adverse changes in national and local economic and market conditions; and
- changes in governmental laws and regulations, fiscal policies, zoning ordinances and environmental legislation and the related costs of compliance with laws and regulations, fiscal policies and ordinances.

In addition, whether the real estate is held for sale or for rental, if it is income producing property, the net operating income can be adversely affected by, among other things:

- tenant mix;
- success of tenant businesses;
- the performance, actions and decisions of operating partners and the property managers they engage in the day-to-day management and maintenance of the property;
- property location, condition, and design;
- new construction of competitive properties;
- a surge in homeownership rates;
- changes in laws that increase operating expenses or limit rents that may be charged;

- changes in specific industry segments, including the labor, credit and securitization markets;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate taxes, energy costs and other operating expenses;
- costs of remediation and liabilities associated with environmental conditions;
- the potential for uninsured or underinsured property losses; and
- the risks particular to real property.

The occurrence of any of the foregoing or similar events may reduce our return from an affected property or asset and, consequently, materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our shareholders.

We may be adversely affected by the economies and other conditions of the markets in which we operate, particularly in Connecticut, where we have a high concentration of our loans.

The geographic distribution of our loan portfolio exposes us to risks associated with the real estate and commercial lending industry in general within the states and regions in which we operate. These risks include, without limitation:

- declining real estate values;
- overbuilding;
- extended vacancies of properties;
- increases in competition;
- increases in operating expenses such as property taxes and energy costs;
- changes in zoning laws;
- unemployment rates;
- environmental issues;
- public health issues (such as COVID-19);
- casualty or condemnation losses;
- uninsured damages from floods, hurricanes, earthquakes or other natural disasters; and
- changes in interest rates.

At December 31, 2021, approximately 72.7% of our mortgage loans (representing approximately 55.1% of the aggregate outstanding principal balance of our loan portfolio) were secured by property located in the state of Connecticut. As a result, we are subject to the general economic and market conditions in Connecticut as well as those of New England and the northeastern United States. For example, other geographic markets in neighboring states could become more attractive for developers, investors and owners based on favorable costs and other conditions to construct or improve or renovate real estate properties. Some states have created tax and other incentives to attract businesses to relocate or to establish new facilities in their jurisdictions. These changes in other markets may increase demand in those markets and result in a corresponding decrease in demand in the markets in which we currently operate. Any adverse economic or real estate developments or any adverse changes in the local business climate in any geographic market in which we have a concentration of properties, could have a material adverse effect on us. To the extent any of the foregoing risks arise in Connecticut, New England and the northeastern United states, our business, financial condition and results of operations and ability to make distributions to shareholders could be materially adversely affected.

The illiquidity of our loan portfolio could significantly impede our ability to respond to adverse changes in economic, financial, investment and other conditions.

Due to the relative illiquidity of our loan portfolio, our ability to promptly sell all or a portion of the portfolio in response to changing economic, financial, investment or other conditions is limited. The real estate market, in general, and real estate lending, especially the type of loans we typically make, is affected by many factors that are beyond our control, including general economic conditions, the state of capital and credit markets. Our inability to dispose of our real estate loans at opportune times or on favorable terms could have a material adverse effect on us.

In addition, the Internal Revenue Code of 1986, as amended (the “Code”) imposes restrictions on a REIT’s ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our loans for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interest. Therefore, we may not be able to vary our portfolio in response to economic, financial, investment or other conditions promptly or on favorable terms, which could have a material adverse effect on us.

Declining real estate valuations could result in impairment charges, the determination of which involves a significant amount of judgment on our part. Any impairment charge could have a material adverse effect on us.

We review our loan portfolio for impairment on a quarterly and annual basis and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment include, but are not limited to, a sustained significant decrease in the value of the collateral securing the loan, including the value of the real estate and other assets pledged to secure the loan as well as personal guarantees by the principals of the borrower, or a borrower’s inability to stay current with respect to its obligations under the terms of the loan. A significant amount of judgment is involved in determining the presence of an indicator of impairment. If we determine that the value of the collateral is less than the amount outstanding on the loan or the amount that may become due upon the maturity of the loan, a loss must be recognized for the difference between the fair value of the property and the carrying value of the loan. The evaluation of the market value of the underlying collateral requires a significant amount of judgment on our part. Any impairment charge could have a material adverse effect on our financial condition.

A high level of defaults, particularly among larger loans, could have a material adverse impact on our business, operations and financial condition.

At December 31, 2021, approximately 3.1% of our loans, representing approximately 1.5% of our loan portfolio, were in foreclosure. These percentages are consistent with earlier years. Because, historically, our loans have been relatively small, this has not had a material adverse impact on our business. However, our business strategy has changed, and we are now making larger loans with increasing frequency. At December 31, 2021 we had 60 loans, approximately 11.5% of all the loans in our portfolio, with an outstanding principal balance in excess of $1 million. These loans have an aggregate outstanding principal balance of $180.4 million, or approximately 61.7% of our loan portfolio. This alters the risk profile of our portfolio. If 3.1% of our loans were in foreclosure and all of those had an outstanding principal balance in excess of $1 million, they would represent a much greater portion of our loan portfolio, which could have a material adverse impact on our business, operations and financial condition.

Competition could have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive market and we believe these conditions will persist for the foreseeable future as the financial services industry continues to consolidate, producing larger, better capitalized and more geographically diverse companies with broad product and service offerings. Our existing and potential future competitors include other "hard money" lenders, mortgage REITs, specialty finance companies, savings and loan associations, banks, mortgage banks, insurance companies, mutual funds, pension funds, private equity funds, hedge funds, institutional investors, investment banking firms, non-bank financial institutions, governmental bodies, family offices and high net worth individuals. We may also compete with companies that partner with and/or receive government financing. Many of our competitors are substantially larger and have considerably greater financial, technical, marketing and other resources than we do. In addition, larger and more established competitors may enjoy significant competitive advantages, including enhanced operating efficiencies, more extensive referral networks, greater and more favorable access to investment capital and more desirable lending opportunities. Several of these competitors, including mortgage REITs, have recently raised or are expected to raise, significant amounts of capital, which enables them to make larger loans or a greater number of loans. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us, such as funding from various governmental agencies or under various governmental programs for which we are not eligible. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of possible loan transactions or to offer more favorable financing terms than we would. Finally, as a REIT and because we operate in a manner to be exempt from the requirements of the Investment Company Act, we may face further restrictions to which some of our competitors may not be subject. For example, we may find that the pool of potential qualified borrowers available to us is limited. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. As a result of these competitive factors, we may not in the future be able to originate and fund mortgage loans at favorable spreads over our cost of capital, which could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our shareholders.

We may adopt new or change our existing underwriting financing, or other strategies and asset allocation and operational and management policies without shareholder consent, which may result in the purchase of riskier assets, the use of greater leverage or commercially unsound actions, any of which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our shareholders.

Currently, we have no policies in place that limit or restrict our ability to borrow money or raise capital by issuing debt securities. Similarly, we have only a limited number of policies regarding underwriting criteria, loan metrics and operations in general. Even within these policies, management has broad discretion. We may adopt new strategies, policies and/or procedures or change any of our existing strategies, policies and /or procedures regarding financing, hedging, asset allocation, lending, operations and management at any time without the consent of shareholders, which could result in us originating and funding mortgage loans or entering into financing or hedging transactions with which we have no or limited experience or that are different from, and possibly riskier than our existing strategies and policies. The adoption of new strategies, policies and procedures or any changes, modifications or revisions to existing strategies, policies and procedures, may increase our exposure to fluctuations in real estate values, interest rates, prepayment rates, credit risk and other factors and there can be no assurance that we will be able to effectively identify, manage, monitor or mitigate these risks. A change in our lending guidelines could result in us making riskier real estate loans than those we have been making until now.

The Board determines our operational policies and may adopt new policies or amend or revise existing policies regarding lending, financing, investment or other operational and management policies relating to growth, operations, indebtedness, capitalization and distributions or approve transactions that deviate from these policies without a vote of, or notice to, shareholders. Changes in our lending and financing strategies and to our operational and management policies, or adoption of new strategies and/or policies, could materially adversely affect our business, financial condition and results of operations and ability to make distributions to our shareholders.

Moreover, while the Board may periodically review our loan guidelines and our strategies and policies and while it may also approve certain loans, it does not approve every individual mortgage loan that we originate or fund, leaving management with day-to-day discretion over our loan portfolio composition within our broad lending guidelines. Within those guidelines, management has discretion to significantly change the composition of our loan portfolio. In addition, in conducting periodic reviews, the directors may rely primarily on information provided to them by management. Moreover, because management has great latitude within our guidelines in determining the amounts and other terms of a particular mortgage loan, there can be no assurance that management will not make or approve loans that result in returns that are substantially below expectations or result in losses, which would materially adversely affect our business, results of operations, financial condition and ability to make distributions to our shareholders.

In connection with our lending operations, we rely on third-party service providers to perform a variety of services, comply with applicable laws and regulations, and carry out contractual covenants and terms, the failure of which by any of these third-party service providers may adversely impact our business and financial results.

In connection with our business of originating and funding mortgage loans, we rely on third-party service providers to perform a variety of services, comply with applicable laws and regulations, and carry out contractual covenants and terms. For example, we may rely on appraisers for a valuation analysis of the property that will be mortgaged to secure the loan. We may rely on attorneys to close the loans and to make sure that the loan is properly secured. These and other service providers upon whom we rely, may fail to adequately perform the services that they have been engaged to provide. As a result, we are subject to the risks associated with a third party's failure to perform, including failure to perform due to reasons such as fraud, negligence, errors, miscalculations, or insolvency. In addition, we could also suffer reputational damage as a result of their acts or omissions, which could lead to borrowers and lenders and other counterparties ceasing to do business with us, which could materially adversely affect our business, financial condition and results of operations and ability to make distributions to our shareholders.

We may be adversely affected by deficiencies in foreclosure practices as well as related delays in the foreclosure process.

One of the biggest risks overhanging the mortgage market has been uncertainty around the timing and ability of lenders to foreclose on defaulted loans, so that they can liquidate the underlying properties. Given the magnitude of the housing crisis of 2008, and in response to the well-publicized failures of many mortgage servicing companies to follow proper foreclosure procedures (such as involving "robo-signing"), lenders, and their agents, are being held to much higher foreclosure-related documentation standards than they previously were. As a result, the mortgage foreclosure process has become lengthier and more expensive. Many factors delaying foreclosure, such as borrower lawsuits and judicial backlog and scrutiny, are outside of our control and have delayed, and will likely continue to delay, foreclosure processing in both judicial states (where foreclosures require court involvement) and non-judicial states. The extension of foreclosure timelines also increases the inventory backlog of distressed homes on the market and creates greater uncertainty about housing prices. The concerns about deficiencies in foreclosure practices of servicers and related delays in the foreclosure process may impact our loss assumptions and affect the values of, and our returns on, our mortgage loans.

We may be unable to identify and complete acquisitions on favorable terms or at all, which may inhibit our growth and have a material adverse effect on us.

As part of our growth strategy, we occasionally evaluate acquisition opportunities, including other real estate lenders or loan portfolios. To date, we have never pursued any of these opportunities. Acquisitions, in general, involve a high degree of risk including the following:

- we could incur significant expenses for due diligence, document preparation and other pre-closing activities and then fail to consummate the acquisition;
- we could overpay for the business or assets acquired;
- there may be hidden liabilities that we failed to uncover prior to the consummation of the acquisition;
- the demands on management's time related to the acquisition will detract from their ability to focus on the operation of our business; and

- challenges or difficulties in integrating the acquired business or assets into our existing platform.

We cannot assure you that we will be able to identify or consummate any acquisitions and we cannot assure you that, if we are able to identify and consummate one or more acquisitions, that those acquisitions will yield the anticipated benefits. Our inability to complete property or business acquisitions on favorable terms or at all could have a material adverse effect on us.

The downgrade of the credit ratings of the U.S., any future downgrades of the credit ratings of the U.S. and the failure to resolve issues related to U.S. fiscal and debt policies may materially adversely affect our business, liquidity, financial condition and results of operations.

In response to the COVID-19 pandemic, the U.S. Congress has passed multiple relief bills that have significantly increased the gross federal debt and the budget deficit. Concerns regarding the gross federal debt and the budget deficit have increased the possibility of credit-rating downgrades or economic slowdowns in the U.S. The impact of any downgrades to the U.S. Government's sovereign credit rating or its perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions. A downgrade of the U.S. Government's credit rating or a default by the U.S. Government to satisfy its debt obligations likely would create broader financial turmoil and uncertainty, which would weigh heavily on the global banking system and these developments could cause interest rates and borrowing costs to rise and a reduction in the availability of credit, which may negatively impact the value of our loan portfolio, our net income, liquidity and our ability to finance our assets on favorable terms.

Risks Related to Our Operations, Structure and Change in Control Provisions

Interruptions in our ability to provide our products and our service to our customers could damage our reputation, which could have a material adverse effect on us.

Our business and reputation could be adversely affected by any interruption or failure on our part to provide our products and services to our customers and prospective customers in a timely manner, even if such failures are a result of a natural disaster, public health issues (such as COVID-19), human error, errors and/or omissions by third parties on whom we depend, whether willful or unintentional, sabotage, vandalism, terrorist acts, unauthorized entry or other unanticipated problems. If a significant disruption occurs, we may be unable to take corrective action in a timely manner or, if and when implemented, these measures may not be sufficient or could be circumvented through the reoccurrence of a natural disaster or other unanticipated problem, or as a result of accidental or intentional actions. Furthermore, such disruptions may result in legal liability. Accordingly, our failure or inability to provide products and services to our customers in a timely and efficient manner may result in significant liability, a loss of customers and damage to our reputation, which could have a material adverse effect on us.

The occurrence of cyber-incidents, or a deficiency in our cybersecurity or in those of any of our third party service providers, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information or damage to our business relationships or reputation, all of which could negatively impact our business and results of operations.

In general, any adverse event that threatens the confidentiality, integrity, or availability of our information resources or the information resources of our third-party service providers is considered a cyber- attack. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. The primary risks that could directly result from the occurrence of a cyber- incident include operational interruption and private data exposure. We cannot assure you that our business and results of operations will not be negatively impacted by a cyber- incident.

The loss of key personnel, such as one of our executive officers, could have a material adverse effect on us.

We believe that our continued success depends on the continued services of John L. Villano, our chairman, chief executive officer, chief financial officer and treasurer. Our reputation among and our relationships with our key customers are the direct result of a significant investment of time and effort by him to build our credibility in a highly specialized industry. The loss of Mr. Villano's services could diminish our business and investment opportunities and our relationships with lenders, business partners and existing and prospective customers and could have a material adverse effect on us. While we have entered into an employment agreement with John Villano, he can terminate his employment with us at any time. In the event Mr. Villano terminates his employment with us or is unable to carry out his duties, our business and operations will be adversely impacted.

Our inability to recruit or retain qualified personnel or maintain access to key third-party service providers and software developers, could have a material adverse effect on us.

We must continue to identify, hire, train, and retain qualified professionals, operations employees, and sales and senior management personnel who maintain relationships with our customers and who can provide the technical, strategic and marketing skills that will help us grow. There is a shortage of qualified personnel in these fields, and we compete with other companies for the limited pool of these personnel. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. An increase in these costs or our inability to recruit and retain necessary professional, technical, managerial, sales and marketing personnel or to maintain access to key third-party providers could have a material adverse effect on us.

The stock ownership limit imposed by our charter may inhibit market activity in our Common Shares and may restrict our business combination opportunities.

For us to maintain our qualification as a REIT under the Code, not more than 50% in value of the issued and outstanding shares of our capital stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year (other than our first year as a REIT). This test is known as the "5/50 test." Attribution rules in the Code apply to determine if any individual or entity actually or constructively owns our capital stock for purposes of this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of each taxable year (other than our first year as a REIT). To help ensure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock. Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and provides that, unless exempted by the Board, no person may own more than 4.99% in value of the aggregate of the outstanding shares of our capital stock or more than 4.99% in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of our Common Shares. Our founders, Jeffrey C. Villano and John L. Villano, are both exempt from this provision. The ownership limits contained in our charter could delay or prevent a transaction or a change in control of our company under circumstances that otherwise could provide our shareholders with the opportunity to realize a premium over the then current market price for our Common Shares or would otherwise be in the best interests of our shareholders.

If we sell or transfer mortgage loans to a third party, including a securitization entity, we may be required to repurchase such loans or indemnify such third party if we breach representations and warranties.

In order to raise working capital, we may in the future sell or transfer mortgage loans to a third party, including a securitization entity. In such event, we probably will be required to make customary representations and warranties about such loans to the third party. In addition, the loan sale agreement and the terms of any securitizations into which we sell or transfer loans will generally require us to repurchase or substitute loans in the event we breach a representation or warranty given to the loan purchaser or securitization. Furthermore, we may be required to repurchase loans as a result of borrower fraud or in the event of early payment default on a mortgage loan. The remedies available to a purchaser of mortgage loans are generally broader than those available to us against an originating broker or correspondent. Repurchased loans are typically worth only a fraction of the original price. Significant repurchase activity could materially adversely affect our business, financial condition and results of operations and our ability to pay dividends to our shareholders.

Risks Related to Debt Financing

***If we cannot access external sources of capital on favorable terms or at all, our ability to execute our business and growth strategies will be impaired*.**

In order to qualify and maintain our qualification as a REIT, we are required under the Code to distribute at least 90% of our "REIT taxable income" (determined before the deduction for dividends paid and excluding net capital gains) annually. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our "REIT taxable income," including any net capital gains. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Because of these distribution requirements, we may not be able to fund future capital needs, specifically, capital for funding mortgage loans, from operating cash flow. Consequently, we rely on third-party sources of capital to fund a substantial amount of our capital needs. We may not be able to obtain such financing on favorable terms or at all. Any additional debt we incur will increase our leverage, expose us to the risk of default and impose operating restrictions on us. In addition, any equity financing could be materially dilutive to the equity interests held by our existing shareholders. Our access to third-party sources of capital depends, in part, on general market conditions, the market's perception of our growth potential, leverage, current and expected results of operations, liquidity, financial condition and cash distributions to shareholders and the market price of our Common Shares. If we cannot obtain capital when needed, we may not be able to execute our business and growth strategies, satisfy our debt service obligations, make the cash distributions to our shareholders necessary to qualify and maintain our qualification as a REIT (which would expose us to significant penalties and corporate level taxation), or fund our other business needs, any of which could have a material adverse effect on us.

If we are unable to leverage our assets to the extent we currently anticipate, the returns on certain of our assets could be diminished, which may limit or eliminate our ability to make distributions to our shareholders.

A key element of our growth strategy is to use leverage to increase the size of our loan portfolio to enhance our returns. If we are unable to leverage our assets to the extent we currently anticipate, the returns on our loan portfolio could be diminished, which may limit or eliminate our ability to make distributions to our shareholders.

Our outstanding indebtedness as of December 31, 2021 was approximately $219.3 million, which exposes us to the risk of default thereunder, among other risks.

At December 31, 2021, our total outstanding indebtedness was approximately $219.3 million, including approximately $58.2 million original principal amount of unsecured unsubordinated fixed rate term notes that mature in 2024, approximately $56.4 million original principal amount of unsecured unsubordinated fixed rate term notes that mature in 2025, approximately $51.8 million original principal amount of unsecured unsubordinated fixed rate term notes that mature in 2026, a line of credit secured by our investment portfolio of approximately $33.2 million, approximately $19.1 million under the Churchill Facility that is secured by a first priority security interest on the mortgage loans pledged as collateral, and $750,000 million is a first mortgage loan that is due in March, 2037 and that is secured by our corporate office buildings. Our organizational documents contain no limitations regarding the maximum level of indebtedness, whether as a percentage of our market capitalization or otherwise, that we may incur. As our capital needs continue to grow, we anticipate increasing our overall indebtedness. Our substantial outstanding indebtedness, and the limitations imposed on us by our debt agreements, could have other significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may use a substantial portion of our cash flows to make principal and interest payments and we may be unable to obtain additional financing as needed or on favorable terms, which could, among other things, have a material adverse effect on our ability to capitalize upon acquisition opportunities, fund working capital, make capital expenditures, make cash distributions to our shareholders, or meet our other business needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;

- we may be forced to dispose of assets, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- our financial flexibility may be diminished as a result of various covenants including debt and coverage and other financial ratios;
- our vulnerability to general adverse economic and industry conditions may be increased;
- we may be at a competitive disadvantage relative to our competitors that have less indebtedness;
- our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate may be limited and we may default on our indebtedness by failure to make required payments or violation of covenants, which would entitle holders of such indebtedness, and possibly other indebtedness, to accelerate the maturity of their indebtedness and to foreclose on our mortgages receivable that secure their loans.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to shareholders.

Despite our current debt levels, we may still incur substantially more debt or take other actions which could have the effect of diminishing our ability to make payments on our indebtedness when due and distributions to our shareholders.

Despite our current debt levels, we may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted presently under the terms of the agreements governing our borrowings from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that could have the effect of diminishing our ability to make payments on our indebtedness when due and distributions to our shareholders.

Our outstanding fixed rate term notes are unsecured and therefore are effectively subordinated to any secured indebtedness we have incurred or may incur in the future.

As of December 31, 2021, we have approximately $166.3 million aggregate principal amount of fixed rate term notes (the “Notes”) outstanding, taking into account the deferred financing costs. The Notes are unsecured. As a result, they are effectively subordinated to all our existing and future secured indebtedness, such as the Wells Fargo Loan, approximately $33.2 million at December 31, 2021, the approximately $19.1 million of outstanding borrowings as of December 31, 2021 and any future borrowing under the Churchill Facility, the $750,000 currently outstanding under the NHB Mortgage and any future amounts funded thereunder, as well as any secured indebtedness that we may incur in the future, or any indebtedness that is initially unsecured to which we subsequently grant a security interest, to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. The Churchill Facility is secured by a first priority security interest on the mortgage loans pledged as collateral under the facility; the Wells Fargo Loan is collateralized by our portfolio of short-term securities held at Wells Fargo; and the NHB Mortgage is secured by a first mortgage lien on properties located at 698 Main Street and 568 East Main Street, Branford, Connecticut.

The Notes are subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are our exclusive obligations, and not of any of our subsidiaries. In addition, the Notes are not guaranteed by any third-party, whether an affiliate or unrelated. None of the assets of our subsidiaries will be directly available to satisfy the claims of holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such entities (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such entities. Even if we are recognized as a creditor of one or more of these entities, our claims would still be effectively subordinated to any security interests in the assets of any such entity and to any indebtedness or other liabilities of any such entity senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries. In addition, our subsidiaries and these entities may incur substantial indebtedness in the future, all of which would be structurally senior to the Notes.

The indenture under which the Notes are issued contains limited protection for holders of the Notes.

The indenture under which the Notes were issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on an investment in the Notes. Except in limited circumstances, the terms of the indenture and the Notes do not restrict our ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (i) any indebtedness or other obligations that would be equal in right of payment to the Notes, (ii) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (iii) indebtedness that we incur that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (iv) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in those entities and therefore rank structurally senior to the Notes with respect to the assets of these entities;

- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness;

- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

- enter into transactions with affiliates;

- create liens or enter into sale and leaseback transactions;

- make investments; or

- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture does not require us to offer to purchase the Notes in connection with a change of control or any other event.

Similarly, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as long as we adhere to the Asset Coverage Ratio covenant in the indenture. See “Management’s Discussion of Financial Condition and Results of Operations – Financing Strategy Overview.”

Our ability to recapitalize, incur additional debt and take other actions that are not limited by the terms of the Notes may have important consequences to the holders of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. For example, the indenture under which the Notes are issued does not contain cross-default provisions. The issuance or incurrence of any indebtedness with incremental protections could affect the market for, trading volume and prices of the Notes.

An increase in market interest rates could result in a decrease in the value of the Notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate decline in value. Consequently, if you own Notes or purchase Notes, and the market interest rates subsequently increase, the market value of your Notes may decline. We cannot predict the future level of market interest rates.

Although the Notes are listed on the NYSE American, an active trading market for the Notes may not develop, which could limit the ability of Noteholders to sell the Notes and/or the market price of the Notes.

Although the Notes are listed on the NYSE American, there is limited trading of the Notes on the exchange and we cannot assure holders of the Notes that an active trading market will develop or be maintained for the Notes. In addition, the Notes may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, if any, general economic conditions, our financial condition, performance and prospects and other factors. Although the underwriters advised us at the time of issuance that they intend to make a market in the Notes, they are not obligated to do so. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market for the Notes will develop or can be sustained, or that holders of the Notes will be able to sell their Notes at a particular time or that the price they will receive at the time of sale will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, the Noteholders may be required to bear the financial risk of an investment in the Notes indefinitely.

We may choose to redeem the Notes when prevailing interest rates are relatively low.

The Notes are generally redeemable any time beginning on the second anniversary of their issuance date. Notes having an aggregate principal amount of approximately $23.7 million and Notes having an aggregate principal amount of $34.5 million are currently redeemable Notes having an aggregate principal amount of $56.4 million will be redeemable on or after September 4, 2022 and Notes having an aggregate principal amount of approximately $51.8 million will be redeemable on or after December 20, 2023. We may choose to redeem the Notes when prevailing interest rates are lower than the rate borne by the Notes. If prevailing rates are lower at the time of redemption, holders of the Notes would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed. Our redemption right also may adversely impact the ability of holders to sell the Notes as the optional redemption date or period approaches.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

Any default under the agreements governing our existing indebtedness or other indebtedness to which we may be a party that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness, including the Notes. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. In addition, the lenders under any revolving credit facility or other financing that we may obtain in the future could elect to terminate their commitment, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. Any such default may constitute a default under the Notes, which could further limit our ability to repay our indebtedness, including the Notes. If our operating performance declines, we may in the future need to seek to obtain waivers from our existing lenders at the time to avoid being in default. If we breach any loan covenants, we may not be able to obtain such a waiver from the lenders. If this occurs, we would be in default under the credit arrangement that we have, the lender could exercise its rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay indebtedness, lenders having secured obligations could proceed against the collateral securing the debt. Because the Churchill Facility and the NHB Mortgage have, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness under the Notes, or under any future credit facility is accelerated, we may be unable to repay or refinance the amounts due.

We are not obligated to contribute to a sinking fund to retire the Notes and the Notes are not guaranteed by a third party.

We are not obligated to contribute funds to a sinking fund to repay principal or interest on the Notes upon maturity or default. The Notes are not certificates of deposit or similar obligations of, or guaranteed by, any depositary institution. Further, no private party or governmental entity insures or guarantees payment on the Notes if we do not have enough funds to make principal or interest payments.

A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the Notes, if any, could cause the liquidity or market value of the Notes to decline significantly.

Our credit rating is an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit rating will generally affect the market value of the Notes. Our credit rating, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion.

The Notes have received a private rating of BBB+ from Egan-Jones Ratings Company. An explanation of the significance of ratings may be obtained from the rating agency. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. We have no obligation to maintain our credit rating or to advise holders of the Notes of any changes in our credit rating. There can be no assurance that our credit rating will remain for any given period of time or that such credit rating will not be lowered or withdrawn entirely by the rating agency if in their judgment future circumstances relating to the basis of the credit rating so warrant.

If we default on our obligations under the Churchill Facility, the Wells Fargo Loan or NHB Mortgage, we may suffer adverse consequences and may not be able to make payments on the Notes.

To secure our obligations under the Churchill Facility, Churchill has a first priority security interest on the mortgage loans pledged as collateral under the Churchill Facility. If we default on our obligations under the Churchill Facility and fail to cure, Churchill will have the right to assign, sell, or otherwise transfer, the mortgage loans subject to their security interests. If Churchill exercises its right to sell the mortgage loans pledged under the Churchill Facility, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the Churchill Facility. The Wells Fargo Loan is secured by our portfolio of short-term securities held at Wells Fargo. A decline in the value of the securities below the margin call limit may require us to provide additional funds or securities to Wells Fargo to avoid a forced sale of such securities. The occurrence of either or both of the foregoing events could have a material adverse effect on our business, financial condition and results of operations, cash flows, our ability to make distributions to shareholders and make the interest payment on the Notes.

Any default under the agreements governing our existing indebtedness, including a default under the Churchill Facility or the Wells Fargo Loan or the NHB Mortgage or other indebtedness to which we may be a party that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness, including the Notes. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. In addition, the lenders under any revolving credit facility or other financing that we may obtain in the future could elect to terminate their commitment, cease making further loans and institute foreclosure proceedings against our assets and force us into bankruptcy or liquidation. Any such default may constitute a default under all our indebtedness, including the Notes, which could further limit our ability to repay our indebtedness, including the Notes. If our operating performance declines, we may in the future need to seek to obtain waivers from our existing lenders at the time to avoid being in default. If we breach any loan covenants, we may not be able to obtain such a waiver from the lenders in which case we would be in default under the credit arrangement and the lender could exercise its rights as described above, and we may be forced into bankruptcy or liquidation. If we are unable to repay indebtedness, lenders having secured obligations could proceed against the collateral securing the debt. Because the Churchill Facility and the NHB Mortgage have, and any future credit facilities will likely have, customary cross-default provisions, if repayment of any outstanding indebtedness, such as the Notes, the Churchill Facility, the Wells Fargo Loan, the NHB Mortgage or any future credit facility, is accelerated, we may be unable to repay or finance the amounts due.

Risks Related to Regulatory Matters

Maintenance of our Investment Company Act exemption imposes limits on our operations.

We have conducted and intend to continue to conduct our operations so as not to become regulated as an investment company under the Investment Company Act. We believe that there are several exclusions under the Investment Company Act that are applicable to us. To maintain the exclusion, the assets that we acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated under the Investment Company Act. If we fail to qualify for, our exclusion, we could, among other things, be required either (a) to change the manner in which we conduct our operations to avoid being required to register as an investment company or (b) to register as an investment company, either of which could have a material adverse effect on our operations and the market price of our Common Shares.

Tax Risks Related to Our Structure

Failure to qualify as a REIT would adversely affect our operations and ability to make distributions.

We believe that we were organized and, since the IPO, have operated and we plan to continue to operate in conformity with the requirements for qualification and taxation as a REIT. We elected to be taxed as a REIT, commencing with our taxable year ended December 31, 2017. Our continued qualification as a REIT will depend on our ability to meet, on an ongoing basis, various complex requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income, and the amount of our distributions to our shareholders. To satisfy these requirements, we might have to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our operational performance. Moreover, while we intend to continue to operate so to qualify as a REIT for U.S. federal income tax purposes, given the highly complex nature of the rules governing REITs, there can be no assurance that we will so qualify in any taxable year.

We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT and the statements in this Report are not binding on the IRS, or any court. If we fail to qualify as a REIT in any taxable year and we do not qualify for certain statutory relief provisions, all our taxable income would be subject to U.S. federal and state income taxes at the prevailing corporate income tax rates, we would no longer be allowed to deduct the distributions to our shareholders and we generally would be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our REIT status.

Qualifying as a REIT involves highly technical and complex provisions of the Code and therefore, in certain circumstances, may be subject to uncertainty.

To qualify as a REIT, we must satisfy several requirements, including requirements regarding the composition of our assets, the sources of our income and the diversity of our share ownership. Also, we must make distributions to stockholders aggregating annually at least 90% of our "REIT taxable income" (determined without regard to the dividends paid deduction and excluding net capital gain). Compliance with these requirements and all other requirements for qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. Even a technical or inadvertent mistake could jeopardize our REIT status. In addition, the determination of various factual matters and circumstances relevant to REIT qualification is not entirely within our control and may affect our ability to qualify as a REIT. Accordingly, we cannot be certain that our organization and operation will enable us to qualify as a REIT for federal income tax purposes.

Even if we qualify as a REIT, we will be subject to some taxes that will reduce our cash flow.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a sale is a prohibited transaction depends on the facts and circumstances related to that sale. The need to avoid prohibited transactions could cause us to forgo or defer sales of assets that we otherwise would have sold or that might otherwise be in our best interest to sell. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. Any of these taxes would reduce our cash flow and could decrease cash available for distribution to shareholders and decrease cash available to service our indebtedness.

The REIT distribution requirements could adversely affect our ability to grow our business and may force us to seek third-party capital during unfavorable market conditions.

To qualify as a REIT, we generally must distribute to our shareholders at least 90% of our "REIT taxable income" (determined without regard to the dividends paid deduction and excluding net capital gain) each year, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our "REIT taxable income" each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may be forced to seek third-party capital to meet the distribution requirements even if the then- prevailing market conditions are not favorable. These capital needs could result from differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we may have to borrow funds on unfavorable terms, or sell assets at disadvantageous prices. In addition, we may be forced to distribute amounts that would otherwise have been invested in future acquisitions to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends, which could depress the market price of our Common Shares if it is perceived as a less attractive investment.

The maximum tax rate applicable to income from "qualified dividends" payable by non-REIT "C" corporations to U.S. stockholders that are individuals, trusts and estates generally is 20% (excluding the 3.8% net investment income tax). Dividends payable by REITs, however, generally are not eligible for the current reduced rate, except to the extent that certain holding requirements have been met and a REIT's dividends are attributable to dividends received by a REIT from taxable corporations (such as a "taxable REIT subsidiary"), to income that was subject to tax at the REIT/corporate level, or to dividends properly designated by the REIT as "capital gains dividends." Effective for taxable years beginning after December 31, 2017, and before January 1, 2026, those U.S. stockholders may deduct 20% of their dividends from REITs (excluding qualified dividend income and capital gains dividends). For those U.S. stockholders in the top marginal tax bracket of 37%, the deduction for REIT dividends yields an effective income tax rate of 29.6% on REIT dividends, which is higher than the 20% tax rate on qualified dividend income paid by non- REIT "C" corporations. Although the reduced rates applicable to dividend income from non-REIT "C" corporations do not adversely affect the taxation of REITs or dividends payable by REITs, it could cause investors who are non-corporate taxpayers to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT "C" corporations that pay dividends, which could depress the market price of the stock of REITs, including our Common Shares.

We may in the future choose to pay dividends in the form of Common Shares, in which case shareholders may be required to pay income taxes in excess of the cash dividends they receive.

We may seek in the future to distribute taxable dividends that are payable in cash and Common Shares, at the election of each shareholder. Taxable shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, shareholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. shareholder sells Common Shares that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of Common Shares at the time of the sale. In addition, in such case, a U.S. shareholder could have a capital loss with respect to Common Shares sold that could not be used to offset such dividend income. Furthermore, with respect to certain non-U.S. shareholders, we may be required to withhold federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in Common Shares. In addition, such a taxable share dividend could be viewed as equivalent to a reduction in our cash distributions, and that factor, as well as the possibility that a significant number of our shareholders could determine to sell common shares to pay taxes owed on dividends, may put downward pressure on the market price of Common Shares.

Complying with REIT requirements may cause us to liquidate or forgo otherwise attractive investment opportunities.

To qualify as a REIT, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and "real estate assets" (as defined in the Code), including certain mortgage loans and securities (the "75% asset test"). The remainder of our investments (other than securities includable in the 75% asset test) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our total assets (other than securities includable in the 75% asset test) can consist of the securities of any one issuer, no more than 20% of the value of our total assets can be represented by securities of one or more "taxable REIT subsidiaries" (of which we have none), and debt instruments issued by publicly offered REITs, to the extent not secured by real property or interests in real property, cannot exceed 25% of the value of our total assets. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate or forgo otherwise attractive investment opportunities. These actions could have the effect of reducing our income and amounts available for distribution to our shareholders and our income and amounts available to service our indebtedness.

In addition to the asset tests set forth above, to qualify as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the amounts we distribute to our stockholders and the ownership of our stock. We may be unable to pursue investment opportunities that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for us to qualify as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments and, thus, reduce our income and amounts available to service our indebtedness.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our Common Shares.

- At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our shareholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

- The Tax Cuts and Jobs Act of 2017 ("TCJA") made significant changes to the U.S. federal income tax rules for taxation of individuals and corporations. In the case of individuals, the tax brackets have been adjusted, the top federal income rate has been reduced to 37%, special rules reduce taxation of certain income earned through pass-through entities and reduce the top effective rate applicable to ordinary dividends from REITs to 29.6% (through a 20% deduction for ordinary REIT dividends received) and various deductions have been eliminated or limited, including limiting the deduction for state and local taxes to $10,000 per year. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The top corporate income tax rate has been reduced to 21%. There were only minor changes to the REIT rules (other than the 20% deduction applicable to individuals for ordinary REIT dividends received). The TCJA made numerous other large and small changes to the tax rules that do not affect REITs directly but may affect our shareholders and may indirectly affect us. For example, the TCJA amends the rules for accrual of income so that income is taken into account no later than when it is taken into account on applicable financial statements, even if financial statements take such income into account before it would accrue under the original issue discount rules, market discount rules or other Code rules. Such rule may cause us to recognize income before receiving any corresponding receipt of cash. In addition, the TCJA reduces the limit for individuals' mortgage interest expense to interest on $750,000 of mortgages and does not permit deduction of interest on home equity loans (after grandfathering all existing mortgages). Such change, and the reduction in deductions for state and local taxes (including property taxes), may adversely affect the residential mortgage markets in which we invest.

Prospective shareholders are urged to consult with their tax advisors with respect to the status of the TCJA and any other regulatory or administrative developments and proposals and their potential effect on investment in our Common Shares.

Risks Relating to our Common Shares

The market price and trading volume of our securities may be volatile.

The market price of our Common Shares is highly volatile and subject to wide fluctuations. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. Since January 3, 2022 through the date of this Report, our stock price has ranged at market close from a high of $6.36 on January 12, 2022 to a low of $4.67 on February 24, 2022 and volume has ranged from a high of 1,368,800 shares on January 25, 2022 to a low of 91,200 shares on March 23, 2022. Some of the factors that could result in fluctuations in the price or trading volume of our securities include, among other things: actual or anticipated changes in our current or future financial performance; actual or anticipated changes in our current or future dividend yield; and changes in market interest rates and general market and economic conditions, including the perceived impact of COVID-19 on the U.S. and global economies. We cannot assure you that the market price of our Common Shares will not fluctuate or decline significantly.

We have not established a minimum dividend payment level for our common shareholders and there are no assurances of our ability to pay dividends to our common shareholders in the future.

We intend to pay quarterly dividends and to make distributions to our common shareholders in amounts such that all or substantially all our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to qualify for the tax benefits accorded to a REIT under the Code. We have not established a minimum dividend payment level for our common shareholders and our ability to pay dividends may be harmed by the risk factors described herein. All distributions to our common shareholders will be made at the discretion of the Board and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as the Board may deem relevant from time to time. We cannot assure you of our ability to pay dividends to our common shareholders in the future at the current rate or at all. If our ability to pay dividends is compromised, whether as a result of the risks described in this Report or for any other reason, the market price of our Common Shares could decline.

Future offerings of preferred shares or debt securities would rank senior to our Common Shares upon liquidation and for dividend purposes, would dilute the interests of our common shareholders and may adversely affect the market price of our Common Shares.

In the future we may seek to increase our capital resources by making offerings of debt, including short- and medium-term notes, senior or subordinated or convertible notes, or additional offerings of preferred shares. Issuance of debt securities or preferred equity would reduce the amount available for distribution to common shareholders on account of the interest payable to the holders of the debt securities and the dividends payable to the holders of the preferred equity. Similarly, upon liquidation, holders of our debt securities and lenders with respect to other borrowings as well as holders of preferred shares will receive a distribution of our available assets prior to the holders of our Common Shares. Finally, issuances of preferred shares or debt securities with equity features, such as convertible notes, may dilute the holdings of our existing shareholders or reduce the market price of our Common Shares or both. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our Common Shares bear the risk of our future offerings reducing the market price of our Common Shares and diluting their interest in us.

An increase in interest rates may have an adverse effect on the market price of our Common Shares and our ability to make distributions to our shareholders.

One of the factors that investors may consider in deciding whether to buy or sell our Common Shares is our dividend rate (or expected future dividend rates) as a percentage of our share price, relative to market interest rates. If market interest rates increase, prospective investors may demand a higher dividend rate on our common shares or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and capital market conditions can affect the market price of our Common Shares independent of the effects such conditions may have on our loan portfolio.

Your investment in and resulting interest in us may be diluted or lose value if we issue additional shares.

Sales of substantial amounts of our Common Shares in the public market may have an adverse effect on the market price of our Common Shares. Sales of substantial amounts of our Common Shares, including by any selling shareholders, adoption and utilization of an at the market issuance program, or the availability of such common shares for sale, whether or not actually sold, could adversely affect the prevailing market prices for our Common Shares. If this occurs and continues it could impair our ability to raise additional capital through the sale of securities.

Our current shareholders do not have preemptive rights to any common shares issued by us in the future. Therefore, our current common shareholders may experience dilution of their equity investment if we sell additional common shares in the future, sell securities that are convertible into common shares or issue common shares or options exercisable for Common Shares. In addition, we could sell securities at a price less than our then-current book value per share.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal offices are located at 698 Main Street, Branford, Connecticut.

Item 3. Legal Proceedings

We are not currently a party to any material legal proceedings not in the ordinary course of business.

Item 4. Mine Safety Disclosure

Not applicable.

PART II

Item 5. Market for Common Equity, and Related Shareholder Matters and Small Business Issuer Purchases of Equity Securities

Market Information

On February 10, 2017, our Common Shares listed on the NYSE American LLC and began trading under the symbol “SACH”. Prior to its listing on the NYSE American LLC, our Common Shares were not publicly traded.

On March 29, 2022, the last reported sale price of our common shares on the NYSE American was $5.28 per share.

Holders

As of March 25, 2022, we had 73 shareholders of record of our common shares. The number of holders does not include individuals or entities who beneficially own shares but whose shares, which are held of record by a broker or clearing agency but does include each such broker or clearing agency as one record holder. Computershare Trust Company, N.A. serves as transfer agent for our Common Shares.

Dividends and Distribution Policy

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its taxable income. To the extent that it annually distributes less than 100% of its taxable income, the undistributed amount is taxed at regular corporate rates.

We intend to pay regular quarterly dividends in an amount necessary to maintain our qualification as a REIT. Any distributions we make to our shareholders, the amount of such dividend and whether such dividend is payable in cash, our Common Shares or other property, or a combination thereof, is at the discretion of the Board and will depend on, among other things, our actual results of operations and liquidity. These results and our ability to pay distributions will be affected by various factors, including the net interest and other income from our portfolio, our operating expenses and other expenditures and the restrictions and limitations imposed by the New York Business Corporation Law, referred to as the BCL, and any restrictions and/or limitations imposed on us by our creditors.

To comply with certain REIT qualification requirements, we will, before the end of any REIT taxable year in which we have accumulated earnings and profits attributable to a non-REIT year, declare a dividend to our shareholders to distribute such accumulated earnings and profits, referred to as a Purging Distribution. As of January 1, 2017, we had no accumulated earnings and profits.

The table below sets forth dividends paid to the holders of our Common Shares since we began operating as a REIT.

Payment Date		Amount Per Share
2022		
January 10Ω	$	0.12
2021		
October 29	$	0.12
July 30	$	0.12
April 16	$	0.12
January 8 ¥	$	0.12
2020		
November 4	$	0.12
August 7	$	0.12
January 27*	$	0.12
2019		
October 22	$	0.12
July 29	$	0.12
April 18	$	0.12
January 10**	$	0.17
2018		
November 6	$	0.12
July 27	$	0.11
April 27***	$	0.105
February 27****	$	0.105
2017		
November 17	$	0.105
July 27	$	0.105
April 27	$	0.05

Ω A portion represents a distribution of 2021 income.
¥ A portion represents a distribution of 2020 income.
* A portion represents a distribution of 2019 income.
** Represents a distribution of 2018 income.
*** A portion represents a distribution of 2017 income.
**** Represents a distribution of 2017 income.

Our ability to pay dividends, the amount of the dividend and the frequency at which we will pay dividends is subject to numerous factors, many of which are discussed elsewhere herein including under the caption “Risk Factors”. The payment of dividends (including the amount and frequency) will depend on numerous factors, including the following:

- how quickly we can deploy the net proceeds from the sale of equity and debt securities to make new loans;
- our ability to increase the interest rate on our loans;
- our ability to manage and control our operating and administrative expenses, particularly those relating to our status as a public reporting REIT;
- defaults by our borrowers;

- the rate of prepayments on our outstanding loans and our ability to reinvest those payments in new loans;
- regional and national economic conditions;
- competition from banks and other financing sources;
- our cash flow from operations;
- unanticipated developments, write-offs or liabilities;
- restrictions and limitations imposed by the BCL; and
- restrictions in our existing and future credit facilities.

For information regarding securities authorized under the equity compensation plan, see Item 12.

Item 6. Selected Financial Data

We are a "smaller reporting company" as defined by Regulations S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

Item 7. Management's Discussion and Analysis of Financial condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and the notes to those statements included elsewhere in this annual report. Certain statements in this discussion and elsewhere in this Report constitute forward-looking statements, within the meaning of section 21E of the Exchange Act, that involve risks and uncertainties. The actual results may differ materially from those anticipated in these forward-looking statements.

Company Overview

We are a Connecticut-based real estate finance company that specializes in originating, underwriting, funding, servicing and managing a portfolio of short-term (*i.e.,* three years or less) loans secured by first mortgage liens on real property. From our inception in December 2010, through our initial public offering, in February 2017, we operated as a limited liability company. On February 9, 2017, we completed our initial public offering (the "IPO"), the primary purpose of which was to raise equity capital to fund mortgage loans and expand our mortgage loan portfolio and to diversify our ownership so that we could qualify, for federal income tax purposes, as a real estate investment trust, or REIT. We believe that, since consummation of the IPO, we meet all the requirements to qualify as a REIT for federal income tax purposes and elected to be taxed as a REIT beginning with our 2017 tax year. As a REIT, we are entitled to claim deductions for distributions of taxable income to our shareholders thereby eliminating any corporate tax on such taxable income. Any taxable income not distributed to shareholders is subject to tax at the regular corporate tax rates and may also be subject to a 4% excise tax to the extent it exceeds 10% of our total taxable income. To maintain our qualification as a REIT, we are required to distribute each year at least 90% of our taxable income. As a REIT, we may also be subject to federal excise taxes and state taxes.

2021 Year in Review; Outlook for 2022

2021 Highlights

- Total revenue increased 63.5%; net income attributable to common shareholders increased 27.5%; and earnings per common share increase $0.03 per share.
- We sold $51.75 million aggregate principal amount of 2026 Notes.
- We sold $45.5 million shares of Series A Preferred Stock.
- We sold $56.0 million of Common Shares.

- We closed the $200 million master repurchase financing facility with Churchill.
- We closed a $1.4 million mortgage loan with New Haven Bank to finance purchase and renovation of new corporate headquarters.
- We funded approximately $251.8 million of mortgage loans including loan modifications and construction draws.
- We significantly reduced our leverage, thereby mitigating the risks should economic conditions deteriorate. At December 31, 2021, our capital structure was 56.9% debt and 43.1% equity compared to 64.3% debt and 35.7% equity at December 31, 2020.
- We made the necessary adjustments to our operations to replace our former co-chief executive officer by hiring new employees and re-assigning existing employees to new tasks. Our executive team includes a chief executive and chief financial officer and a chief investment officer. In addition, we have added junior executives as well in accounting and administration. Although these new hires will result in increased compensation, they were and will continue to be necessary to accommodate our growth and to maintain our ability to continue to service our borrowers and manage our business without sacrificing quality.
- We adjusted and refined our business strategy to address changes in the marketplace and our growth to-date. Specifically, we continue to strengthen our geographic footprint beyond Connecticut and the rest of New England with particular emphasis on Florida and New York. In addition to the aforementioned states, our current mortgage loan portfolio includes loans secured by properties in California, Maine, Maryland, Massachusetts, New Jersey, North Carolina, Pennsylvania, Rhode Island, South Carolina, Tennessee and Texas. We continue to look for opportunities in new markets that meet our underwriting and loan criteria.
- We implemented our strategy to fund larger loans than we have in the past that are secured by what we believe are higher-quality properties that are being developed by borrowers that we deem to be more stable and successful. In addition, we believe the migration to these types of loans will offset any rate compression and help us maintain a low foreclosure rate.
- To leverage our expertise in real estate finance and our capital resources, on the one hand, and to capitalize on lending opportunities in specific markets, on the other, we have implemented our strategy to partner and invest with local “hard money” real estate lenders creating satellite offices under the “Sachem” influence.
- Launched our new underwriting platform.

2022 Outlook

Our primary business objective for 2022 remains to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term principally through dividends. We intend to achieve this objective by accelerating profitable growth and driving operational excellence. To accelerate profitable growth, we will continue to focus on selectively originating, managing, and servicing a portfolio of first mortgage real estate loans designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We are also targeting larger-value commercial loans with strong, experienced sponsors. To drive operational excellence, we have embarked on a broad change management initiative to review, assess, and upgrade — or transform if necessary — our existing operational processes, from workflows and employee roles/responsibilities to decision trees and data collection forms. To that end, in the third quarter of 2021 we rolled out a new underwriting model that automated the production of our loan documentation — term sheets, proof of funds, etc. The automation allows for more accurate and timely processing of loans, thus increasing loan production while keeping our employee headcount down. In addition, we have begun to focus on developing relationships with larger scale wholesale brokers, furthering our efforts to attract larger borrowers with better credit quality. We believe that our ability to react quickly to the needs of borrowers, our flexibility in terms of structuring loans to meet the needs of borrowers, our knowledge of the primary real estate markets we lend in, our expertise in “hard money” lending and our focus on newly originated first mortgage loans, should enable us to achieve our primary objective. Nevertheless, we remain flexible to take advantage of other real estate opportunities that may arise from time to time, whether they relate to the mortgage market or to direct or indirect investments in real estate.

Our strategy to achieve this objective also includes the following:

- capitalize on opportunities created by the long-term structural changes in the real estate lending market and the continuing lack of liquidity in the commercial and investment real estate markets;

- take advantage of the prevailing economic environment and current economic, political and social trends that may impact real estate lending, as well as the outlook for real estate in general and particular asset classes;

- remain flexible to capitalize on changing sets of investment opportunities that may be present in the various points of an economic cycle;

- maintain our status as a publicly-held company, subject to the reporting requirements of the Exchange Act, which gives us immediate access to the public markets for much-needed capital; and

- operate to qualify as a REIT and for an exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act.

We expect 2022 to be a challenging year due to the following factors:

COVID-19. The novel corona virus known as COVID-19 remains a concern as the risk of new variants and the attendant personal and economic disruption is still prevalent. In terms of dealing with COVID-19, keeping our workforce healthy and safe is our number one priority and we are following the updated guidelines and recommendations issued by the State of Connecticut and Centers for Disease Control. We continue to encourage employees to stay home when sick and encourage working from home when possible. In the event of a positive COVID-19 test result, employees are expected to inform management immediately and follow state testing and contact tracing protocols. To mitigate the risk of office closure and to ensure business continuity, our employees are equipped so they can seamlessly work remotely. This remote work set-up has proven to be effective since, at times during the pandemic, employees had to self-isolate based on their own health condition or that of an immediate family member. While loan processing and funding may have been marginally delayed, there was no material adverse impact to the service levels we provided our borrowers. In the event we are forced to close our physical office, it is likely to have some adverse impact on our operations. For example, the underwriting process would continue to function but would take longer to complete without immediate access to background and credit profiles. Loan committee meetings would continue to be held virtually (as they are under normal conditions) but the loan approval process may incur delay or not be as thorough and efficient as in the past. In addition, we may not be able to meet with borrowers or potential borrowers, including physical property inspections, which could adversely impact our ability to service our loans, monitor compliance and originate new loans. Finally, the filing of loan documents with the various recording offices may be delayed.

Interest rate compression. Our net income for 2021 has been adversely impacted by a reduction in the yield on our mortgage loan portfolio. For the years ended December 31, 2021 and 2020, the yield on our mortgage loan portfolio was 11.57% and 11.79%, respectively. (For this purpose, yield only takes into account the stated interest rate on the mortgage note adjusted to the default rate, if applicable.) We believe the interest rate compression will continue to be a factor in 2022, particularly as the Federal Reserve Board has begun to increase interest rates, thereby increasing borrowing costs and the cost of capital. This will have a direct impact on our future borrowing costs and on the amounts we borrow under the Churchill Facility, the Wells Fargo Loan and the NHB Mortgage, all of which are adjustable rate products. We seek to mitigate some of the risk associated with rising rates by limiting the term of new loans to one year. The interest rates we charge on our loans are subject to a variety of factors including competition (see below) and consumer reluctance due to inflation and general economic conditions. If we cannot increase the rates on our loans, the spread between our cost of capital and what we earn on that capital will be squeezed, which could adversely impact our income. On the other hand, since the interest rate on a portion of our outstanding indebtedness is fixed, we have reduced the risk on interest rate compression when interest rates increase. That will enable us to continue to focus on growth and building market share rather than short-term profits and cash flow.

Geopolitical concerns. The Russian Ukrainian war has caused market volatility, spikes in commodity prices, supply chain interruptions, heightened cybersecurity concerns and general concerns that it might lead to unconventional warfare. The true ramifications of this conflict and their impact on the markets and our business are not fully known at this time. Our business is purely domestic, but we are impacted by market volatility and cybersecurity is a concern for all businesses.

Increased competition. In the past, our primary competitors were other non-bank real estate finance companies (similar to Sachem Capital Corp.) and banks and other financial institutions. Our principal competitive advantages included our size and our ability to address the needs of borrowers in terms of timing and structuring loan transactions. More recently, we are encountering competition from private equity funds, hedge funds and other specialty finance entities funded by investment banks, asset managers, private equity funds and hedge funds. Clearly, the primary driver for these new market participants is the need to generate yield. They are well-funded and aggressive in terms of pricing. Competition is becoming more of a factor as we implement our strategy to focus on larger loans and more sophisticated borrowers.

Borrower expectations. The new competitive landscape is shifting the negotiating leverage in favor of borrowers. As borrowers have more choices, they are demanding better terms. This is particularly true as we focus more on larger loans and borrowers with better credit histories.

Property value fluctuations. We remain aware of property value market cycles and utilize a dashboard of indicators to track property value trends. Our response to this development would be to adhere to our underwriting guidelines and aggressively enforce our rights when loans go into default. By judiciously relying on our dashboard of leading indicators and continuing to make decisions in a sound and proper manner, we see no reason to expect any negative outcome regarding our business operations and growth. Some of our indicators within our dashboard are interest rate changes impacting mortgage rates, days-on-market, pending sales, NAHB's Housing Market Index and the Senior Loan Officer Opinion Survey.

Increased operating expenses. Our operating expenses for 2021 are significantly higher than they were in 2020 due to our higher debt load. In addition, our aggregate dividend payments have been higher in 2021 than in 2020 due to an increase in the number of Common Shares outstanding as well as the issuance of our Series A Preferred Stock, which carries a 7.75% annual dividend rate. Finally, our compensation expense has increased as we hired new personnel and increased salaries of existing employees to administer a larger loan portfolio and more complex loan transactions.

Unfunded commitments. Most of our loans are funded in full at closing. However, where all or a portion of the loan proceeds are to be used to fund the costs of renovating or constructing improvements on the property, only a portion of the loan may be funded at closing. At December 31, 2021, our mortgage loan portfolio included 177 loans with future funding obligations, in the aggregate principal amount of $89.2 million, compared to 116 loans in the aggregate principal amount of $19.1 million at December 31, 2020. The increase is due to an increase in construction loan originations, a large portion of which is in the Florida market. Advances under these loans are funded against requests supported by all required documentation (including lien waivers) as and when needed to pay contractors and other costs of construction. In order to deal with these obligations, we are compelled to maintain higher cash balances, which could adversely impact our financial performance.

Despite the challenges we faced in 2021, the changing dynamics of the real estate finance marketplace, supply chain disruptions, and the impact of COVID-19, we continue to believe in the viability of our business model. We believe that there continues to be a significant market opportunity for a well-capitalized "hard money" lender to originate attractively priced loans to small- and mid-scale real estate developers with good collateral, particularly in markets where, traditionally, real estate values are stable and substandard properties are improved, rehabilitated, and renovated as well as under-developed markets that are experiencing rapid growth due to population shifts. We also believe developers will prefer to borrow from us rather than other lending sources because of flexibility in structuring loans to suit their needs, our lending criteria, which places greater emphasis on the value of the collateral rather than the property cash flow or credit of the borrower, and our ability to close quickly. Our goal is, and has always been, to continue to grow our mortgage loan portfolio and increase our loan profitability, while at the same time maintain or improve on our existing underwriting and loan criteria.

Financing Strategy Overview

To continue to grow our business, we must increase the size of our loan portfolio, which requires that we use our existing working capital to fund new loans and raise additional capital either by selling shares of our capital stock or by incurring additional indebtedness. Although we have no pre-set guidelines in terms of leverage ratio, the amount of leverage we will deploy will depend on our assessment of a variety of factors, which may include the liquidity of the real estate market in which most of our collateral is located, employment rates, general economic conditions, the cost of funds relative to the yield curve, the potential for losses and extension risk in our portfolio, the gap between the duration of our assets and liabilities, our opinion regarding the creditworthiness of our borrowers, the value of the collateral underlying our portfolio, and our outlook for interest rates and property values. At December 31, 2021, debt represented approximately 56.9% of our total capital compared to 64.3% at December 31, 2020. To prudently grow the business and satisfy the tax requirement to distribute 90% of our taxable income, we expect to maintain our current level of debt and look to reduce our cost of capital. We intend to continue to leverage our portfolio for the sole purpose of financing our portfolio and not for speculating on changes in interest rates, particularly while interest rates remain low.

As of December 31, 2021, we had four series of unsecured unsubordinated notes outstanding, having an aggregate outstanding principal balance of $166.3 million (collectively, the "Notes") all of which rank equally in right of payment with all of our existing and future senior unsecured and unsubordinated indebtedness and are effectively subordinated in right of payment to all existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant a security interest) and structurally subordinated to all existing and future indebtedness of our subsidiaries. Interest on each series of notes is payable quarterly in arrears on each March 30, June 30, September 30 and December 30 of each year they are outstanding and, except as noted below, each series can be prepaid beginning on the second anniversary of its date of issuance.

- $51,750,000 million original principal amount, issued December 20, 2021, bearing interest at the rate of 6.00% per annum and maturing on December 30, 2026 (the "2026 Notes") and which trade on the NYSE American under the symbol SCCD;

- $56,363,750 million aggregate original principal amount, of which approximately $14.4 million was issued September 4, 2020, $14.0 million was issued October 23, 2020 and $28.0 million was issued December 22, 2020, bearing interest at the rate of 7.75% per annum and maturing on September 30, 2025 (the "2025 Notes") and which trade on the NYSE American under the symbol SCCC. The 2025 Notes are prepayable beginning on September 4, 2022;

- $34,500,000 million original principal amount, issued November 7, 2019, bearing interest at the rate of 6.875% per annum and maturing on December 30, 2024 (the "December 2024 Notes") and which trade on the NYSE American under the symbol SACC; and

- $23,663,000 million original principal amount, issued June 25, 2019, bearing interest at the rate of 7.125% per annum and maturing on June 30, 2024 (the "June 2024 Notes") and which trade on the NYSE American under the symbol SCCB.

Each series of Notes was issued pursuant to the Indenture, dated June 21, 2019, and a supplement thereto, which provides for the form and terms, including default provisions and cures, applicable to each series. All four series of Notes are subject to (i) "Defeasance," which means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on such notes when due and satisfying any additional conditions required under the Indenture, we will be deemed to have been discharged from our obligations under such notes and (ii) an "Asset Coverage Ratio" requirement pursuant to which we may not (x) pay any dividends or make distributions in excess of 90% of our taxable income, (y) incur any indebtedness or (z) purchase any shares of our capital stock unless we have an "Asset Coverage Ratio" of at least 150% after giving effect to the payment of such dividend, the making of such distribution or the incurrence of such indebtedness. "Asset Coverage Ratio" means the ratio (expressed as a percentage) of the value of our total assets relative to the aggregate amount of its indebtedness.

Under the terms of the Indenture, we may, at our option, at any time and from time to time, on or after June 30, 2021, in the case of the June 2024 Notes, November 7, 2021, in the case of the December 2024 Notes, September 4, 2022, in the case of the 2025 Notes, and December 20, 2023, in the case of the 2026 Notes, redeem such notes, in whole or in part, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest to, but excluding, the date fixed for redemption. On and after any redemption date, interest will cease to accrue on the redeemed notes.

Our secured indebtedness includes the Churchill Facility, the Wells Fargo Loan and the NHB Mortgage.

On July 21, 2021, we consummated a $200 million facility with Churchill. Under the terms of the Churchill Facility, we have the right, but not the obligation, to sell mortgage loans to Churchill, and Churchill has the right, but not the obligation, to purchase those loans. In addition, we have the right and, in some instances the obligation, to repurchase those loans from Churchill. The amount that Churchill will pay for each mortgage loan it purchases will vary based on the attributes of the loan and various other circumstances. The repurchase price is calculated by applying an interest factor to the purchase price of the mortgage loan. We also granted Churchill a first priority security interest on the mortgage loans sold to Churchill to secure our repurchase obligation. The cost of capital under the Churchill Facility is equal to the sum of (a) the greater of (i) 0.25% and (ii) the 30-day LIBOR plus (b) 3% – 4%, depending on the aggregate principal amount of the mortgage loans held by Churchill at that time. Our obligations under the Churchill Facility are secured by a lien on the mortgage loans sold to Churchill. The Churchill Facility is also subject to various terms and conditions, including representations and warranties, covenants and agreements typically found in these types of financing arrangements, including a covenant that prohibits us from (A) (i) paying any dividend or make any distribution in excess of 90% of our taxable income, (ii) incurring any indebtedness or (iii) purchasing any shares of our capital stock, unless, in any case, we have an asset coverage ratio of at least 150%; and (B) have unencumbered cash and cash equivalents in an amount equal to or greater than 2.50% of the amount of our repurchase obligations. Churchill has the right to terminate the Churchill Facility at any time upon 180 days prior notice to us. At such time, we have an additional 180 days after termination to repurchase all the mortgage loans held by Churchill. We believe the Churchill Facility gives us the ability to raise capital as needed at a relatively low rate. It also gives us the flexibility to seek other sources of funding. At December 31, 2021, the amount outstanding under the Churchill Facility was approximately $19.1 million, which amount was accruing interest of an effective rate of 4.25% per annum.

The Wells Fargo Loan is secured by our portfolio of short-term securities, had a balance of approximately $33.2 million at December 31, 2021. The outstanding balance on this loan bears interest at a rate equal to 1.75% below the prime rate. The interest rate at December 31, 2021 was 1.5%.

In 2021, we obtained a new adjustable-rate mortgage loan from New Haven Bank for up to a maximum principal amount of $1.4 million (the “NHB Mortgage”) of which $750,000 is outstanding as of December 31, 2021. The purpose of the NHB Mortgage is to fund the cost of our acquisition and renovation of the property located at 568 East Main Street, Branford, Connecticut, which, once renovated, will become our new corporate headquarters. The balance of the NHB Mortgage will be funded when those renovations are completed. The NHB Mortgage accrues interest at an initial rate of 3.75% per annum for the first 72 months and is due and payable in full on December 1, 2037. During the first 12 months, from December 1, 2021 to November 30, 2022, only interest will be due and payable. Beginning on December 1, 2022 and through December 1, 2037 (the “Amortization Period”), principal and interest will be due and payable on a monthly basis. All payments under the NHB Mortgage are amortized based on a 20-year amortization schedule. The interest rate will be adjusted on each fifth anniversary of the commencement of the Amortization Period to the then published 5-year Federal Home Loan Bank of Boston Classic Advance Rate, plus 2.60%. The NHB Mortgage is a non-recourse loan, secured by a first mortgage lien on 698 Main Street, Branford, Connecticut, our current corporate headquarters, and 568 East Main Street, Branford, Connecticut. Once the NHB Mortgage is fully funded, the mortgage lien on 698 Main Street will be released.

In addition to the foregoing, in June 2021 and July 2021, we raised aggregate net proceeds of approximately $45.5 million (after deducting underwriting discounts and commissions and offering expenses) from the sale of 1,903,000 shares of our Series A Preferred Stock in a firm commitment underwritten public offering at a public offering price of $25.00 per share, equal to the liquidation preference. The Series A Preferred Stock is listed on the NYSE American and began trading under the symbol “SACHPRA” on July 6, 2021.

Finally, from time-to-time we raise capital by selling our common shares in various at-the market offerings. During calendar year 2021, through these facilities we sold an aggregate of 10,490,188 common shares for which we realized aggregate net proceeds of approximately $56.0 million. As of the date of this Report, we have approximately $22.1 million of availability remaining for sale through one of these offerings.

REIT Qualification

We believe that we have qualified as a REIT since the consummation of the IPO and that it is in the best interests of our shareholders that we operate as a REIT. We made the election to be taxed as a REIT beginning with our 2017 tax year. As a REIT, we are required to distribute at least 90% of our taxable income to our shareholders on an annual basis. We cannot assure you that we will be able to maintain REIT status.

Our qualification as a REIT depends on our ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our compliance with the distribution requirements applicable to REITs and the diversity of ownership of our outstanding Common Shares. We cannot assure you that we will be able to maintain our qualification as a REIT.

So long as we qualify as a REIT, we, generally, will not be subject to U.S. federal income tax on our taxable income that we distribute currently to our shareholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate income tax rates and may be precluded from electing to be treated as a REIT for four taxable years following the year during which we lose our REIT qualification. Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements not applicable to other public companies but applicable to emerging growth companies, including, but not limited to, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an emerging growth company, we can also delay adopting new or revised accounting standards until those standards apply to private companies. We intend to avail ourselves of these options. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company.

We will cease to be an emerging growth company upon the earliest of: (i) the end of the 2022 fiscal year; (ii) the first fiscal year after our annual gross revenue are $1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) the end of any fiscal year in which the market value of our Common Shares held by non-affiliates exceeded $700 million as of the end of the second quarter of that fiscal year. We cannot predict if investors will find our Common Shares less attractive if we choose to rely on these exemptions. If, as a result of our decision to reduce future disclosure, investors find our Common Shares less attractive, there may be a less active trading market for our Common Shares and the price of our Common Shares may be more volatile.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections and (c) general financial market conditions. Actual amounts could differ from those estimates.

Interest income from commercial loans is recognized, as earned, over the loan period and origination fee revenue on commercial loans is amortized over the term of the respective note.

As an "emerging growth company," we intend to avail ourselves of the reduced disclosure requirements and extended transition periods for adopting new or revised accounting standards that would otherwise apply to us as a public reporting company. Once adopted, we must continue to report on that basis until we no longer qualify as an emerging growth company. As a result, our financial statements may not be comparable to those of other public reporting companies that either are not emerging growth companies or that are emerging growth companies but have opted not to avail themselves of the reduced disclosure requirements for emerging growth companies and investors may deem our securities a less attractive investment relative to those other companies, which could adversely affect our stock price.

Results of Operations

Years ended December 31, 2021 and 2020

Total revenue

Total revenue for the year ended December 31, 2021 was approximately $30.4 million compared to approximately $18.6 million for the year ended December 31, 2020, an increase of approximately $11.8 million, or 63.5%. The increase in revenue was due primarily to an increase in lending operations. For 2021, interest income was approximately $22.3 million, origination fees were approximately $3.4 million, other income was approximately $2.5 million, late and other fees were approximately $519,000 and processing fees were approximately $193,000, for a total of approximately $28.9 million, an increase of $11.7 million over the same items in 2020. Income from other sources included gain on sale of investment securities, approximately $284,000, investment income, approximately $1.2 million, and net rental income, approximately $30,000. Other income in 2021 included income from borrower charges of approximately $477,000, lender, overfunding, modification, extension, and inspection fees of $1.7 million, and in-house legal fees of $254,000.

Increased lending activity was driven almost exclusively by $151.4 million in net proceeds of new capital raised during the year, including approximately $56.0 million raised from the sale of Common Shares, $45.5 million raised from the sale of Series A Preferred Stock and $49.9 million raised from the sale of a new series of five-year unsecured unsubordinated notes. In addition, we borrowed an additional $19.1 million pursuant to the Churchill Facility.

Operating costs and expenses

Total operating costs and expenses for the year ended December 31, 2021 were approximately $17.1 million compared to approximately $9.6 million for 2020, an increase of approximately $7.5 million, or 78.0%. The largest contributor to this increase was interest and amortization of deferred financing costs, which were $10.4 million in 2021 compared to $5.5 million in 2020, an increase of approximately 87.9%. The increase is directly related to interest payments on the Notes. The balance of the increase in operating expenses was attributable to (i) compensation (including stock-based compensation), fees and taxes, which increased approximately $1.3 million; (ii) professional fees, which increased approximately $513,000; (iii) general and administrative expenses, which increased approximately $538,000; and (iv) other expenses, which increased approximately $142,000. These increases are attributable to our increased level of operations and the implementation of certain of our growth strategies.

Net income and net income per share

Net income for 2021 attributable to common shareholders was approximately $11.5 million compared to approximately $9.0 million for 2020, an increase of approximately $2.5 million or 27.5%. Our net income per weighted average Common Share outstanding for 2021 was $0.44 compared to $0.41 for 2020.

Liquidity and Capital Resources

Total assets at December 31, 2021 were approximately $418.0 million compared to approximately $226.7 million at December 31, 2020, an increase of approximately $191.3 million, or 84.4%. The increase was due primarily to the growth in our mortgage loan portfolio, which increased approximately $136.7 million, an approximately $45.9 million increase in cash and short-term marketable securities, an approximately $1.6 million increase in due from borrowers, an approximately $1.9 increase in receivables, an approximately $739,000 increase in property and equipment, an approximately $192,000 increase in deferred financing costs, an approximately $200,000 increase in prepaid expenses, an approximately $6.1 million increase in investment in partnership, and an approximately $306,000 increase in other assets.

Total liabilities at December 31, 2021 were approximately $237.9 million compared to approximately $145.8 million at December 31, 2020, an increase of approximately $92.1 million, or approximately 63.2%. This increase is principally due to an overall increase in our total indebtedness, which at December 31, 2021, was approximately $213.5 million compared to approximately $138.7 million at December 31, 2020 (in each case, net of deferred financing costs), an increase of $80.6 million primarily due to issuance of $51.75 million aggregate original principal amount of five-year, unsecured unsubordinated notes, a $5 million increase in the Wells Fargo Loan and a $19.1 million draw on the Churchill Facility. The balance of the increase was attributable to an increase in advances from borrowers of approximately $13.2 million, an increase in deferred revenue of approximately $2.5 million, an increase in accounts payable and accrued expenses of approximately $129,000 and accrued dividends payable of approximately $1.3 million which were paid in January 2022.

Total shareholders' equity at December 31, 2021 was approximately $180.1 million compared to approximately $81.0 million at December 31, 2020, an increase of approximately $99.1 million. This increase was due primarily to our net income of approximately $13.3 million, net proceeds from the sale of Common Shares of $56.0 million, net proceeds from the sale of our Series A Preferred Stock of approximately $45.5 million, offset by the aggregate of dividends paid and dividends declared of $13.6 million on our Common Shares with respect to 2021 income and dividends of $1.9 million paid on our Series A Preferred Stock.

Net cash provided by operating activities in 2021 was approximately $27.8 million compared to approximately $9.6 million in 2020. For 2021, net cash from operating activities was primarily the result of net income of approximately $13.3 million, amortization of deferred financing costs of approximately $1.2 million, an impairment loss of $719,000 and increases in deferred revenue of approximately $2.5 million, advances from borrowers of approximately $13.2 million, accrued interest of approximately $161,000 and accounts payable and accrued expenses of approximately $129,000, offset by a gain on sale of marketable securities of approximately $284,000, and increases in interest and fees receivable of approximately $1.9 million, and amounts due from borrowers of approximately $1.6 million. For 2020, net cash from operating activities was primarily the result of net income of approximately $9.0 million, amortization of deferred financing costs of approximately $602,000, an impairment loss of $795,000, decreases in other receivables of approximately $74,000 and deposits on property and equipment of approximately $72,000, increases in deferred revenue of approximately $894,000, advances from borrowers of approximately $982,000 and accounts payable and accrued expenses of approximately $122,000, offset by a gain on sale of marketable securities of approximately $903,000, and increases in interest and fees receivable of approximately $505,000, and amounts due from borrowers of approximately $1.5 million.

Net cash used for investing activities for 2021 year was approximately $166.0 million compared to approximately $82.8 million in net cash used for 2020. For 2021, the major contributors to net cash used for investing activities were the purchase of investments of approximately $204.0 million, acquisitions of and improvements to real estate owned of approximately $1.0 million, purchases of interests in investment partnerships of approximately $6.1 million, and principal disbursements on mortgages receivable of approximately $251.8 million. These amounts were offset by proceeds from the sales of investments of approximately $180.5 million, proceeds from the sale of real estate owned of approximately $2.4 million, and principal collections on mortgages receivable of approximately $115.1 million. For 2020, the major contributors to net cash used for investing activities were the purchase of investments of approximately $97.6 million, acquisitions of and improvements to real estate owned of approximately $1.8 million and principal disbursements on mortgages receivable of approximately $117.2 million. These amounts were offset by proceeds from the sales of investments of approximately $77.1 million, proceeds from the sale of real estate owned of approximately $1.8 million, and principal collections on mortgages receivable of approximately $55.0 million.

Net cash provided by financing activities for 2021 year was approximately $160.7 million compared to approximately $73.8 million for 2020. Net cash provided by financing activities for the 2021 consisted primarily of a $5.1 million increase in the amount of the Wells Fargo Loan, gross proceeds from the sale of our fixed rate notes of approximately $51.8 million, proceeds from our Churchill facility of approximately $19.1 million, proceeds from the issuance of Common Shares of approximately $56.0 million, and proceeds from the issuance of Series A Preferred Stock of approximately $45.5 million, offset by dividends paid on Common Stock of approximately $12.3 million, dividends paid on Preferred Stock of approximately $1.9 million, financing costs incurred of approximately $1.9 million and principal payments on our notes and mortgage payable of approximately $791,000. Net cash provided by financing activities for the 2020 consisted primarily of $30.1 million Wells Fargo Loan, gross proceeds from the sale of our fixed rate notes of approximately $56.1 million (after taking into account the original issuance discount) and proceeds from other loans of approximately $258,000 offset by dividends paid of approximately $7.96 million, the repayment of our credit line in the amount of $2.0 million, financing costs incurred of approximately $2.52 million and principal payments on our notes and mortgage payable of approximately $37,000. We project anticipated cash requirements for our operating needs as well as cash flows generated from operating activities available to meet these needs. Our short-term cash requirements primarily include funding of loans, dividend payments, interest payments on our indebtedness and payments for usual and customary operating and administrative expenses, such as employee compensation and sales and marketing expenses. Based on this analysis, we believe that our current cash balances, and our anticipated cash flows from operations will be sufficient to fund the operations for the next 12 months.

Our long-term cash needs will include principal payments on outstanding indebtedness, preferred stock dividends and funding of new mortgage loans. Funding for long-term cash needs will come from unused net proceeds from financing activities, operating cash flows and proceeds from sales of real estate owned.

From and after the effective date of our REIT election, we intend to pay regular quarterly distributions to holders of our Common Shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains).

Subsequent Events

On January 10, 2022, we paid a dividend of $0.12 per share, or $3,927,600 in the aggregate, to shareholders of record as of December 31, 2021.

On March 14, 2022, we sold a property classified as real estate held for sale at December 31, 2021 and received $622,737 in net proceeds.

From January 3, 2022 through March 2, 2022, we sold an aggregate of 2,730,725 common shares under an at-the-market offering facility realizing gross proceeds of approximately $16.0 million.

On March 9, 2022, we sold $50,000,000 aggregate principal amount of 6.00% notes due March 30, 2027 (the "2027 Notes") and realized net proceeds of approximately $48.2 million. The 2027 Notes are unsecured, unsubordinated obligations and rank equally in right of payment with all our existing and future senior unsecured and unsubordinated indebtedness (including the Notes) but are effectively subordinated in right of payment to all our existing and future secured indebtedness (including indebtedness that is initially unsecured but to which we subsequently grant a security interest), and trade on the NYSE American under the ticker symbol "SCCE." The 2027 Notes bear interest at the rate of 6.00% per annum beginning on March 9, 2022, which will be payable quarterly in arrears on March 30, June 30, September 30 and December 30 of each year they are outstanding. The first interest payment date will be June 30, 2022. The unpaid principal balance of the 2027 Notes and all accrued but unpaid interest thereon is payable in full on March 30, 2027.

On February 9, 2022, warrants to purchase an aggregate of 130,000 common shares at an exercise price of $6.25 per common share issued to the underwriters in connection with the IPO expired without being exercised. (See "Note 14 - Outstanding Warrants" to the financial statements.)

Effective on January 14, 2022, Peter J. Cuozzo, our former Executive Vice President and Chief Operating Officer retired from all of his positions with the company.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of our requirements for capital resources.

Contractual Obligations

As of December 31, 2021, our contractual obligations include unfunded amounts of any outstanding construction loans and unfunded commitments for loans as well as contractual obligations consisting of operating leases for equipment and software licenses.

	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Operating lease obligations	$ 4,658	$ 3,940	$ 718	$ —	$ —
Unfunded portions of outstanding construction loans	87,516,813	87,516,813	—	—	—
Unfunded loan commitments	—	—	—	—	—
Total contractual obligations	$ 87,521,471	$ 87,520,753	$ 718	$ —	$ —

Recent Accounting Pronouncements

See "Note 2 — Significant Accounting Policies" to the financial statements for explanation of recent accounting pronouncements impacting us.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are a "smaller reporting company" as defined by Regulation S-K and, as such, are not required to provide the information required by this item.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this Item are set forth beginning on page F-1.

Item 9. Change in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of John L. Villano, our chief executive and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021 (the "Evaluation Date"). Based upon that evaluation, Mr. Villano concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) are accumulated and communicated to our management, including our chief executive and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC, internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of John L. Villano, our principal executive and principal accounting officer, and effected by the Board, management and other personnel, 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. Our internal control over financial reporting is supported by written policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the 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 generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and 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.

Our internal control system was designed to provide reasonable assurances to our management and the Board regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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 conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the framework set forth in the report entitled *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO (the "COSO Framework"). The COSO Framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

This Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Report.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) that occurred during the fiscal quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Our directors are elected annually by our shareholders and serve for one-year terms until his/her successor is elected and qualified or until such director's earlier death, resignation or removal. The executive officers and key personnel are appointed by and serve at the pleasure of the Board.

Our executive officers and directors, and their respective ages as of March 30, 2022, are as follows:

Name	Age	Position
John L. Villano	61	Chairman, Chief Executive Officer, Chief Financial Officer, President and Treasurer
William C. Haydon	55	Chief Investment Officer and Director of Investor Relations
Leslie Bernhard(1, 2)	78	Director
Arthur L. Goldberg(1, 3)	83	Director
Brian A. Prinz(1, 4)	69	Director

(1) Member of the Audit, Compensation and Nominating and Corporate Governance Committees.

(2) Chair of the Compensation Committee.

(3) Chair of the Audit Committee.

(4) Chair of the Nominating and Corporate Governance Committee.

Set forth below is a brief description of the background and business experience of our executive officers and directors:

John L. Villano, is Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer and Treasurer. Mr. Villano is one of our founders. At the time of our IPO, he was appointed Chairman, co-Chief Executive Officer, Chief Financial Officer and Secretary. In November 2019, upon the resignation of his brother, Jeffrey C. Villano, he was appointed Chairman, Chief Executive Officer, President, Chief Financial Officer and Treasurer. Mr. Villano is a certified public accountant and was engaged in the private practice of accounting and auditing for almost 30 years. He became a full-time employee and a director as of February 8, 2017. His responsibilities include overseeing all aspects of our business operations, including loan origination and servicing, investor relations, brand development and business development. He is also responsible for all our accounting and financial matters. Mr. Villano holds a bachelor's degree in Accounting from the University of Rhode Island in 1982. We believe that Mr. Villano's experience in managing our business since its inception and his professional background as a certified public accountant make him an important part of our management team and make him a worthy candidate to serve on the Board.

William C. Haydon was appointed as our chief investment officer and director of investor relations in May 2021. Mr. Haydon has more than 25 years of experience in financial services and investment banking. He brings us expertise in areas such as lending, securities asset management, initial public offerings, investment banking, financial strategy and long-term planning. Mr. Haydon is responsible for managing our liquid reserves and securities portfolio and he oversees our underwriting team. Prior to joining Sachem, Mr. Haydon served as a portfolio manager and branch manager at Wells Fargo Advisors Financial Network from 2011. From 2008 to 2011, he served as a vice president within the Wealth Management division of UBS Financial Services. From 1999 to 2006 Mr. Haydon was a Managing Director of Northern Mortgage Company, LLC, a firm which he successfully merged into a division of Indy Mac Bank in 2006. From 1996 to 1999, Mr. Haydon was a regional lending officer at Dime Bank of New York, focusing on commercial and residential lending. Mr. Haydon has held numerous FINRA securities registration designations including series 65, 7, and a Series 24 General Securities Principal registration. He holds a Master of Business Administration from the Isenberg School of Management at the University of Massachusetts Amherst and a Bachelor of Science in Business from Skidmore College in Saratoga Springs, New York.

Leslie Bernhard became a member of the Board as of February 9, 2017. She has served as the non-executive chairman of the board of directors of Milestone Scientific Inc. (NYSE American: MLSS), a developer and manufacturer of medical and dental devices, since October 2009, and an independent director of Milestone since May 2003. She also served as interim chief executive officer of Milestone from October 2017 to December 2017. From 2007 through September 2018, Ms. Bernhard also served as an independent director of Universal Power Group, Inc., a global supplier of power solutions (“UPG”), and since September 2018 she has been serving as a consultant to UPG. In 1986 she co-founded AdStar, Inc., an electronic ad intake service to the newspaper industry, and served as its president, chief executive officer and executive director until 2012. Ms. Bernhard holds a BS Degree in Education from St. John’s University. We believe that Ms. Bernhard’s experience as an entrepreneur and her service as a director of other public corporations will enable her to make an important contribution to the Board.

Arthur L. Goldberg became a member of the Board as of February 9, 2017. He has been a private accounting and business consultant since April 2012. From March 2011 through June 2015, he served as a director of Sport Haley Holdings, Inc., a manufacturer and distributor of sportswear and furniture. From January 2008 through March 2013, he served as a member of the board of directors of SED International Holdings, Inc. (OTC: SEDN), a distributor of consumer electronics. From January 2008 through March 2012, he served as the chief financial officer of Clear Skies Solar, Inc., an installer of solar panels. Mr. Goldberg has held senior executive positions, including chief financial officer and chief operating officer, and served as a director of several public companies. From January 2008 through June 2008, he served as the chief financial officer of Milestone Scientific, Inc. (NYSE American: MLSS), a developer and manufacturer of medical and dental devices. From June 1999 through April 2005, Mr. Goldberg was a partner with Tatum CFO Partners, LLP which provided interim CFO staffing services for public and private companies. Mr. Goldberg is an attorney and a certified public accountant and holds a B.B.A. degree from the City College of New York, an M.B.A. from the University of Chicago and J.D. and LLM degrees from the New York University School of Law. Mr. Goldberg was selected as a director because of his experience as the senior executive, operations and financial officer of several public companies and because of his background in law and accounting. We believe that his background and experience will provide the Board with a perspective on corporate finance matters. Given his financial experience, the Board has also determined that Mr. Goldberg qualifies as the Audit Committee financial expert, pursuant to Item 407(d)(5) of Regulation S-K promulgated by the SEC.

Brian A. Prinz became a member of the Board as of February 9, 2017. Since 1976, Mr. Prinz has been employed by Current, Inc., a leading manufacturer of laminated products including sheeting, tubes, rods, spacers and standoffs, as well as electrical grade laminates, a variety of carbon fiber products and other industrial products, which are used in various industries including construction, recreation, energy exploration and defense. Since 2011, Mr. Prinz has served as president and chief financial officer of Current, Inc. Mr. Prinz graduated from Bryant College with a B.A. in 1976. We believe that his background and experience make him well qualified to serve as a member of the Board.

Director Independence and Committees of the Board of Directors

The members of the Board are John L. Villano, Leslie Bernhard, Arthur Goldberg and Brian Prinz. The Board has determined, in accordance with the NYSE American LLC Company Guide, that: (i) Ms. Bernhard and Messrs. Goldberg and Prinz are independent and represent a majority of the directors; and (ii) Ms. Bernhard and Messrs. Goldberg and Prinz, as the members of the Audit Committee, the Nominating and Corporate Governance and Compensation Committee, are independent for such purposes. In determining director independence, the Board applies the independence standards set by NYSE American. In applying these standards, the Board considers all transactions with the independent directors and the impact of such transactions, if any, on any of the independent directors’ ability to continue to serve on the Board.

We have three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each committee is made up entirely of independent directors as defined under the NYSE American LLC Company Guide. Mr. Goldberg is the chairman of the Audit Committee and qualifies as the "audit committee financial expert" pursuant to Item 407(d)(5) of Regulation S-K; Ms. Bernhard is the chairman of the Compensation Committee; and Mr. Prinz is the chairman of the Nominating and Corporate Governance Committee. As members of the committees, independent directors meet without the presence of non-independent directors in executive session.

Audit Committee. The Audit Committee oversees our accounting and financial reporting processes, internal systems of accounting and financial controls, relationships with auditors and audits of financial statements. Specifically, the Audit Committee's responsibilities include the following:

- selecting, hiring and terminating our independent auditors;
- evaluating the qualifications, independence and performance of our independent auditors;
- approving the audit and non-audit services to be performed by the independent auditors;
- reviewing the design, implementation and adequacy and effectiveness of our internal controls and critical policies;
- overseeing and monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and other accounting matters;
- with management and our independent auditors, reviewing any earnings announcements and other public announcements regarding our results of operations; and
- preparing the report that the SEC requires in our annual proxy statement.

Compensation Committee. The Compensation Committee assists the Board in determining the compensation of our officers and directors. The Compensation Committee is comprised entirely of directors who satisfy the standards of independence applicable to compensation committee members established under 162(m) of the Code and Section 16(b) of the Exchange Act. Specific responsibilities include the following:

- approving the compensation and benefits of our executive officers;
- reviewing the performance objectives and actual performance of our officers; and
- administering our stock option and other equity and incentive compensation plans.

Nominating and Corporate Governance Committee. The Corporate Governance and Nominating Committee assists the Board by identifying and recommending individuals qualified to become members of the Board. Specific responsibilities include the following:

- evaluating the composition, size and governance of the Board and its committees and making recommendations regarding future planning and the appointment of directors to our committees;
- establishing a policy for considering shareholder nominees to the Board;
- reviewing our corporate governance principles and making recommendations to the Board regarding possible changes; and
- reviewing and monitoring compliance with our Code of Ethics and insider trading policy.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten percent (10%) shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To the best of our knowledge, based solely on review of the copies of such forms furnished to us, or written representations that no other forms were required, we believe that all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% shareholders were complied with during the year ended December 31, 2021 except as set forth below.

Delinquent Section 16(a) Reports

During the year ended December 31, 2021, Brian Prinz, a director, was late in the filing of two Statements of Changes in Beneficial Ownership on Form 4.

Code of Ethics

We have adopted a code of ethics that applies to our directors, principal executive officer, principal financial officer and other persons performing similar functions. The Code of Ethics is posted on our web site at *www.sachemcapitalcorp.com*. We will also provide a copy of the Code of Ethics to any person without charge, upon written request addressed to John L. Villano at our principal executive office located at 698 Main Street, Branford, CT 06405.

Item 11. Executive Compensation.

The following Summary Compensation Table sets forth all compensation earned by or paid to, in all capacities, during the years ended December 31, 2021 and 2020 (i) all individuals serving as our principal executive officer during the last completed fiscal year; (ii) our two most highly compensated executive officers other than our principal executive officer who were serving as executive officers at the end of the last completed fiscal year; and (iii) up to two additional individuals for whom disclosure would have been provided pursuant to paragraph (ii) but for the fact that the individual was not serving as an executive officer of our company at the end of the last completed fiscal year (the “Named Executives”):

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[1] ($)	Total ($)
John L. Villano					
Chairman, Chief Executive Officer, President,					
Chief Financial Officer,	2021	$ 500,000	$ 250,000	$ 500,000 [2]	$ 1,250,000
Treasurer and Director	2020	$ 360,000	—	—	$ 360,000
Peter J. Cuozzo*					
Executive Vice President and Chief Operating Officer	2021	$ 250,000	—	$ 25,000 [3]	$ 275,000
	2020	$ 175,000	—	—	$ 175,000
William C. Haydon**					
Chief Investment Officer and Director of					
Investor Relations	2021	$ 168,269	$ 25,000	—	$ 193,269

* Effective January 14, 2022, Mr. Cuozzo retired from all of his positions with the company.

** Effective May 1, 2021, Mr. Haydon was hired as our chief investment officer and director of investor relations.

(1) Represents the aggregate grant-date fair value of the awards computed in accordance with Financial Accounting Standards Board Accounting Standards Codified Topic 718 (“FASB ASC Topic 718”).

(2) Represents the grant-date fair value on an aggregate of 89,928 Common Shares awarded on April 8, 2021.

(3) Represents the grant-date fair value on an aggregate of 4,753 Common Shares awarded on April 12, 2021.

Employment Agreements — John L. Villano

In August 2016, in anticipation of our initial public offering, we entered into an employment agreement with John L. Villano. The material terms of Mr. Villano's employment agreement are as follows.

- Mr. Villano serves as our chairman, chief executive officer, president, chief financial officer and treasurer.

- The term of his employment, which commenced in February 2017, is five years, unless terminated earlier in accordance with his employment agreement. The termination date is extended one year on each anniversary date of the agreement unless either party to the agreement provides written notice at least 180 days before the next anniversary date that it is electing not to renew the agreement, in which case the agreement will terminate at the end of the fourth year from the next anniversary date.

- As of April 1, 2018, Mr. Villano's base salary was $360,000 per annum. In April 2021, his base salary was increased to $500,000 per annum, retroactive to January 1, 2021.

- Mr. Villano is entitled to incentive compensation in such amount as shall be determined by the Compensation Committee of the Board in its sole and absolute discretion, based on our achievement of the financial performance goals set by the Board of directors and capital transactions.

- For 2019 and 2020, Mr. Villano did not receive any bonus or incentive compensation. In April 2021, he received a one-time cash bonus of $250,000, of which $125,000 was paid immediately, $62,500 was paid on July 1 and $62,500 was paid on October 1, 2021.

- In April 2021, Mr. Villano received a grant of 89,928 restricted Common Shares (based on the closing price of $5.56 per Common Share on April 8, 2021) vesting in three equal installments on each of January 1, 2022, 2023 and 2024, which are subject to forfeiture, to the extent unvested, if he voluntary resigns as an employee of the Company without "Good Reason" or if his employment is terminated for "Cause."

- Mr. Villano has the right to participate in all retirement, pension, deferred compensation, insurance and other benefit plans adopted and maintained by us for the benefit of employees and be entitled to additional compensation in an amount equal to the cost of any such benefit plan or program if he chooses not to participate.

- Mr. Villano is indemnified to the full extent permitted by law against and for any claims, liabilities, losses, expenses and costs incurred that relate to any acts or omission taken in his capacity as an officer or director.

- We have the right to terminate the employment agreement at any time with or without cause and for death or disability (as defined in the employment agreement). See below for the payments due upon a termination.

- Mr. Villano is subject to a two-year non-competition provision if we terminate the employment agreement for cause.

- In the event any payment to the employee is subject to an excise tax under the Code, we are obligated to pay Mr. Villano an additional amount equal to the amount of the excise tax and any other taxes (whether in the nature of excise taxes or income taxes) due with respect to such payment.

Termination and Change of Control Arrangement

Mr. Villano's employment agreement provides that we may terminate his employment at any time with or without cause. It also provides that his employment will terminate upon his death or disability. If we terminate his employment for cause, we are only liable for his base salary and benefits through the date of termination. In addition, he will not forfeit any rights to payments, options or benefits that have vested or have been earned or to which he is entitled as of the date of termination. If we terminate his employment without cause or the agreement terminates due to Mr. Villano's death or disability or if Mr. Villano terminates his employment for "Good Reason" (as defined in the employment agreement), he is also entitled to receive: (i) a lump sum payment equal to 48 times his monthly salary on the date of termination; (ii) any deferred compensation or accrued vacation pay; (iii) continuation for a 12-month period after termination of health and welfare and long-term disability benefits; and (iv) a pro rata share of any incentive compensation and any other compensation or benefits to which he would have been entitled had he not been wrongfully terminated.

Good Reason includes a "change in control" with respect to us. A "change in control" means (1) if we merge into another corporation and, as a result of such merger, our shareholders immediately prior to such merger own less than 50% of the surviving corporation; (2) we sell, lease or otherwise dispose of all or substantially all of our assets; (3) the acquisition of beneficial ownership, directly or indirectly, of our Common Shares or any other securities having voting rights that we may issue in the future, rights to acquire our voting securities (including, without limitation, securities that are convertible into voting securities and rights, options warrants and other agreements or arrangements to acquire such voting securities) by any person, corporation or other entity or group thereof acting jointly, in such amount or amounts as would permit such person, corporation or other entity or group thereof acting jointly to elect a majority of the members of the Board, as then constituted; or (4) the acquisition of beneficial ownership, directly or indirectly, of voting securities and rights to acquire voting securities having voting power equal to 40% or more of the combined voting power of our then outstanding voting securities by any person, corporation or other entity or group thereof acting jointly unless such acquisition is expressly approved by resolution of the Board passed upon affirmative vote of not less than a majority of the directors and adopted at a meeting of the Board held not later than the date of the next regularly scheduled or special meeting held following the date we obtain actual knowledge of such acquisition (which approval may be limited in purpose and effect solely to affecting the rights of the executive under his employment agreement). Notwithstanding the preceding sentence, any transaction that involves a mere change in identity form or place of organization within the meaning of Section 368(a)(1)(F) of the Code, or a transaction of similar effect, will not constitute a "change in control."

Employment Agreement — Peter J. Cuozzo

In July 2020, we entered into an employment agreement with Peter J. Cuozzo, our former executive vice president and chief operating officer. The material terms of his agreement are described below. Mr. Cuozzo retired from all his positions with the company on January 14, 2022.

- He served as our executive vice president and chief operating officer on a full-time basis.
- The agreement was terminable by either party at any time upon delivery of written notice to the other party.
- His duties included overseeing, supervising and managing our business, (ii) overseeing and supervising our expansion into Florida, Texas and such other markets identified by our chief executive officer and/or the Board and (iii) such other duties, responsibilities, tasks and projects as shall be determined by our chief executive officer and/or the Board, with the understanding that he shall have the customary authority and support to accomplish such assigned duties, responsibilities, tasks and projects.
- He was based in Naples, Florida but required to work from our principal place of business, in Branford Connecticut, as frequently and for such period of time as directed by our chief executive officer.
- His base compensation was $250,000 per year.
- He was paid a signing bonus of $25,000.

- He was be entitled to additional compensation in such amounts, at such times and under such circumstances as shall be determined by the Board and/or the Compensation Committee based on (i) the growth of our business; (ii) capital origination, whether via the sale by us of our equity, debt or derivative securities or via new credit facilities with traditional or non-traditional lenders and (iii) mergers and acquisitions of other entities or assets. In April 2021, he was paid a one-time cash bonus of $25,000 and received a grant of 4,753 restricted Common Shares (based on the closing price of $5.26 per Common Share on April 12, 2021) vesting in three equal installments on each of January 1, 2022, 2023 and 2024, which are subject to forfeiture, to the extent unvested, if he voluntary resigns as an employee of the Company without "Good Reason" or if his employment is terminated for "Cause."

- He was eligible to participate in any retirement plans (qualified and non-qualified), pension, insurance, health, disability or other benefit plan or program that has been or subsequently adopted by us (or in which we participate), according to the terms of such plan or program, on terms no less favorable than the most favorable terms granted to our senior executives.

- He was entitled to 25 vacation days per annum and severance pay equal to 18 months of his base compensation if he is terminated without cause, or if he terminates for good reason, prior to July 1, 2022.

- He is subject to a covenant not to compete that continues for 18 months after termination.

Outstanding Equity Awards at December 31, 2021

The following table sets forth information concerning outstanding equity awards to the Named Executives as of December 31, 2021.

	Stock Awards	
Name	**Number of shares or units of stock that have not vested (#)**	**Market value of shares or units of stock that have not vested ($) (1)**
John L. Villano	89,928 (2)	$ 525,179
Peter J. Cuozzo	4,753 (2)	$ 27,757

(1) Calculated based on the closing market price of $5.84 at the end of the last completed fiscal year on December 31, 2021.

(2) One-third of these restricted Common Shares vest on each of January 1, 2022, 2023 and 2024. Unvested shares may not be transferred, sold, pledged, hypothecated or assigned, and are subject to forfeiture.

Compensation of Directors

Our non-employee director compensation plan, as amended on April 8, 2021 and retroactively effective as of January 1, 2021 (the "Director Plan"), provides as follows:

- each non-employee director will receive cash compensation at a rate of $60,000 per year, which amount shall be paid in equal quarterly installments of $15,000 on the first day of each calendar quarter (*i.e.,* January 1, April 1, July 1 and October 1);

- the additional cash compensation payable to the chairperson of each of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee will remain unchanged as follows:

- the chairperson of the Audit Committee will receive additional cash compensation of $7,500 per year, payable in equal quarterly installments of $1,875 on the first day of each calendar quarter (*i.e.,* January 1, April 1, July 1 and October 1);

- the chairperson of the Compensation Committee will receive additional cash compensation of $5,000 per year, payable in equal quarterly installments of $1,250 on the first day of each calendar quarter (*i.e.,* January 1, April 1, July 1 and October 1);

- the chairperson of the Corporate Governance and Nominating Committee will receive additional cash compensation of $2,500 per year, payable in equal quarterly installments of $625 on the first day of each calendar quarter (*i.e.,* January 1, April 1, July 1 and October 1);
- each non-employee director will receive a grant of 5,000 Common Shares on the date he or she is re-elected to serve on the Board; and
- the non-employee director serving on our Loan Approval Committee will receive additional cash compensation of $7,500 per year, payable in equal quarterly installments of $1,875 on the first day of each calendar quarter (*i.e.,* January 1, April 1, July 1 and October 1).

The Named Executives, who are also directors, do not receive additional compensation in connection with their positions as members of the Board.

The following table provides compensation information for the year ended December 31, 2021 for each of our non-employee directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Total ($)
Leslie Bernhard	$ 65,000	$ 28,800	$ 93,800
Arthur L. Goldberg	$ 67,500	$ 28,800	$ 96,300
Brian A. Prinz	$ 70,000	$ 28,800	$ 98,800

(1) During the year ended December 31, 2021, under the Director Plan, each of Ms. Bernhard and Messrs. Goldberg and Prinz was awarded an aggregate of 5,000 Common Shares, respectively. The dollar amounts reflected in the table are the aggregate grant date fair value for the Common Shares awarded computed in accordance with FASB ASC Topic 718.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The following table, together with the accompanying footnotes, sets forth information, as of March 30, 2022, regarding stock ownership of all persons known by us to own beneficially more than 5% of our outstanding Common Shares, Named Executives, all directors, and all directors and officers of Sachem Capital as a group:

Name of Beneficial Owner[1]	Number of Common Shares Beneficially Owned[2]	Percentage of Class[3]
Executive Officers and Directors		
John L. Villano[4]	1,337,324	3.77 %
Leslie Bernhard[5]	5,625	*
Arthur L. Goldberg[5]	22,628	*
Brian A. Prinz[5]	366,943	1.03 %
Peter J. Cuozzo[6]	23,347	*
William C. Haydon	10,000	*
All officers and directors as a group (6 persons)	1,765,867	4.97 %

*Less than 1%.

(1) Unless otherwise provided, the address of each of the individuals above is c/o Sachem Capital Corp., 698 Main Street, Branford, CT 06405.

(2) A person is deemed to be a beneficial owner of securities that can be acquired by such person within 60 days upon the exercise of options and warrants or conversion of convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not held by any other person) and that are exercisable or convertible within 60 days have been exercised or converted. Except as otherwise indicated, and subject to

applicable community property and similar laws, each of the persons named has sole voting and investment power with respect to the shares shown as beneficially owned.

(3) All percentages are determined based on 35,513,887 Common Shares outstanding as of March 30, 2022.

(4) Includes 89,928 restricted Common shares that were issued in 2021. One-third of these shares vest on each of January 1, 2022, 2023 and 2024. Also includes 6,827 Common Shares owned by Mr. Villano's wife. Mr. Villano disclaims ownership of the 6,827 Common Shares owned by his wife for the purposes of section 13(d) or 13(g) of the Exchange Act.

(5) Includes 5,625 restricted Common Shares that vest as follows: (i) 625 shares vest on October 4, 2022; (ii) 1,250 shares vest on October 13, 2022; (iii) 625 shares vest on October 15, 2022; (iv) 1,250 shares vest on October 13, 2023; (v) 625 shares vest on October 15, 2023; and (vi) 1,250 shares vest on October 13, 2023.

(6) Includes 4,753 restricted Common Shares issued in 2021 that were to vest one-third on each of January 1, 2022, 2023 and 2024. Mr. Cuozzo retired from the Company effective January 14, 2022. In connection therewith, the Company agreed to lift the restrictions on these shares.

Equity Compensation Plan Information

On October 27, 2016, we adopted the 2016 Equity Compensation Plan (the "Plan), the purpose of which is to align the interests of our officers, other employees, advisors and consultants or any subsidiary, if any, with those of our shareholders and to afford an incentive to such officers, employees, consultants and advisors to continue as such, to increase their efforts on our behalf and to promote the success of our business. The basis of participation in the Plan is upon discretionary grants of awards by the Board. The Plan is administered by the Compensation Committee. The maximum number of Common Shares reserved for the grant of awards under the Plan is 1,500,000, subject to adjustment as provided in Section 5 of the Plan. Approximately fifteen individuals are eligible to participate in the Plan including, our two executive officers, ten other employees and three independent directors.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	—	Not applicable	1,352,435
Total	—	Not applicable	1,352,435

During the fiscal year ended December 31, 2021, we granted an aggregate of 109,681 restricted Common Shares under the Plan.

Types and Terms of Awards

Awards under the Plan may take the form of stock options (either incentive stock options or non- qualified stock options) or restricted shares. Subject to restrictions that are set forth in the Plan, the Compensation Committee will have complete and absolute authority to set the terms, conditions and provisions of each award, including the size of the award, the exercise or base price, the vesting and exercisability schedule (including provisions regarding acceleration of vesting and exercisability) and termination and forfeiture provisions.

The Compensation Committee is subject to the following specific restrictions regarding the types and terms of awards:

- The exercise price for a stock option may not be less than 100% of the fair market value of the stock on the date of grant.
- No award may be granted after the expiration of the Plan (more than ten years after the Plan adoption date).

No stock option can be "repriced" without the consent of the shareholders and of the option holder if the effect would be to reduce the exercise price per share.

Amendment and Termination of the Plan

The Plan expires on the tenth anniversary of the date of its adoption by the Board. Prior to the expiration date, the board of directors may at any time, and from time to time, suspend or terminate the Plan in whole or in part or amend it from time to time; *provided, however,* that unless otherwise determined by the Board, an amendment that requires shareholder approval in order for the Plan to continue to comply with Section 162(m) or any other law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of shareholders. Notwithstanding the foregoing, no amendment to or termination of the Plan shall affect adversely any of the rights of any grantee under any outstanding award granted under the Plan without such grantee's consent.

Exercise Price of an Option Granted Under the Plan

The exercise price of an option granted under the Plan may be no less than the fair market value of a common share on the date of grant, unless, with respect to nonqualified stock options that are not intended as incentive stock options within the meaning of Section 422 of the Code from time to time, otherwise determined by the Compensation Committee. However, incentive stock options granted to a ten percent (10) % shareholder must be priced at no less than 110% of the fair market value of our Common Shares on the date of grant and their term may not exceed five years. All options granted under the Plan are for a term of no longer than ten years unless otherwise determined by the Compensation Committee. The Compensation Committee also determines the exercise schedule of each option grant.

Federal Income Tax Consequences

The following is a summary of the effect of federal income taxation upon the recipients and us with respect to the shares under the Plan and does not purport to be complete.

Non-qualified Stock Options. The grant of non-qualified stock options will have no immediate tax consequences to us or the grantee. The exercise of a non-qualified stock option will require a grantee to include in his gross income the amount by which the fair market value of the acquired shares on the exercise date (or the date on which any substantial risk of forfeiture lapses) exceeds the option price. Upon a subsequent sale or taxable exchange of the shares acquired upon exercise of a non-qualified stock option, a grantee will recognize long or short-term capital gain or loss equal to the difference between the amount realized on the sale and the tax basis of such shares. We will be entitled (provided applicable withholding requirements are met) to a deduction for Federal income tax purposes at the same time and in the same amount as the grantee is in receipt of income in connection with the exercise of a non-qualified stock option.

Incentive Stock Options. The grant of an incentive stock option will have no immediate tax consequences to us or our employee. If the employee exercises an incentive stock option and does not dispose of the acquired shares within two years after the grant of the incentive stock option nor within one year after the date of the transfer of such shares to him (a "disqualifying disposition"), he will realize no compensation income and any gain or loss that he realizes on a subsequent disposition of such shares will be treated as a long-term capital gain or loss. For purposes of calculating the employee's alternative minimum taxable income, however, the option will be taxed as if it were a non-qualified stock option.

Restricted Shares. Generally, unless the participant elects, pursuant to Section 83(b) of the Code to recognize income in the taxable year in which restricted shares have been awarded, the participant is required to recognize income for federal income tax purposes in the first taxable year during which the participant's rights over the restricted shares are transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier. At such time, we will be entitled (provided applicable withholding requirements are met) to a deduction for Federal income tax purposes except to the extent that such participant's total compensation for the taxable year exceeds $1.0 million, in which case such deduction may be limited by Section 162(m) of the Code unless any such grant of restricted shares is made pursuant to a performance-based benchmark established by the Compensation Committee.

As of December 31, 2021, there were no options granted under the Plan.

Item 13. Certain Relationships and Related Transactions and Director Independence.

During the years ended December 31, 2021 and 2020, the wife of our chief executive officer was paid $120,000 and $108,000, respectively, for accounting and financial reporting services provided to us. During the year ended December 31, 2021 the daughter of our chief executive officer was paid $10,962 for internal audit and compliance services provided to us.

We have adopted a policy that prohibits any transaction between us and a related party unless the terms of that transaction are no less favorable to us than if we had entered into the same transaction with an unrelated party and the transaction is approved by our Audit Committee or other independent committee of the board of directors, in the case where it is inappropriate for our Audit Committee to review such a transaction due to a conflict of interest.

Item 14. Principal Accounting Fees and Services

The aggregate fees billed by Hoberman & Lesser, CPA's, LLP, our principal accounting firm, for the fiscal years ended December 31, 2021 and 2020, are set forth below.

	2021	2020
Audit fees	$ 228,000	$ 181,500
Audit related fees	—	—
Tax fees	—	—
All other fees	—	—
Total fees	$ 228,000	$ 181,500

- In 2021, the audit fees include fees for professional services rendered for (i) the review of our quarterly financial statements, (ii) the review of our shelf registration statement (File No. 333-256940) on Form S-3 under the Securities Act of 1933, as amended, which was declared effective by the SEC on June 17, 2021, (iii) the review of three separate prospectus supplements to the aforementioned shelf registration statement on Form S-3 and (iv) other services that are normally provided in connection with statutory and regulatory filings.

- In 2020, the audit fees include fees for professional services rendered for (i) the review of our quarterly financial statements, (ii) the review of our shelf registration statement (File No. 333-236097) on Form S-3 under the Securities Act of 1933, as amended, which was declared effective by the SEC on February 5, 2020, (iii) the review of three separate prospectus supplements to the aforementioned shelf registration statement on Form S-3 and (iv) other services that are normally provided in connection with statutory and regulatory filings.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee charter provides that the Audit Committee will pre-approve audit services and non- audit services to be provided by the independent auditors before the accountant is engaged to render these services. The Audit Committee may consult with management in the decision-making process but may not delegate this authority to management. The Audit Committee may delegate its authority to preapprove services to one or more committee members, provided that the designees present the pre-approvals to the full committee at the next committee meeting. All audit and non-audit services performed by the independent accountants must be pre-approved by the Audit Committee to assure that such services do not impair the auditors' independence from us.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements — See Index to Financial Statements on page F-1.
2. Financial Statement Schedules — See (c) below.
3. Exhibits — See (b) below.

(b) Certain of the following exhibits were filed as Exhibits to the registration statement on Form S-11, Registration No. 333-214323 and amendments thereto (the "Registration Statement") filed by us under the Securities Act and are hereby incorporated by reference.

Exhibit No.	Description
2.1	Form of Amended and Restated Exchange Agreement(1)
3.1	Certificate of Incorporation(1)
3.1(a)	Certificate of Amendment to Certificate of Incorporation(1)
3.1(b)	Certificate of Amendment to Certificate of Incorporation filed on October 7, 2019(2)
3.1(c)	Certificate of Amendment to Certificate of Incorporation filed on June 25, 2021(10)
3.2	Amended and Restated Bylaws, effective as of November 25, 2019(3)
4.1	Form of Representatives' Warrants issued on October 27, 2017 in connection with the follow-on underwritten public offering(4)
4.2	Indenture, dated as of June 21, 2019, between the Company and U.S. Bank National Association, as Trustee(5)
4.3	First Supplemental Indenture, dated as of June 25, 2019, between the Company and U.S. Bank National Association, as Trustee(5)
4.4	Form of 7.125% Notes due 2024(5)
4.5	Second Supplemental Indenture between the Company and U.S. Bank National Association, as Trustee(2)
4.6	Form of 6.875% Notes due 2024(7)
4.7	Third Supplemental Indenture between the Company and U.S. Bank National Association, as Trustee (8)
4.8	Form of 7.75% Notes due 2025 (included as Exhibit A to Exhibit 4.9 above)
4.9	Specimen 7.75% Series A Cumulative Redeemable Preferred Stock Certificate.(10)
4.10	Fourth Supplemental Indenture between the Company and U.S. Bank National Association, as Trustee(11)
4.11	Form of 6.00% Note due 2026 (attached as Exhibit A to Exhibit 4.12 above).
4.12	Fifth Supplemental Indenture between the Company and U.S. Bank National Association, as Trustee(15)
4.13	Form of 6.00% Note due 2027 (attached as Exhibit A to Exhibit 4.12 above)
10.1**	Employment Agreement by and between John L. Villano and Sachem Capital Corp(1)
10.2	Sachem Capital Corp. 2016 Equity Compensation Plan(1)
10.3	Final Form of the Restrictive Stock Grant Agreement dated July 17, 2018 under the Sachem Capital Corp. 2016 Equity Compensation Plan between the Company and each of Leslie Bernhard, Arthur Goldberg and Brian Prinz(6)
10.4	Final Form of the Restrictive Stock Grant Agreement dated October 4, 2019 under the Sachem Capital Corp. 2016 Equity Compensation Plan between the Company and each of Leslie Bernhard, Arthur Goldberg and Brian Prinz(2)
10.5	Final Form of the Restrictive Stock Grant Agreement dated April 2021 under the Sachem Capital Corp. 2016 Equity Compensation Plan between the Company and each of John L., Villano and Peter J. Cuozzo(12)
10.6	Master Repurchase Agreement and Securities Contract, dated as of July 21, 2021, between Sachem Capital Corp. and Churchill MRA Funding I LLC(13)
10.7	Custodial Agreement, dated as of July 21, 2021, among Sachem Capital Corp., Churchill MRA Funding I LLC. and U.S. Bank National Association(13)
10.8	Agreement and General Release, dated as of January 14, 2022, between Sachem Capital Corp. and Peter J. Cuozzo*
14.1	Code of Ethics(9)
21.1	List of Subsidiaries(14)
23.1	Consent of Hoberman & Lesser CPA's, LLP, dated March 30, 2021*
31.1	Chief Executive Officer Certification as required under section 302 of the Sarbanes Oxley Act *
31.2	Chief Financial Officer Certification as required under section 302 of the Sarbanes Oxley Act *
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act ***
99.1	Open-End Construction Mortgage, Security Agreement and Assignment of Leases and Rents, dated November 12, 2021, by Sachem Capital Corp., in connection with the New Haven Bank Mortgage Loan*
99.2	Term Note made by Sachem Capital Corp to New Haven Bank, dated November 17, 2021, in the principal amount of $1,400,000 (attached as Exhibit B to Exhibit 99.1 above)
99.3	Loan Agreement between Sachem Capital Corp. and New Haven Bank, dated as of November 17, 2021*
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* Filed herewith.

** Compensation plan or arrangement for current or former executive officers and directors.

*** Furnished, not filed, in accordance with item 601(32)(ii) of Regulation S-K.

(1) Previously filed as an exhibit to the Registration Statement on Form S-11, as amended (SEC File No.: 333-214323) and incorporated herein by reference.

(2) Previously filed as an exhibit to the Quarterly Report on Form 10-Q for the period ended September 30, 2019 and incorporated herein by reference.

(3) Previously filed as an exhibit to the Current Report on Form 8-K on November 27, 2019 and incorporated herein by reference.

(4) Previously filed on October 20, 2017, as Exhibit A to Exhibit 1.1 of the Registration Statement on Form S-11, as amended (SEC File No.: 333-218954) and incorporated herein by reference.

(5) Previously filed as an exhibit to the Current Report on Form 8-K on June 25, 2019 and incorporated herein by reference.

(6) Previously filed as an exhibit to the Quarterly Report on Form 10-Q for the period ended June 30, 2018 and incorporated herein by reference.

(7) Previously filed as an exhibit to the Current Report on Form 8-K on November 6, 2019 and incorporated herein by reference.

(8) Previously filed as an exhibit to the Current Report on Form 8-K on September 9, 2020 and incorporated herein by reference.

(9) Previously filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference.

(10) Previously filed as an exhibit to the Current Report on Form 8-K on June 29, 2021 and incorporated herein by reference.

(11) Previously filed as an exhibit to the Current Report on Form 8-K on December 20, 2021 and incorporated herein by reference.

(12) Previously filed as an exhibit to the Current Report on Form 8-K on April 13, 2021 and incorporated herein by reference.

(13) Previously filed as an exhibit to the Current Report on Form 8-K on July 27, 2021 and incorporated herein by reference.

(14) None.

(15) Previously filed as an exhibit to the Current Report on Form 8-K on March 9, 2022 and incorporated herein by reference.

(c) No financial statement schedules are included because the information is either provided in the financial statements or is not required under the related instructions or is inapplicable and such schedules therefore have been omitted.

Item 16. Form 10-K Summary

None.

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.

SACHEM CAPITAL CORP.
By: /s/ John L. Villano
John L. Villano, CPA
Chief Executive Officer
(Principal Executive Officer)

Date: March 30, 2022

In accordance with the Exchange Act, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 30, 2022:

Signature	Title
/s/ John L. Villano John L. Villano, CPA	Chairman, Chief Executive Officer, President Chief Financial Officer and Director (Principal Executive Officer & Principal Accounting Officer)
/s/ Leslie Bernhard Leslie Bernhard	Director
Arthur L. Goldberg	Director
/s/ Brian A. Prinz Brian A. Prinz	Director

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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Sachem Capital Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Sachem Capital Corp. (the "Company") as of December 31, 2021 and 2020, and the related statements of comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis of Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2015.

/s/ Hoberman & Lesser CPA's, LLP
Hoberman & Lesser CPA's, LLP

New York, New York
March 30, 2022

SACHEM CAPITAL CORP

BALANCE SHEETS

	December 31, 2021	December 31, 2020
Assets		
Assets:		
Cash and cash equivalents	$ 41,938,897	$ 19,408,028
Investment securities	60,633,661	37,293,703
Mortgages receivable	292,301,209	155,616,300
Interest and fees receivable	3,693,645	1,820,067
Other receivables	94,108	67,307
Due from borrowers	3,671,016	2,025,663
Prepaid expenses	271,291	71,313
Property and equipment, net	2,172,185	1,433,388
Real estate owned	6,559,010	8,861,609
Investments in partnerships	6,055,838	—
Other assets	306,440	—
Deferred financing costs, net	264,451	72,806
Total assets	$ 417,961,751	$ 226,670,184
Liabilities and Shareholders' Equity		
Liabilities:		
Notes payable (net of deferred financing costs of $5,747,387 and $4,866,058)	$ 160,529,363	$ 109,640,692
Repurchase facility	19,087,189	—
Mortgage payable	750,000	767,508
Line of credit	33,178,031	28,055,648
Accrued dividends payable	3,927,600	2,654,977
Accounts payable and accrued expenses	501,753	372,662
Other loans	—	257,845
Security deposits held	—	13,416
Advances from borrowers	15,066,114	1,830,539
Deferred revenue	4,643,490	2,099,331
Notes payable	30,921	54,682
Accrued interest	164,729	3,344
Total liabilities	237,879,190	145,750,644
Commitments and Contingencies		
Shareholders' equity:		
Preferred shares - $.001 par value; 5,000,000 shares authorized; 1,903,000 shares of Series A Preferred Stock issued and outstanding	1,903	—
Common stock - $.001 par value; 100,000,000 shares authorized; 32,730,004 and 22,124,801 issued and outstanding	32,730	22,125
Paid-in capital	185,516,394	83,814,376
Accumulated other comprehensive loss	(476,016)	(25,992)
Accumulated deficit	(4,992,450)	(2,890,969)
Total shareholders' equity	180,082,561	80,919,540
Total liabilities and shareholders' equity	$ 417,961,751	$ 226,670,184

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

SACHEM CAPITAL CORP.

STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,	
	2021	**2020**
Revenue:		
Interest income from loans	$ 22,305,530	$ 13,821,831
Investment income	1,069,374	399,493
Income from partnership investments	142,026	—
Gain on sale of investment securities	284,769	903,257
Origination fees, net	3,389,615	1,893,143
Late and other fees	519,087	85,469
Processing fees	193,492	167,833
Rental income, net	30,663	85,339
Other income	2,489,996	1,246,530
Total revenue	30,424,552	18,602,895
Operating costs and expenses:		
Interest and amortization of deferred financing costs	10,422,101	5,547,406
Professional fees	1,142,038	628,797
Compensation, fees and taxes	3,122,934	1,799,889
Exchange fees	50,000	49,054
Other expenses and taxes	299,343	157,194
Depreciation	83,525	61,865
General and administrative expenses	1,101,000	562,607
Loss on sale of real estate	165,915	7,218
Impairment loss	719,000	795,000
Total operating costs and expenses	17,105,856	9,609,030
Net income	13,318,696	8,993,865
Preferred stock dividend	(1,853,855)	—
Net income attributable to common shareholders	11,464,841	8,993,865
Other comprehensive (loss) income		
Unrealized (loss) gain on investment securities	(476,016)	24,886
Comprehensive income	$ 10,988,825	$ 9,018,751
Basic and diluted net income per common share outstanding:		
Basic	$ 0.44	$ 0.41
Diluted	$ 0.44	$ 0.41
Weighted average number of common shares outstanding:		
Basic	26,316,286	22,118,522
Diluted	26,324,986	22,118,522

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

SACHEM CAPITAL CORP.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Preferred Stock		Common Stock		Paid in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Totals
Balance, January 1, 2020	—	—	22,117,301	$ 22,117	$ 83,856,308	$ (50,878)	$ (1,266,729)	$ 82,560,818
Offering costs - ATM	—	—	—	—	(58,353)	—	—	(58,353)
Stock based compensation	—	—	7,500	8	16,421	—	—	16,429
Unrealized gain on marketable securities	—	—	—	—	—	24,886	—	24,886
Dividends paid on Common Stock	—	—	—	—	—	—	(7,963,128)	(7,963,128)
Dividends declared and payable	—	—	—	—	—	—	(2,654,977)	(2,654,977)
Net income for the year ended December 31, 2020	—	—	—	—	—	—	8,993,865	8,993,865
Balance, December 31, 2020	—	—	22,124,801	22,125	83,814,376	(25,992)	(2,890,969)	80,919,540
Issuance of Preferred Stock, net of expenses	1,903,000	$ 1,903	—	—	45,460,723	—	—	45,462,626
Issuance of Common Stock, net of expenses	—	—	10,490,188	10,490	56,049,982	—	—	56,060,472
Exercise of warrants	—	—	5,334	5	(5)	—	—	—
Stock based compensation	—	—	109,681	110	191,318	—	—	191,428
Unrealized loss on marketable securities	—	—	—	—	—	(450,024)	—	(450,024)
Dividends paid on Common Stock	—	—	—	—	—	—	(9,638,722)	9,638,722
Dividends declared and payable	—	—	—	—	—	—	(3,927,600)	(3,927,600)
Dividends paid on Preferred Stock	—	—	—	—	—	—	(1,853,855)	(1,853,855)
Net income for the year ended December 31, 2021	—	—	—	—	—	—	13,318,696	13,318,696
Balance, December 31, 2021	1,903,000	$ 1,903	32,730,004	$ 32,730	$ 185,516,394	$ (476,016)	$ (4,992,450)	$ 180,082,561

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

SACHEM CAPITAL CORP.

STATEMENTS OF CASH FLOW

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 13,318,696	$ 8,993,865
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs and bond discount	1,215,200	601,959
Write-off of deferred financing costs	72,806	—
Depreciation expense	83,525	61,865
Stock based compensation	191,318	16,429
Impairment loss	719,000	795,000
Loss on sale of real estate	439,525	7,218
Gain on sale of marketable securities	(284,769)	(903,257)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Interest and fees receivable	(1,873,578)	(504,578)
Other receivables	(26,801)	74,090
Due from borrowers	(1,645,353)	(1,537,768)
Prepaid expenses	(199,978)	(46,579)
Deposits on property and equipment	—	71,680
(Decrease) increase in:		
Accrued interest	161,385	(72)
Accounts payable and accrued expenses	129,091	122,098
Deferred revenue	2,544,159	893,591
Advances from borrowers	13,235,575	982,271
Total adjustments	14,761,105	633,947
NET CASH PROVIDED BY OPERATING ACTIVITIES	28,079,801	9,627,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(204,064,590)	(97,555,422)
Proceeds from the sale of investment securities	180,533,333	77,139,664
Purchase of interests in investment partnerships, net	(6,055,838)	—
Proceeds from sale of real estate owned	2,387,721	1,816,522
Acquisitions of and improvements to real estate owned	(1,243,646)	(1,811,980)
Purchase of property and equipment	(822,322)	(148,857)
Security deposits held	(13,416)	5,616
Principal disbursements for mortgages receivable	(251,832,318)	(117,230,923)
Principal collections on mortgages receivable	115,147,409	54,961,570
Costs in connection with investment activities	(306,440)	—
NET CASH USED FOR INVESTING ACTIVITIES	(166,270,107)	(82,823,810)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from line of credit	5,122,383	28,055,648
Net proceeds from repurchase facility	19,087,189	—
Proceeds from mortgage	750,000	—
Repayment of mortgage payable	(767,508)	—
Principal payments on mortgage payable	—	(16,573)
Principal payments on notes payable	(23,761)	(20,751)
Dividends paid on Common Stock	(12,267,706)	(7,963,128)
Dividends paid on Preferred Stock	(1,853,855)	—
Financings costs incurred	(461,357)	(114,559)
Proceeds from other loans	—	257,845
Repayment of other loans	(257,845)	—
Proceeds from issuance of common shares, net of expenses	56,060,472	—
Proceeds from issuance of Series A Preferred Stock, net of expenses	45,462,626	—
Gross proceeds from issuance of fixed rate notes	51,750,000	56,083,750
Financings costs incurred in connection with fixed rate notes	(1,879,463)	(2,520,143)
NET CASH PROVIDED BY IN FINANCING ACTIVITIES	160,721,175	73,762,089
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,530,869	566,091
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	19,408,028	18,841,937
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 41,938,897	$ 19,408,028

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

SACHEM CAPITAL CORP.

STATEMENTS OF CASH FLOW (Continued)

	Years Ended December 31,	
	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Interest paid	$ 9,097,631	$ 4,945,448
SUPPLEMENTAL INFORMATION-NON-CASH		
Dividends declared and payable	$ 3,927,600	$ 2,654,976

Real estate acquired in connection with the foreclosure of certain mortgages, inclusive of interest and other fees receivable, during the year ended December 31, 2020 amounted to $1,553,103.

Real estate acquired in connection with the foreclosure of certain mortgages, inclusive of interest and other fees receivable, during the year ended December 31, 2021 amounted to $685,763.

Gain on real estate acquired in lieu of foreclosure during the year ended December 31, 2021 amounted to $273,610.

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

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. The Company

Sachem Capital Corp. (the "Company"), a New York corporation, specializes in originating, underwriting, funding, servicing and managing a portfolio of first mortgage loans. The Company offers short term (*i.e.*, one to three years), secured, non-bank loans (sometimes referred to as "hard money" loans) to real estate owners and investors to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in the Northeastern United States and Florida. The properties securing the Company's loans are generally classified as residential or commercial real estate and, typically, are held for resale or investment. Each loan is secured by a first mortgage lien on real estate and may also be secured with additional collateral, such as other real estate owned by the borrower or its principals, a pledge of the ownership interests in the borrower by the principals thereof, and/or personal guarantees by the principals of the borrower. The Company does not lend to owner occupants. The Company's primary underwriting criteria is a conservative loan to value ratio. In addition, the Company may make opportunistic real estate purchases apart from its lending activities.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) various assumptions that consider prior reporting results, (b) the Company's projections regarding future operations and (c) general financial market and local and general economic conditions. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

We consider all demand deposits, cashier's checks, money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents. We maintain our cash and cash equivalents at financial institutions. The combined account balances typically exceed the Federal Deposit Insurance Corporation insurance coverage, and, as a result, there is a concentration of credit risk related to amounts on deposit. We believe that the risk is not significant.

Allowance for Loan Loss

The Company reviews each loan on a quarterly basis and evaluates the borrower's ability to pay the monthly interest, the borrower's likelihood of executing the original exit strategy, as well as the loan-to-value (LTV) ratio. Based on the analysis, management determines if any provisions for impairment of loans should be made and whether any loan loss reserves are required.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company can access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation to other means.

If the asset or liability has a specified (i.e., contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Property and Equipment

Land and building acquired in December 2016 to serve as the Company's office facilities is stated at cost. The building is being depreciated using the straight-line method over its estimated useful life of 40 years. Expenditures for repairs and maintenance are charged to expense as incurred. The Company relocated its entire operations to this property in March 2019.

Land and building acquired in 2021 to serve as the Company's future corporate headquarters is stated at cost. The building is not currently being depreciated as it is undergoing renovations.

Consolidations

The consolidated financial statements of the Company include the accounts of all subsidiaries in which the Company has control over significant operating, financial and investing decisions of the entity. All intercompany accounts and transactions have been eliminated.

Impairment of Long-Lived Assets

The Company continually monitors events or changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances occur, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the undiscounted cash flows is less than the carrying amount of these assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair market value of the assets.

Deferred Financing Costs

Costs incurred in connection with the Company's revolving credit facilities, described in Note 7—Line of Credit, Mortgage Payable and Churchill Facility are amortized over the term of the applicable facility using the straight-line method.

Costs incurred by the Company in connection with the public offering of its unsecured, unsubordinated notes, described in Note 9–Notes Payable, are being amortized over the term of the respective Notes.

Revenue Recognition

Interest income from the Company's loan portfolio is earned over the loan period and is calculated using the simple interest method on principal amounts outstanding. Generally, the Company's loans provide for interest to be paid monthly in arrears. The Company does not accrue interest income on mortgages receivable that are more than 90 days past due. Interest income not accrued at December 31, 2021 and collected prior to the issuance of this report is included in 2021 income.

Origination fee revenue, generally 1% – 3% of the original loan principal amount, is collected at loan funding and is recognized ratably over the contractual life of the loan in accordance with ASC 310.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Income Taxes

The Company believes it qualifies as a real estate investment trust ("REIT") for federal income tax purposes and operates accordingly. It made the election to be taxed as a REIT on its 2017 Federal income tax return. The Company's qualification as a REIT depends on its ability to meet on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended, relating to, among other things, the sources of its income, the composition and values of its assets, its compliance with the distribution requirements applicable to REITs and the diversity of ownership of its outstanding capital stock. So long as it qualifies as a REIT, the Company, generally, will not be subject to U.S. federal income tax on its taxable income distributed to its shareholders. However, if it fails to qualify as a REIT in any taxable year and does not qualify for certain statutory relief provisions, it will be subject to U.S. federal income tax at regular corporate rates and may also be subject to various penalties and may be precluded from re-electing REIT status for the four taxable years following the year during in which it lost its REIT qualification.

FASB ASC Topic 740-10 "Accounting for Uncertainty in Income Taxes*"* prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and disclosure required. Under this standard, an entity may only recognize or continue to recognize tax positions that meet a *"*more likely than not*"* threshold. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Company has determined that there are no uncertain tax positions requiring accrual or disclosure in the accompanying financial statements as of December 31, 2021 and 2020.

Earnings Per Share

Basic and diluted earnings per share are calculated in accordance with ASC 260 — *"*Earnings Per Share.*"* Under ASC 260, basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the potential dilution from the exercise of stock options and warrants for common shares using the treasury stock method. The numerator in calculating both basic and diluted earnings per common share for each period is the reported net income.

Recent Accounting Pronouncements

In May 2019, the FASB issued Accounting Standards Update ("ASU") 2019-05, *"*Financial Instruments— Credit Losses (Topic 326): Targeted Transition Relief,*"* which requires that entities use a new forward looking *"*expected loss*"* model that, generally, will result in the earlier recognition of an allowance for credit losses. This ASU also allows entities to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost upon adoption of ASU 2016-13, *"*Measurement of Credit Losses on Financial Instruments.*"* However, after beginning to implement the various key provisions of this ASU, and recognizing the complexities and challenges required, we determined to take advantage of our status as an emerging growth company, which allows us to defer the adoption of this ASU until our year ended December 31, 2023.

In December 2019, the FASB issued ASU 2019-12, *"*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.*"* This ASU modifies ASC 740 to remove certain exceptions and adds guidance to reduce complexity in certain areas. For companies that file with the Securities and Exchange Commission, the standard is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The adoption of this guidance did not have a material impact on the Company's financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This ASU provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another rate that is expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848): Scope." ASU 2021-01 amends ASU 2020-04 and focuses on refining accounting relief for modifications made to certain derivatives and hedging contracts, such as interest rate swaps. The Company believes that neither the adoption of ASU 2020-04 nor the adoption of ASU 2021-01 will have a material impact on its financial statements as it does not have any hedging relationships with respect to its LIBOR referenced credit facility.

SACHEM CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the Company’s financial statements.

3. Fair Value Measurement

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair market value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by Level, within the fair value hierarchy, the fair value of the Company’s assets as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
	—	—	—	—
Stocks and ETF's	$ 10,618,756	—	—	$ 10,618,756
Mutual funds	50,014,905	—	—	50,014,905
Total liquid investments	$ 60,633,661	—	—	$ 60,633,661
Real estate owned			$ 6,559,010	$ 6,559,010

The following table sets forth by Level, within the fair value hierarchy, the fair value of the Company’s assets as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
	—	—	—	—
Stocks and ETF's	$ 6,722,795	—	—	$ 6,722,795
Mutual funds	30,570,908	—	—	30,570,908
Total liquid investments	$ 37,293,703	—	—	$ 37,293,703
Real estate owned			$ 8,861,609	$ 8,861,609

Following is a description of the methodologies used for assets measured at fair value:

Stocks and ETFs: Valued at the closing price reported in the active market in which the individual securities are traded.

Mutual funds: Valued at the daily closing price reported by the fund. Mutual funds held by the Company are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset values and to transact at that price. The mutual funds held by the Company are deemed to be actively traded.

Real estate owned: The Company estimates fair values of real estate owned using market information such as recent sales contracts, appraisals, recent sales, assessed values or discounted cash value models.

4. Mortgages Receivable

The Company offers secured, non-bank loans to real estate owners and investors (also known as “hard money” loans) to fund their acquisition, renovation, development, rehabilitation or improvement of properties located primarily in the Northeastern United States and Florida. The loans are secured by first mortgage liens on one or more properties owned by the borrower or related parties. The loans are generally for a term of one to three years. The loans are initially recorded and carried thereafter, in the financial statements, at cost. Most of the loans provide for monthly payments of interest only (in arrears) during the term of the loan and a “balloon” payment of the principal on the maturity date.

For the years ended December 31, 2021 and 2020, the aggregate amounts of loans funded by the Company were $251,832,318 and $117,230,923, respectively, offset by principal repayments of $115,147,409 and $54,961,570, respectively.

As of December 31, 2021, the Company's mortgage loan portfolio includes loans ranging in size up to $19,535,000 with stated interest rates ranging from 5.0% to 14.2%, and a default interest rate for non-payment of 18%.

At December 31, 2021 and 2020, no single borrower or group of related borrowers had loans outstanding representing more than 10% of the total balance of the loans outstanding.

The Company may agree to extend the term of a loan if, at the time of the extension, the loan and the borrower meet all the Company's underwriting requirements. The Company treats a loan extension as a new loan.

Credit Risk

Credit risk profile based on loan activity as of December 31, 2021 and 2020:

	Residential	Commercial	Land	Mixed Use	Total Outstanding Mortgages
December 31, 2020	$ 112,240,129	$ 33,548,683	$ 6,111,670	$ 3,715,818	$ 155,616,300
December 31, 2021	$ 157,841,896	$ 95,319,795	$ 20,755,891	$ 18,383,627	$ 292,301,209

As of December 31, 2021, the following is the maturities of mortgages receivable for the years ending December 31:

2022	$ 226,069,289
2023	55,226,972
2024	9,919,625
2025	1,085,323
Total	$ 292,301,209

At December 31, 2021, of the 520 mortgage loans in the Company's portfolio, sixteen were the subject of foreclosure proceedings. The aggregate outstanding principal balance of these loans and the accrued but unpaid interest and borrower charges as of December 31, 2021 was approximately $4.4 million. In the case of each of these loans, the Company believes the value of the collateral exceeds the outstanding balance on the loan.

At December 31, 2020, of the 495 mortgage loans in the Company's portfolio, sixteen were the subject of foreclosure proceedings. The aggregate outstanding principal balance of these and the accrued but unpaid interest and borrower charges as of December 31, 2020 was approximately $3.1 million. In the case of each of these loans, the Company believes the value of the collateral exceeds the outstanding balance on the loan.

5. Real Estate Owned

Property purchased for rental or acquired through foreclosure are included on the balance sheet as real estate owned.

As of December 31, 2021 and 2020, real estate owned totaled $6,559,010 and $8,861,609, respectively, with no valuation allowance in either year. During the year ended December 31, 2021 the Company recorded an impairment loss of $719,000 compared to an impairment loss of $795,000 in 2020.

As of December 31, 2021, real estate owned included $786,302 of real estate held for rental and $5,772,708 of real estate held for sale. As of December 31, 2020, real estate owned included $1,393,398 of real estate held for rental and $7,468,211 of real estate held for sale.

Properties Held for Sale

During the year ended December 31, 2021, the Company sold ten properties held for sale and recognized an aggregate loss of $165,915. During the year ended December 31, 2020, the Company sold two properties held for sale and recognized an aggregate loss of $7,218.

Properties Held for Rental

As of December 31, 2021, one property, a commercial building, was held for rental. The tenant signed a 5 year lease that commenced on August 1, 2021.

Rental payments due from real estate held for rental are as follows:

Year ending December 31, 2022	$	53,200
Year ending December 31, 2023		53,200
Year ending December 31, 2024		53,200
Year ending December 31, 2025		53,200
Total	$	212,800

6. Profit Sharing Plan

On April 16, 2018, the Company's Board of Directors approved the adoption of the Sachem Capital Corp. 401(k) Profit Sharing Plan (the "401(k) Plan"). All employees, who meet the participation criteria, are eligible to participate in the 401(k) Plan. Under the terms of the 401(k) Plan, the Company is obligated to contribute 3% of a participant's compensation to the 401(k) Plan on behalf of an employee-participant. For the years ended December 31, 2021 and 2020, the 401(k) Plan expense was $64,322 and $47,164, respectively.

7. Line of Credit, Mortgage Payable, and Churchill Facility

Wells Fargo Margin Line of Credit

During the year ended December 31, 2020, the Company established a margin loan account at Wells Fargo Advisors that is secured by the Company's portfolio of short-term securities. The credit line bears interest at a rate equal to 1.75% below the prime rate (1.5% at December 31, 2021). As of December 31, 2021 the total outstanding balance was $33,178,031.

Mortgage Payable

In 2021, the Company obtained a new adjustable-rate mortgage loan from New Haven Bank for up to a maximum principal amount of $1.4 million (the "New Haven Mortgage") of which $750,000 is outstanding as of December 31, 2021. The New Haven Mortgage accrues interest at an initial rate of 3.75% per annum for the first 72 months and is due and payable in full on December 1, 2037. During the first 12 months, from December 1, 2021 to November 30, 2022, only interest is due and payable. Beginning on December 1, 2022 and through December 1, 2037, principal and interest on the New Haven Mortgage will be due and payable on a monthly basis. All payments under the New Haven Mortgage are amortized based on a 20-year amortization schedule. The interest rate will be adjusted on each of December 1, 2027 and 2032 to the then published 5-year Federal Home Loan Bank of Boston Classic Advance Rate, plus 2.60%. The New Haven Mortgage is a non-recourse loan, secured by a first mortgage lien on each of our current corporate headquarters, located at 698 Main Street, Branford, Connecticut, and our future corporate headquarters, located at 568 East Main Street, Branford, Connecticut. The first $750,000 of proceeds from the New Haven Mortgage were used to reimburse us for our out-of-pocket costs relating to the acquisition of the East Main Street property. The balance of the loan will be used to reimburse us for the out-of-pocket costs we incur to renovate the East Main Street property. Upon completion of the renovation, and assuming we can provide an appraisal that the East Main Street property has a value of not lesss than $1.4 million, the first mortgage lien on our current corporate headquarters will be released.

Churchill MRA Funding I LLC Repurchase Financing Facility

On July 21, 2021, the Company consummated a $200 million master repurchase financing facility ("Facility") with Churchill MRA Funding I LLC ("Churchill"), a subsidiary of Churchill Real Estate, a vertically integrated real estate finance company based in New York, New York. Under the terms of the Facility, the Company has the right, but not the obligation, to sell mortgage loans to Churchill, and Churchill has the right, but not the obligation, to purchase those loans. In addition, the Company has the right and, in some instances the obligation, to repurchase those loans from Churchill. The amount that Churchill will pay for each mortgage loan it purchases will vary based on the attributes of the loan and various other circumstances. The repurchase price is calculated by applying an interest factor to the purchase price of the mortgage loan. The Company has also pledged the mortgage loans sold to Churchill to secure its repurchase obligation. The cost of capital under the Facility is equal to the sum of (a) the greater of (i) 0.25% and (ii) the 30-day LIBOR plus (b) 3%-4%, depending on the aggregate principal amount of the mortgage loans held by Churchill at that time. As of December 31, 2021 the effective rate charged under the Facility was 4.25%.

The Facility is subject to other terms and conditions, including representations and warranties, covenants and agreements typically found in these types of financing arrangements. Under one such covenant, the Company (A) is prohibited from (i) paying any dividends or making distributions in excess of 90% of its taxable income, (ii) incurring any indebtedness or (iii) purchasing any of its capital stock, unless, it has an asset coverage ratio of at least 150%; and (B) must maintain unencumbered cash and cash equivalents in an amount equal to or greater than 2.50% of the amount of its repurchase obligations. Churchill has the right to terminate the Facility at any time upon 180 days prior notice to the Company. The Company then has an additional 180 days after termination to repurchase all the mortgage loans held by Churchill.

The Company uses the proceeds from the Facility to finance the continued expansion of its lending business and for general corporate purposes. At December 31, 2021, the total amount outstanding under the Facility was $19,087,189 and the Company estimates that it had approximately $6.3 million of additional availability under the Facility. The collateral pledged to Churchill at December 31, 2021 was 17 mortgage loans that in the aggregate had unpaid principal balance of approximately $37.9 million.

The NHB Mortgage and the Churchill Facility contain cross-default provisions.

8. Financing Transactions

During the year ended December 31, 2021, the Company generated approximately $156.8 million of gross proceeds from the sale of its securities as follows:

(i) $51,750,000 from the sale of its 6.0% unsecured, unsubordinated notes due December 30, 2026;

(ii) $47,575,000 from the sale of its 7.75% cumulative Series A Preferred Stock; and

(iii) $57,510,243 from the sale of 10,490,188 common shares in "at-the-market" offerings.

The net proceeds from the sale of these securities were used primarily to fund new mortgage loans, for working capital and general corporate purposes.

During the year ended December 31, 2020, the Company generated approximately $56.1 million (after taking into account the original issue discount) of gross proceeds from the sale of its securities as follows:

(iv) $28,363,750 from the sale of its 7.75% unsecured, unsubordinated notes due September 30, 2025 in September and October 2020; and

(v) $27,720,000 from the sale of additional September 2025 Notes in December 2020.

The net proceeds from the sale of these securities were used primarily to fund new mortgage loans, for working capital and general corporate purposes.

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9. Notes Payable

At December 31, 2021, the Company had an aggregate of $160,529,363 of unsecured, unsubordinated notes payable outstanding, net of $5,747,387 of deferred financing costs (collectively, the "Notes"). The Notes were issued in four series:

(i) Notes having an aggregate principal amount of $23,663,000 bearing interest at 7.125% per annum and maturing June 30, 2024 ("the June 2024 Notes");

(ii) Notes having an aggregate principal amount of $34,500,000 bearing interest at 6.875% per annum and maturing December 30, 2024 (the "December 2024 Notes");

(iii) Notes having an aggregate principal amount of $56,363,750 bearing interest at 7.75% per annum and maturing December 30, 2024 (the "September 2025 Notes"); and

(iv) Notes having an aggregate principal amount of $51,750,000 bearing interest at 6.0% per annum and maturing December 30, 2026 (the "December 2026 Notes").

The Notes were sold in underwritten public offerings, were issued in denomination of $25.00 each and are listed on the NYSE American and trade under the symbols "SCCB", "SACC","SCCC", and "SCCD", respectively. All the Notes were issued at par except for the last tranche of the September 2025 notes, in the original principal amount of $28 million, which were issued at $24.75 each. Interest on the Notes is payable quarterly on each March 30, June 30, September 30 and December 30 that they are outstanding. So long as the Notes are outstanding, the Company is prohibited from making distributions in excess of 90% of its taxable income, incurring any additional indebtedness or purchasing any shares of its capital stock unless it has an "Asset Coverage Ratio" of at least 150% after giving effect to the payment of such dividend, the incurrence of such indebtedness or the application of the net proceeds, as the case may be. The Company may redeem the Notes, in whole or in part, without premium or penalty, at any time after their second anniversary of issuance upon at least 30 days prior written notice to the holders of the Notes. The redemption price will be equal to the outstanding principal amount of the Notes redeemed plus the accrued but unpaid interest thereon up to, but not including the date of redemption. The June 2024 Notes and the December 2024 Notes are callable at any time. The September 2025 Notes will be callable at any time after September 4, 2022 and the December 2026 Notes will be callable at any time after December 30, 2023.

10. Other Income

Other income of the Company includes the following:

	Year Ended December 31,	
	2021	2020
Income from borrower charges	$ 477,479	$ 290,683
Lender, modification and extension fees	1,739,198	672,159
In-house legal fees	254,150	223,440
Other income	19,169	60,248
Total	$ 2,489,996	$ 1,246,530

11. Commitments and Contingencies

Origination Fees

Loan origination fees generally range from 1%-3% of the original loan principal and, generally, are payable at the time the loan is funded. These payments are amortized for financial statement purposes over the life of the loan and will be recorded as income as follows:

Year ending December 31,	
2022	$ 4,284,288
2023	345,031
2024	14,171
Total	$ 4,643,490

In instances in which mortgages are repaid before their maturity date, the balance of any unamortized deferred revenue is generally recognized in full at the time of repayment. If the borrower is entitled to a partial refund of the origination fee collected in connection with a prepaid loan, the Company credits the refundable portion against the balance due on the loan. For the years ended December 31, 2021 and 2020, approximately $930 and $55,639 of origination fees were refunded in connection with prepaid loans.

Employment Agreements

In February 2017, the Company entered into an employment agreement with John Villano, the material terms of which are as follows: (i) the employment term is five years with extensions for successive one-year periods unless either party provides written notice at least 180 days prior to the next anniversary date of its intention to not renew the agreement; (ii) a base salary of $260,000, which was increased in April 2018 to $360,000, and increased again in April 2021 to $500,000; (iii) incentive compensation in such amount as determined by the Compensation Committee of the Company's Board of Directors; (iv) participation in the Company's employee benefit plans; (v) full indemnification to the extent permitted by law; (vi) a two-year non-competition period following the termination of employment without cause; and (vii) payments upon termination of employment or a change in control.

In July 2020, the Company entered into an employment agreement with Peter Cuozzo, the material terms of which are as follows: (i) the agreement can be terminated by either party at any time upon delivery of written notice to the other party; (ii) a base salary of $250,000 per year; (iii) incentive compensation in such amount as determined by the Compensation Committee of the Company's Board of Directors; (iv) participation in the Company's employee benefit plans; (v) full indemnification to the extent permitted by law; (vi) subject to a covenant not to compete that continues for 18 months after termination unless he is terminated without "cause" prior to July 1, 2022; and (vii) severance pay equal to 18 months of his base compensation if he is terminated without cause, or if he terminates for good reason, prior to July 1, 2022. Mr. Cuozzo retired in January 2022.

Unfunded Commitments

At December 31, 2021, the Company had future funding obligations totaling $89,193,998, which can be drawn by the borrowers when the conditions relating thereto have been satisfied.

Other

In the normal course of its business, the Company is named as a party-defendant because it is a mortgagee having interests in real properties that are being foreclosed upon, primarily resulting from unpaid property taxes. The Company actively monitors these actions and, in all cases, believes there remains sufficient value in the subject property to assure that no loan impairment exists. At December 31, 2021, there were nine such properties, representing approximately $810,000 of mortgages receivable.

12. Related Party Transactions

In the ordinary course of business, the Company may originate, fund, manage and service loans to shareholders. The underwriting process on these loans adheres to prevailing Company policy. The terms of such loans, including the interest rate,

income, origination fees and other closing costs are the same as those applicable to loans made to unrelated third parties in the portfolio. As of December 31, 2021, and 2020, loans to known shareholders totaled $16,629,844 and $9,356,336, respectively. Interest income earned on these loans totaled $830,925 and $649,159 for the years ended December 31, 2021 and 2020, respectively.

During the years ended December 31, 2021 and 2020, the wife of the Company's chief executive officer was employed by the Company as its director of finance. She received a salary of $120,000 for 2021 and $108,000 for 2020. During the year ended December 31, 2021, the Company hired the daughter of the Company's chief executive officer to perform certain internal audit and compliance services. For 2021, she received compensation of $10,962.

13. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments in securities, investments in partnerships, and mortgage loans.

The Company maintains its cash and cash equivalents with various financial institutions. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

The Company is potentially subject to concentration of credit risk in its investment securities. Currently, all of its investment securities, which include common stocks, preferred stock, corporate bonds and mutual funds, are held at Wells Fargo Advisors. Wells Fargo Advisors is a member of the Securities Investor Protection Corporation (SIPC). SIPC protects clients against the custodial risk of a member investment firm becoming insolvent by replacing missing securities and cash up to $500,000, including up to $250,000 in cash, per client in accordance with SIPC rules.

The Company makes loans that are secured by first mortgage liens on real property located primarily in Connecticut (approximately 55.10%), Florida (approximately 18.21)% and New York (approximately 13.14%). This concentration of credit risk may be affected by changes in economic or other conditions of the particular geographic area.

Credit risks associated with the Company's mortgage loan portfolio and related interest receivable are described in Note 4 - Mortgages Receivable.

14. Outstanding Warrants

In 2017 the Company consummated two public offerings – an initial public offering ("IPO") in February and a follow-on offering in October-November. In connection with the IPO, the Company issued to the underwriters warrants to purchase an aggregate of 130,000 common shares at an exercise price of $6.25 per common share ("IPO Warrants"). The fair value of the IPO Warrants, using the Black-Scholes option pricing model, on the date of issuance was $114,926. At December 31, 2021, all of the IPO Warrants were outstanding. The IPO Warrants expired on February 9, 2022.

In connection with a public offering that was consummated in October 2017, the Company issued to the underwriters warrants to purchase an aggregate of 187,500 common shares at an exercise price of $5.00 per share. These warrants expire on October 24, 2022. The fair value of these warrants, using the Black-Scholes option pricing model, on the date of issuance was $131,728. At December 31, 2021 and 2020, 142,969 and 171,093 warrants were outstanding, respectively.

In October 2021, warrants to purchase 28,124 of the Company's common shares were exercised. The holders of those warrants elected to use the cashless exercise option available to them under the terms of the warrants. As such, they received 5,334 common shares.

15. Stock-Based Compensation

On October 27, 2016, the Company adopted the 2016 Equity Compensation Plan (the "Plan"), the purpose of which is to align the interests of the Company's officers, other employees, advisors and consultants or any subsidiary, if any, with those of the Company's shareholders and to afford an incentive to such officers, employees, consultants and advisors to continue as such, to increase their efforts on the Company's behalf and to promote the success of the Company's business. The Plan is administered by the

Compensation Committee. The maximum number of Common Shares reserved for the grant of awards under the Plan is 1,500,000, subject to adjustment as provided in Section 5 of the Plan. The number of securities remaining available for future issuance under the Plan as of December 31, 2021 was 1,352,435.

In 2020, the Company issued 7,500 restricted common shares to its independent directors. One-third of such shares (*i.e*., 2,500) vested immediately upon issuance; one-third vested in 2021; and one third will vest in 2022. No other awards were made under the Plan in 2020.

In 2021, the Company issued 15,000 restricted common shares to its independent directors. One-third of such shares (*i.e.*, 5,000) vested immediately upon issuance; one-third will vest in 2022; and one third will vest in 2023.

Also in 2021, the Company granted 89,928 restricted common shares (having a market value of approximately $500,000) to its chief executive officer and 4,753 restricted common shares (having a market value of approximately $25,000) to its then executive vice president and chief operating officer. None of the restricted shares granted to the Company's officers vested in 2021. One-third of such shares vested on January 1, 2022, and one-third will vest on each of January 1, 2023 and 2024. However, in connection with his retirement from the Company in 2022, the Company waived the restrictions on the 4,753 common shares granted to its executive vice president and chief operating officer. Stock based compensation for the years ended December 31, 2021 and 2020 was $191,428 and $16,429, respectively**.**

16. Equity Offerings

On April 9, 2021, the Company filed a prospectus supplement to its Form S-3 Registration Statement covering the sale of up to $43,636,250 of its common shares in an "at-the market" offering. On December 6, 2021, the Company filed a second prospectus supplement to its Form S-3 Registration Statement covering the sale of up to $44,925,000 of its common shares in an "at-the market" offering, which is ongoing. During the year ended December 31, 2021, the Company sold an aggregate of 10,490,188 common shares under these prospectuses and realized net proceeds of $56,003,751 in connection therewith. At December 31, 2021, no common shares were available for sale under the first prospectus supplement and $38,017,386 of common shares were available for future sale under the second prospectus supplement.

On June 23, 2021, the Company entered into an underwriting agreement with respect to a firm commitment underwritten public offering of up to 1,955,000 shares (including 255,000 shares to cover overallotments) of the Company's 7.75% Series A Cumulative Redeemable Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock"), at a public offering price of $25.00 per share, equal to the liquidation preference (the "Series A Offering"). The Series A Offering was made pursuant to a prospectus supplement, dated June 23, 2021, to the Company's shelf registration statement on Form S-3 declared effective by the U.S. Securities and Exchange Commission (the "SEC") on June 17, 2021, and the base prospectus included in such registration statement. On June 29, 2021, the Company consummated the sale of 1,700,000 shares of Series A Preferred Stock for an aggregate purchase price of $42.5 million. Another 203,000 shares were sold on July 2, 2021 after the Underwriters exercised their over-allotment option. Total gross proceeds from the offering were $47.6 million and net proceeds from the sale, after paying underwriting discounts and commissions and other offering expenses, were approximately $45.5 million. (See Note 19.)

17. Partnership Investments

As of December 31, 2021, the Company had invested $6.7 million in three limited liability companies managed by a a commercial real estate finance company that provides debt capital solutions to local and regional commercial real estate owners in the Northeastern United States. Each limited liability company has elected to be treated as a partnership for income tax purposes.

The Company invested $4 million in one partnership, for which it received a membership interest.The Company's withdrawal from the partnership may only be granted by the manager. For the year ended December 31, 2021, the Company received distributions of $142,000 from this partnership.

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In December 2021, the Company invested an aggregate of $2.7 million in two additional investment partnerships, which are managed by an affiliate of the manager of the partnership described in the paragraph above. In connection therewith, the Company received a 49% membership interest in each entity. The Company accounts for these investments at cost.

18. Special Purpose Acquisition Corporation

On March 24, 2021, the Company loaned $25,000 to its wholly-owned subsidiary, Sachem Sponsor LLC. Sachem Sponsor LLC used those funds to purchase 1,437,500 shares of Class B common stock of Sachem Acquisition Corp., a newly organized blank check company formed under the laws of Maryland in February 2021, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. As of December 31, 2021, the Company had incurred approximately $306,000 of costs related to the the preparation and filing of the registration statement, including legal fees, accounting fees and filing fees as well organizational costs and an expense advance to the underwriter.

On July 14, 2021, Sachem Acquisition Corp. filed a registration statement on Form S-1 registering the sale of 5,750,000 units at $10.00 per unit, or $57,500,000 in the aggregate. Each unit consists of one share of Class A common stock and one-half of a warrant to purchase one share of Class A common stock.

19. Series A Preferred Stock

On June 25, 2021, the Company filed a Certificate of Amendment with the Department of State of the State of New York to designate 1,955,000 shares of the Company's authorized preferred shares, par value $0.001 per share, as shares of Series A Preferred Stock with the powers, designations, preferences and other rights as set forth therein (the "Certificate of Amendment"). The Certificate of Amendment provides that the Company will pay quarterly cumulative dividends on the Series A Preferred Stock, in arrears, on the 30th day of each of September, December, March and June from, and including, the date of original issuance of the Series A Preferred Stock at 7.75% of the $25.00 per share liquidation preference per annum (equivalent to $1.9375 per annum per share). The Series A Preferred Stock will not be redeemable before June 29, 2026, except upon the occurrence of a Change of Control (as defined in the Certificate of Amendment). On or after June 29, 2026, the Company may, at its option, redeem any or all of the shares of the Series A Preferred Stock at $25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. Upon the occurrence of a Change of Control, the Company may, at its option, redeem any or all of the shares of Series A Preferred Stock within 120 days after the first date on which such Change of Control occurred at $25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. The Series A Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by the Company or converted into common shares in connection with a Change of Control by the holders of the Series A Preferred Stock. Upon the occurrence of a Change of Control, each holder of Series A Preferred Stock will have the right (subject to the Company's election to redeem the Series A Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date as defined in the Certificate of Amendment) to convert some or all of the Series A Preferred Stock held by such holder on the Change of Control Conversion Date into a number of the common shares determined by formula, in each case, on the terms and subject to the conditions described in the Certificate of Amendment, including provisions for the receipt, under specified circumstances, of alternative consideration as described in the Certificate of Amendment. Except under limited circumstances, holders of the Series A Preferred Stock generally do not have any voting rights.

20. Subsequent Events

On January 10, 2022, the Company paid a dividend of $0.12 per share, or $3,927,600 in the aggregate, to common shareholders of record as of December 31, 2021.

On January 14, the Company's executive vice president and chief operating officer retired.

On March 14, 2022, the Company sold a property classified as real estate held for sale at December 31, 2021 receiving $622,737 in net proceeds.

From January 3, 2022 through March 2, 2022, the Company sold an aggregate of 2,730,725 common shares under its at-the-market offering facility realizing gross proceeds of approximately $16.0 million, all of which settled by March 4, 2022.

On March 9, 2022, the Company sold $50,000,000 aggregate principal amount of 6.00% notes due March 30, 2027 (the "2027 Notes") and realized net proceeds of approximately $48.2 million. The 2027 Notes are unsecured, unsubordinated obligations and rank equally in right of payment with all our existing and future senior unsecured and unsubordinated indebtedness, including the Notes (see Note 9 – Notes Payable) but are effectively subordinated in right of payment to all our existing and future secured indebtedness (including indebtedness that is initially unsecured but to which we subsequently grant a security interest), and trade on the NYSE American under the ticker symbol "SCCE." The 2027 Notes bear interest at the rate of 6.00% per annum beginning on March 9, 2022, which will be payable quarterly in arrears on March 30, June 30, September 30 and December 30 of each year they are outstanding. The first interest payment date will be June 30, 2022. The unpaid principal balance of the 2027 Notes and all accrued but unpaid interest thereon is payable in full on March 30, 2027.

On February 9, 2022, all the outstanding warrants expired without being exercised.

On March 30, 2022, the Company was notified that the underwriter of the 2027 Notes offering is exercising its over-allotment option in part, and will purchase an additional $1,875,000 principal amount of the 2027 Notes. Closing is scheduled for April 4, 2022.

Management has evaluated subsequent events through March 30, 2022 the date on which the financial statements were available to be issued. Based on the evaluation, no adjustments were required in the accompanying financial statements.

21. COVID-19

The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected the economies and financial markets worldwide and has materially and adversely affected many businesses and as of December 31, 2021, the COVID-19 pandemic is ongoing. In response to the onset of the COVID-19 pandemic and the restrictions imposed by various states, including the States of Connecticut, Florida and New York to prevent, or at least reduce the risk of the spread of the virus, at the end of the first quarter of 2020 the Company adopted certain temporary programs, policies and guidelines designed primarily to preserve its liquidity, help its borrowers and protect its employees.

In the event the Company is forced to close its physical office, it is likely that there would be some adverse impact. For example, the underwriting process would continue to function but would take longer to complete without immediate access to background and credit profiles. Loan committee meetings would continue to be held virtually (as they are under normal conditions) but the loan approval process may incur delay or not be as thorough and efficient as in the past. In addition, Company personnel may not be able to meet with borrowers or potential borrowers, including physical property inspections, which could adversely impact its ability to service loans, monitor compliance and originate new loans. Finally, the filing of loan documents with the various recording offices may be delayed.

AGREEMENT AND GENERAL RELEASE

AGREEMENT AND GENERAL RELEASE (this "Agreement"), dated as of January 14, 2022, between Sachem Capital Corp., a New York corporation (the "Company"), having its principal place of business at 698 Main Street, Branford, Connecticut 06405, and Peter J. Cuozzo, having an address at 8944 St. Lucia Drive, Suite 102, Naples, Florida 34114 ("Executive").

WHEREAS, Executive is employed by the Company in the position of Executive Vice President and Chief Operating Officer and Executive desires to retire and step down from all of his positions effective as of the Retirement Date (defined below);

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of July 1, 2020 (the "Employment Agreement"), and the parties desire that the Employment Agreement shall be superseded and effectively terminated by this Agreement except as set forth in Section 11 below; and

WHEREAS, Executive and the Company have voluntarily entered into this Agreement in view of its mutual benefits, the payment of valuable consideration by each of the Company and the Executive, including the mutual releases set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants in this Agreement, the Company and the Executive agree as follows:

1. Retirement and Resignation.

Executive has previously notified the Company that he will be retiring from his positions with the Company effective as of the close of business on Friday, January 14, 2022 (the "Retirement Date"). The Company hereby accepts Executive's resignation

2. Continuation of Benefits.

In consideration of the services provided by Executive to the Company and the Release provided pursuant to this Agreement, the Company agrees as follows:

(a) Executive shall make a timely election under the Company's current group health insurance plan and in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") to continue to participate in the Company's health insurance plan. The Company shall pay on behalf of Executive or reimburse Executive, as applicable, for the amount necessary to maintain coverage for a married individual until the earliest to occur of the following: (i) Executive voluntarily terminates coverage under COBRA; (ii) Executive is no longer eligible for benefits under COBRA (the "COBRA Expiration Date"); (iii) the date on which Executive is first eligible for benefits under Medicare (the "Medicare Eligibility Date") and (iv) September 30, 2025. From and after the COBRA Expiration Date (assuming that is the earliest to occur), the Company shall pay Executive a monthly sum equal to the lesser of (X) an amount equal to (A) the monthly premium for comparable coverage paid by the Company to or on behalf of Executive at the time of such expiration divided by (B) 0.75 and (Y) $5,000.00. Such monthly payment shall be made

beginning with the first calendar month following the calendar month in which the COBRA Expiration Date occurs and shall terminate upon the earlier to occur of (i) the calendar month in which the Medicare Eligibility Date occurs and (ii) September 30, 2025. The Company, in its sole and absolute discretion, shall have the right to pay the amount due under the prior sentence in one lump sum payment.

(b) All unvested shares granted to Executive pursuant to the Restricted Stock Award Agreement between the Company and Executive, dated April 12, 2021, shall hereby be fully-vested.

(c) Executive shall hereby be eligible to participate in any executive bonus pool for the year ended December 31, 2021, in the sole and absolute discretion of the Company's management.

3. No Other Severance Benefits or Consideration.

Executive understands and agrees that Executive would not be entitled to any severance benefits under any agreement, plan, program or arrangement maintained by Company, or set forth in this Agreement, or consideration of any other kind except for Executive's execution of this Agreement and the fulfillment of the promises set forth herein.

4. General Release of Claims.

(a) By entering into this Agreement, Executive and Executive's heirs, executors, administrators, successors and assigns hereby knowingly, voluntarily and completely release and forever discharges the Company and any and all of Company's subsidiaries, parents, branches, divisions, affiliates, related entities, predecessor entities, present and former officers, directors, employees, fiduciaries, attorneys and agents (collectively the "Released Parties"), individually and in their official capacities, of and from all causes of action, claims, damages, judgments or agreements of any kind, known or unknown, including, but not limited to, all matters arising out of Executive's employment or business dealings with any of the Released Parties and the cessation thereof, including, but not limited to, any alleged violation of:

- The National Labor Relations Act;
- Title VII of the Civil Rights Act of 1964;
- The Civil Rights Act of 1991, as amended;
- Sections 1981 through 1988 of Title 42 of the United States Code;
- The Employee Retirement Income Security Act of 1974 ;
- The Age Discrimination in Employment Act of 1967;
- The Immigration Reform Control Act;
- The Americans with Disabilities Act of 1990;
- The Federal Rehabilitation Act of 1973, as amended;
- The Older Worker Benefit Protection Act, as amended;
- The Occupational Safety and Health Act;
- The Family and Medical Leave Act of 1993;
- The Equal Pay Act, as amended;
- The New York Human Rights Law;

- The New York Labor Law;
- The New York Equal Rights Law 40-c et seq.;
- The New York Minimum Wage Law;
- The New York Equal Pay Law;
- New York City Human Rights Law;
- any other federal, state or local civil or human rights, tort or defamation laws, or any other local, state or federal law, regulation or ordinance;
- any public policy, contract, tort, or common law; or
- any allegation for costs, fees, or other expenses including attorneys' fees incurred in these matters.

(b) By entering into this Agreement, the Company hereby knowingly, voluntarily and completely release and forever discharges the Executive from all causes of action, claims, damages, judgments or agreements of any kind, known or unknown, including, but not limited to, all matters arising out of Executive's employment or business dealings with Company and the cessation thereof other than claims based on fraud or Executive's gross negligence or willful misconduct.

5. No Claims Exist.

Executive confirms that no claim, charge, complaint, or action instituted by Executive exists in any forum or form against Company or any of the other Released Parties. Executive will not in the future file any claim, charge, complaint or action against Company or any of the other Released Parties before any federal, state or local court or agency. In the event that any such claim, charge, complaint or action is filed by another entity or person(s) against Company or any of the other Released Parties on Executive's behalf, (i) Executive shall not be entitled to recover any relief or recovery there from including costs and attorney's fees and (ii) Executive shall pay all costs and expenses of defending such action incurred by the Company or any of the other Released Parties including reasonable attorney's fees to the extent permitted by applicable federal law.

Executive affirms Executive has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family Medical Leave Act.

6. No Participation in Claims.

Executive understands that if this Agreement were not signed, Executive would have the right to voluntarily assist other individuals or entities in bringing claims against Company. Executive hereby waives that right and Executive will not provide any such assistance other than assistance in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or other agency of the United States government.

7. Nonadmission of Wrongdoing.

Executive acknowledges and agrees that neither the making of this Agreement nor anything contained herein shall in any way be construed or considered as an admission on the part of Company regarding any liability, wrongdoing, or unlawful conduct of any kind.

8. Non-Disclosure.

Executive agrees that Executive will not disclose the terms of this Agreement to any third party other than Executive's immediate family, attorney, accountants, or other consultants or advisors, except as may be required by any governmental authority; provided that any such persons agree that they will be bound by the non-disclosure requirements of this provision and that any breach by a third party will be considered to be a breach by Executive.

9. Breach of this Agreement.

Executive agrees that if Executive breaches any of the promises set forth in this Agreement or if Executive challenges this Agreement, the Company will have the right to terminate the benefits provided to Executive described in Section 2 and/or seek restitution in connection therewith without otherwise affecting the terms of this Agreement.

10. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in that State, without regard to its conflict of laws provisions. The state courts of the State of New York and County of New York shall have exclusive jurisdiction over any disputes arising under this Agreement. If any provision of the Agreement is deemed legally or factually invalid or unenforceable to any extent or in any application, then the remainder of the provision and the Agreement, except to such extent or in such application, shall not be affected, and each and every provision of the Agreement shall be valid and enforceable to the fullest extent and in the broadest application permitted by law.

11. Entire Agreement.

This Agreement shall supersede any and all existing oral or written agreements between Executive and the Company and any representations, or warranties of the Company or its present or former affiliates or subsidiaries. Executive acknowledges that Executive has not relied on any representations, promises, or agreements of any kind made to Executive in connection with Executive's decision to sign this Agreement, except for those set forth in this Agreement. **Notwithstanding the foregoing, nothing in this Agreement shall be deemed to relieve Executive's obligations set forth in Sections 9 and 10 of the Employment Agreement. The parties acknowledge and agree that Sections 9 and 10 of the Employment Agreement survive the termination of the Employment Agreement.**

12. Right to Revoke.

Executive acknowledges that Executive has been advised to consult with an independent attorney of Executive's own choosing prior to signing and accepting this Agreement. Executive also understands Executive has twenty-one (21) days to consider this Agreement before signing it. In addition, Executive has the right to revoke this Agreement at any time during the seven (7) day period following the date on which Executive first signs the Agreement. If Executive wants to revoke, Executive must make a revocation in writing which states: "I hereby revoke my acceptance of the Agreement and General Release". This written revocation must be delivered by hand or sent by certified mail with a postmark dated before the end of the seven-day revocation period to Sachem

Capital Corp., 698 Main Street, Branford, Connecticut, 06405 Attention: John L. Villano, President and CEO, otherwise the revocation will not be effective.

13. Effective Date.

This Agreement shall not become effective or enforceable until the expiration of the 7-day revocation period described in Section 12 above.

14. Miscellaneous.

(a) Amendment. This Agreement may not be amended except by a written agreement signed by the parties.

(b) Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(c) Headings. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(d) Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

EXECUTIVE UNDERSTANDS THAT EXECUTIVE'S RIGHT TO RECEIVE BENEFITS SET FORTH IN THIS AGREEMENT IS SUBJECT TO EXECUTIVE'S COMPLIANCE WITH THE TERMS AND CONDITIONS SET FORTH IN THIS AGREEMENT AND THAT EXECUTIVE WOULD NOT RECEIVE SUCH BENEFITS BUT FOR EXECUTIVE'S EXECUTION OF THIS AGREEMENT.

EXECUTIVE ALSO UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EXECUTIVE WILL BE WAIVING EXECUTIVE'S RIGHTS UNDER FEDERAL, STATE AND LOCAL LAW TO BRING ANY CLAIMS THAT EXECUTIVE HAS OR MIGHT HAVE AGAINST THE RELEASED PARTIES. ***EXECUTIVE UNDERSTANDS THAT EXECUTIVE HAS 21 DAYS TO CONSIDER THIS AGREEMENT AND HAS BEEN ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT.***

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

COMPANY:	**EXECUTIVE:**
Sachem Capital Corp.	
By: **/s/** John L. Villano John L. Villano President and Chief Executive Officer	**/s/** Peter J. Cuozzo Peter J. Cuozzo
Date: **1/19/22**	Date: **1/19/22**

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Sachem Capital Corp.

We hereby consent to the incorporation by reference in the Registration Statements of Sachem Capital Corp. (the "Company") on Form S-8 (#333-226197), on Form S-3 (#333-227906), on Form S-3 (#333-236097), on Form S-3 (#333-256940) and on Form S-3 (#333-262859) of our report dated March 30, 2022, on the balance sheets of the Company as of December 31, 2021 and 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, as appearing in the annual report on Form 10-K of the Company for the year ended December 31, 2021.

/s/ Hoberman & Lesser CPA's, LLP
Hoberman & Lesser CPA's, LLP
New York, New York
March 30, 2022

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification

I, John L. Villano, certify that:

1. I have reviewed this annual report on Form 10-K of Sachem Capital Corp.;

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 the most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2022

/s/John L. Villano
John L. Villano, CPA
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, John L. Villano, certify that:

1. I have reviewed this annual report on Form 10-K of Sachem Capital Corp.;

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 the most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2022

/s/John L. Villano
John L. Villano, CPA
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sachem Capital Corp. (the "Company") on Form 10-K for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John L. Villano, President, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company

Dated: March 30, 2022

/s/John L. Villano
John L. Villano, CPA
President, Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.1

After recording return to:
Rod W. Farrell, Esq.
Updike, Kelly & Spellacy, PC
8 Frontage Road
East Haven, CT 06512

OPEN-END CONSTRUCTION MORTGAGE
SECURITY AGREEMENT, AND ASSIGNMENT OF LEASES AND RENTS

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

KNOW YE, that **Sachem Capital Corp.**, a New York Corporation with a mailing address at 698 Main Street, Branford, Connecticut 06450 (hereinafter called the "Borrower"), for the consideration of ONE DOLLAR ($1.00) and other good and valuable consideration received to the Borrower's full satisfaction from New Haven Bank (hereinafter called the "Bank"), does hereby give, grant, bargain, sell and confirm, with MORTGAGE COVENANTS (hereinafter referred to as the "Mortgage"), unto the Bank, its successors and assigns forever the real property and improvements thereon known as **698 Main Street, Branford, Connecticut** (the "Address") and **568 East Main Street, Branford, Connecticut** as described in more detail on Exhibit A attached hereto and made a part hereof (the "Property").

TO HAVE AND TO HOLD the above granted and bargained Property, with the privileges and appurtenances thereof unto it, the said Bank, its successors and assigns forever, to its and their own proper use and behoof.

THE CONDITION OF THIS DEED IS SUCH THAT:

WHEREAS, pursuant to a construction loan agreement of even date herewith by and between Borrower and Bank (the "Loan Agreement"), Bank has made a construction loan in the amount of ONE MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS ($1,400,000.00) (the "Loan") to the Borrower, which Loan is evidenced by a certain promissory note of even date herewith in the maximum amount of ONE MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS ($1,400,000.00) (the "Note"), a copy of which is attached hereto as Exhibit B and made a part hereof; and

WHEREAS, Borrower is planning to construct improvements on the Property; and

WHEREAS, the Bank has agreed to make the Loan to be advanced in installments as set forth in the Loan Agreement; and

WHEREAS, buildings or improvements on the Property will be in the process of construction or repair, or to be erected or repaired; and

WHEREAS, the Bank has agreed to make the Loan to be paid over to Borrower in installments as the work progresses, the time and amount of each advancement to be at the sole discretion and upon the estimate of the Bank, so that when all of the work on the Property shall have been completed to the full satisfaction of the Bank, the Bank shall then pay over to the Borrower any balance necessary to complete the full Loan; and

WHEREAS, the Borrower agrees to complete the erection or repair of said buildings to the satisfaction of said Bank within a reasonable time from the date hereof or at the latest on or before December 1, 2022; and

WHEREAS, advances to be made by the Bank to or for the benefit of the Borrower in respect of the Loan shall be made pursuant to the terms of the Loan Agreement which shall constitute a "mortgage to

secure future advances of money for construction and repair of buildings or improvements on land" within the meaning of Section 49-3 of the Connecticut General Statutes, as amended; and

WHEREAS, advances made by the Bank in respect of the Loan are payable in the manner set forth in the Loan Agreement; and

WHEREAS, the Borrower is justly indebted to the Bank pursuant to the terms of the Note the Loan Agreement, the Interest Rate Protection Agreement, and the other Loan Documents subject to the following additional terms and conditions:

1. MORTGAGE, OBLIGATIONS AND FUTURE ADVANCES

The amount of principal obligations outstanding and evidenced by the Loan Documents and secured by this Mortgage total **One Million Four Hundred Thousand Dollars and Zero Cents** (**$1,400,000.00)** as of the date of this Mortgage but this Mortgage shall nevertheless secure payment and performance of all Obligations.

1.1 Security Interest in Property. As continuing security for the Obligations the Mortgagor hereby pledges, assigns and grants to the Bank, and its successors and assigns, a security interest in any of the Property (as hereinafter defined) constituting personal property or fixtures. This Mortgage is and shall be deemed to be a security agreement and financing statement pursuant to the terms of the Uniform Commercial Code of Connecticut (the "Uniform Commercial Code") as to any and all personal property and fixtures and as to all such property the Bank shall have the rights and remedies of a secured party under the Uniform Commercial Code in addition to its rights hereunder. This Mortgage constitutes a financing statement filed as a fixture filing under Section 9-502(c) of the Uniform Commercial Code covering any Property which now is or later may become a fixture.

1.2 Collateral Assignment of Leases and Rents. The Mortgagor hereby irrevocably and unconditionally assigns to the Bank, and its successors and assigns, as collateral security for the Obligations all of the Mortgagor's rights and benefits under any and all Leases (as hereinafter defined) and any and all rents and other amounts now or hereafter owing with respect to the Leases or the use or occupancy of the Property. This collateral assignment shall be absolute and effective immediately, but the Mortgagor shall have a license, revocable by the Bank, to continue to collect rents owing under the Leases until an Event of Default (as hereinafter defined) occurs and the Bank exercises its rights and remedies to collect such rents as set forth herein.

1.3 Conditions to Grant. The Bank shall have and hold the above granted Property unto and to the use and benefit of the Bank, and its successors and assigns, forever; provided, however, the conveyances, grants and assignments contained in this Mortgage are upon the express condition that, if Mortgagor shall irrevocably pay and perform the Obligations in full, including, without limitation, all principal, interest and premium thereon and other charges, if applicable, in accordance with the terms and conditions in the Loan Documents and this Mortgage, shall pay and perform all other Obligations as set forth in this Mortgage and shall abide by and comply with each and every covenant and condition set forth herein and in the Loan Documents, the conveyances, grants and assignments contained in this Mortgage shall be appropriately released and discharged.

1.4 Property. The term "Property," as used in this Mortgage, shall mean that certain parcel of land and the fixtures, structures and improvements and all personal property constituting fixtures, as that term is defined in the Uniform Commercial Code, now or hereafter thereon located at the Address(es), as more particularly described in Exhibit A attached hereto, together with: (i) all rights now or hereafter existing, belonging, pertaining or appurtenant thereto; (ii) the following categories of assets as defined in the Uniform Commercial Code: goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, general intangibles (including payment intangibles and software), supporting obligations and any and all proceeds of any thereof, whether now owned or hereafter acquired, that are located on or used in connection with, or that arise in whole or in part out of the Mortgagor's use of or business conducted on or

respecting, the Property and any substitutions, replacements, accessions and proceeds of any of the foregoing; (iii) all judgments, awards of damages and settlements hereafter made as a result or in lieu of any Taking, as hereinafter defined; (iv) all of the rights and benefits of the Mortgagor under any present or future leases and agreements relating to the Property, including, without limitation, rents, issues and profits, or the use or occupancy thereof together with any extensions and renewals thereof, specifically excluding all duties or obligations of the Mortgagor of any kind arising thereunder (the "Leases"); and (v) all contracts, permits and licenses respecting the use, operation or maintenance of the Property.

1.5 Obligations. The term "Obligation(s)," as used in this Mortgage, shall mean without limitation all loans, advances, indebtedness, notes, liabilities and amounts, liquidated or unliquidated, owing by the Mortgagor to the Bank at any time, of each and every kind, nature and description, whether arising under this Mortgage or any of the Loan Documents, including without limitation pursuant to the Note. A copy of the Note is attached hereto as Exhibit B and made a part hereof.

1.6 Construction Mortgage. The Bank has made a loan to the Mortgagor pursuant to the Loan Documents and evidenced by that certain **Term Note**, dated **of even date herewith** in the maximum principal amount of **One Million Four Hundred Thousand Dollars and Zero Cents** (**$1,400,000.00)**. The Loan Documents specifically permit the making of future advances by the Bank to the Mortgagor in accordance with Section 49-3 of the Connecticut General Statutes. The loan evidenced by such Term Note shall become due and payable in full on **December 1, 2037** (the "Maturity Date"). The Mortgagor and the Bank agree it is their mutual intent that this Mortgage constitute, inter alia, a lien securing the Obligations including without limitation, to the extent any amounts are to be advanced at a later date pursuant to the terms of the Loan Documents or such Term Note, in accordance with Section 49-3 of the Connecticut General Statutes, and that the Bank and the Mortgagor shall have all of the rights, powers and protections to which the parties of an open-end construction mortgage are entitled under Connecticut law.

1.7 Cross-Collateral and Future Advances. It is the express intention of the Mortgagor that this Mortgage secure payment and performance of all of the Obligations, whether now existing or hereinafter incurred by reason of future advances by the Bank or otherwise, and regardless of whether such Obligations are or were contemplated by the parties at the time of the granting of this Mortgage. Notice of the continuing grant of this Mortgage shall not be required to be stated on the face of any document evidencing any of the Obligations, nor shall such documents be required to otherwise specify that they are secured hereby.

2. REPRESENTATIONS, WARRANTIES, COVENANTS

2.1 Representations and Warranties. The Mortgagor represents and warrants that: (a) the Mortgagor is the sole legal owner of the Property, holding good and marketable fee simple title to the Property, subject to no liens, encumbrances, leases, security interests or rights of others, other than as set forth in detail in Exhibit C hereto (the "Permitted Encumbrances"); (b) the Mortgagor is the sole legal owner of the entire lessor's interest in the Leases and the Mortgagor has not executed any other assignment of the Leases or any of the rights or rents arising thereunder; and (c) as of the date hereof, there are no Hazardous Substances (as hereinafter defined) in, on or under the Property, except as disclosed in writing to and acknowledged by the Bank.

2.2 Restrictions on the Mortgagor. The Mortgagor covenants that it will not, directly or indirectly, without the prior written approval of the Bank in each instance: (a) sell, convey, assign, transfer, mortgage, pledge, hypothecate, lease or dispose of all or any part of any legal or beneficial interest in the Mortgagor or the Property or any part thereof or permit any of the foregoing, except as expressly permitted by the terms of this Mortgage; (b) permit the use, generation, treatment, storage, release or disposition of any oil or other material or substance constituting hazardous waste or hazardous materials or substances under any applicable Federal or state law, regulation or rule ("Hazardous Substances"); or (c) permit to be created or suffer to exist any mortgage, lien, security interest, attachment or other encumbrance or charge on the Property or any part thereof or interest therein (except for the Permitted Encumbrances).

2.3 Operation of Property. The Mortgagor covenants and agrees as follows:

(a) The Mortgagor will not permit the Property to be used for any unlawful or improper purpose;

(b) The Mortgagor will at all times keep the Property insured for such losses or damage, in such amounts and by such companies as may be required by law or which the Bank may require,

provided that, in any case, the Mortgagor shall maintain: (i) physical hazard insurance on an "all risks" basis in an amount not less than 100% of the full replacement cost of the Property; (ii) flood insurance if and as required by applicable Federal law and as otherwise required by the Bank; (iii) comprehensive commercial general liability insurance; (iv) rent loss and business interruption insurance; and (v) such other insurance as the Bank may require from time to time, including builder's risk insurance in the case of construction loans. All policies regarding such insurance shall be issued by companies licensed to do business in the state where the policy is issued and also in the state where the Property is located, be otherwise acceptable to the Bank, provide deductible amounts acceptable to the Bank, name the Bank as a mortgagee, loss payee and additional insured, and provide that no cancellation or material modification of such policies shall occur without at least Thirty (30) days prior written notice to the Bank;

(c) Mortgagor will at all times keep the Property in good and first-rate repair and condition (damage from casualty not excepted) and will not commit or permit any strip, waste, impairment, deterioration or alteration of the Property or any part thereof.

2.4 Payments. The Mortgagor covenants to pay when due: all Federal, state, municipal, real property and other taxes, betterment and improvement assessments and other governmental levies, water rates, sewer charges, insurance premiums and other charges on the Property, this Mortgage or any Obligation secured hereby that could, if unpaid, result in a lien on the Property or on any interest therein. If and when requested by the Bank, the Mortgagor shall deposit from time to time with the Bank sums determined by the Bank to be sufficient to pay when due the amounts referred to in this Section. The Mortgagor shall have the right to contest any notice, lien, encumbrance, claim, tax, charge, betterment assessment or premium filed or asserted against or relating to the Property; provided that it contests the same diligently and in good faith and by proper proceedings and, at the Bank's request, provides the Bank with adequate cash security, in the Bank's reasonable judgment, against the enforcement thereof. The Mortgagor shall furnish to the Bank the receipted real estate tax bills or other evidence of payment of real estate taxes for the Property within thirty (30) days prior to the date from which interest or penalty would accrue for nonpayment thereof. The Mortgagor shall also furnish to the Bank evidence of all other payments referred to above within fifteen (15) days after written request therefor by the Bank. If Mortgagor shall fail to pay such sums, the Bank may, but shall not be obligated to, advance such sums. Any sums so advanced by the Bank shall be added to the Obligations, shall bear interest at the highest rate specified in any note evidencing the Obligations, and shall be secured by the lien of this Mortgage.

2.5 Takings. In case of any condemnation or expropriation for public use of, or any damage by reason of the action of any public or governmental entity or authority to, all or any part of the Property (a "Taking"), or the commencement of any proceedings or negotiations that might result in a Taking, the Mortgagor shall immediately give written notice to the Bank, describing the nature and extent thereof. The Bank may, at its option, appear in any proceeding for a Taking or any negotiations relating to a Taking and the Mortgagor shall immediately give to the Bank copies of all notices, pleadings, determinations and other papers relating thereto. The Mortgagor shall in good faith and with due diligence and by proper proceedings file and prosecute its claims for any award or payment on account of any Taking. The Mortgagor shall not settle any such claim without the Bank's prior written consent. The Mortgagor shall hold any amounts received with respect to such awards or claims, by settlement, judicial decree or otherwise, in trust for the Bank and immediately pay the same to the Bank. The Mortgagor authorizes any award or settlement due in connection with a Taking to be paid directly to the Bank in amounts not exceeding the Obligations. The Bank may apply such amounts to the Obligations in such order as the Bank may determine.

2.6 Insurance Proceeds. The proceeds of any insurance resulting from any loss with respect to the Property shall be paid to the Bank and, at the option of the Bank, be applied to the Obligations in such order as the Bank may determine; provided, however, that if the Bank shall require repair of the Property, the Bank may release all or any portion of such proceeds to the Mortgagor for such purpose. Any insurance proceeds paid to the Mortgagor shall be held in trust for the Bank and promptly paid to it.

3. DEFAULTS AND REMEDIES

3.1 Events of Default. "Event of Default" shall mean the occurrence of any one or more of the following events: (a) default of any liability, obligation, covenant or undertaking of the Mortgagor or any guarantor of the Obligations to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Mortgagor or any guarantor of the

Obligations under any other Loan Document or any other agreement with the Bank; (b) failure by the Mortgagor to perform, observe or comply with any of the covenants, agreements, terms or conditions set forth in this Mortgage; (c) the (i) occurrence of any material loss, theft, damage or destruction of, or (ii) issuance or making of any levy, seizure, attachment, execution or similar process on a material portion of the Property; (d) failure of the Mortgagor or any guarantor of the Obligations to maintain aggregate collateral security value satisfactory to the Bank; (e) default of any material liability, obligation or undertaking of the Mortgagor or any guarantor of the Obligations to any other party; (f) if any statement, representation or warranty heretofore, now or hereafter made by the Mortgagor or any guarantor of the Obligations in connection with this Agreement or in any supporting financial statement of the Mortgagor or any guarantor of the Obligations shall be determined by the Bank to have been false or misleading in any material respect when made; (g) if the Mortgagor or any guarantor of the Obligations is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (h) the death of the Guarantor and the failure by his estate(s) to assume the liabilities of the deceased as Guarantor(s) of the Loan (i) the institution by or against the Mortgagor or any guarantor of the Obligations of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Mortgagor or any guarantor of the Obligations is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Mortgagor or any guarantor of the Obligations of an assignment for the benefit of creditors or the granting by the Mortgagor or any guarantor of the Obligations of a trust mortgage for the benefit of creditors; (j) the service upon the Bank of a writ in which the Bank is named as trustee of the Mortgagor or any guarantor of the Obligations; (k) a judgment or judgments for the payment of money shall be rendered against the Mortgagor or any guarantor of the Obligations, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution; (l) any levy, lien (including mechanics lien), seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Mortgagor or any guarantor of the Obligations; (m) the termination or revocation of any guaranty of the Obligations; (n) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Mortgagor or any guarantor of the Obligations, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Mortgagor or any guarantor of the Obligations to the Bank has been or may be impaired; or (o) the vesting of title to the Property in any entity other than Sachem Capital Corp. or any change in control of Sachem Capital Corp..

3.2 Remedies. On the occurrence of any Event of Default the Bank may, at any time thereafter, at its option and, to the extent permitted by applicable law, without notice, exercise any or all of the following remedies:

(a) Declare the Obligations due and payable, and the Obligations shall thereupon become immediately due and payable, without presentment, protest, demand or notice of any kind, all of which are hereby expressly waived by the Mortgagor except for Obligations due and payable on demand, which shall be due and payable on demand whether or not an event of default has occurred hereunder;

(b) Enter, take possession of, manage and operate the Property (including all personal property and all records and documents pertaining thereto) and any part thereof and exclude the Mortgagor therefrom, take all actions it deems necessary or proper to preserve the Property and operate the Property as a mortgagee in possession with all the powers as could be exercised by a receiver or as otherwise provided herein or by applicable law; provided, however, the entry by the Bank upon the Property for any reason shall not cause the Bank to be a mortgagee in possession, except upon the express written declaration of the Bank;

(c) With or without taking possession, receive and collect all rents, income, issues and profits ("Rents") from the Property (including all real estate and personal property and whether past due or thereafter accruing), including as may arise under the Leases, and the Mortgagor appoints the Bank as its true and lawful attorney with the power for the Bank in its own name and capacity to demand and collect Rents and take any action that the Mortgagor is authorized to take under the Leases. The Bank shall (after payment of all costs and expenses incurred) apply any Rents received by it to the Obligations in such order as the Bank determines, or in accordance with any applicable statute, and the Mortgagor agrees that exercise of such rights

and disposition of such funds shall not be deemed to cure any default or constitute a waiver of any foreclosure once commenced nor preclude the later commencement of foreclosure for breach thereof. The Bank shall be liable to account only for such Rents actually received by the Bank. Lessees under the Leases are hereby authorized and directed, following notice from the Bank, to pay all amounts due the Mortgagor under the Leases to the Bank, whereupon such lessees shall be relieved of any and all duty and obligation to the Mortgagor with respect to such payments so made;

(d) In addition to any other remedies, to sell the Property or any part thereof or interest therein pursuant to exercise of its power of sale or otherwise at public auction on terms and conditions as the Bank may determine, or otherwise foreclose this Mortgage in any manner permitted by law, and upon such sale the Mortgagor shall execute and deliver such instruments as the Bank may request in order to convey and transfer all of the Mortgagor's interest in the Property, and the same shall operate to divest all rights, title and interest of the Mortgagor in and to the Property. In the event this Mortgage shall include more than one parcel of property or subdivision (each hereinafter called a "portion"), the Bank shall, in its sole and exclusive discretion and to the extent permitted by applicable law, be empowered to foreclose upon any such portion without impairing its right to foreclose subsequently upon any other portion or the entirety of the Property from time to time thereafter. In addition, the Bank may in its sole and exclusive discretion subordinate this Mortgage to one or more Leases for the sole purpose of preserving any such Lease in the event of a foreclosure;

(e) Cause one or more environmental assessments to be taken, arrange for the cleanup of any Hazardous Substances or otherwise cure the Mortgagor's failure to comply with any statute, regulation or ordinance relating to the presence or cleanup of Hazardous Substances, and the Mortgagor shall provide the Bank or its agents with access to the Property for such purposes; provided that the exercise of any of such remedies shall not be deemed to have relieved the Mortgagor from any responsibility therefor or given the Bank "control" over the Property or cause the Bank to be considered to be a mortgagee in possession, "owner" or "operator" of the Property for purposes of any applicable law, rule or regulation pertaining to Hazardous Substances; and

(f) Take such other actions or proceedings as the Bank deems necessary or advisable to protect its interest in the Property and ensure payment and performance of the Obligations, including, without limitation, appointment of a receiver (and the Mortgagor hereby waives any right to object to such appointment) and exercise of any of the Bank's remedies provided herein or in any other document evidencing, securing or relating to any of the Obligations or available to a secured party under the Uniform Commercial Code or under other applicable law.

In addition, the Bank shall have all other remedies provided by applicable law, including, without limitation, the right to pursue a judicial sale of the Property or any portion thereof by deed, assignment or otherwise.

The Mortgagor agrees and acknowledges that the acceptance by the Bank of any payments from either the Mortgagor or any guarantor after the occurrence of any Event of Default, the exercise by the Bank of any remedy set forth herein or the commencement, discontinuance or abandonment of foreclosure proceedings against the Property shall not waive the Bank subsequent or concurrent right to foreclose or operate as a bar or estoppel to the exercise of any other rights or remedies of the Bank. The Mortgagor agrees and acknowledges that the Bank, by making payments or incurring costs described herein, shall be subrogated to any right of the Mortgagor to seek reimbursement from any third parties, including, without limitation, any predecessor in interest to the Mortgagor's title or other party who may be responsible under any law, regulation or ordinance relating to the presence or cleanup of Hazardous Substances.

3.3 Advances. If the Mortgagor fails to pay or perform any of its obligations respecting the Property, the Bank may in its sole discretion do so without waiving or releasing Mortgagor from any such obligation. Any such payments may include, but are not limited to, payments for taxes, assessments and other governmental levies, water rates, insurance premiums, maintenance, repairs or improvements constituting part of the Property. Any amounts paid by the Bank hereunder shall be, until reimbursed by the Mortgagor, part of the Obligations and secured by this Mortgage, and shall be due and payable to the Bank, on demand, together with interest thereon to the extent permitted by applicable law, at the highest rate permitted under any of the notes evidencing the Obligations.

3.4 Cumulative Rights and Remedies. All of the foregoing rights, remedies and options (including without limitation the right to enter and take possession of the Property, the right to manage and operate the same, and the right to collect Rents, in each case whether by a receiver or otherwise) are cumulative and in addition to any rights the Bank might otherwise have, whether at law or by agreement, and may be exercised separately or concurrently and none of which shall be exclusive of any other. The Mortgagor further agrees that the Bank may exercise any or all of its rights or remedies set forth herein without having to pay the Mortgagor any sums for use or occupancy of the Property.

3.5 Mortgagor's Waiver of Certain Rights. To the extent permitted by applicable law, the Mortgagor hereby waives the benefit of all present and future laws (i) providing for any appraisal before sale of all or any portion of the Property or (ii) in any way extending the time for the enforcement of the collection of the Obligations or creating or extending a period of redemption from any sale made hereunder.

4. MISCELLANEOUS

4.1 Costs and Expenses. To the extent permitted by applicable law, the Mortgagor shall pay to the Bank, on demand, all reasonable expenses (including attorneys' fees and expenses and reasonable consulting, accounting, appraisal, brokerage and similar professional fees and charges) incurred by the Bank in connection with the Bank's interpretation, recordation of this Mortgage, exercise, preservation or enforcement of any of its rights, remedies and options set forth in this Mortgage and in connection with any litigation, proceeding or dispute whether arising hereunder or otherwise relating to the Obligations, together with interest thereon to the extent permitted by applicable law, until paid in full by the Mortgagor at the highest rate set forth in any of the notes evidencing the Obligations. Any amounts owed by the Mortgagor hereunder shall be, until paid, part of the Obligations and secured by this Mortgage, and the Bank shall be entitled, to the extent permitted by law, to receive and retain such amounts in any action for a deficiency against or redemption by the Mortgagor, or any accounting for the proceeds of a foreclosure sale or of insurance proceeds.

4.2 Waivers. The Mortgagor waives notice of nonpayment, demand, presentment, protest or notice of protest of the Obligations and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof. No delay or omission of the Bank in exercising or enforcing any of its rights, powers, privileges, remedies, immunities or discretion (all of which are hereinafter collectively referred to as "the Bank's rights and remedies") hereunder shall constitute a waiver thereof; and no waiver by the Bank of any default of the Mortgagor hereunder or of any demand shall operate as a waiver of any other default hereunder or of any other demand. No term or provision hereof shall be waived, altered or modified except with the prior written consent of the Bank, which consent makes explicit reference to this Mortgage. Except as provided in the preceding sentence, no other agreement or transaction, of whatsoever nature, entered into between the Bank and the Mortgagor at any time (whether before, during or after the effective date or term of this Mortgage) shall be construed as a waiver, modification or limitation of any of the Bank's rights and remedies under this Mortgage (nor shall anything in this Mortgage be construed as a waiver, modification or limitation of any of the Bank's rights and remedies under any such other agreement or transaction) but all the Bank's rights and remedies not only under the provisions of this Mortgage but also under any such other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine.

4.3 Waiver of Homestead. To the maximum extent permitted under applicable law, the Mortgagor hereby waives and terminates any homestead rights and/or exemptions respecting the Property under the provisions of any applicable homestead laws, including without limitation, Section 52-352b of the Connecticut General Statutes Annotated.

4.4 Joint and Several. If there is more than one Mortgagor, each of them shall be jointly and severally liable for payment and/or performance of all obligations secured by this Mortgage and the term "Mortgagor" shall include each as well as all of them.

4.5 Severability. If any provision of this Mortgage or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Mortgage (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

4.6 Complete Agreement. This Mortgage and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof,

and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

4.7 Binding Effect of Agreement. This Mortgage shall run with the land and be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Bank shall be entitled to rely thereon) until all Obligations are fully and indefeasibly paid. The Bank may transfer and assign this Mortgage and deliver any collateral to the assignee, who shall thereupon have all of the rights of the Bank; and the Bank shall then be relieved and discharged of any responsibility or liability with respect to this Mortgage and such collateral. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Mortgage or the other Loan Documents.

4.8 Notices. Any notices under or pursuant to this Mortgage shall be deemed duly received and effective if delivered in hand to any officer or agent of the Mortgagor or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Mortgagor or Bank at the address set forth in this Mortgage or as any party may from time to time designate by written notice to the other party.

4.9 Governing Law. This Mortgage shall be governed by the laws of the State of Connecticut.

4.10 **JURY WAIVER. THE MORTGAGOR AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS MORTGAGE, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. THE MORTGAGOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.PREJUDGMENT REMEDY WAIVER. MORTGAGOR HEREBY REPRESENTS, COVENANTS AND AGREES THAT THE PROCEEDS OF THE LOANS SECURED BY THIS MORTGAGE SHALL BE USED FOR GENERAL COMMERCIAL PURPOSES AND THAT ANY SUCH LOAN IS A COMMERCIAL TRANSACTION AS DEFINED BY THE STATUTES OF THE STATE OF CONNECTICUT. MORTGAGOR HEREBY WAIVES ALL RIGHTS TO NOTICE AND PRIOR COURT HEARING OR COURT ORDER UNDER CONNECTICUT GENERAL STATUTES ANNOTATED, SECTION 52-278A ET. SEQ., AS AMENDED, OR UNDER ANY OTHER STATE OR FEDERAL LAW WITH RESPECT TO ANY AND ALL PREJUDGMENT REMEDIES THE BANK MAY EMPLOY TO ENFORCE ITS RIGHTS AND REMEDIES HEREUNDER. MORE SPECIFICALLY, MORTGAGOR ACKNOWLEDGES THAT THE BANK'S ATTORNEY MAY, PURSUANT TO CONNECTICUT GENERAL STATUTES ANNOTATED, SECTION 52-278F, ISSUE A WRIT FOR PREJUDGMENT REMEDY WITHOUT SECURING A COURT ORDER. MORTGAGOR ACKNOWLEDGES AND RESERVES ITS RIGHT TO NOTICE AND A HEARING SUBSEQUENT TO THE ISSUANCE OF A WRIT FOR PREJUDGMENT REMEDY BY THE BANK'S ATTORNEY, AND THE BANK ACKNOWLEDGES MORTGAGOR'S RIGHT TO SAID HEARING SUBSEQUENT TO THE ISSUANCE OF SAID WRIT. MORTGAGOR FURTHER HEREBY WAIVES ANY REQUIREMENT OR OBLIGATION OF THE BANK TO POST A BOND OR OTHER SECURITY IN CONNECTION WITH ANY PREJUDGMENT REMEDY OBTAINED BY THE BANK AND WAIVES ANY OBJECTIONS TO ANY PREJUDGMENT REMEDY OBTAINED BY THE BANK BASED ON ANY OFFSETS, CLAIMS, DEFENSES OR COUNTERCLAIMS OF MORTGAGOR OR ANY OTHER OBLIGATED PARTY TO ANY ACTION BROUGHT BY THE BANK. MORTGAGOR ACKNOWLEDGES AND AGREES THAT ALL OF THE WAIVERS CONTAINED IN THIS SECTION HAVE BEEN MADE KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND INTELLIGENTLY, AND WITH THE ADVICE OF ITS COUNSEL**.

Executed as an instrument under seal as of **November 12, 2021**.

Witness:

/s/Peter Giannotti
Peter Giannotti

/s/Sherri Laudano
Sherri Laudano

Borrower:

Sachem Capital Corp.,

By: /s/John L. Villano
John L. Villano, Chairman, Chief Executive Officer, Chief Financial Officer and Secretary

STATE OF CONNECTICUT)
) SS. EAST HAVEN NOVEMBER 12, 2021
COUNTY OF NEW HAVEN)

On this the 12th day of November, 2021, before me, the undersigned officer, personally appeared John L. Villano, who acknowledged himself to be the Chairman, Chief Executive Officer, Chief Financial Officer and Secretary of Sachem Capital Corp., a Connecticut corporation, and that he as such Chairman, Chief Executive Officer, Chief Financial Officer and Secretary, being authorized so to do executed the foregoing instrument for the purposes therein contained, by signing the name of the Corporation by himself as such.

In witness whereof I hereunto set my hand.

/s/Peter Giannotti

Peter Giannotti
Commissioner of the Superior Court

EXHIBIT “A”

Property Description
568 East Main Street
Branford. CT

A certain parcel of land situated in the Town of Branford, County of New Haven, and State of Connecticut, known as Parcel A on property known as 560 and 568 East Main Street, being more particularly bounded and described as follows:

Beginning at a Connecticut Highway Department monument on the Northerly streetline of East Main Street (CT Route 1) at the division line of land now or formerly of Nelson B. Cooke and land hereinafter described being the Southeasterly corner of said parcel;

Thence running South 71° - 16’ - 00” West 114.75 feet, to a point, thence turning and running along a counter-clockwise curve having a radius of 1109.45 feet and an arc length of 100.25 feet, all along the Northerly streetline of East Main Street (CT Route 1) to a point;

Thence running the following three (3) courses and distances along proposed Parcel “B” to a point;

North 36° - 56’ - 28” West 121.81 feet, to a point,

North 63° - 58’ - 47” East 74.49 feet, to a point,

North 27° - 02’ - 58” West 183.33 feet, to a point,

Thence running North 68° - 03’ - 00” East 246.67 feet along land now or formerly of Ralph C. Delucia, to a point;

Thence running South 11° - 16’ - 40” East 315.34 feet along land now or formerly of Nelson B. Cooke, to the point of beginning.

The hereinbefore described parcel of land is more particularly bounded and described on a map entitled: Existing Conditions - Property Located at #560 & #568 East Main Street, Branford, Connecticut - Proposed Property Line - Parcels A & B; prepared for Jonathan Smith; Scale: 1” = 30’; Dated: December 14, 2010; Revised February 21, 2011; and prepared by Criscuolo Engineering LLC, which map is on file in the Branford Town Clerk’s Office as Map #3589.

Together with the right, privilege and authority to perpetually maintain a permanent easement and right of w&y for a sanitary sewer line and a surface water drainage line, including the right to lay, maintain, repair and replace the· same in and through a strip of land bounded and described as follows:

SOUTHERLY	by a portion of Parcel "B" 341.29 feet;
WESTERLY	by School Grounds Road, 30.11 feet;
NORTHERLY	by land now or formerly of Ralph C. DeLucia, 119.40 feet and by a portion of Parcel "B" 211.39 feet, each in part, 330.79 feet in all.
EASTERLY	by Parcel . "A", 31.02 feet.

TOGETHER WITH the terms of a Mutual Easement Agreement by and between Sachem Capital Corp and Estate of Johnathan Smith dated and recorded June 21, 2021 in Volume 1318 at Page 903 of the Branford Land Records.

Property Description
698 Main Street
Branford. CT

All that certain piece or parcel of land, with the buildings and improvements thereon, situated in the Town of Branford, County of New Haven and State of Connecticut, known as #698 Main Street, as shown on a map entitled "Property Located at #698 Main Street, Branford, Connecticut, Prepared for Sachem Capital Partners, LLC, Proposed Site Plan" dated 3/17/2017, revised 4/25/2017 and 6/8/2017, on file in the Branford Town Clerk's Office as Map No. 3886.

EXHIBIT "B"

TERM NOTE

November 17, 2021

$1,400,000.00 East Haven, Connecticut

For value received, the undersigned **Sachem Capital Corp., a New York corporation**, with an office at 698 Main Street, Branford, Connecticut 06405 (the "Borrower"), promises to pay to the order of **New Haven Bank**, with an address of 299 Whalley Avenue, New Haven, Connecticut 06511 (together with its successors and assigns, the "Bank"), the maximum principal amount of **One Million Four Hundred Thousand Dollars and Zero Cents** (**$1,400,000.00**) on or before **December 1, 2036** (the "Maturity Date"), as set forth below, together with interest from the date hereof on the unpaid principal balance from time to time outstanding until paid in full.

The proceeds of this Note constitute a construction to permanent loan. The sum of **Seven Hundred Fifty Thousand and 00/100 Dollars ($750,000.00)** has been advanced on the date hereof. Further advances of the principal balance of the loan will commence at the Bank's discretion as of the date hereof and will continue for a period of approximately Twelve (12) months (the "Draw Period"), to end on or before November 17, 2022. The aggregate Loan Proceeds shall be limited to the lesser of: (a) **One Million Four Hundred Thousand Dollars and Zero Cents** (**$1,400,000.00**) or (b) 60% of the as-built value of the property at 568 Main Street, Branford, CT, as determined by an independent third-party appraiser of the bank's choosing. Disbursement of the loan proceeds shall be made pursuant to the terms and conditions of the Loan Agreement between the Bank and the Borrower entered into contemporaneously herewith. Repayment of the Loan shall commence on or before January 1, 2023 (the "Amortization Date") and shall continue for a period of fifteen (15) years, ending on the Maturity Date. The period between the Amortization Date and the Maturity Date is referred to herein as the "Repayment Period".

The loan balance shall initially bear interest thereon at a per annum rate equal to **Three and Three Quarters Percent (3.75**%) (the "Draw Period Rate"). Commencing on January 1, 2022 and on the first day of each consecutive month during the Draw Period, the Borrower shall pay interest-only payments on that portion of the Loan Balance which has been advanced at the Draw Period Rate.

The interest rate during the first five years of the Repayment Period (the "Repayment Period Rate") shall be Three and Three Quarters Percent (3.75%). Commencing on the Amortization Date and on the 1st day of each month thereafter until the first Change Date as hereinafter defined, the Borrower shall pay consecutive monthly installments of principal and interest sufficient to fully amortize the Loan Balance on a 20-year amortization schedule at the Repayment Period Rate.

The Repayment Period Rate shall change on **December 1, 2026,** and **December 1, 2031** (each a "Change Date") to a fixed rate equal to Two and Six Tenths Percent (2.60%) above the FHLBB 5 year Classic Advance Rate rounded up to the nearest 1/8% of one percent on each Change Date. On each Change Date each monthly installment due and payable shall be recalculated to reflect the adjusted interest rate, the outstanding principal balance at such time and the remaining term on a 20-year amortization schedule (although term of the Repayment Period is fifteen (15) years) commencing on the Amortization Date of this Note in accordance with the Bank's calculation in the Bank's sole discretion. The remaining loan balance shall be payable in full on the Maturity Date.

Notwithstanding anything to the contrary in this Note, the interest rate on this Note is limited by a floor as follows: the minimum interest rate (i.e. floor) is **Three and Three Quarters Percent (3.75**%) per annum.

FHLBB 5 year Classic Advance Rate means the Classic Advance Rate for Fixed Rate Advances for the Applicable FHLB Rate Period (as hereinafter defined), as published by the Federal Home Loan Bank of Boston, or, in the event the FHLB Rate is no longer available, the base, reference or other rate then designated by the Bank, in its sole discretion, for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto. The Applicable FHLB Rate Period is 5 Years.

This Note is secured by all collateral granted to the Bank by the Borrower or any endorser or guarantor hereof or by any other party and shall be secured by any additional collateral hereafter granted to the Bank by the Borrower or any endorser or guarantor hereof or by any other party.

Principal and interest shall be payable at the Bank's main office or at such other place as the Bank may designate in writing in immediately available funds in lawful money of the United States of America without set-off, deduction or counterclaim. Interest shall be calculated on the basis of actual number of days elapsed and a 360-day year.

This Note may be prepaid in whole or in part without any prepayment charge.

At the option of the Bank, this Note shall become immediately due and payable without notice or demand upon the occurrence at any time of any of the following events of default (each, an "Event of Default"): (1) default of any liability, obligation, covenant or undertaking of the Borrower, any endorser or any guarantor hereof to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Borrower, any endorser or any guarantor hereof under any other loan document delivered by the Borrower, any endorser or any guarantor, or in connection with the loan evidenced by this Note or any other agreement by the Borrower, any endorser or any guarantor with the Bank; (2) failure of the Borrower, any endorser or any guarantor hereof to maintain aggregate collateral security value satisfactory to the Bank; (3) default of any material liability, obligation or undertaking of the Borrower, any endorser or any guarantor hereof to any other party; (4) if any statement, representation or warranty heretofore, now or hereafter made by the Borrower, any endorser or any guarantor hereof in connection with the loan evidenced by this Note or in any supporting financial statement of the Borrower, any endorser or any guarantor hereof shall be determined by the Bank to have been false or misleading in any material respect when made; (5) if the Borrower, any endorser or any guarantor hereof is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (6) the institution by or against the Borrower, any endorser or any guarantor hereof of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Borrower, any endorser or any guarantor hereof is alleged to be insolvent or unable to pay its debts as they mature, which proceedings are not stayed, dismissed or discharged within Ninety days after filing or the making by the Borrower, any endorser or any guarantor hereof of an assignment for the benefit of creditors or the granting by the Borrower, any endorser or any guarantor hereof of a trust mortgage to secure an antecedent debt for the benefit of creditors; (7) the service upon the Bank of a writ in which the Bank is named as trustee of the Borrower, any endorser or any guarantor hereof; (8) a judgment or judgments for the payment of money shall be rendered against the Borrower, any endorser or any guarantor hereof, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution; (9) any levy, lien (including mechanics lien) except as permitted under any of the other loan documents between the Bank and the Borrower, seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Borrower, any endorser or any guarantor hereof; (10) the termination or revocation by any guarantor of any guaranty hereof or (11) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Borrower, any endorser or any guarantor hereof, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Borrower, any endorser or any guarantor hereof to the Bank has been or may be impaired; or (12) the vesting of title to properties located at 568 East Main Street or 698 East Main Street in Branford, Connecticut 06405 in any entity other than the Borrower or any change in control of the Borrower.

Any payments received by the Bank on account of this Note shall, at the Bank's option, be applied first, to any costs, expenses or charges then owed to the Bank by the Borrower; second, to accrued and unpaid interest; third, to the unpaid principal balance hereof; and the balance to escrows, if any. Notwithstanding the foregoing, any payments received after the occurrence and during the continuance of an Event of Default shall be applied in such manner as the Bank may determine. The Borrower hereby authorizes the Bank to charge any deposit account which the Borrower may maintain with the Bank for any payment required hereunder without prior notice to the Borrower.

If pursuant to the terms of this Note, the Borrower is at any time obligated to pay interest on the principal balance at a rate in excess of the maximum interest rate permitted by applicable law for the loan evidenced by this Note, the applicable interest rate shall be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder.

The Borrower represents to the Bank that the proceeds of this Note will not be used for personal, family or household purposes or for the purpose of purchasing or carrying margin stock or margin securities within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

The Borrower and each endorser and guarantor hereof grant to the Bank a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due from the Bank to the Borrower and/or each endorser or guarantor hereof and any cash, securities, instruments or other property of the Borrower and each endorser and guarantor hereof in the possession of the Bank, whether for safekeeping or otherwise, or in transit to or from the Bank (regardless of the reason the Bank had received the same or whether the Bank has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower and/or any endorser or guarantor hereof to the Bank and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower or any endorser or guarantor hereof to the Bank at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank.

No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right of the Bank, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Borrower and every endorser or guarantor of this Note, regardless of the time, order or place of signing, waive presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of every kind in connection with the delivery, acceptance, performance or enforcement of this Note and assent to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable and waives all recourse to suretyship and guarantor defenses generally, including any defense based on impairment of collateral.

The Borrower acknowledges that the state or condition of its operations is of material importance to the Lender throughout the term of the loan. Accordingly, Borrower agrees to provide the Lender with updated financial information as set forth in the Lender's commitment letter dated October 20, 2021. Borrower acknowledges and agrees that failure to provide said financial information shall constitute an Event of Default, and the Lender may, without further notice to Borrower, impose a penalty interest rate on the unpaid principal balance of the loan equal to the Rate in effect at the time of such default, plus Three percent (3.0%) per annum. If imposed, this rate shall remain in effect until such time as Borrower has satisfied completely its obligations to provide the Lender with updated financial information.

The Borrower and each endorser and guarantor of this Note agree to pay, upon demand, costs of collection of all amounts under this Note including, without limitation, principal and interest, or in connection with the enforcement of, or realization on, any security for this Note, including, without limitation, to the extent permitted by applicable law, reasonable attorneys' fees and expenses. Upon the occurrence and during the continuance of an Event of Default, interest shall accrue at a rate per annum equal to the

aggregate of 5.0% plus the rate provided for herein. If any payment due under this Note is unpaid for 10 days or more, the Borrower shall pay, in addition to any other sums due under this Note (and without limiting the Bank's other remedies on account thereof), a late charge equal to 5.0% of such unpaid amount.

This Note shall be binding upon the Borrower and each endorser and guarantor hereof and upon their respective heirs, successors, assigns and legal representatives, and shall inure to the benefit of the Bank and its successors, endorsees and assigns.

This Note shall be governed by the laws of the State of Connecticut.

Any notices under or pursuant to this Note shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Bank at the address set forth in this Note or as any party may from time to time designate by written notice to the other party.

THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS NOTE, ANY OF THE OBLIGATIONS OF THE BORROWER, EACH ENDORSER AND GUARANTOR TO THE BANK, AND ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREES NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

THE BORROWER AND EACH ENDORSER AND GUARANTOR EACH HEREBY REPRESENTS, COVENANTS AND AGREES THAT THE PROCEEDS OF THE LOAN(S) EVIDENCED BY THIS NOTE SHALL BE USED FOR GENERAL COMMERCIAL PURPOSES AND THAT EACH SUCH LOAN IS A COMMERCIAL TRANSACTION AND DEFINED BY THE STATUTES OF THE STATE OF CONNECTICUT. THE BORROWER AND EACH ENDORSER AND GUARANTOR HEREBY EACH WAIVES ALL RIGHTS TO NOTICE AND PRIOR COURT HEARING OR COURT ORDER UNDER CONNECTICUT GENERAL STATUTES, SECTION 52-278A ET. SEQ., AS AMENDED, OR UNDER ANY OTHER STATE OR FEDERAL LAW WITH RESPECT TO ANY AND ALL PREJUDGMENT REMEDIES THE BANK MAY EMPLOY TO ENFORCE ITS RIGHTS AND REMEDIES HEREUNDER. MORE SPECIFICALLY, THE BORROWER AND EACH ENDORSER AND GUARANTOR EACH ACKNOWLEDGES THAT THE BANK'S ATTORNEY MAY, PURSUANT TO CONNECTICUT GENERAL STATUTES, SECTION 52-278F, ISSUE A WRIT FOR PREJUDGMENT REMEDY WITHOUT SECURING A COURT ORDER. THE BORROWER AND EACH ENDORSER AND GUARANTOR EACH ACKNOWLEDGES AND RESERVES ITS RIGHT TO NOTICE AND A HEARING SUBSEQUENT TO THE ISSUANCE OF A WRIT FOR PREJUDGMENT REMEDY BY THE BANK'S ATTORNEY, AND THE BANK ACKNOWLEDGES THE BORROWER'S AND EACH ENDORSER'S AND GUARANTOR'S RIGHT TO SAID HEARING SUBSEQUENT TO THE ISSUANCE OF SAID WRIT. THE BORROWER AND EACH ENDORSER AND GUARANTOR EACH FURTHER HEREBY WAIVES ANY REQUIREMENT OR OBLIGATION OF THE BANK TO POST A BOND OR OTHER SECURITY IN CONNECTION WITH ANY PREJUDGMENT REMEDY OBTAINED BY THE BANK AND WAIVE ANY OBJECTIONS TO ANY PREJUDGMENT REMEDY OBTAINED BY THE BANK BASED ON ANY OFFSETS, CLAIMS,

DEFENSES OR COUNTERCLAIMS OF THE BORROWER AND EACH ENDORSER AND GUARANTOR OR ANY OTHER OBLIGATED PARTY TO ANY ACTION BROUGHT BY THE BANK. THE BORROWER AND EACH ENDORSER AND GUARANTOR EACH ACKNOWLEDGES AND AGREES THAT ALL OF THE WAIVERS CONTAINED IN THIS SECTION HAVE BEEN MADE KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND INTELLIGENTLY, AND WITH THE ADVICE OF ITS COUNSEL.

Executed as an instrument under seal as of November 12, 2021

Witness: **Borrower:**

Sachem Capital Corp.
A Connecticut Corporation

/s/Peter Giannotti
Peter Giannotti

By:/s/John L. Villano
John L. Villano, Chairman, Chief Executive Officer, Chief Financial Officer and Secretary

This Note is secured by a First Mortgage on the real property located at 568 East Main Street and 698 East Main Street in Branford, Connecticut 06405, as well as a Financing Statement securing all fixtures located on the property.

EXHIBIT "C"

Permitted Encumbrances

NONE

Exhibit 99.3

LOAN AGREEMENT

This LOAN AGREEMENT (this "Agreement") is entered into at East Haven, Connecticut, as of **November 17, 2021**, between **Sachem Capital Corp., a New York corporation**, with an office at 698 Main Street, Branford, Connecticut 06450 (the "Borrower") and **New Haven Bank**, with an address of 299 Whalley Avenue, New Haven, Connecticut 06511 (the "Bank").

FOR VALUE RECEIVED, and in consideration of the granting by the Bank of financial accommodations to or for the benefit of the Borrower, including without limitation respecting the Obligations (as hereinafter defined), the Borrower represents to and agrees with the Bank, as of the date hereof and as of the date of each loan, credit and/or other financial accommodation, as follows:

1. THE LOAN

1.1 Loan(s). Bank agrees, from time to time, in its sole discretion, to make loans (collectively, the "Loans") to or for the account of Borrower, upon Borrower's request therefor, in such amounts as shall be mutually agreed upon, subject to the terms and conditions set forth herein. Loans shall be evidenced by one or more notes issued by the Borrower in favor of the Bank (collectively, and each a "Note"). This Agreement, each Note and any and all other documents, amendments or renewals executed and delivered in connection with any of the foregoing are collectively hereinafter referred to as the "Loan Documents".

1.2 Definitions. The following definitions shall apply:

(a) "Code" shall mean the Connecticut Uniform Commercial Code, Title 42a C.G.S.A. as amended from time to time.

(b) "Obligation(s)" shall mean, without limitation, all loans, advances, indebtedness, notes, liabilities and amounts, liquidated or unliquidated, owing by the Borrower to the Bank at any time, of each and every kind, nature and description, whether arising under this Agreement or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by the Borrower to the Bank; or are due indirectly by the Borrower to the Bank as endorser, guarantor or other surety, or as borrower of obligations due third persons which have been endorsed or assigned to the Bank, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment when due of all amounts outstanding respecting any of the Loan Documents. Said term shall also include all interest and other charges chargeable to the Borrower or due from the Borrower to the Bank from time to time and all costs and expenses referred to in this Agreement.

(c) "Person" or "party" shall mean individuals, partnerships, corporations, limited liability companies and all other entities.

All words and terms used in this Agreement other than those specifically defined herein shall have the meanings accorded to them in the Code.

1.3 Disbursement of Loan Proceeds: Bank agrees to disburse the sum of $750,000.00 from the Loan proceeds at closing. The Bank's obligation hereunder to make any subsequent advances of the remaining Loan proceeds are conditioned upon the satisfaction of each of the following conditions:

a. Borrower shall have delivered to the Bank a complete set of plans and specifications for work to be done on the Property located at 568 East Main Street (the "Property"), together with a detailed budget for same and a copy of the contract with Borrower's general contractor, and shall have received the Bank's written approval of all of said documents prior to the commencement of any work on the Property;

b. Borrower shall have delivered to Bank evidence of all required building permits, zoning approvals and any other required state or municipal approvals;

c. Borrower shall have delivered to the Bank current insurance certificates as required by the mortgage and herein, together with evidence of Builder's Risk insurance and liability insurance for its general contractor with coverage limits and deductibles satisfactory to the Bank;

d. Borrower shall have delivered or caused to be delivered to Bank an endorsement to the Title Policy continuing the effective date of the policy through the date of the advance and insuring that there has been no change in the status of the title to the Mortgaged Premises. In the event the policy contains a "pending disbursement" clause, the endorsement shall also increase the amount of the policy by the Loan advance being made in connection therewith;

e. Borrower shall have delivered to Bank a Certificate of Occupancy for the Property together with a request for disbursement of the remaining Loan Proceeds;

f. Bank shall have received a satisfactory inspection report from the Bank's Inspector. Borrower shall pay an inspection fee in the amount customarily assessed by Bank for each inspection made by Bank's Inspector in connection with each Loan advance, said fee to be paid prior to and as a condition of such Loan advance;

i. The sum total of all advances of the Loan Proceeds will not exceed 60% of the "as complete" value of the Property as established by an "as complete" appraisal acceptable to the Bank;"

j. Bank shall have received such certificates, affidavits, surveys, releases or agreements required by Bank or its counsel; and

k. No event which is or, with the passage of time or giving of notice or both, could become an Event of Default (as hereinafter defined) shall have occurred and be continuing;

2. REPRESENTATIONS AND WARRANTIES

2.1 Organization and Qualification. Borrower is a duly organized and validly existing corporation under the laws of the State of New York and authorized to do business in the State of Connecticut as a foreign corporation, with the exact legal name set forth in the first paragraph of this Agreement. Borrower is in good standing under the laws of said States, has the power to own its property and conduct its business as now conducted and as currently proposed to be conducted, and is duly qualified to do business under the laws of each state where the nature of the business done or property owned requires such qualification.

2.2 Related Parties. Borrower has no interest in any entities other than those listed on Schedule 2.2, if any, and the Borrower has never consolidated, merged or acquired substantially all of the assets of any other entity or person other than those listed on Schedule 2.2, if any.

2.3 Company Records. Borrower's Articles of Organization, Operating Agreement or other charter document and all amendments thereto have been duly filed and are in proper order. All members, shareholders and/or trustees of the Borrower are properly reflected on all books and records of the Borrower, including but not limited to its minute books, bylaws and books of account, all of which are accurate and up to date and will be so maintained.

2.4 Title to Properties; Absence of Liens. Borrower has good and clear record and marketable title to all of its properties and assets, and all of its properties and assets are free and clear of all mortgages, liens, pledges, charges, encumbrances and setoffs, except (a) the mortgages, deeds of trust and security interests as set forth on Schedule 2.4, if any, and (b) the leases of personal property as set forth on Schedule 2.4, if any.

2.5 Places of Business. Borrower's chief executive office is correctly stated in the preamble to this Agreement, and Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each of its other places of business, and shall not change the location of such chief

executive office or open or close, move or change any existing or new place of business without giving the Bank at least thirty (30) days prior written notice thereof.

2.6 Valid Obligations. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action and each represents a legal, valid and binding obligation of Borrower and is fully enforceable according to its terms, except as limited by equity or laws relating to the enforcement of creditors' rights.

2.7 Financial Statements. The Borrower has furnished to the Bank its Federal Tax Returns for the calendar year ending **December 31, 2020**. This document fairly presents the condition of the Borrower at the date thereof and the results of the operations of the Borrower for the period indicated, all in conformity with generally accepted accounting principles, consistently applied.

2.8 Changes. Since the date of the Financial Statements, there have been no changes in the assets, liabilities, financial condition or business of the Borrower, other than changes in the ordinary course of business, the effect of which have, in the aggregate, been materially adverse.

3. AFFIRMATIVE COVENANTS

3.1 Financial Statements. Borrower and Guarantors will furnish to Bank:

(a) Borrower's and Guarantors' CPA prepared and filed Federal tax returns, including all schedules thereto, for the prior year by April 15th or within 30 days after the date that Borrower's tax returns are required to be filed each such year or by such other date approved by the Bank;

(b) from time to time, such financial data and information about Borrower as Bank may reasonably request, including but not limited to copies of leases, certified rent rolls, and property operating statements; and

(c) any financial data and information about any guarantors of the Obligations as Bank may reasonably request.

3.2 Overdue Financial Reporting. Notwithstanding anything to the contrary in any of the Loan Documents, in the event the Borrower fails to deliver when due any financial reports required to be delivered under this Agreement, the Borrower shall pay to the Bank, in addition to all amounts otherwise due under the Loan Documents, a financial reporting late fee equal to $500.00 until such time Borrower has delivered all such delinquent reports. Notwithstanding the payment of any late fees under this paragraph, the failure to deliver when due any financial reports required to be delivered under this Agreement shall constitute an Event of Default under this Agreement.

3.3 Operating and Deposit Accounts. The Borrower shall maintain with the Bank its primary operating and deposit accounts for the term of the loan. All loan payments and fees will automatically be debited from the Borrower's primary operating account.

3.4 Insurance. Borrower will maintain in force property and casualty insurance on any property of the Borrower, if any, against risks customarily insured against by companies engaged in businesses similar to that of the Borrower containing such terms and written by such companies as may be satisfactory to the Bank, such insurance to be payable to the Bank as its interest may appear in the event of loss and to name the Bank as insured pursuant to a standard loss payee clause; no loss shall be adjusted thereunder without the Bank's approval; and all such policies shall provide that they may not be canceled without first giving at least Thirty (30) days written notice of cancellation to the Bank. In the event that the Borrower fails to provide evidence of such insurance, the Bank may, at its option, secure such insurance and charge the cost thereof to the Borrower. At the option of the Bank, all insurance proceeds received from any loss or damage to any property shall be applied either to the replacement or repair thereof or as a payment on account of the Obligations.

4. NEGATIVE COVENANTS

4.1 Limitations on Indebtedness. Borrower shall not issue any evidence of indebtedness or create, assume, guarantee, become contingently liable for, or suffer to exist indebtedness in addition to indebtedness to the Bank, except indebtedness or liabilities of Borrower, other than for money borrowed, incurred or arising in the ordinary course of business. All debts of the Borrower to related parties, existing or future, will be subordinated to Bank debt.

4.2 Sale of Interest. There shall not be any sale or transfer of ownership of any interest in the Borrower without the Bank's prior written consent. No changes in ownership or control of the Borrower will be allowed without prior Bank approval, with the exception of transfers made solely for the purpose of estate planning

provided that such transfer shall be disclosed to the Bank within thirty (30) days after the effective date thereof.

4.3 Loans or Advances. Borrower shall not make any loans or advances to any individual, partnership, corporation, limited liability company, trust, or other organization or person, including without limitation its officers and employees; provided, however, that Borrower may make advances to its employees, including its members, officers, with respect to expenses incurred or to be incurred by such employees in the ordinary course of business which expenses are reimbursable by Borrower; and provided further, however, that Borrower may extend credit in the ordinary course of business in accordance with customary trade practices.

4.4 Investments. The Borrower shall not make investments in, or advances to, any individual, partnership, corporation, limited liability company, trust or other organization or person. The Borrower will not purchase or otherwise invest in or hold securities, nonoperating real estate or other nonoperating assets or purchase all or substantially all the assets of any entity.

4.5 Merger. Borrower shall not merge or consolidate or be merged or consolidated with or into any other entity.

4.6 Capital Expenditures. The Borrower shall not, directly or indirectly, make or commit to make capital expenditures by lease, purchase, or otherwise, except in the ordinary and usual course of business for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business.

4.7 Sale of Assets. Borrower shall not sell, lease or otherwise dispose of any of its assets, except in the ordinary and usual course of business and except for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business, provided that fair consideration is received therefor; provided, however, in no event shall the Borrower sell, lease or otherwise dispose of any equipment purchased with the proceeds of any loans made by the Bank.

4.8 Restriction on Liens. Borrower shall not grant any security interest in, or mortgage of, any of its properties or assets. Borrower shall not enter into any agreement with any person other than the Bank that prohibits the Borrower from granting any security interest in, or mortgage of, any of its properties or assets.

4.9 Other Business. Borrower shall not engage in any business other than the business in which it is currently engaged or a business reasonably allied thereto.

4.10 Change of Name, etc. Borrower shall not change its legal name or the State or the type of its formation, without giving the Bank at least 30 days prior written notice thereof.

5. DEFAULT

5.1 Default. "Event of Default" shall mean the occurrence of one or more of any of the following events: (a) default of any liability, obligation, covenant or undertaking of the Borrower or any guarantor of the Obligations to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Borrower or any guarantor of the Obligations under any other Loan Document or any other agreement with the Bank; (b) failure of the Borrower or any guarantor of the Obligations to maintain aggregate collateral security value satisfactory to the Bank; (c) default of any material liability, obligation or undertaking of the Borrower or any guarantor of the Obligations to any other party; (d) if any statement, representation or warranty heretofore, now or hereafter made by the Borrower or any guarantor of the Obligations in connection with this Agreement or in any supporting financial statement of the Borrower or any guarantor of the Obligations shall be determined by the Bank to have been false or misleading in any material respect when made; (e) if the Borrower or any guarantor of the Obligations is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (f) the death of any Guarantor (g) the institution by or against the Borrower or any guarantor of the Obligations of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Borrower or any guarantor of the Obligations is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Borrower or any guarantor of the Obligations of an assignment for the benefit of creditors or the granting by the Borrower or any guarantor of the Obligations of a trust mortgage for the benefit of creditors; (h) the service upon the Bank of a writ in which the Bank is named as trustee of the Borrower or any guarantor of the Obligations; (i) a judgment or judgments for the payment of money shall be rendered

against the Borrower or any guarantor of the Obligations, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution; (j) any levy, lien (including mechanics lien), seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Borrower or any guarantor of the Obligations; (k) the termination or revocation of any guaranty of the Obligations; or (l) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Borrower or any guarantor of the Obligations, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Borrower or any guarantor of the Obligations to the Bank has been or may be impaired, or (m) the vesting of title to property located at 568 East Main Street or 698 Main Street, Branford, Connecticut in any entity other than Sachem Capital Corp. or any change in control of Sachem Capital Corp.

5.2 Acceleration. If an Event of Default shall occur, at the election of the Bank, all Obligations shall become immediately due and payable without notice or demand, except with respect to Obligations payable on DEMAND, which shall be due and payable on DEMAND, whether or not an Event of Default has occurred.

5.3 Nonexclusive Remedies. All of the Bank's rights and remedies not only under the provisions of this Agreement but also under any other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine.

6. MISCELLANEOUS

6.1 Waivers. The Borrower waives notice of intent to accelerate, notice of acceleration, notice of nonpayment, demand, presentment, protest or notice of protest of the Obligations, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof.

6.2 Waiver of Homestead. To the maximum extent permitted under applicable law, the Borrower hereby waives and terminates any homestead rights and/or exemptions respecting any of its property under the provisions of any applicable homestead laws, including without limitation, Section 52-352b of the Connecticut General Statutes Annotated.

6.3 Deposit Collateral. The Borrower hereby grants to the Bank a continuing lien and security interest in any and all deposits or other sums at any time credited by or due from the Bank to the Borrower and any cash, securities, instruments or other property of the Borrower in the possession of the Bank, whether for safekeeping or otherwise, or in transit to or from the Bank (regardless of the reason the Bank had received the same or whether the Bank has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower to the Bank and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower to the Bank at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank.

6.4 Costs and Expenses. The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in establishing, maintaining, protecting or enforcing any of the Bank's rights or the Obligations, including, without limitation, any and all such costs and expenses incurred or paid by the Bank in defending the Bank's security interest in, title or right to any collateral or in collecting or attempting to collect or enforcing or attempting to enforce payment of any Obligation.

6.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one agreement.

6.6 Severability. If any provision of this Agreement or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Agreement (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

6.7 Complete Agreement. This Agreement and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof, and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

6.8 Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the

respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Bank shall be entitled to rely thereon) until released in writing by the Bank. The Bank may transfer and assign this Agreement and deliver it to the assignee, who shall thereupon have all of the rights of the Bank; and the Bank shall then be relieved and discharged of any responsibility or liability with respect to this Agreement. The Borrower may not assign or transfer any of its rights or obligations under this Agreement. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

6.9 Further Assurances. Borrower will from time to time execute and deliver to Bank such documents, and take or cause to be taken, all such other or further action, as Bank may request in order to effect and confirm or vest more securely in Bank all rights contemplated by this Agreement and the other Loan Documents (including, without limitation, to correct clerical errors) or to comply with applicable statute or law.

6.10 Amendments and Waivers. This Agreement may be amended and Borrower may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if Borrower shall obtain the Bank's prior written consent to each such amendment, action or omission to act. No course of dealing and no delay or omission on the part of Bank in exercising any right hereunder shall operate as a waiver of such right or any other right and waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy of Bank on any future occasion.

6.11 Terms of Agreement. This Agreement shall continue in full force and effect so long as any Obligations or obligation of Borrower to Bank shall be outstanding, or the Bank shall have any obligation to extend any financial accommodation hereunder, and is supplementary to each and every other agreement between Borrower and Bank and shall not be so construed as to limit or otherwise derogate from any of the rights or remedies of Bank or any of the liabilities, obligations or undertakings of Borrower under any such agreement, nor shall any contemporaneous or subsequent agreement between Borrower and the Bank be construed to limit or otherwise derogate from any of the rights or remedies of Bank or any of the liabilities, obligations or undertakings of Borrower hereunder, unless such other agreement specifically refers to this Agreement and expressly so provides.

6.12 Notices. Any notices under or pursuant to this Agreement shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Bank at the address set forth in this Agreement or as any party may from time to time designate by written notice to the other party.

6.13 Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

6.14 **JURY WAIVER. THE BORROWER AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

6.15 **PREJUDGMENT REMEDY WAIVER. BORROWER HEREBY REPRESENTS, COVENANTS AND AGREES THAT THE PROCEEDS OF THE LOAN SHALL BE USED FOR GENERAL COMMERCIAL PURPOSES AND THAT SUCH LOAN IS A COMMERCIAL TRANSACTION AS DEFINED BY THE STATUTES OF THE STATE OF CONNECTICUT. BORROWER HEREBY WAIVES ALL RIGHTS TO NOTICE AND PRIOR COURT HEARING OR COURT ORDER UNDER CONNECTICUT GENERAL STATUTES ANNOTATED, SECTION 52-278A ET. SEQ., AS AMENDED, OR UNDER ANY OTHER STATE OR FEDERAL LAW WITH RESPECT TO ANY AND ALL PREJUDGMENT REMEDIES BANK MAY EMPLOY TO ENFORCE ITS RIGHTS AND REMEDIES HEREUNDER. MORE SPECIFICALLY, BORROWER ACKNOWLEDGES THAT BANK's ATTORNEY MAY, PURSUANT TO CONNECTICUT GENERAL STATUTES ANNOTATED, SECTION 52-278F, ISSUE A WRIT FOR PREJUDGMENT REMEDY WITHOUT SECURING A COURT ORDER. BORROWER ACKNOWLEDGES**

AND RESERVES ITS RIGHT TO NOTICE AND A HEARING SUBSEQUENT TO THE ISSUANCE OF A WRIT FOR PREJUDGMENT REMEDY BY BANK's ATTORNEY, AND BANK ACKNOWLEDGES BORROWER'S RIGHT TO SAID HEARING SUBSEQUENT TO THE ISSUANCE OF SAID WRIT. BORROWER FURTHER HEREBY WAIVES ANY REQUIREMENT OR OBLIGATION OF BANK TO POST A BOND OR OTHER SECURITY IN CONNECTION WITH ANY PREJUDGMENT REMEDY OBTAINED BY BANK AND WAIVES ANY OBJECTIONS TO ANY PREJUDGMENT REMEDY OBTAINED BY BANK BASED ON ANY OFFSETS, CLAIMS, DEFENSES OR COUNTERCLAIMS OF BORROWER OR ANY OTHER OBLIGATED PARTY TO ANY ACTION BROUGHT BY BANK. BORROWER ACKNOWLEDGES AND AGREES THAT ALL OF THE WAIVERS CONTAINED IN THIS SECTION HAVE BEEN MADE KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND INTELLIGENTLY, AND WITH THE ADVICE OF ITS COUNSEL.

Executed as an instrument under seal as of November 12, 2021.

Witness:

/s/Peter Giannotte
Peter Giannotti

Borrower:

Sachem Capital Corp.

By: /s/ John L. Villano
John L. Villano, Chairman
Chief Executive officer, Chief
Financial Officer and Secretary

Accepted: New Haven Bank

By:
Name: Michael Aquilino
Title: Vice President