



# CORRESPONDENT SELLER GUIDE

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# Spring EQ Correspondent Seller Guide

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## 1 Seller Guide Overview

This Spring EQ, LLC (“Spring EQ”) Correspondent Seller Guide (“Seller Guide” or “Guide”) provides Sellers with important information about the legal relationship between Spring EQ and its Sellers, as well as operational and process information needed to successfully sell Mortgage Loans to Spring EQ, including:

- Seller Contracts and Agreements
- Seller Approval & Monitoring
- Product Approvals & Commitment Types
- Mortgage Loan Delivery
- Mortgage Loan Document Requirements
- Servicing Information
- Key Regulatory Compliance Requirements
- Appraisal Requirements
- General Mortgage Loan Eligibility

Capitalized terms not otherwise defined herein shall have the definitions set forth in the Mortgage Loan Purchase Agreement (“MLPA”) between a Seller and Spring EQ.

## 2 Contracts & Agreements

### 2.1 Components of the Agreement

The terms of the business relationship between Spring EQ and Sellers are set forth in three (3) key documents which are components of the Agreement.

1. Mortgage Loan Purchase Agreement (“MLPA”): The written agreement between a Seller and Spring EQ, including all amendments, addenda, or supplements thereto, setting forth the basis and terms of the business relationship.
2. Credit Approval Exhibit: An exhibit to the MLPA setting forth which of the Spring EQ Loan Programs, delivery methods, origination channels, Affiliates, commitment credit limits and other terms the Seller is eligible for. The Credit Approval Exhibit is a part of the initial Agreement executed by Seller and Spring EQ, and can be amended by Spring EQ at its sole discretion, effective immediately or at another specified date, by giving notice to Seller.
3. Correspondent Seller Guide (“Guide”)
  - a. This Guide including without limitation any amendments made in the form of Announcements posted on the Spring EQ Correspondent Website.

The specific terms of a Mortgage Loan sale by the Seller to Spring EQ are additionally set forth in two (2) key transaction documents which are components of the Agreement:

1. Commitment Confirmation: Documentation of a commitment by Seller to deliver a Mortgage Loan to Purchaser, and Purchaser’s commitment to purchase such Mortgage Loan (also known as a “Lock Confirmation”, “Best Efforts Lock” or “Best Efforts Commitment”), subject to the requirements and conditions described therein, including without limitation the eligibility of each Mortgage Loan for the Loan Program it is delivered into, and accuracy of data provided by Seller.
2. Purchase Advice: The document advising Sellers of a Mortgage Loan Purchase transaction and setting forth the key terms and conditions of that purchase.

## 2.2 Mortgage Loan Purchase Agreement (MLPA)

The MLPA, Credit Approval Exhibit, and Seller Guide, along with the Commitment Confirmation and Purchase Advice, together establish the contractual agreement between Spring EQ and the Seller, referred to in this Guide as “Agreement” or “Agreement Documents.” By signing the MLPA, Sellers are bound to the requirements of this Seller Guide.

### 2.2.1 Terms & Requirements

Seller approval terms are determined at the time of Seller initial approval and may be revised at the request of the Seller or direction of Spring EQ.

Seller approvals may be qualified with one or more of the following terms and requirements, at the sole discretion of Seller:

- Financial statement submission frequency requirement
- Maximum daily commitment volume and/or maximum committed, undelivered Mortgage Loan volume
- Eligible Delivery and Commitment Methods as those methods may be available
- Mortgage Loan Programs and products eligible for delivery (certain loan products might also be restricted within an eligible program)
- Recertification date if required sooner than 12 months from the date of approval
- Personal guarantee requirement(s) from the principal(s) if applicable
- Holding Company guarantee requirement from a parent company if applicable
- Minimum adjusted tangible net worth requirement for each/any guarantor(s)
- Seller eligible property states
- Any other Seller specific terms or conditions as directed by Spring EQ (e.g. product, program or characteristic eligibility restrictions)
- Eligible origination channels (TPO and/or net branch approval)
- Selling Mortgage Loans under a fictitious name or DBA
- Terms of selling Mortgage Loans containing mortgage-related products or services from a Seller’s Affiliate

### 2.2.2 Changes to Seller Agreements

The MLPA may only be modified through a written agreement fully executed by both the Seller and Spring EQ. The Guide may be changed or amended by Spring EQ at its sole discretion. Announcements of such changes will be posted on the Spring EQ Correspondent Portal. The Agreement between Spring EQ and the Seller may not be amended by verbal agreements or representations of any employee or agent of Spring EQ or the Seller. All changes must be made in writing.

Examples of events that may lead to changes to a Seller’s Agreement include, but are not limited to: findings from the Seller monitoring process described in this Guide; findings from the Seller Recertification process; changes to the Seller’s business or Spring EQ’s business; Seller requests; or for any reason determined by Spring EQ. To request a change, Sellers must submit written requests to a Spring EQ Sales Executive or to the address set forth in the MLPA.

## 2.3 Representations, Warranties and Covenants

Seller acknowledges that Spring EQ has relied upon the accuracy, completeness and truth of Seller’s representations, warranties, and Seller’s ability to fulfill covenants, and upon Seller’s compliance with the agreements, requirements, terms and conditions set forth in the MLPA, this Guide, and any other documents constituting the Agreement.

The representations, warranties and covenants are absolute, and Seller is fully liable for any breach of representation, warranty or covenant regardless of whether it or Spring EQ had, or reasonably could have been expected to obtain, knowledge of the facts giving rise to such breach of representation, warranty or covenant.

The representations and warranties are for the benefit of Spring EQ and its successors and assigns.

### 2.3.1 Representations and Warranties Concerning Seller

Seller represents, warrants, and covenants to Spring EQ that, as of the effective date of the MLPA and as of each Purchase Date:

A. Due Organization and Authority. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and is qualified and licensed to transact business in and is in good standing under the laws of each state where each Mortgaged Property is located if the laws of such state require licensing or qualification in order to conduct business of the type conducted by it. It has corporate power and authority to execute and deliver this Agreement and to perform in accordance herewith. The execution, delivery, and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) by it and the consummation of the transactions contemplated hereby have been duly and validly authorized. The Agreement, assuming due authorization, execution and delivery by the Spring EQ, evidences the legal, valid, binding and enforceable obligation of it, subject to applicable law except as enforceability may be limited by (i) bankruptcy, insolvency, liquidation, receivership, moratorium, reorganization or other similar laws affecting the enforcement of the rights of creditors and (ii) general principles of equity, whether enforcement is sought in a proceeding in equity or at law. All requisite corporate action has been taken by it to make the Agreement valid and binding upon it in accordance with the terms of the Agreement.

B. No Conflicts. Neither the acquisition or origination of the Mortgage Loans by the Seller, the sale of the Mortgage Loans to the Purchaser, the consummation of the Agreement or the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Agreement, will conflict with or result in a breach of any of the terms, conditions or provisions of the Seller's charter, bylaws or other organizational documents or result in a breach of any legal restriction or any agreement or instrument to which the Seller is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Seller or its property is subject.

C. No Litigation. There is no action, suit, proceeding, investigation or litigation pending or, to the Seller's knowledge, threatened, which either in any one instance or in the aggregate, if determined adversely to the Seller, would affect the sale of the Mortgage Loans to Spring EQ, or the Seller's ability to perform its obligations under the Agreement, or would result in any material adverse change in Seller's business, operations, financial condition, properties or assets, or in any impairment of its right or ability to carry on its business substantially as now conducted.

D. No Consent Required. No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery, and performance by the Seller, of or compliance by the Seller with, the Agreement or the consummation of the transactions contemplated by the Agreement, or if required, such consent, approval, authorization or order has been obtained prior to the related Purchase Date.

E. Bulk Transfer; Ordinary Course. Seller's transfer, assignment and conveyance of the Mortgage Loans pursuant to the Agreement are not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction. The consummation of the transactions contemplated by the Agreement are in the ordinary course of business of Seller, who is in the business of selling and servicing mortgage loans.

F. Solvency; Ability to Perform. Seller does not believe, nor does Seller have any reason or cause to believe, that Seller cannot perform each and every covenant contained in this Agreement. Seller is solvent and the sale of the Mortgage Loans will not cause Seller to become insolvent. The sale of the Mortgage Loans is not undertaken with the intent to hinder, delay or defraud any of Seller's creditors.

G. Sale Treatment. Seller has determined that the disposition of the Mortgage Loans pursuant to the Agreement will be afforded sale treatment for tax and accounting purposes; and the sale of each Mortgage Loan shall be reflected on Seller's balance sheet and other financial statements as a sale of assets by Seller.

H. No Brokers. Unless otherwise stated in the Agreement, Seller has not dealt with any broker, investment banker, agent or other person that may be entitled to any commission or compensation in connection with the sale of the Mortgage Loans.

I. Fair Consideration. The consideration received by Seller upon the sale of such Mortgage Loans pursuant to the Agreement constitutes fair consideration and reasonably equivalent value for all the Mortgage Loans.

J. No Untrue Information. Neither the Agreement nor any statement, report or other agreement, document or instrument furnished or to be furnished pursuant to the Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.

K. Compliance with Laws. Seller has complied with, and has not violated any law, ordinance, requirement, regulation, rule or order applicable to its business or properties, the violation of which might adversely affect the operations or financial condition of Seller, or the ability of Seller to consummate the transactions contemplated by the Agreement.

L. Compliance with Seller Guide and Agreement. Seller has complied with all applicable provisions of the Agreement, and will promptly notify Spring EQ of any occurrence, act or omission regarding Seller, the Mortgage Loan, the Mortgaged Property or the Mortgagor, of which Seller has knowledge, which occurrence, act or omission may materially affect Seller, the Mortgage Loan, the Mortgaged Property or the Mortgagor.

M. No Material Default. Seller is not in default under any agreement, contract or instrument to which it is a party or to which it or its assets are bound, unless such default would not materially and adversely affect its ability to perform under the Agreement, and no event has occurred that with notice or lapse of time or both would constitute a default under or a breach of any such contract, agreement or other instrument which violation, breach or default would materially and adversely affect its ability to perform its obligations under the Agreement.

N. MERS. Seller is registered and in good standing with MERS and shall comply in all material respects with the rules and procedures of MERS in connection with any interim servicing of any MERS-Designated loan.

O. Governmental Actions. Except as disclosed in writing to Spring EQ, neither Seller nor any Affiliate of Seller, nor any of their respective officers, directors or employees is or has within the last five years been a party to or subject to any (a) suspension, debarment, limited denial of participation, exclusionary list, outstanding order, decree, agreement, finding, memorandum of understanding or similar supervisory arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any investor, insurer or any Governmental Authority, including without limitation those charged with the supervision or regulation of residential mortgage lenders or the supervision or regulation of Seller and its employees or (b) an indictment, arraignment, or conviction (or has been in the last five years or currently is under investigation) for any fraudulent activity or any criminal offenses involving financial services, real estate or corporate governance. There is no unresolved violation of any claim from any Governmental Authority with respect to any report or statement relating to any examinations or investigation of Seller or any of its officers, directors or employees.

### 2.3.2 Representations and Warranties by Seller Regarding Individual Mortgage Loans

Seller represents, warrants, and covenants the following to Spring EQ as to each Mortgage Loan as of the related Purchase Date:

A. Property Valuation. Each Mortgage Loan with a written appraisal, if required by the applicable Program Guides, contains a written appraisal prepared by an appraiser licensed or certified by the applicable governmental body in which the Mortgaged Property is located and in accordance with the requirements of Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (“FIRREA”). The appraisal and any or all supporting schedules required per the applicable guidelines were written in form and substance to customary Fannie Mae or Freddie Mac standards and USPAP standards and satisfies applicable legal and regulatory requirements. The appraisal was made and signed prior to the final approval of the Mortgage Loan application. Each Mortgage Loan not requiring a written appraisal in accordance with the applicable Program Guides includes either (i) a written USPAP Certified bifurcated appraisal with exterior only inspection report that involves an appraiser licensed or certified by the applicable governmental body in which the Mortgaged Property is located developing a value opinion using a predefined scope of work and in accordance with the requirements of Title XI of FIRREA, or (ii) an AVM. The scope of work for the written USPAP Certified bifurcated appraisal described in clause (i) above does not include inspection of the subject property by the appraiser. The licensed appraiser uses a property report prepared by a third-party vendor, along with market data from other data sources (MLS, local tax data, etc.) to identify the relevant characteristics of the subject property. These data sources are the same used in other appraisals to ascertain value and render an opinion on the subject property. In each case, the person performing any property valuation (including an appraiser) received no benefit from, and such person’s compensation or flow of business from the Seller was not affected by, the approval or disapproval of the Mortgage Loan.

B. Income/Employment/Assets. With respect to each Mortgage Loan, the applicable Seller verified the Mortgagor’s income, employment and/or assets in accordance with the Program Guides. With respect to each Mortgage Loan other than a Mortgage Loan for which the Mortgagor documented his or her income by providing Form W-2, Social Security Award letter or tax returns, Seller employed a process designed to verify the income with third party documentation (including bank statements and income verification from employer).

C. Occupancy. Seller has given due consideration to factors, including but not limited to other real estate owned by the Mortgagor, commuting distance to work, appraiser comments and notes, the location of

the property to evaluate whether the occupancy status of the property as represented by the Mortgagor was reasonable. Each loan identified as owner occupied is lawfully occupied under applicable law by the owner within sixty (60) days following the related origination date.

D. Source of Mortgage Loan Payments. No portion of the Mortgage Loan proceeds has been escrowed for the purpose of making monthly payments on behalf of the Mortgagor and no payments due and payable under the terms of the Mortgage Note and Mortgage, except for seller or builder concessions or amounts paid or escrowed for payment by the Mortgagor's employer, have been paid by any person (other than a guarantor) who was involved in or benefited from the sale of the Mortgaged Property or the origination, refinancing, sale or servicing of the Mortgage Loan.

E. Accuracy of Information. The information delivered by Seller with regard to each Mortgage Loan correctly and accurately reflects the information contained in Seller's records (including, without limitation, the Credit File and the Collateral File) in all material respects. With respect to each Mortgage Loan, any seller or builder concession in excess of the allowable limits established by Fannie Mae or Freddie Mac has been subtracted from the Appraised Value of the Mortgaged Property for purposes of determining the LTV and combined LTV ("CLTV"). The CLTV for each Mortgage Loan does not exceed the CLTV set forth in the Program Guides unless an exception was expressly granted in writing by Purchaser. As of the Purchase Date, the most recent FICO score was no more than four months old, unless disclosed to and approved in writing by Spring EQ. As of the date of funding of the Mortgage Loan to the Mortgagor, no appraisal or other property valuation was more than six months old.

F. Loan Eligibility. Each Mortgage Loan meets the applicable terms, criteria and requirements set forth in this Seller Guide, the Agreement and applicable Program Guides.

G. Adherence to Program Guides. Each Mortgage Loan was either underwritten in substantial conformance to the applicable Program Guides in effect at the time of Lock Confirmation, taking into account the compensating factors set forth in such Program Guides as of the Purchase Date, without regard to any underwriter discretion or, if not underwritten in substantial conformance to the applicable Program Guides, has reasonable and documented compensating factors that have been approved by Spring EQ in writing prior to the Purchase Date.

H. Applicable Laws. At the time of origination and funding each Mortgage Loan complied in all material respects with all then-applicable federal, state and local laws, including without limitation truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws and disclosure laws or such noncompliance was cured subsequent to origination, as permitted by applicable law. The servicing of each Mortgage Loan prior to the Purchase Date complied in all material respects with all then-applicable federal, state and local laws and Accepted Servicing Practices. The Mortgage Loan meets or is exempt from applicable state, federal or local laws, regulations and other requirements pertaining to usury.

I. Mortgagor. Each Mortgagor is a natural person or other acceptable forms specified in the applicable Program Guides, and at the time of origination, the Mortgagor was legally entitled to reside in or enter the U.S.

J. No Prior Lien. Immediately prior to the transfer and assignment to Spring EQ, the Seller was the sole owner and holder of the Mortgage Loan free and clear of any and all liens, pledges, charges or security



interests of any nature, and the Seller has good and marketable title and full right and authority to sell and assign the Mortgage Loan.

K. Enforceability and Priority of Lien. The Mortgage is a valid, subsisting and enforceable second lien (or, in the case of certain open-end home equity lines of credit, first or second lien) on the property therein described, and the Mortgaged Property is free and clear of all encumbrances and liens having priority over the lien of the Mortgage, except for the lien of the related first lien Mortgage and the following: the lien of current real property taxes and assessments not yet due and payable; covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage acceptable to Mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes; and such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage; and any security agreement, chattel Mortgage or equivalent document related to and delivered to Spring EQ or to the Custodian with any Mortgage establishes in the Seller a valid and subsisting first or second lien on the property described therein, and the Seller has full right to sell and assign the same to the Spring EQ.

L. Taxes, Fees and Assessments. All taxes, governmental assessments, insurance premiums and water, sewer and municipal charges affecting the related Mortgaged Property that previously became due and payable have been paid or an escrow of funds has been established, to the extent permitted by law, in an amount sufficient to pay for any such item that remains unpaid.

M. No Damage / Condemnation. The Mortgaged Property is undamaged by water, fire, earthquake, earth movement other than earthquake, windstorm, flood, tornado or similar casualty (excluding casualty from the presence of hazardous wastes or hazardous substances) to materially affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises was intended or would render the property uninhabitable, and there is no pending proceeding for the total or partial condemnation of the Mortgaged Property.

N. Mechanics' Liens. The Mortgaged Property is free and clear of all mechanics' and materialmen's liens or a title policy affording, in substance, the same protection afforded by this warranty has been furnished to the Purchaser.

O. Fee Simple Estate; No Encroachments/ Compliance with Zoning. Except for Mortgage Loans secured by co-op shares and Mortgage Loans secured by residential long-term leases, the Mortgaged Property consists of a fee-simple estate in real property; all the improvements included for the purpose of determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property and no improvements on adjoining properties encroach on the Mortgaged Property (unless insured against under the related title insurance policy); and the Mortgaged Property and all improvements thereon comply with all requirements of any applicable zoning and subdivision laws and ordinances.

P. Legally Occupied. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

Q. Enforceability. The Mortgage Note, the related Mortgage and other agreements executed in connection therewith are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law). Additionally, all parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the mortgage, and each Mortgage Note and Mortgage has been duly and properly executed by the Mortgagor.

R. Proceeds Fully Disbursed; Fees Paid. For each Mortgage Loan constituting a closed-end home equity loan, the proceeds of the Mortgage Loan have been fully disbursed, and there is no requirement for future advances thereunder. For each Mortgage Loan, any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds have been complied with. Additionally, all costs, fees and expenses incurred in making, closing or recording the Mortgage Loan have been paid, except recording fees with respect to Mortgages not recorded as of the Purchase Date.

S. Title Insurance. Each Mortgage Loan requiring a title insurance policy pursuant to applicable Program Guides, except for any Mortgage Loan secured by a Mortgaged Property located in any jurisdiction for which an opinion of counsel of the type customarily rendered in such jurisdiction in lieu of title insurance is instead received and any Mortgage Loan secured by co-op shares, is covered by an American Land Title Association mortgagee title insurance policy insuring the Seller or its successors and assigns as to the first- or second-priority lien of the Mortgage, as applicable, in the original principal amount of the Mortgage Loan and subject only to the lien of the related first lien Mortgage and the following: (a) the lien of current real property taxes and assessments not yet due and payable; (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage acceptable to Mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; (c) liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes; and (d) such other matters to which like properties are commonly subject that do not individually, or in the aggregate, materially interfere with the benefits of the security intended to be provided by the Mortgage. The Seller, and its successors and assignees, is the sole insured of such mortgagee title insurance policy, the assignments to Spring EQ of the Seller's interest in such mortgagee title insurance policy does not require any consent of or notification to the insurer that has not been obtained or made, such mortgagee title insurance policy is in full force and effect and will be in full force and effect and inure to the benefit of the Trustee, no claims have been made under such mortgagee title insurance policy and no prior holder of the related Mortgage, including the Seller, has done, by act or omission, anything that would impair the coverage of such mortgagee title insurance policy.

T. Property Report. Each Mortgage Loan for which applicable Program Guides do not require a title insurance policy has a legal vesting and property certification or title search with respect to such Mortgage Loan that includes the current vesting and ownership, the property legal description, any open encumbrances against the vested owners, any open and valid liens recorded against the subject property or current owners, delinquent and current tax information, and the effective date of the county jurisdiction when the title search was completed, and meets the minimum requirements set forth the Program Guides.

U. Hazard and Flood Insurance. The Mortgaged Property securing each Mortgage Loan is insured against loss by fire and such hazards as covered under a standard extended coverage endorsement in an amount not less than the lesser of 100% of the insurable value of the Mortgaged Property or the outstanding principal



balance of the Mortgage Loan and the outstanding balance of any other Mortgages for the Mortgaged Property. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If, upon origination of the Mortgage Loan, the improvements on the Mortgaged Property were in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a flood insurance policy meeting the requirements of the current guidelines of the Federal Insurance Administration is in effect with a generally acceptable insurance carrier in an amount representing coverage not less than the least of the outstanding principal balance of the Mortgage Loan, the full insurable value of the Mortgaged Property, or the maximum amount of insurance that was available under the National Flood Insurance Act of 1968, as amended. Additionally, each Mortgage obligates the Mortgagor thereunder to maintain all such insurance at the Mortgagor's cost and expense.

V. No Default. There is no monetary default (including any related event of acceleration), monetary breach or monetary violation existing under the Mortgage or the related Mortgage Note and no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a monetary default, monetary breach, monetary violation or event of acceleration. Additionally, the Seller has not waived any such default, breach, violation or event of acceleration, and no foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan.

W. No Rescission or Defenses. No Mortgage Note or Mortgage is subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or mortgage or the exercise of any right thereunder render the Mortgage Note or Mortgage unenforceable in whole or in part or subject it to any right of rescission, set-off, counterclaim or defense, including the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto.

X. Enforceable Right of Foreclosure. Each Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including realization by judicial foreclosure (subject to any limitation arising from any bankruptcy, insolvency or other law for the relief of debtors), and there is no homestead or other exemption available to the Mortgagor that would interfere with such right of foreclosure.

Y. REMIC Qualification. The Mortgage Loan is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code.

Z. Parties Licensed. All parties that have had any interest in such Mortgage Loan, whether as originator, mortgagee, assignee, pledge or otherwise, are (or, during the period in which they held and disposed of such interest, were) in compliance with any and all applicable licensing requirements of the laws of the state wherein the related Mortgaged Property is located, except to the extent that failure to be so licensed would not give rise to any claim against Spring EQ.

AA. No Impairment of Insurance. With respect to any insurance policy, including, but not limited to, hazard or title insurance, covering a Mortgage Loan and the related Mortgaged Property, neither Seller, any originator, nor the Mortgagor has engaged in any act or omission that would impair the coverage of any such policy, the benefits of the endorsement or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind as has been or will be received, retained or realized by any attorney, firm, or other person or entity, and no such unlawful items have been received, retained or realized by the Seller. The hazard insurance must not be less than the insurable

value of the Property or the combined loan balances of all the secured mortgages for the Property, whichever is less.

BB. Trustee. In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently serves and is named in the Mortgage, and no fees or expenses are or will become payable by Seller to such trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor.

CC. Recording. Each original Mortgage was or is in the process of being recorded, and all subsequent assignments of the original Mortgage have been or are in the process of being recorded in the appropriate jurisdictions in which such recordation is necessary to perfect the liens against creditors of the Seller or are being recorded. As to any Mortgage Loan which is not a MERS-Designated Loan, the assignment of mortgage, upon the insertion of the name of the assignee and recording information, is in recordable form and is acceptable for recording under the laws of the jurisdiction in which the Mortgaged Property is located.

DD. Leaseholds. Except as may be permitted by the Guide, the Mortgaged Property is not subject to a leasehold estate. If the Mortgage Loan is secured by a long-term residential lease: (i) the terms of such lease expressly permit the mortgaging of the leasehold estate, the assignment of the lease without the lessor's consent (or the lessor's consent has been obtained and such consent is in the Credit File) and the acquisition by the holder of the Mortgage of the rights of the lessee upon foreclosure or assignment in lieu of foreclosure or provide the holder of the Mortgage with substantially similar protection; (ii) the terms of such lease do not allow the termination thereof upon the lessee's default without the holder of the Mortgage being entitled to receive written notice of, and opportunity to cure, such default or prohibit the holder of the Mortgage from being insured under the hazard insurance policy related to the Mortgaged Property; (iii) the original term of such lease is not less than 15 years; (iv) the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note; and (v) the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice.

EE. Covered Loans. No Mortgage Loan is a "high-cost" loan, "covered" loan or any other similarly designated loan as defined under any state, local or federal law, as defined by applicable predatory and abusive lending laws.

FF. No Modifications. None of the Seller nor any prior holder of the Mortgage or the related Mortgage Note has modified the Mortgage or the related Mortgage Note in any material respect, satisfied, canceled or subordinated the Mortgage in whole or in part, released the Mortgaged Property in whole or in part from the lien of the Mortgage or executed any instrument of release, cancellation, modification or satisfaction, except in each case as reflected in an agreement included in the loan file.

GG. 1-4 Family. Each Mortgaged Property is located in the U.S. or a territory of the U.S. and consists of a one- to four-unit residential property, which may include, but is not limited to, a single-family dwelling, townhouse, condominium unit or unit in a planned unit development or, in the case of Mortgage Loans secured by co-op shares, leases or occupancy agreements.

HH. Loans Current; Prior Delinquencies. All payments required to be made up to the due date immediately preceding the Cut-off Date under the terms of the related Mortgage Note have been made, and no Mortgage Loan has been delinquent for greater than 30 days in the 12 months preceding the Cut-off Date.

II. Reserved.

JJ. Ability to Repay. Prior to originating the Mortgage Loan, Seller made a reasonable and good faith determination that the Mortgagor would have a reasonable ability to repay the Mortgage Loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 C.F.R 1026.43(c)(2).

KK. No Bankruptcy. The Seller has not received notice that the Mortgagor is a debtor in any state or federal bankruptcy or insolvency proceeding as of the Purchase Date.

LL. TRID. With respect to each Mortgage Loan for which an application was taken on or after October 3, 2015, either: (i) the Mortgage Loan was originated in compliance with TRID; (ii) the Mortgage Loan is not subject to TRID; or (iii) with respect to each TRID compliance exception with respect to a Mortgage Loan, such TRID compliance exception will not result in civil liability or has been cured in a manner which negates the associated civil liability.

MM. Environmental Laws. As of the Purchase Date, each Mortgaged Property complied in all material respects with all environmental laws, rules, and regulations that were applicable to such Mortgage Property.

NN. No Prohibition on Second Lien Loans. If the Mortgage Loan is a second lien loan, none of the documents evidencing, securing, or otherwise relating to the first lien loan in any way restricts or prohibits the Mortgagor from obtaining the second lien loan or from creating any of the liens granted as security for the second lien loan, and the Mortgage Loan does not violate any term or condition imposed by any such first lien documents.

OO. Fraud. No fraud, misrepresentation, error, omission, negligence, or similar occurrence has taken place on the part of the Mortgagor, or any originator, correspondent, mortgage broker, appraiser or any other party involved in the origination or sale of such Mortgage Loan, or in the application of any insurance related to such Mortgage Loan, that would impair in any way the rights of Spring EQ in the Loan or the Mortgaged Property.

PP. Acceleration of Payments. Subject to exceptions required by Applicable Law, the Mortgage contains enforceable provisions for the acceleration of the payment of the unpaid principal amount of the Mortgage Loan if the related Mortgaged Property is sold without the prior consent of the mortgagee thereunder.

QQ. Prudent Investment. The origination, servicing and collection practices used with respect to each Mortgage Loan have been in accordance with Applicable Laws, whether performed by Seller, its affiliates, or any third party or any sub servicer or servicing agent of any of the foregoing. There are no circumstances involving the Mortgage Loan Documents, Credit File, the Mortgaged Property, or the Mortgagor's credit standing that could (i) cause private institutional investors to regard the Mortgage Loan as an unacceptable investment, (ii) cause the Mortgage Loan to become delinquent, or (iii) adversely affect the value or marketability of the Mortgage Property or the Mortgage Loan.

RR. Electronic Loan Disclosures. If disclosures are required by law to be given to Mortgagor(s) in connection with the origination of a Mortgage Loan and the disclosures are delivered electronically, the disclosures were provided in compliance with the Electronic Signatures in Global and National Commerce Act ("ESIGN Act") and all other laws and regulation applicable to electronic records and electronic disclosures. Mortgagors have consented to receive the disclosures in accordance with the ESIGN Act. The Mortgagors have,

by use of electronic means, either (i) affirmatively consented to use electronic records, or (ii) confirmed electronically consent that was oral or in writing. The affirmative consent process, including confirmation of prior non-electronic consent if applicable was accompanied by, or incorporates a reasonable demonstration of the consumer's ability to receive electronic disclosures in the formats that will be used for delivering the required disclosures. Each loan file contains documentary evidence of each Mortgagor's consent to receive disclosures electronically and hard copies of the disclosures provided electronically.

SS. Servicemembers' Civil Relief Act ("SCRA"). The Mortgagor has not notified Seller that it is requesting relief under the SCRA, and Seller has no knowledge of any relief requested or allowed to the Mortgagor under the SCRA.

Seller acknowledges and agrees that:

1. Seller's representations, warranties and covenants shall continue in full force and effect for so long as any Mortgage Loan purchased from Seller remains outstanding and for so long as Spring EQ is subject to any risk of loss or liability as to any Mortgage Loan purchased from Seller irrespective of whether the Mortgage Loan remains outstanding; and
2. The rights of Spring EQ in connection with Seller's representations, warranties and covenants survive any particular Mortgage Loan's Purchase Date and any termination of all or any portion of the Agreement, are not affected by any investigation or review made by, or on behalf of, Spring EQ, and shall inure to the benefit of the affiliates, successors and assigns of Spring EQ.
3. No event shall have occurred which, with notice or the passage of time, would constitute a breach of such representations, warranties, and covenants.

Seller acknowledges and agrees that Spring EQ purchases the Mortgage Loans from Seller in reliance upon:

1. The truth and accuracy of Seller's representations and warranties set forth in the Agreement, all of which representations and warranties relate to a matter material to such purchase; and
2. Seller's compliance with each of the agreements, requirements, terms, covenants, and conditions set forth in the Agreement.

Making the representations, warranties and covenants contained in this Section 2.3 does not release Seller from its obligations under any representations, warranties or covenants contained in any other section of the Agreement, including Exhibits. The word "Seller" whenever used in this Guide shall include all of Seller's permitted Third Party Originators, and the pronouns used herein shall include when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto. Seller agrees that it will not assert as a defense, to Seller's obligations in the Agreement, any lack of control over any of Seller's permitted Third Party Originators or lack of knowledge about Seller's permitted Third Party Originator's actions, omission, or status.

Spring EQ reserves the right to require Seller as a condition to the purchase by Spring EQ of a given Mortgage Loan or groups of Mortgage Loans to make additional representations, warranties, or covenants in connection therewith.

## 2.4 Regulation AB / Reconstitution

In connection with the completion of a Securitization Transaction or Whole Loan Transfer: (i) the Seller and Spring EQ shall execute a mutually agreeable assignment, assumption and reconstitution agreement that, among other things, restates the representations and warranties contained in Section 2.3.1 of the Guide as of the Reconstitution Date, certain of the representations and warranties contained in Section 2.3.2 of the Guide with respect to each Mortgage Loan as of the Reconstitution Date, and certain of the representations and warranties contained in Section 2.3.2 of the Guide with respect to each Mortgage Loan as of the Purchase Date; and (ii) the Seller shall cooperate with Spring EQ, and provide any reasonably requested documentation and information required to comply with the laws, rules and regulations applicable to Securitization Transactions as related to the Mortgage Loans.

All of the Mortgage Loans, including those which are subject to a Securitization Transaction or a Whole Loan Transfer, shall continue to be subject to the Agreement, and with respect thereto, the Agreement shall remain in full force and effect. In no event shall a Whole Loan Transfer or a Securitization Transaction be deemed to relieve the Seller or Spring EQ of each party's respective obligations in the Agreement.

The Seller agrees to reasonably cooperate with and assist any rating agencies in their review, if any, related to any Securitization Transaction including but not limited to an onsite due diligence and operational risk assessment and any other reasonable requests.

## 2.5 Amendments

Spring EQ reserves the right to amend or supplement the Guide at any time at its sole discretion. Spring EQ may make an announcement ("Announcement") of any such amendments or supplements by providing notice directly to Seller, and/or by posting such amendments or supplements on the Spring EQ Correspondent Website, which will become effective immediately or on such later date as Spring EQ may determine, and the Sale and Purchase of each Mortgage Loan hereunder will be subject to all requirements of the Guide in effect on the related Commitment Date, inclusive of any updates set forth in an Announcement.

## 3 Key Contact Information

### 3.1 Spring EQ Contact Information

The general phone number for Spring EQ is 215-391-1000. This number can be used to contact:

- Correspondent Sales
- Correspondent Operations
- Post-Closing Department
- Servicing Questions (for Sellers)
- General Questions
- Post-Purchase Adjustments

Key contacts specific to a Seller's Spring EQ support team are provided on the Spring EQ Correspondent Website.

### 3.2 Email Contact Information

The general email address for Spring EQ is [correspondent@springeq.com](mailto:correspondent@springeq.com).

### 3.3 Mailing & Delivery Contact Information

Unless otherwise noted in the Mortgage Loan Purchase Agreement, this Guide, or other controlling document, all notices and payments should be delivered to:

Spring EQ, LLC  
1 West Elm Street, Suite 450  
Conshohocken, PA 19428

## 4 Business Hours & Holidays

The federally recognized holidays in section 6103(a) of title 5, of the United States Code at the time of publication of this Seller Guide are as follows:

- New Year's Day
- Martin Luther King, Jr. Day
- Washington's Birthday
- Memorial Day
- Juneteenth National Independence Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans Day
- Thanksgiving Day
- Christmas Day

On federal holidays, banks and the U.S. Postal Service do not operate, and wire transfers of funds do not occur. Federal holidays are not included in the rescission period on refinance transactions. Accordingly, any funds that would otherwise be due for wiring on a federal holiday will be wired on the business day immediately following the federal holiday.

Spring EQ Business Hours (All times are Eastern)

- Correspondent Operations and Underwriting: 9:00 am to 5:00 pm, Monday through Friday
- Commitment and Lock Desk: open 9:00 am to 7:00 pm, Monday through Friday

## 5 Licensing & Eligible Property States

In order for a Mortgage Loan to be eligible for purchase by Spring EQ, it must be secured by an eligible property in a state where the Seller is licensed to originate and interim service Mortgage Loans, as required by law, and in a state identified as eligible for purchase for the related Loan Product in the applicable Program Guides.

## 6 Correspondent Portal

### 6.1 Overview

The Spring EQ Correspondent Website ([correspondent.springeq.com](https://correspondent.springeq.com)) and Portal are the Seller's main sources for the tools and communications that Spring EQ provides to Sellers, including but not limited to the following:

- Pricing and Eligibility
- Rate Sheets
- Loan Registration and Document Package Upload
- Locking
- Pipeline Management
- Pre-purchase Conditions

- Seller Guide
- Product Matrices and Underwriting Guidelines (collectively, the “Program Guides”)
- Announcements

## 6.2 Website Administrators

Sellers must designate at least one individual in their company as Site Administrator for the Spring EQ Correspondent Portal. The Site Administrator for the Seller is responsible for setting up and maintaining all of their users who need to access the Spring EQ Correspondent Portal. Generally, user access is role based. For example, a Seller’s Secondary Marketing Manager might have access to daily rate sheets, and the same Seller’s Shipper might have access to pipeline management reports and Final (Trailing) Document related functions.

Spring EQ’s Account Executive assigned to the Seller can assist with questions regarding website administration.

## 6.3 Announcements

Changes to the requirements in this Seller Guide are announced and published on the Spring EQ Correspondent Website. Announcements will be published on an as-needed basis and will include an applicable effective date.

Although changes may be announced throughout the month, the resulting Seller Guide changes are published on a less frequent basis. Announcements may amend the terms of the Guide, and therefore the Agreement between Spring EQ and Sellers. Therefore, it is critical for Sellers to monitor Announcements throughout each month, as the Seller Guide will not always include the most recent requirements and information.

# 7 Seller Approval & Monitoring

## 7.1 Eligibility Overview

To be initially approved by and maintain approved Seller status with Spring EQ, Sellers must meet eligibility requirements which are considered in assessing Seller creditworthiness, character, capacity, and collateral.

Sellers must demonstrate:

- Good character and good standing
- Financial soundness and viability
- Operational soundness and good overall Mortgage Loan performance

Active Sellers must continue to maintain these standards as set forth in the Seller’s MLPA, related documents and this Guide.

Upon entering into an Agreement with Spring EQ, Sellers assume certain obligations and responsibilities and agree to provide specified information to Spring EQ on a periodic basis. The Seller also agrees to notify Spring EQ of any events that may impact their ability to retain their eligibility and perform their obligations under the Agreement.

## 7.2 DBAs

Sellers are required to have specific credit approval for each fictitious name and/or legal entity the Seller intends to employ in originating Mortgage Loans intended for sale to Spring EQ.

A fictitious name is defined as:

- A trade name
- Doing business as (DBA) name



- Name other than the name of the Seller, as used in the Seller's Articles of Incorporation or business formation documents

If a Seller makes a Mortgage Loan or generates a Mortgage Loan document using a fictitious name, the Seller must provide Spring EQ with the following:

- Documentation for each state where the Seller transacts business using a fictitious name
- A copy of the Fictitious Name Certificate, Regulator Notice and/or Approval or Registration Statement issued by the applicable state or local regulatory agency authorizing the Seller to transact business under the fictitious name
- A copy of the Seller's current state lending license bearing the Seller's fictitious name, if such state requires a license to bear the licensee's fictitious name in order for the licensee to lend in such fictitious name

Sellers must promptly advise Spring EQ in writing of any changes in its use of a fictitious name, including but not limited to:

- The use of a new or different fictitious name
- Changes regarding registration or licensing of a fictitious name
- Lapse or failure to timely renew any fictitious names used by Seller and approved by Spring EQ.

## 7.3 Third-Party Originations

Mortgage Loans originated through a Seller's Wholesale channel are eligible for purchase by Spring EQ under the Delegated program only. Mortgage Loans originated through a Seller's Correspondent channel are not eligible for purchase under either the Delegated or Non-Delegated programs. Sellers must have specific approval from Spring EQ to deliver loans originated through its Wholesale Channel, to be evidenced on the Credit Exhibit to the MLPA.

## 7.4 New Seller Approval Process

The process to becoming an approved Seller involves:

1. Submission of a completed Spring EQ Correspondent Application form along with all required documentation as specified on the Spring EQ Correspondent Application Checklist, and any additional documentation as may be reasonably required by Spring EQ to evaluate Seller's eligibility
2. Due diligence eligibility review and associated risk assessment by Spring EQ
3. Execution of the MLPA

### 7.4.1 Application Documentation Requirements

Spring EQ maintains specific organizational, operational, and financial requirements of its Correspondent Sellers. Prospective Sellers are asked to provide the following for Spring EQ due diligence review and evaluation for Seller approval:

- **General Information about the Seller's Organization, Leadership and Business Model**
  - Completed and signed Spring EQ Correspondent Seller application, including:
    - Investor and warehouse bank approval and contact information
    - Historical production volume
    - List of historic and open repurchase requests
    - Details on any affiliated mortgage service provider relationships
  - Organizational chart showing family of related companies
  - Articles of Incorporation / Corporate Formation Documents
  - Resumes of all principal officers, all senior management, and owners with 10% or greater ownership interest



- Authorization to investigate background
  - Spring EQ may require personal credit reports on owners/principals. At that time, Spring EQ will obtain express consent from each party.
- IRS Form W-9
- **Financial Information**
  - Previous 2 years audited financial statements or Annual Reports
  - Most recent year to date financial statements
  - Copy of current Errors and Omissions and Fidelity Bond policy
- **Legal and Regulatory Information**
  - Details of pending litigation
  - List of any regulatory exam findings, fines and cease and desist orders from past two (2) years, to the extent permitted by law or regulation
- **Production Quality Information**
  - References from three (3) key investors
  - Most recent Investor scorecards from at three (3) key investors
  - Most recent two (2) months of quality control reports including trending, executive summaries and management responses
- **Seller's Risk Management Framework**
  - Policies and procedures, including:
    - Quality Control policy and procedures
    - Appraiser Independence policy
    - Customer Complaint Management policy
    - Privacy / Gramm-Leach-Bliley policy
    - Red Flags policy
    - BSA/AML policy
    - OFAC policy
    - Information Security Policy
    - Third Party Originator (Broker) Approval and Monitoring policies and procedures
  - Compliance Training Policy / Program Details

Documentation or information requirements may differ depending upon the Seller's business model and other factors relevant to a particular Seller. Due Diligence review is for Seller acceptability to Spring EQ only and does not constitute legal opinion.

## 7.4.2 Correspondent Standards and Eligibility Requirements

Sellers must meet the following standards and requirements for eligibility:

- Possess and maintain all required licenses and authority to necessary to originate Mortgage Loans in the state(s) in which the Seller conducts business
- Maintain good standing with all federal, state, and local governmental agencies
- Validate sufficient Tangible Net Worth (TNW) and Liquidity\*
  - Delegated Correspondents: minimum of \$1 million
  - Non-Delegated Correspondents: minimum of \$750,000
  - Minimum Liquidity of the greater of \$250,000 or twenty percent (20%) of Tangible Net Worth
    - Liquidity is defined as "cash"
- Demonstrate a minimum two (2) years history as a business with Mortgage Loan originations
- Current errors and omissions (E&O) insurance and Fidelity Bond policy with a minimum of \$300,000 in coverage

- Demonstrate warehouse bank approval with a minimum of \$1 million of warehouse capacity
- Maintain comprehensive compliance policies including a Zero Tolerance Fraud policy
- Maintain origination and operational procedures in line with industry standards, as well as federal and state requirements
- Maintain a satisfactory Quality Control plan including procedures for identification and remediation of systemic issues
- Maintain a satisfactory counterparty approval and monitoring program (if selling third-party origination Mortgage Loans)

\*Sellers may be subject to higher TNW requirements based on origination methods and/or delivery methods.

As part of the due diligence review process, Spring EQ will perform the following, but not limited to:

- Background checks (including OFAC checks and GSE Exclusionary checks)
- NMLS checks
- Better Business Bureau check
- Confirmation of good standing with governmental licensing agencies

## 7.5 Recertification Requirements

Sellers are subject to a satisfactory recertification review (“Recertification”) at least annually to retain active Seller status. The requirement is triggered at approximately each anniversary of the Seller’s initial approval date. Recertification is required in order for Sellers to maintain approved and active Seller status. Recertification might occur more frequently than annually if required by Spring EQ.

During the Recertification process, Spring EQ conducts an assessment and analysis of the Seller’s good standing, financial soundness and viability, and operational soundness similar in nature to the new Seller approval process.

### 7.5.1 Recertification Documentation Package

Sellers receive a Recertification Request letter on the anniversary month of their Agreement or of the most recent Recertification.

The Recertification Request instructs Sellers to provide the following to Spring EQ no later than 60 calendar days from the date of the Recertification Request Letter:

- Most recent audited financial statements (prepared in accordance with GAAP)
- Most recent year to date financial statements (prepared in accordance with GAAP)
- Most recent investor scorecards
- Warehouse aging reports
- Changes in senior management since application or most recent Recertification date
- Copy of current Fidelity Bond and E&O policy
- Changes in business model, product mix, branch network and origination channels since Application or last Recertification date
- Expansion plans
- Details of recently closed, active, and/or pending litigation
- Details of any exams and exam findings in the past year and list of open and ongoing exams
- Details of any regulatory actions, fines and/or sanctions since the most recent Recertification date
- Copies of certain new or materially revised policies
- Most recent two months of quality control reports with management responses and executive summary

- Summary of any repurchase or indemnification demands made of Seller during the past year
- Additional requirements for information at the sole discretion of Spring EQ.

Additional documentation or information may be required based on the Seller's business model and other factors. If requested documents are not received within the deadline set forth in the Recertification Request, corrective action might be taken, including suspension of Seller's eligibility to enter into new Commitments.

### 7.5.2 Recertification Review

Spring EQ recertification review includes, but is not limited to, the following:

- Refreshed background and/or credit checks
- Active licensing and insurance status
- Financial performance for the year compared to prior years
- Financial structure, significant financial changes, and sufficient Tangible Net Worth (TNW) and liquidity
- Quality control findings
- Audits, exams (state, CFPB), fines, penalties, and final findings within the past 12 months (to the extent permitted by Applicable Law)
- Consumer complaints
- Recently closed, active, and/or pending litigation
- Production volume and loan performance trends
- Investor scorecards and delinquency data
- Warehouse capacity and aging trends
- Early Payment Default ("EPD") trends
- Early Payoff ("EPO") Mortgage Loans and overall portfolio turnover
- Fallout percentages for commitments with Spring EQ
- Pre-Purchase denials / cancellation statistics
- Changes to other policies or business model

## 7.6 Seller Activation

For a prospective Seller to be approved and activated, required documents and exhibits must be received and accepted by Spring EQ, such as:

- MLPA fully executed and dated by Seller and countersigned and dated by Spring EQ
- Limited Power of Attorney
- Corporate Resolution authorizing named employees to enter into transactions with Spring EQ
- Correspondent Wire Form signed by Seller's authorized officer

Other documents may be required as determined by Spring EQ.

## 7.7 Ongoing Monitoring

### 7.7.1 Seller Monitoring

Spring EQ routinely monitors Sellers for production trends, loan pull through, manufacturing quality, and loan performance results. Ongoing monitoring may be facilitated by the review of the following:

- Financial statements
- Leverage, liquidity, tangible net worth, profitability
- Operating performance metrics, including credit performance of Mortgage Loans, commitment fallout, early payoffs, etc.
- Mortgage Loan delivery performance

- Overall relationship with Spring EQ
- Production mix of Mortgage Loans delivered to Spring EQ
- Other Investor scorecards
- Other indicators of Seller performance
- Policies and Procedures that may be requested for review due to regulatory changes or as deemed necessary by Spring EQ

### 7.7.2 Corrective Action

Any Seller identified to have operational performance results below internally developed standards will be placed on a “Seller Watch List” for additional monitoring and scrutinization by Spring EQ.

Additionally, Spring EQ, at its sole discretion may:

- Conditionally approve continuing the relationship and provide a timeframe for resolving any deficiencies
- Notify the Seller of changes to the terms of the Seller’s Agreement
- Suspend or terminate the Seller’s Agreement
- Request copies of the Correspondent Seller’s Quality Control Reports
- Invoke applicable Remedies as provided for in this Guide and under the terms of the Agreement
- Suspend the relationship
- Rescind authorities
- Take other action at Spring EQ’s sole discretion.

Spring EQ employs a zero-tolerance approach with respect to fraud. Any Seller determined to be complicit in fraudulent activity and/or misrepresentation will be subject to immediate termination by Spring EQ (see [Termination at Spring EQ Request](#)).

### 7.7.3 Consumer Complaints Involving Sellers

Spring EQ reviews and responds to consumer complaints made to Spring EQ and involving Sellers within 30 days of receipt of the complaint. Spring EQ will contact the Seller for their assistance in resolving the complaint. If Spring EQ cannot provide a response within this time frame, the consumer will be notified that the matter is still under review.

Consumer complaints are tracked and evaluated to identify potential indications regarding a Seller’s level of service or performance.

## 7.8 Quality Control

### 7.8.1 Quality Control Plan

Spring EQ requires that Sellers establish and maintain Quality Control policies and procedures that comply with industry standards and best practices. Sellers must provide Spring EQ with a copy of the Quality Control Plan.

Seller’s internal QC plan should ensure:

- Accuracy of legal and origination documents
- Soundness of underwriting decisions
- Detection of fraud and misrepresentation
- Identification of systemic issues and their root causes
- Monitoring of corrective action plans
- Sound reporting procedures

The Seller's sampling process should include, but may not be limited to:

- Random and high-risk targeted selection
- Loan types or characteristics that experience serious delinquencies
- Post-closing review process that accounts for any investor requirements
- Home equity product review
- Third party originations included in sample (if applicable)

## 7.8.2 Spring EQ QC Findings

Spring EQ will apply its own Quality Control Plan and procedures to Mortgage Loans originated by Seller and will report findings to Seller, at the sole discretion of Spring EQ, for the Seller's use in prevention of similar occurrences. Sellers are required to respond to any significant material findings of which they are notified by Spring EQ. Sellers should investigate and respond with their results, supporting documentation and specification of the actions that were or are being taken to remedy the situation. Responses must be submitted within the time frame set forth in the notice provided.

In addition, Seller is responsible for reporting fraud and material defects discovered as a result of their Quality Control process or otherwise to Spring EQ and to other investors, insurers, guarantors and governmental or regulatory bodies as required by regulations or contractual agreements between the Seller and those parties.

Mortgage Loan level information and findings provided by Spring EQ are confidential and should be maintained as such and used only in compliance with Applicable Laws and regulations.

Serious issues with Mortgage Loan quality and/or material findings trends, failure to report incidents of fraud or serious material defects to Spring EQ, or failure to respond to Spring EQ findings can result in corrective action up to and including termination of the Seller's Agreement with Spring EQ. Spring EQ at its own discretion or in fulfillment of Applicable Laws or investor guidelines may report its Quality Control findings regarding Seller's Mortgage Loans to governmental or regulatory bodies, investors, insurers, or guarantors.

## 7.9 Declinations of Applications/Recertifications

If a Seller application or recertification is declined, the Seller will be advised and the Seller's application is closed or MLPA terminated, as applicable.

Spring EQ may decline a Seller application or renewal at its sole discretion. Declination reasons might include, but are not limited to, any of the following:

- Criminal convictions or pending criminal charges of any owners with an ownership interest of at least 5%
- Pending or previous regulatory or enforcement actions against the Seller or its management
- Adverse findings from industry references or previous deactivations by investors or insurers
- Unacceptable credit performance of Mortgage Loans
- Civil penalties or pending litigation that could result in civil penalties against any of the owners or management of Seller, especially those involving financial services industry participation, fraud, or dishonesty
- Pending litigation that is considered serious in nature
- Unacceptable history of financial management
- Breach of Representations and Warranties
- Sanctions, withdrawal of authority, suspension, debarment, or limited denial of participation, by any Agency
- Any other reason as determined by Spring EQ at its sole discretion

## 7.10 Seller Suspension

As set forth in the Mortgage Loan Purchase Agreement, Spring EQ may, in its sole discretion and in lieu of terminating the Agreement, suspend a Seller as an approved seller at any time and for any reason by giving notification to the email address provided by Seller or written notice to the Seller's address for notices as described in the Agreement.

Suspensions are effective as of the date specified by Spring EQ and remain in effect until such time as Spring EQ determines to reactivate the Seller or either party terminates the Agreement. Spring EQ retains the right to determine what rights and privileges the Seller will have during the suspension and in no event, will Spring EQ be obligated to enter into a Commitment with the Seller during the suspension period.

For purposes of the Agreement, a suspension shall be for Cause if Spring EQ reasonably believes that (i) there has been or is likely to be an Event of Default, (ii) Seller is not likely to be able to comply with, or Seller has breached (without cure), any obligations, covenants, representations or warranties under the Agreement, or (iii) any deception, fraud, concealment or material misrepresentation has occurred by Seller, its officers, directors, employees, agents, subsidiaries, affiliates, or by any independent contractors acting on behalf of Seller.

## 7.11 Seller Termination

As set forth in the Mortgage Loan Purchase Agreement, the Agreement with a Seller to Purchase that Seller's Mortgage Loans may be terminated by any party to the Agreement (the Seller or Spring EQ) at any time for any reason, with or without cause by providing notice to the other party.

### 7.11.1 Termination at Seller Request

If a Seller requests termination, written notice must be received by Spring EQ at the address set forth for Notices in the MLPA or this Guide as may apply. Termination is effective on the date specified.

Provided that at the determination of Spring EQ no Event of Default has occurred, and no event shall have occurred which, with notice or the passage of time, would constitute a default under the Agreement, Spring EQ will review the Seller's open pipeline of committed, unpurchased Mortgage Loans and provide the Seller with:

1. Last day for Spring EQ to accept new Commitments
2. Last day for Spring EQ to receive new Mortgage Loan deliveries for Purchase
3. Last day for Seller to access Spring EQ Portal

Upon notice of termination, any outstanding debts and obligations owed to Spring EQ will be made immediately due and payable at the sole discretion of Spring EQ.

### 7.11.2 Termination at Spring EQ Request

Spring EQ may, at its sole discretion, elect to suspend or terminate a Seller's approval at any time for any reason.

An Agreement may be terminated by Spring EQ by giving notification to the email address provided by Seller or written notice to the Seller's address for notices, or otherwise by a method(s) called out in the Agreement. Termination is effective on the date specified.

Spring EQ may continue to purchase Mortgage Loans associated with Commitment Confirmations outstanding at the time that Spring EQ notifies the Seller of termination so long as the Seller's approval and/or Agreement are not terminated for Cause or due to an Event of Default.

Upon notice of termination, any outstanding debts and obligations owed to Spring EQ may be made immediately due and payable at the sole discretion of Spring EQ.

For purposes of the Agreement, a termination shall be for Cause if Spring EQ reasonably believes that (i) there has been or is likely to be an Event of Default, (ii) Seller is not likely to be able to comply with, or Seller has breached (without cure), any obligations, covenants, representations or warranties under the Agreement, or (iii) any deception, fraud, concealment or material misrepresentation has occurred by Seller, its officers, directors, employees, agents, subsidiaries, affiliates, or by any independent contractors acting on behalf of Seller.

## 7.12 Use of Documents by Spring EQ

Spring EQ reviews policies, procedures, reports, and other documents provided by prospective Sellers for the purpose of determining whether Sellers meet eligibility criteria established by Spring EQ. Spring EQ is in no way rendering an opinion on the sufficiency of those. Sellers are responsible for ensuring the adequacy of their own policies and processes as they relate to the Seller's own risk management framework and to the regulatory and other requirements to which the Seller is subject.

## 8 Commitment Types & Rate Lock Policy

### 8.1 Commitment Types

Prior to submitting and selling loans to Spring EQ, Sellers must obtain a Best Effort Lock. A Seller's MLPA Credit Exhibit terms may include daily Commitment volume limits and limits for total committed, undelivered volumes as determined by Spring EQ.

At this time, Spring EQ is not offering Mandatory Flow Commitments, Bulk Trade Commitments, or Bulk Assignment of Trade (Bulk AOT) Commitments.

### 8.2 Pricing

Rate Sheets will be published and announced accordingly, as well as immediately upon any change to rates or pricing, and distributed on the Spring EQ Correspondent Website, Portal, and via email distribution. Rate Sheet pricing is subject to change daily and intra-day without prior notice at the sole discretion of Spring EQ.

The total price for each Mortgage Loan is comprised of the base price (inclusive of servicing released premium), and loan-level price adjustments (LLPAs), each as noted on the applicable rate sheet. Each Mortgage Loan is subject to applicable fees in effect as of the date and time of Seller's Lock Confirmation, or as otherwise noted in the Guide.

### 8.3 Best Effort Commitments

The Best Efforts commitment offers correspondents the ability to lock in a competitive price for a single Mortgage Loan, for a specific property and borrower(s), without incurring borrower-driven fallout risk.



If a Mortgage Loan subject to a Commitment Confirmation closes, the respective commitment becomes a mandatory delivery commitment and is subject to the pair-off policy. If the Mortgage Loan does not close, the Seller is not assessed the pair-off fee.

Under a Best Efforts Commitment, the Seller commits to the following:

1. Best efforts will be made to close the Mortgage Loan as described in the Commitment Confirmation
2. If the Mortgage Loan closes, the Seller will deliver the Mortgage Loan, including the full Credit File and Collateral File, in purchasable condition by the Commitment Expiration Date.
3. The expiration of a Best Efforts Commitment does not relieve the Seller from its obligation to deliver the Mortgage Loan to Spring EQ, nor does it afford the Seller the opportunity to benefit from changing market conditions.
4. Although there is no penalty charged on an individual loan if it does not close, Spring EQ closely monitors pull-through ratios. Unacceptably low pull-through levels may lead to Seller suspension or termination.

Fallout may also occur with respect to a Best Efforts Commitment when a Seller cancels a commitment, when the Commitment Expiration Date lapses prior to the delivery of the Mortgage Loan to Spring EQ, or when Spring EQ rejects a Mortgage Loan due to failure to meet Spring EQ Program Guides or Commitment Confirmation terms.

Spring EQ recognizes exceptional circumstances and may waive the pair-off fee at its sole discretion. For example, if a Seller locks a Best Efforts Commitment and subsequently determines the Mortgage Loan does not meet Spring EQ eligibility requirements, or Spring EQ rejects a delivered Mortgage Loan due to a violation of Program Guides or inconsistency with this Guide, Spring EQ may elect to waive the pair-off fee if the Seller has not exhibited a trend or pattern of locking ineligible loans.

## 8.4 Lock Desk & Contacts

Spring EQ's Commitment Desk, also referred to as the Lock Desk, manages all Commitments. Spring EQ's Lock Desk operates from 9 am – 7 pm ET and can be reached by emailing to [CorrespondentLockDesk@springeq.com](mailto:CorrespondentLockDesk@springeq.com). The Seller should always "cc" their Operations Account Manager on any emails sent to the Lock Desk.

## 8.5 Lock Confirmations

If the lock submission is successful, then a Lock Confirmation is available for Sellers to view or download shortly after submitting the lock request. Sellers with appropriate system access can view and print Lock Confirmations from the Spring EQ Portal.

If a Lock Confirmation is not available shortly after the lock request is submitted:

1. Check for announcements on the Spring EQ Portal for relating to any systems disruptions
2. If there is no announcement, Seller should email the Commitment Desk and provide lock date/time, Mortgage Loan details and Seller contact information.

## 8.6 Lock Extensions

Sellers may extend the Lock Expiration Date on a Best Efforts Commitment for a maximum cumulative extension term not to exceed 30 calendar days from the initial lock expiration date. Lock extensions for Best Efforts Commitments may be requested for a minimum of one calendar day with the maximum of three (3) lock extension requests per loan. The Seller can request a Lock Extension in the Spring EQ Correspondent Portal.



If a Lock Extension is granted, the Commitment price will be reduced by the amount of the extension fee shown on the Spring EQ Rate Sheet in effect at the time of the Lock Extension. Spring EQ may grant additional extensions by exception at its sole discretion.

Best Efforts Commitments that have expired due to reaching the maximum cumulative extension term must be relocked subject to Spring EQ's Relock Policy. In the event of a subsequent relock, the extension count will be reset.

Spring EQ actively monitors Seller relocks and extensions. If Spring EQ determines, at its discretion, that a Seller excessively or inappropriately requests relocks or extensions, Spring EQ may deny additional relocks and/or extensions where reasons appear questionable.

## 8.7 Relocks & Repricing

### 8.7.1 Relocks

Sellers may request a Relock for an expired Best Efforts Commitment a maximum of two (2) times for an available lock period equal to or less than the original lock period taken at the time of the initial lock. Relocks requests should be sent to the Spring EQ Commitment Desk.

Best Efforts Commitments relocked less than or equal to thirty (30) calendar days after the earlier of the Lock Cancellation Date or most recent Commitment Expiration Date are subject to "Worst-Case Pricing," defined as the lesser of either (a) the Commitment price as of the most recent Lock, Relock, or Worst-Case Pricing event plus accumulated extension and relock fees (as noted on the Rate Sheet in effect as of the Relock date and time), or (b) then-current Rate Sheet price for the Relock commitment term.

Relocks requested greater than thirty (30) calendar days after the Lock Expiration Date, will be subject to the current Rate Sheet price in effect as of the Relock date/time.

### 8.7.2 Repricing

In order to assist Sellers with managing their existing pipelines, Spring EQ will consider a repricing under the following conditions:

1. Repricing requests must be e-mailed to the Commitment Desk.
2. Repricing for Program Changes (i.e., change of Term on a closed-end loan, Note Rate changes or changes to loan characteristics or attributes), with Repricing to be based on the Rate Sheet in effect at the time of the original lock.
3. Repricing for Product Changes (i.e., changing the product from a closed-end loan to a HELOC, a HELOC to a closed-end loan, or from one HELOC product to another), the original lock request must be cancelled, and a new loan registered and locked at the then current Rate Sheet pricing in effect at the time of the new lock.
4. The Mortgage Loan must be delivered by current existing Commitment Expiration Date expiration or will be subject to standard extension policy and fees

## 8.8 Delivery & Delayed Purchase

A complete Mortgage Loan file (including Credit File and Collateral File) must be delivered to Spring EQ on or before the Commitment Expiration Date. Best Efforts commitments expire at 5:00 pm ET on the Commitment Expiration Date. A Mortgage Loan delivered into a Best Efforts commitment after the Commitment Expiration Date is considered late and will be subject to the Best Efforts relock policy (see [Relocks](#).)

A Mortgage Loan delivered to Spring EQ on or before the Commitment Expiration Date that cannot be purchased immediately due to defective or missing documentation, incorrect commitment parameters, a Seller's warehouse lender restrictions, or any other reason outside of Spring EQ's control, will be subject to an Extension Fee as shown on the Spring EQ Rate Sheet in effect at the time of the extension.

## 8.9 Changes to Lock Terms

A change to any attribute or loan feature of a Mortgage Loan in a Best Efforts Commitment may subject the loan to Reprice, Relock, cancellation, or rejection.

Changes to Borrower(s) or property are not allowed on committed Mortgaged Loans. A property address change is prohibited, except for immaterial changes, such as common typographical errors. Best Efforts Locks may not be requested with a "TBD" property address.

### 8.9.1 Interest Rate Changes

An interest rate change to a Mortgage Loan in a Best Efforts Commitment will result in a price adjustment equal to the difference between the existing price associated with the original interest rate and the price associated with the actual interest rate, as noted on the effective Rate Sheet. If the interest rate does not fit within the same coupon or is not an offered interest rate, the Mortgage Loan may be ineligible for delivery at the sole discretion of Spring EQ.

### 8.9.2 Product and Program Changes

A program change to a Mortgage Loan in a Best Efforts Commitment may trigger a Worse Case Reprice event and is priced accordingly. To qualify for a program change in accordance with this section, which will maintain the existing Commitment, no term of the Commitment, including the applicable Commitment Expiration Date, may change other than the program.

## 8.10 Commitment Cancellation and Pair-Off

Best Efforts Locks may be canceled (withdrawn by Seller or canceled by Spring EQ) prior to Mortgage Loan delivery. Sellers are encouraged to cancel as soon as such action is deemed necessary.

If a Mortgage Loan in a Best Efforts Lock is closed by the Seller or any of the Seller's Affiliates, the Seller is obligated to deliver that Mortgage Loan to Spring EQ irrespective of having canceled or not canceled the Lock at any time prior to or subsequent to the Mortgage Loan's close.

Spring EQ Mortgage may collect a Pair-off Fee, and/or a penalty fee, for failure to fulfill a Best Efforts Lock for a loan that is subsequently closed by the Seller or its affiliate.

The Best Efforts Pair-off Fee is calculated as follows:

- Price Adjustment = Maximum of 0 or [(Current Price - Price at Lock) + Extension Fees + Roll Fees + Delayed Purchase Fees]
- Pair-off Fee = (Price Adjustment + Pair-off Penalty Fee) \* Loan Amount.

The *Pair-off Penalty Fee* for Best Effort Commitments is 50 basis points of the unpaid principal balance.

Current Price is the base price on the Best Efforts rate sheet that was in effect as of the Pair-Off Date/Time for the maximum commitment term that is less than or equal to the number of calendar days remaining in the

commitment being paired-off. A live price adjustment may be added to the rate sheet price to adjust for market movement since the last rate sheet posting.

Price At Lock is the base price on the Best-Efforts rate sheet that was in effect as of the commitment lock date/time of the commitment for the original commitment term. A live price adjustment may be added to the Rate Sheet price to adjust for market movement between the rate sheet publication date/time and the lock date/time.

Note: If a Best Efforts commitment has been relocked, the Price At Lock will be the base price determined by the relock policy in effect as of the relock date/time.

The Pair-Off Date/Time is the earlier of:

- Market open on the first business day immediately following the commitment Delivery Due Date, or
- First date/time the Best-Efforts lock desk is open after Spring EQ obtains conclusive evidence that a loan locked in a Best Efforts commitment closed and will not be delivered

Spring EQ recognizes that exceptional circumstances may occur which prevent the successful delivery of an acceptable closed Mortgage Loan. Under such circumstances, Spring EQ Mortgage may, at its sole discretion, choose to waive the Pair-off Fee for that closed Mortgage Loan.

## 8.11 Maximum Mortgage Loan Volume & Exceptions

Due to the nature of Mortgage Loan production cycles, Seller production levels can vary from month to month and intra month causing Sellers to temporarily exceed the Seller's maximum volume or open commitment limits as set forth in the Seller's Agreement.

If a Seller is nearing limits and an exception is needed, they may contact their Account Executive to request a limit exception. Temporary exceptions are granted only in writing by authorized Spring EQ employees and at the sole discretion of Spring EQ.

To be considered for a temporary exception, a Seller must be in good standing.

## 9 Seller Notification Requirements; Events of Default; Remedies

### 9.1 Self-Reporting

To the extent allowed by Applicable Law, Sellers are required to notify Spring EQ of events that may impact their eligibility or upon the occurrence of any Event of Default, or any occurrence that, with notice or passage of time or both, would be an Event of Default. To the extent permitted by Applicable Law, Correspondent Sellers are required to provide Spring EQ with at least thirty (30) days' notice of any event that will impact the Seller's ownership, corporate structure or financial capacity.

#### 9.1.1 Fraud and Material Defects

Sellers that become aware of suspicious information or activity, fraud or suspected fraud, or material defects associated with a Mortgage Loan delivered to or purchased by Spring EQ must notify Spring EQ immediately upon discovery, whether or not the original discovery was made by Seller or was brought to their attention by an investor, servicer, auditor, regulator, government agency or other third party.

Notifications must be forwarded to [correspondent@springeq.com](mailto:correspondent@springeq.com). Seller must also comply with Applicable Laws that require reporting of suspicious activity, fraud, or misrepresentation to entities other than Spring EQ.

## 9.1.2 Information Security Incidents

For all loans sold to Spring EQ, Sellers must comply with the requirements of the Interagency Guidance on Response Programs for Unauthorized Access to Customer Information and Customer Notice (Section 501(b) of the Gramm-Leach-Bliley Act (GLBA)).

1. Sellers must maintain procedures for:

- Assessing the nature and scope of an incident, and identifying what borrower information systems and types of borrower information have been accessed or misused;
- Notifying its primary Federal regulator as soon as possible when the institution becomes aware of an incident involving unauthorized access to, or use of, sensitive borrower information; and
- Notifying the appropriate law enforcement authority, in addition to filing a timely Suspicious Activity Report (SAR) in situations involving federal criminal violations requiring immediate attention, such as when a reportable violation is ongoing.

2. In the event of a known or suspected data breach affecting Mortgage Loans sold to Spring EQ, Sellers must:

- Comply with all state and federal privacy and data security breach laws; including those that require borrower notification when their Non-public Personal Information (NPI) has been compromised.
- Maintain a copy of the notice in the Seller's individual mortgage loan file; and
- Provide written notice to Spring EQ of the data breach no later than 72 hours after the Seller is made aware of the incident.
  - Written notice must be emailed to [correspondent@springeq.com](mailto:correspondent@springeq.com), with hard copies to the Spring EQ headquarters address listed in Section 3.3 Mailing & Delivery Contact Information, and must include the following:
    - A detailed description of the scope of the incident;
    - A description of the related NPI;
    - The root cause (if known);
    - The response plan; and,
    - A copy of the breach notice the Seller plans to send to the borrower(s) or an explanation as to why the Seller is not sending a breach notice.

3. In the event of a known or suspected data breach, Sellers must fully cooperate with Spring EQ including, without limitation, providing information and access as requested to enable Spring EQ to comply with its legal, regulatory, and privacy incident management obligations.

## 9.2 Corporate Structure / Key Management Personnel Changes

At least thirty (30) days' notification (unless prohibited by law) of a change in corporate structure or senior management team must be provided to Spring EQ by notifying Spring EQ as provided for in the MLPA.

Notification must be given in writing and should include updated organization charts and resumes of key officers and owners. Upon receipt, Spring EQ will review the notification and determine if the change will have any impact on the Seller's eligibility under the terms set forth in the Seller's Agreement with Spring EQ.

Examples of corporate structure or management changes include:

- Material change in ownership such as merger, consolidation, or reorganization

- Notice must be given to Spring EQ no less than 30 days in advance of a planned transaction that would materially change the Seller's financial condition, except when such notice is prohibited by law or regulation
- Change in legal structure
- Change in the business name, primary address, or telephone number
- Change in principal management or Board of Directors or similar governing body
- Any default under any other investor, Agency, or warehouse agreement
- Any administrative sanctions, or investigations, audits, examinations or reviews by an agency or regulator not in the ordinary course of business; or
- Any other action, event or condition of any nature which may lead to or result in a material adverse effect upon the business, operations, assets, properties, prospects, or condition (financial or otherwise) of Seller.

The Seller is to immediately notify Spring EQ of any material changes to their financial condition as follows:

- A decrease in net worth of more than 25% from the net worth shown in the prior financial statements provided to Spring EQ
- A material change in financial condition; financial strength or rating by any Rating Agency has been downgraded for Seller
- Any material change in the Seller's financial condition that is likely to impact its ability to perform its obligations under the terms of the MLPA or this Guide
- Material repurchase, indemnification, or make whole demands
- Mortgage Insurance rescissions received from insurers or investors other than Spring EQ.

### 9.3 Additional Notification Requirements

Other examples of required notice by Seller to Spring EQ include, but are not limited to those related as follows, to the extent permitted by Applicable Law:

- An action notification from a warehouse lender, investor, FHA, VA, HUD, USDA, Freddie Mac, Fannie Mae, the CFPB or any other regulatory agency
- Administrative sanction, investigation, audit, examination or review that resulted in regulatory action or formal agreement
- Court judgment with material impact to Seller's operations or financial condition
- Disqualification or suspension by an Agency or Investor
- Subsequent to the sale of a Mortgage Loan to Spring EQ, a fact or circumstance rendering said Mortgage Loan to be ineligible for purchase by Spring EQ is discovered
- Any material change in the Seller's operational conditions that may adversely impact the ability to perform any obligations as outlined in the Agreement
- A material agency, regulatory or judicial finding or other material determination of any noncompliance with Applicable Laws (including but not limited to RESPA, SAFE Act, ECOA etc.) by Seller's company or an officer, director, employee or affiliate of Seller, or any such finding or determination that may have an adverse impact on Seller's ability to perform under the MLPA and Seller Guide or maintain eligibility
- As provided in the Agreement, any notice requirement as provided therein, any breach of a Representation and Warranty with respect to the Seller or to a Mortgage Loan or of any covenant of Seller
- Internal audit or quality control findings identifying material Mortgage Loan quality issues
  - Spring EQ requires the Correspondent Seller to provide a copy of the findings report within 30 days of receipt
  - Correspondent Seller must notify Spring EQ immediately of any delay in the Seller's Quality Control reporting requirements.

## 9.4 Events of Default

Sellers are responsible for notifying Spring EQ immediately upon the Seller's knowledge of any Event of Default or any occurrence that, with notice or passage of time or both, would be an Event of Default.

Any one or more of the following events constitutes an Event of Default:

- A. Seller has not complied with one or more of the requirements, terms or conditions, or has breached a representation, warranty or covenant, included in this Guide or the MLPA.
- B. Seller fails to pay to Spring EQ any fees or monies owed to Spring EQ under the Agreement by the date any such payment is due.
- C. Seller changes its name or its DBA without prior written notice to Spring EQ.
- D. Seller consolidates, merges, or enters into any reorganization transaction with any person without prior written notice to Spring EQ.
- E. If Seller is a bank, thrift, or savings and loan association, Seller changes its charter from federal to state or vice versa without prior written notice to Spring EQ.
- F. Seller converts from one legal entity type to another (e.g., corporation to LLC) without prior written notice to Spring EQ.
- G. Any Seller undergoes a sale outside the ordinary course of business without prior written notice to, or consent from, Spring EQ.
- H. Seller fails to notify Spring EQ of any change in ownership that results in a change in the majority owner of Seller within thirty (30) days of the effective date.
- I. Seller becomes insolvent or is unable to pay its debts.
- J. The filing of a voluntary petition by Seller, or an involuntary petition or other insolvency proceeding against Seller under the Federal bankruptcy laws or under any state bankruptcy or insolvency law.
- K. Any assumption of control of Seller by the FDIC, OCC, OTS or similar governmental entity.
- L. The appointment of a trustee or receiver for Seller or its property, or the execution of an assignment by Seller for the benefit of creditors.
- M. Any other change in the financial or organizational status of Seller that Spring EQ in its sole discretion believes could adversely affect Spring EQ or any Mortgage Loans purchased by Spring EQ.
- N. Seller (i) liquidates, winds up or dissolves; (ii) sells, assigns, or transfers all or substantially all of its business or assets; or (iii) ceases to engage in the business of originating, purchasing or servicing Mortgage Loans (as applicable).
- O. The placement of Seller on probation or restriction of its activities in any matter by a government agency, a GSE, or MERS.
- P. Seller's failure to repurchase any Mortgage Loan within the required time frame if required under the Agreement.
- Q. Seller's failure to meet any prescribed eligibility test hereunder.

## 9.5 Remedies

### 9.5.1 Remedies Generally

The remedies available to Spring EQ are cumulative and not exclusive. Spring EQ may exercise any remedy described in this Guide, contained in any other agreement between Seller and Spring EQ, or available at law or in equity. Spring EQ's exercise of one or more remedies in connection with an Event of Default or other circumstance giving rise to such remedies shall not prevent it from exercising any other remedies in connection with that same Event of Default or circumstance, or any other Event of Default or circumstance.

Spring EQ may waive any Event of Default by Seller in the performance of Seller's obligations hereunder, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent Event of Default or other Event of Default, nor shall any delay by Spring EQ in exercising, or its failure to exercise, any right or remedy arising from such Event of Default affect or impair Spring EQ's rights in any way.

Spring EQ's remedies will continue in full force and effect, notwithstanding any termination of the MLPA, this Guide, or the Agreement, and shall inure to the benefit of Spring EQ and its successors and assigns, notwithstanding any restrictive or qualified endorsement on any Mortgage Note or assignment of mortgage, or Spring EQ's examination of or failure to examine any loan documents or loan files.

### 9.5.2 Repurchase

Spring EQ may require Seller to repurchase a Mortgage Loan (with all related Servicing Rights, if applicable) if an Event of Default has occurred with respect to such Mortgage Loan or if an Early Payment Default has occurred with respect to such Mortgage Loan. If Spring EQ demands that Seller repurchase a Loan pursuant to this Section 9.5.2, Seller shall repurchase the Loan for the Repurchase Price (as defined herein) within thirty (30) days of receipt of such demand.

Spring EQ is not required to demand repurchase within any particular time and may elect not to require immediate repurchase; however, any delay in making a repurchase demand does not constitute a waiver by Spring EQ of any of its rights or remedies unless agreed by Spring EQ in a separate writing.

Upon Seller's satisfaction of its repurchase obligations, Spring EQ shall endorse the Mortgage Note in blank and will deliver the Mortgage Note and other Loan Documents in Spring EQ's possession to Seller.

"Repurchase Price" shall mean a price equal to the sum of the following: (a) the outstanding principal balance of the Mortgage Loan as of the date on which such repurchase takes place, multiplied by the Purchase Price Percentage; plus (b) all accrued and unpaid interest on the Mortgage Loan through the last day of the month of the date of repurchase; plus (c) any and all documentary stamp taxes, recording fees, transfer taxes, and all other expenses payable in connection with any such repurchase, including, without limitation, any loss relating to the Mortgage Loan, all costs or expenses incurred by Spring EQ in the course of repurchasing such Mortgage Loan from a third party, and reasonable attorneys' fees and expenses incurred by Spring EQ; plus (d) all interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by Spring EQ and the primary servicer in connection with the Mortgage Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus (e) any Early Payment Default Fee associated with an Early Payment Default; less (f) the net amount of any proceeds realized by the owner of the Mortgage Loan upon the final liquidation of the Mortgage Loan or the Mortgaged Property to an unrelated third party.

Procedure for Completing Repurchase. Spring EQ will provide Sellers with a detailed written explanation of the reasons for any request to repurchase a Mortgage Loan. The Seller must repurchase the interest of Spring EQ in the identified Mortgage within thirty (30) days of receipt of Spring EQ's repurchase demand. If the breach or Event of Default giving rise to the repurchase obligation may be curable, the Seller at the discretion of Spring EQ may be granted a period of thirty (30) days in which to cure the Event of Default, after which a repurchase invoice due date will be set if it is not cured. In the event the repurchase is not completed by the invoice due date, Spring EQ may net fund (set-off) the amount from subsequent amounts due to the Seller. Alternatively, Spring EQ may, in its sole discretion, obtain a bid for a market price on the Mortgage Loan and require Seller to indemnify and reimburse Spring EQ for the marketing loss incurred or implied by the market price, plus the



Service Release Premium and any premium pricing paid at settlement by Spring EQ to Seller, plus any other applicable components of the Repurchase Price.

The Seller will address a repurchase by wire transfer from the Seller to Spring EQ of immediately available funds. Upon receipt by Spring EQ of the Seller's funds for repurchase, Spring EQ shall release to the Seller the related Mortgage Loan File(s) and shall execute and deliver to the Seller such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in the Seller, or its designee, title to such repurchased Mortgage Loans. Seller shall assume the cost of recordation of assignments and other costs of transfer of any repurchased Mortgage Loans. The date of repurchase is the date when Spring EQ receives the Repurchase Price funds by wire transfer.

The reasonable decision of Spring EQ, in accordance with the terms of the Agreement, to require the Seller to repurchase a Mortgage Loan shall be conclusive. Seller's failure to comply with repurchase request from Spring EQ may result in suspension or termination of selling privileges. Suspension or termination upon the occurrence of one or more of the repurchase events shall not limit the rights of Spring EQ to take other action to enforce its rights or protect its interests, including, but not limited to other remedies set forth in this Guide and any related requirements of the MLPA.

### 9.5.3 Indemnification

Seller shall indemnify Spring EQ from all liabilities, obligations, losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, suits, claims, and any other costs, fees or expenses, directly or indirectly resulting from or arising out of (a) an Event of Default; (b) an Early Payment Default; (c) any litigation or governmental proceeding that alleges any violation of local, state or federal law which, if true, would be an Event of Default by Seller; (d) any breach of a representation, warranty or covenant made by Spring EQ in reliance upon any representation, warranty or covenant made by Seller; or (e) Spring EQ's enforcement of the Agreement, including this Guide.

At the sole discretion of Spring EQ, the remedy set forth in this Section 9.5.3 may apply with regard to any Mortgage Loan that is otherwise subject to a repurchase remedy upon the occurrence of an Event of Default per the terms of the Agreement. The terms and conditions of such indemnification may vary with circumstances relevant to each Mortgage Loan but will include a return to Spring EQ by Seller of the Premium.

In addition, the indemnification may require payment of the estimated loss Spring EQ reasonably believes it may incur or actual loss it has incurred as a result of the Event of Default that gave rise to the indemnification remedy, including without limitation any marketing loss upon sale of an impaired Mortgage Loan at a reduced market price, loss due to indemnification, repurchase or make-whole required of Spring EQ by its insurers or investors, loss upon liquidation of the Mortgaged Property securing the Mortgage Loan, and reasonable attorney's fees.

### 9.5.4 Setoff

Upon any Event of Default, Spring EQ may, without prior notice to Seller, set-off and apply all or any amounts owed by Spring EQ to Seller (including the Purchase Price for any Mortgage Loan) against any repurchase, indemnification or other obligations owed by Seller to Spring EQ. Spring EQ shall notify Seller within a reasonable time after any set-off, provided, however, that the failure of Spring EQ to give such notification shall not affect the validity of the set-off.



## 9.5.5 Suspension and Termination

Suspension and Termination are described in Article V of the MLPA and Sections 7.11 and 7.12 of the Guide.

## 9.6 Early Payment Defaults

A Mortgage Loan is considered an Early Payment Default (EPD) in the event that any of the first six (6) payments due to Spring EQ on a Mortgage Loan after purchase of the Mortgage Loan by Spring becomes thirty (30) days or more delinquent. A Mortgage Loan is considered delinquent if a payment is not received on or before its due date designated in the related Mortgage Loan Documents.

Sellers, brokers, or third parties involved in the origination and/or closing of a Mortgage Loan or the sale of such Mortgage Loan to Spring EQ may not make a payment on behalf of the Mortgagor or contribute to a Mortgagor's mortgage payment when the Mortgagor has not made the payment. Doing so is considered a form of fraud or misrepresentation and will subject the Seller to the available actions and remedies set forth in this Guide.

In the event of an Early Payment Default, Seller shall be required to pay an Early Payment Default Fee of \$250 within thirty (30) days of written notice from Spring EQ. If Spring EQ exercises its repurchase remedy in accordance with Section 9.5.2, the Early Payment Default Fee shall be included within the Repurchase Price.

## 9.7 Early Payoff

An Early Payoff exists when a Mortgage Loan is paid in full within one hundred eighty (180) days after the Purchase Date of such Mortgage Loan. In the case of a home equity line of credit, an Early Payoff shall exist when, within one hundred eighty (180) days after the Purchase Date of such Mortgage Loan, the principal balance is paid in full and the related account is closed such that no additional amounts may be drawn. In the case of an Early Payoff, the Seller must pay Spring EQ an amount equal to the original Premium paid to Seller (the "Early Payoff Fee") within 30 calendar days of notification by Spring EQ. If the payment is not received by Spring EQ within such period, the amount due may be offset by Spring EQ against any amount due to the Seller as determined by Spring EQ. This obligation will survive any sale or assignment of the related Mortgage Loan by Spring EQ to any third party and will be independently enforceable by Spring EQ.

## 9.8 Early HELOC Paydown

An Early HELOC Pay Down exists when the outstanding principal balance of a home equity line of credit (HELOC) Mortgage Loan is paid down by fifty percent (50%) or greater in first ninety (90) days after the Purchase Date of such Mortgage Loan. In the case of an Early HELOC Pay Down, the Seller must pay Spring EQ a pro-rata amount to the original Premium paid to Seller (the "Early Paydown Fee") within 30 calendar days of notification by Spring EQ. For example, if Spring EQ paid Seller \$2,250.00 for a HELOC with a \$100,000.00 drawn balance, that was paid down by \$50,000.00 (50%) within the first 90 days after the Purchase Date of such Mortgage Loan, Seller must pay Spring EQ \$1,125.00 (50% of \$2,250.00). If the payment is not received by Spring EQ within such period, the amount due may be offset by Spring EQ against any amount due to the Seller as determined by Spring EQ. This obligation will survive any sale or assignment of the related Mortgage Loan by Spring EQ to any third party and will be independently enforceable by Spring EQ.

## 9.9 Seller Contact Information

It is the Seller's responsibility to notify Spring EQ of any changes to Seller contacts or to any specific contact's information including mailing addresses, email addresses and telephone numbers. Sellers should contact the Spring EQ Team with any updates. Sellers must provide and maintain contacts to Spring EQ for the following functions:

- Legal
- Secondary Marketing
- Rate Sheet Distribution
- Seller Announcement Distribution
- Website Administration
- Underwriting
- Funding Suspense
- Purchase Advice
- Post-Closing

## 10 Closed Loan Delivery

### 10.1 Delivery Eligibility

Mortgage Loans are eligible for delivery to Spring EQ when:

1. The Mortgage Loan transaction has funded and closed, meaning:
  - a. Mortgage Loan Documents have been signed, and
  - b. Any rescission period is expired, and
  - c. Mortgage Loan funds have been disbursed on behalf of the Borrower within no greater than 45 calendar days prior to delivery and
2. The new lien is recorded, or eligible for recordation.

Mortgage Loans that have not been funded and closed as defined above are not eligible for closed loan delivery to Spring EQ.

### 10.2 Delivery Requirements

To deliver a completed Mortgage Loan package, the Seller will upload the following Mortgage Loan file images to the Spring EQ Portal:

- Complete credit package and all supporting documentation
- Loan Data (typically the 3.4 file)
- Fully executed closing documents
- Complete initial disclosure, re-disclosures, and closing disclosure packages
- Copy of Collateral Package

### 10.3 Collateral Package Delivery

On the same day as the Mortgage Loan file delivery, the Collateral Package must be sent to the Spring EQ Collateral Custodian. A copy of the shipped Collateral Package must be included in the loan file delivered to Spring EQ.

The original Collateral Package will be reviewed by the Collateral Custodian prior to the Mortgage Loan being approved for purchase. Any deficiencies will be noted as part of the loan suspense conditions. Conditions for corrected or additional original documents should be sent to the Collateral Custodian and a copy provided to Spring EQ. (See section [11.9 Collateral Package & Trailing Documents.](#))

Spring EQ recommends that Sellers use express mail service to track Collateral Package shipments and to help ensure timely delivery of the original Note and Collateral package.

## 10.4 Closed Loan Pre-Purchase Review

All Mortgage Loans will undergo a review to determine if Mortgage Loan delivery and eligibility requirements have been met.

The Pre-Purchase audit review involves several separate review processes. The following five (5) review processes might apply:

1. Review of Mortgage Loan document images
2. Data entry review, for accuracy and sufficiency of Mortgage Loan data uploaded or input by the Seller
3. Regulatory Compliance review
4. Underwriting review
5. Collateral Package review

Although Spring EQ may conduct a Regulatory Compliance review and an Underwriting review of some Mortgage Loans prior to Mortgage Loan purchase, Sellers remain fully responsible for their obligation to determine that each Mortgage Loan is eligible for the program and product it was submitted under, and that the Mortgage Loan complies with all Applicable Laws, rules, and regulations.

Notwithstanding any type of review of the Mortgage Loan or its components or documentation by Spring EQ, Seller makes all of the representations and warranties set forth in the Agreement and agrees to the terms and conditions of its Agreement with Spring EQ.

## 10.5 Warehouse Banks & Wiring Instructions

The purpose of a Bailment Agreement, or Bailee Letter, is to protect the security interests of both the warehouse lender and the Seller when Collateral Package is sent to a takeout investor for review.

When Sellers are initially approved as a Spring EQ Seller, Spring EQ obtains wiring instructions for the Seller's warehouse bank providers. The wiring instructions provided at the time of Seller approval must match the wiring instructions on the Bailment Agreement submitted to the Spring EQ Document Custodian (with a copy uploaded to the Mortgage Loan file) for each Mortgage Loan.

- If the Seller changes its warehouse bank providers or the warehouse bank's wiring instructions change, then the Seller must notify Spring EQ with the new wiring instructions immediately to prevent future Mortgage Loan purchase delays
- Spring EQ will not sign or agree to any terms of a bailment agreement. It is the responsibility of the Seller to forward a copy of the bailment agreement to its warehouse bank for processing and inclusion in the Note package. However, wiring information will be recognized and adhered to, as indicated on a bailment agreement.

Bailment Agreements (Bailee Letters) must:

- Reference the Seller
- Reference Spring EQ as the takeout investor, purchaser, or Bailee
- Reference the Loan (either the Borrower name or property address) either in the body of the Bailee letter or on an attached schedule or manifest
- Contain wiring instructions
- Contain a clause whereby the lien is automatically released up issuance of the purchase wire
- Be on the warehouse bank or Document Custodian's letterhead (not the Seller's)
- Be sent directly from the warehouse lender to Spring EQ's Document Custodian (See [Delivery](#)).

## 11 Mortgage Loan Document Requirements

### 11.1 Privacy Protection

For Mortgage Loans delivered to Spring EQ, Seller must fully comply with all provisions of the *Gramm-Leach-Bliley Act (GLBA)*, including without limitation the *Safeguards Rule* which requires Seller to ensure the security and confidentiality of customer records and personal information, and the *Consumer Financial Privacy Rule* which prohibits the Seller from disclosing Non-Public Personal Information about a consumer unless it has satisfied various notice and opt-out requirements, and the consumer has not elected to opt out.

Spring EQ works with Sellers to protect borrower and consumer non-public personal information (“NPI”). In support of this practice, Spring EQ encourages Sellers to do the following when delivery documents containing protected information to Spring EQ:

- Encrypt emails containing NPI, and
- Transmit documents containing NPI to Spring EQ by sharing the documents to a secure site.

Examples of documents that typically include elements of NPI and should be encrypted or shared on a secure site include:

- Emails containing borrower information or lists of borrowers
- Payment histories
- Bank statements
- Paystubs/W-2 forms/Tax Returns
- Appraisals
- Credit reports

Sellers should use the secure Spring EQ Correspondent Portal to deliver any documents containing NPI.

### 11.2 Name & Address Certifications

Name(s) and subject property address must be consistent throughout the Mortgage Loan file. If there are substantial discrepancies in the Borrower's name(s), a Name Affidavit is required. If there is any discrepancy in the property address, an Address Certification is required.

An Affidavit of Identity is required if there are substantial discrepancies in the Borrower's name or signature, including variations between the typed name and signature or the typed names as they differ between closing documents. Affidavits may be signed by the Borrower, closer, branch personnel or someone that witnessed the Borrower's signature. The name and affiliation of the signer must be shown on the Affidavit or the Affidavit must be notarized. Affidavits of Identity should not be used to correct discrepancies in the Borrower's name which result from errors. Errors must be corrected, and the document re-recorded if necessary.

A certified true copy of the Affidavit is acceptable if the original is not available. The certification must read, “Certified to be a true and exact copy of the original.”

### 11.3 Note & Security Instruments

Notes and Mortgages must be legible and correct. Loans requiring corrections to the Note and/or Mortgage, other than corrections deemed by Spring EQ on a case-by-case basis to be minor and/or clerical in nature, are not eligible for sale to Spring EQ.

Spring EQ and its document custodian will review all corrected documents to determine acceptability. Sellers must obtain approval from Spring EQ prior to re-recording the Mortgage for any Mortgage Loan intended for sale to Spring EQ.

The following are examples of corrections that might be considered minor or clerical and might be acceptable to Spring EQ, if approved by Spring EQ in writing, in advance:

- Mistyped ZIP code with an otherwise correct property address and legal description on the Note and/or Mortgage
- Incorrect unit number for a condominium that has several unit number versions due to new construction or similar issue, with a correct legal description on the Collateral Documents
- MERS® MIN numbers, if a minor numeric error (generally involving one incorrect digit or transposed digits)
  - The affected instruments must be recorded with the correct information prior-to-purchase
- Property Address or Borrower's Address on the Mortgage, as long as the legal description is correct (the Mortgage need not be correct and re-recorded, unless otherwise required)
- First Payment Date change as long as the amortization dates are correct, disclosures are correct, and correct mortgage interest was collected at closing

The following are examples of corrections that are generally NOT acceptable to Spring EQ:

- Adding or removing a borrower from the Note and/or Mortgage
- Note date changes
- Changes to Note interest rate, margin, or other loan terms
- Principal and interest changes
- Changes in loan amount
- Changes to Late Charge
- Changes that would render the loan's closing disclosures incorrect
- Material property address changes, incorrect legal descriptions, or minor property address changes in conjunction with an incorrect legal description

If corrections to the documents are required, then ONLY strikeovers are permitted, initialed by each borrower. Corrective coverings (i.e., white out) must never be used.

## 11.4 Signature Requirements

Each signature must exactly match the name typed below the signature. In particular, the Mortgagor(s) must not undersign the document (e.g., omit a middle initial when one is typed under the signature line). However, it is acceptable for the Mortgagor(s) to over-sign the document (e.g., sign with a middle initial when none is typed under the signature line).

## 11.5 Note & HELOC Agreement Requirements

Sellers must use a Note or Home Equity Line of Credit (HELOC) Agreement that is correct for the applicable mortgage type, lien type, property type, transaction type, and state. Sellers are responsible for ensuring that Notes and HELOC Agreements comply with all Applicable Laws and are valid and enforceable under state law.

## 11.5.1 General Note/HELOC Agreement Requirements

The Mortgage Note or HELOC Agreement must adhere to the following:

- Document must be signed by all qualifying Mortgagors (if a loan is closing in the name of a Trust, Mortgagor(s) must sign individually and as Trustee)
- Document must contain all original signatures on the same original document
- An original document is always required; Spring EQ will not accept lost note affidavits
- Generally, the rate should end in a multiple of 0.125
- The Closing Date must match the closing date on the Mortgage
- The Property Address must match the Title and Legal Description
- Document must display the Seller's name and cannot reference Spring EQ
- Loan Amount, Interest Rate and Principal and Interest must be correct and match other loan documents
- Maturity Date must match the term of the loan

Notes with bi-weekly payment riders are not eligible for purchase by Spring EQ.

## 11.5.2 HELOC Agreement and Disclosure Statement Requirements

For any HELOC product purchased by Spring EQ, the following provisions must be included in the HELOC Agreement and Disclosure Statement, consistent with Program Guides:

- The interest only period, draw period and repayment period must be present
- Variable-Rate HELOCs only: Minimum payment during Draw Period of the greater of \$100 or the accrued finance charges during the billing period
- Fixed-Rate HELOCs only:
  - Minimum payment shall equal the outstanding line balance fully amortized into substantially equal monthly installments over the remaining loan term, plus the sum of all accrued finance charges and other charges for the Billing Cycle.
  - Require a description of how additional/subsequent draws are treated. Additional draws cause the loan balance to be re-amortized into substantially equal monthly installments over the remaining loan term, plus the sum of all accrued finance charges and other charges for the Billing Cycle.
  - Require collection of per diem interest from disbursement through the end of the month of disbursement.
- Variable-Rate HELOC minimum initial draw: The greater of \$50,000 or 75% of the total line amount.
  - Texas- The greater of \$50,000 or 75% of the total line amount.
- Fixed-Rate HELOC minimum initial draw: The greater of \$25,000 or 75% of the total line amount.
  - Texas- The greater of \$50,000 or 75% of the total line amount.
- Annual Maintenance Fee in accordance with the following:
  - No Annual Maintenance Fee in Maryland, Virginia, Minnesota (line amounts less than \$100,000), and North Carolina (line amounts less than \$300,000), and Texas
  - \$50.00 Annual Maintenance Fee in Missouri, New Jersey, Pennsylvania, and Washington.
  - \$99.00 Annual Maintenance Fee in all other states, including Minnesota (line amounts greater than or equal to \$100,000) and North Carolina (line amounts greater than or equal to \$300,000).
- No additional draws are permitted for 90 days following account opening
- Additional draws must be in minimum amounts of \$1,000 (or \$4,000 if secured by Texas property)
- Maximum APR is the lesser of 18.00% or the maximum amount allowed by law.
- The Lifetime Floor is the lesser of 4.00% or the initial APR.
- Stop Payment Fee of \$15 on a line of credit check
- Return Check fee as follows:
  - \$20.00 for subject properties in Colorado, Connecticut, Idaho and Utah

- \$25.00 for subject properties in Arizona, California, District of Columbia, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Wisconsin
- \$29.99 for subject properties in Alabama, Arkansas, Delaware, Florida, Georgia, Iowa, Louisiana, Maryland, Minnesota, Montana, Mississippi, New Mexico, Ohio, South Carolina, Tennessee, Texas, Virginia, Washington, Wyoming
- No fees due at termination
- Late Fee of the lesser of 5% of the overdue monthly principal and interest payment (or interest payment, if applicable) or the maximum permitted by applicable law, applicable if the payment is more than 15 days late

Review the sample HELOC documents:

- Variable Rate HELOC Agreement and Disclosure Statement – [Exhibit A-1](#)
- Fixed Rate HELOC Agreement and Disclosure Statement – [Exhibit A-2](#)
- Variable Rate Important Terms of Our HELOC – [Exhibit B-1](#)
- Fixed Rate Important Terms of our HELOC – [Exhibit B-2](#)
- Proposed HELOC Settlement Statement Terms (Variable Rate) – [Exhibit C-1](#)
- Proposed HELOC Settlement Statement Terms (Fixed Rate) – [Exhibit C-2](#)

### 11.5.3 Endorsements

The Note or HELOC Agreement must have a complete Endorsement chain ending with Spring EQ, LLC.

Endorsements should be as follows:

- *Pay to the order of Spring EQ, LLC without recourse*
- Signed in the name of the Seller by an authorized officer
- Original, Endorsed and showing MERS® MIN
- Include any/all intervening endorsements showing a complete chain from the originator to Seller
- Notes should be endorsed as instructed above. Notes received endorsed in blank will be endorsed by Spring EQ at the time of Loan Purchase
- Spring EQ purchases only Mortgage Loans closed in the name of the Seller.

If the Mortgage Loan was acquired by the Seller in a merger, the endorsement must be by “[Seller], successor by merger to the [name of predecessor]” and Seller must notify Spring EQ of this variation and obtain its written approval.

If the Mortgage Loan was acquired or originated by the Seller while doing business under another name, the endorsement must be by “[Seller] formerly known as [previous name]” and Seller must notify Spring EQ of this variation and obtain its written approval.

## 11.6 Mortgage Requirements

Sellers are responsible for ensuring that Mortgages comply with all Applicable Laws and are valid and enforceable under state law. Correct forms must be used according to the product and state.

Applicable riders must be attached and signed. If a rider is not signed at closing, Mortgagor(s) must execute the applicable rider(s) and the Mortgage with Rider(s) attached must be re-recorded.



If either the body of the Assignment or the notarization statement indicates the use of a corporate seal, the Seller must verify that the seal has been affixed to the document.

If an assignment is made to MERS® instead of Spring EQ under the MERS program, the MIN, MERS telephone number and the appropriate MERS verbiage must be added to the assignment. Failure to include the MERS verbiage will require re-recording.

## 11.7 MERS Registration Requirements

Sellers must use MERS® (Mortgage Electronic Registration Systems, Inc.) for loans delivered to Spring EQ for purchase. Sellers must close with MERS as the nominee for the Seller (required in all property states other than Maine) or assign the Mortgage Loan to MERS (Maine). Sellers are responsible for:

- Generating a MIN
- Registering the Mortgage Loan with MERS
- Transferring the beneficial owner and servicing rights to Spring EQ

For questions about generating at MIN or state requirements, contact the MERS corporate office at (800) 646-6377.

### 11.7.1 MERS as the Original Mortgagee

Other than for properties in the state of Maine, Sellers must close Mortgage Loans with MERS® as the nominee (i.e., MERS as Original Mortgagee or MOM).

The Mortgage or Deed of Trust must meet the applicable MERS Rules of Membership requirements, including placing the Mortgage Identification Number (MIN) in a visible location on the first page of the Mortgage (Security Instrument); do not place the MIN in any space reserved for the jurisdiction's recorder per jurisdictional requirements.

### 11.7.2 MERS Registration

MERS as Original Mortgage (MOM) Mortgage Loans must be registered within seven (7) calendar days of the Note date for non-escrow states or the funding date for escrow states. Spring EQ requires all Mortgage Loans to be registered by the Seller with MERS at the time of loan delivery.

The registration process will be performed by the MERS member via either:

- MERS Online, a secure internet connection with MERS, or
- Batch transactions, use of a computer to computer interface with MERS.

### 11.7.3 MERS Transfer of Servicing and Beneficial Rights

A MERS® Transfer of Beneficial Rights (TOB) and Transfer of Servicing Rights (TOS) must be initiated by the Seller to SPRING EQ MERS ORG ID # 1013698, will show in MERS as Spring EQ, LLC.

The Seller must be named as the servicer and investor at the time of registration with MERS. Once the Seller receives the purchase wire from Spring EQ, then the Seller must initiate the MERS Transfer of Beneficial Rights (TOB) and Transfer of Servicing Rights (TOS) to Spring EQ using the steps outlined in the MERS Procedures Manual and the MERS Quality Assurance Manual found at <https://members.mersinc.org>.

The MERS TOB/TOS transfer must not be initiated until Spring EQ has purchased the Mortgage Loan and no later than four (4) calendar days following the Mortgage Loan being purchased by Spring EQ. In no instance should the TOB/TOS transfer not be completed prior to 7 calendar days after the loan sale from the Seller to Spring EQ.

Spring EQ may, at its discretion, apply an administrative fee for any Mortgage Loan not transferred accurately within the timeframes referenced above.

#### 11.7.4 MERS Requirements

Seller's closing documents, including Mortgages and all assignments, must comply with all applicable Document-Specific Requirements and State-Specific Requirements set forth in the applicable version of the MERS® System Procedures Manual.

### 11.8 Power of Attorney

Power of Attorney (POA) is an instrument that authorizes one person (the agent) to act as agent or attorney-in-fact for another person (the principal). A POA is generally used when the principal is unavailable to conduct his/her business in person, not as a matter of convenience. **Spring EQ does not permit any closing documents to be executed by any person acting as attorney-in-fact pursuant to authority granted by a Mortgagor under a Power of Attorney. All Mortgagor(s), guarantors or parties to the Mortgage Loan transaction must sign at closing.** Spring EQ will evaluate exception requests on a case-by-case basis.

### 11.9 Collateral Package & Trailing Documents

This section outlines the documents due to the Collateral Custodian and the delivery timeframes. Spring EQ recommends that Sellers use express mail service to track shipments and ensure timely delivery of the Collateral Package and Final Documents.

#### 11.9.1 Delivery

The timelines for document delivery to the Spring EQ Collateral Custodian are as follows:

- **Collateral Document Package:** On or after the date the Mortgage Loan is delivered to Spring EQ for purchase, all Collateral Documents must be delivered to the Spring EQ Collateral Custodian.
- **Final (Trailing) Documents:** Within 120 days following Loan Purchase all Collateral Documents must be delivered to Spring EQ.

#### 11.9.2 Collateral Document Packages

All Collateral Documents must be delivered to the Spring EQ Collateral Custodian:

Computershare  
275 Commerce Drive, Suite 120  
Fort Washington, PA 19034  
Attn: Spring EQ Collateral (NLD)

The Collateral Document shipping package must include:

- Manifest
- Spring EQ Loan Number
- Bailee Letter
- True and certified copy of the Mortgage or original recorded Mortgage
- True and certified copy of the Title Commitment (if applicable) or final Title Policy

- Original Note
- Endorsements of Note or original Allonge to Spring EQ, LLC, ISAOA
- For non-MERS MOM loans: true and certified copy of Assignment of Mortgage or original recorded Assignment of Mortgage; and original recorded intervening Assignments of Mortgage
- If an instrument is out for recording at the time Collateral is delivered, provide a certified copy with the following language or an acceptable equivalent: "Certified to be a true and exact copy of the original, which has been submitted for recording."

A copy of this Collateral Package must be included in the loan file delivered to Spring EQ. Any deficiencies will be noted as pre-purchase loan conditions. Corrected or additional original Collateral Documents must be shipped to the Collateral Custodian and copies provided to Spring EQ.

### 11.9.3 Final Documents

All Final Documents must be delivered to Spring EQ:

Spring EQ  
1 West Elm Street, Suite 450  
Conshohocken, PA 19428  
Attn: Final Documents

The Final Document shipping package must include:

- Manifest
- Spring EQ Loan Number
- Original and Final Deed and Riders
  - Original recorded Mortgage and any related assignments
  - Original recorded riders (if applicable) including Revocable Trust Rider if closed in a trust
- Original Final Title Insurance Policy (if applicable)
  - Final title insurance policy including riders and endorsements
- Original Assumptions, Extensions, Written Assurance or Modifications or Substitutions (if applicable)
  - Copies certified by the recording office or title insurer, with certificate from Seller certifying the original has been delivered for recording, as applicable. Any modifications to the original terms of the Note must be approved in writing by Spring EQ

### 11.9.4 Final Document Reporting

From time-to-time Spring EQ will provide Seller with final document reporting. However, the seller is responsible for providing final documents to Spring EQ regardless of the Spring EQ final document reporting.

### 11.9.5 Incomplete or Defective Final Documentation

Sellers are responsible for obtaining or curing missing or deficient documents (including, but not restricted to, Final and Collateral Documents). If the Seller fails to provide complete final documentation, or if the final documentation is defective, the Mortgage Loan may be subject to the following:

- Beginning on the 121st day, Spring EQ will notify the Seller of delinquent or deficient documents and provide the opportunity for the Seller to cure the defect.
- Fees and Trigger Dates:
  - On calendar day 240 (or the following business day), Spring EQ will notify the Seller that a fee of \$100 per missing or deficient document will be assessed to the Seller for any documents not received or corrected within 30 days of the notice date. For documents that remain outstanding:
    - At 270 calendar days, Spring EQ will assess a fee of \$100 per missing or deficient document, and

- An additional \$100 fee will be assessed each 90 days thereafter (e.g. 360 days, 450 days, 540 days...) for each missing or deficient document. (See Fee Application below.)
- Fee Application
  - Spring EQ may, at its sole discretion, pursue the document
  - Each fee of \$100 per document assessed is applicable irrespective of whether the Seller ultimately obtains or corrects the document, or it is obtained or corrected by Spring EQ
  - Any additional fees charged to Spring EQ to procure or correct documents will be invoiced to the Seller
  - Assessment or payment of the fee does not remove the responsibility of the Seller to provide the document needed to cure the defect
- Additional Remedies:
  - At 270 calendar days, the loan is subject to the additional Remedies available to Spring EQ as set forth in [Remedies](#), including, but not limited to the right to demand that Seller repurchase the Mortgage Loan.

Extended or repeated violations of the delivery requirement or persistently poor documentation quality may result in termination of the Seller's agreement with Spring EQ.

## 11.10 Electronic Documents

Certain disclosures may be delivered to and signed by Borrowers electronically, providing the lender's process and technology are in full compliance with the ESIGN Act, including, but not limited to, the consumer consent provision. Notwithstanding the foregoing, all Mortgage Loan closing documents must be wet signed.

Sellers must conduct their own independent evaluation of vendor(s) of choice to confirm that eDelivery and eSign vendors are in full compliance with the ESIGN Act.

### 11.10.1 eDelivery & eSignature Eligibility

Mortgage Loans containing documents with eSignatures are eligible for delivery to Spring EQ, except when prohibited by a Spring EQ requirement, Agency or Investor requirement, or by state or Federal Law.

Spring EQ requires that all closing documents NOT contain eSignatures.

### 11.10.2 Audit Trail Records

Seller will deliver the original application documents associated with each Mortgage Loan, and documentation and electronic records according to the following record retention requirements:

- Sufficient to demonstrate the Borrower(s)' agreement to receive and sign application documents using E-Sign Technology
- Evidencing the delivery, display and/or signing, and continuing integrity and accuracy, of application documents and related records (the "Audit Trail"), complying with applicable Federal and State laws and regulations, and Agency requirements
- Audit Trail must include:
  - Borrower Name(s)
  - Evidence of Borrower(S) IP Address
  - Date/Time Stamp of Each Transaction
  - Individual Document Name
  - Identification of eSign vendor name captured on eSignature and/or Audit Trail

- Application documents delivered, displayed to, or signed in electronic form shall be retained by Seller in the original format delivered, displayed or signed
  - The Seller shall retain the application documents and Audit Trail until Applicable Law, regulation, and the standards of such Agencies allow the Seller to destroy it, but at a minimum for the life of the Mortgage Loan plus seven years
  - Seller shall also permanently archive and retain, or cause to be permanently archived and retained, each material iteration of the E-Sign Technology employed by Seller such that such iteration may be reliably demonstrated or re-created at a later date

## 12 Servicing Information

### 12.1 Closed-End Home Equity Loans

#### 12.1.1 Amortization dates for Closed End Second Lien loans

For Closed End Second Lien loans that are purchased between the 1st and 10th calendar day of any month, the Loan will **not be amortized**, meaning that the Loan will have an effective servicing transfer date (first payment due to Spring EQ) of the first day of the month following the month in which the Loan is purchased by Spring EQ.

For loans purchased on or after the 11th calendar day of any month, the loan is “**amortized**”, meaning that servicing for the loan will not transfer to Spring EQ until first day of the second month following the month in which the Loan is purchased by Spring EQ. If any payments are due on the loan prior to the Servicing Transfer Date the Seller will be responsible for collecting that payment, and the loan purchase will be settled accordingly.

#### 12.1.2 Effective Servicing Transfer Date (Payment Due to Spring EQ):

- Example 1: Loan purchased 3/9; loan is **not amortized**; effective servicing transfer date (first payment due to Spring EQ) is 4/1.
- Example 2: Loan purchased 3/17; 4/1 payment is **amortized** and due to Seller; effective servicing transfer date (first payment due to Spring EQ) is 5/1.

#### 12.1.3 Transfer with No Payments Due to Seller:

- Example 1: Loan funded to borrower 4/3 with a first payment due on the loan of 6/1, purchased by Spring EQ 4/8. First payment due to Spring EQ would be the 6/1 payment.
  - 28-days interest is collected by Seller at funding (4/3 – 4/30).
  - Seller retains interest collected for 4/3 – 4/7 (5 days).
  - Spring EQ net funds interest for 4/8 - 4/30 (23 days).
- Example 2: Loan funded to borrower 4/11 with a first payment due on the loan of 6/1, purchased by Spring EQ 4/29, first payment due to Spring EQ would be the 6/1 payment.
  - 20-days interest is collected by Seller at funding (4/11 – 4/30).
  - Seller retains interest collected for 4/11 – 4/28 (18 days).
  - Spring EQ net funds interest for 4/29 - 4/30 (2 days).

#### 12.1.4 Transfer with Payments Due to Seller:

- Example: Loan funded to borrower 4/11 with a first payment due on the loan of 6/1, purchased by Spring EQ 5/16, first payment due to Spring EQ would be the 7/1 payment.
  - 20-days interest is collected by Seller at funding (4/11 – 4/30).

- Seller collects the first payment due on the loan 6/1 and retains interest and principal 5/1 – 5/31 (30 days).
- Spring EQ buys the loan amortized one payment (i.e., buys the 7/1 amortized balance).
- Spring EQ net funds interest for 5/16 – 5/31 (16 days).

## 12.1.5 Principal Balance Calculation for Closed End Second Lien:

**Not Amortized:** The principal portion of payments due to the Seller will be subtracted from the original Principal balance, less any curtailments, when calculating the principal balance at the time of Loan Purchase by Spring EQ.

- Example: Loan purchased 3/9; 4/1 payment will be due to Spring EQ. Principal balance will be reduced by all principal payments due up through and including the 3/1 payment.

**Amortized:** The principal portion of all payments due to the Seller, including the amortized payment, will be subtracted from the original principal balance, less any curtailments, when calculating the principal balance at time of Loan Purchase by Spring EQ.

- Example: Loan purchased 3/17; 4/1 (amortized) payment will be due to Seller; 5/1 payment will be due to Spring EQ. Principal balance will be reduced by all principal payments due up through and including the 4/1 payment.

## 12.1.6 Per Diem Interest Calculation Closed End Second Lien:

Spring EQ will pay per diem interest on the Loan to the Seller at settlement from the interest paid-through-date up to, but not including the Purchase Date. Interest will be calculated using a 12-month schedule of 30 days each (Interest will be calculated using a 360-day year).

- Example: Loan purchased 3/9; 3/1 payment was due to Seller. 4/1 payment will be due to Spring EQ. Per diem interest due from 3/1 to 3/8 will be paid to the Seller by Spring EQ at settlement.

## 12.2 HELOC Loans

### 12.2.1 Servicer Requirements

Given the complexities of servicing HELOCs to include properly issuing accurate HELOC billing statements, Sellers will be required to use an Approved HELOC Interim Servicer from the list below for a HELOC loan to be eligible for purchase by Spring EQ.

- Approved HELOC Interim Servicer List\*
  - Spring EQ, LLC (using Shellpoint Mortgage Servicing (SMS) as sub servicer)
  - Cornerstone Servicing
  - Shellpoint Mortgage Servicing (SMS)
  - LoanCare Servicing

\* NOTE: Please contact your Account Executive for steps required to have an additional Interim Servicer approved by Spring EQ.

- Seller must name the Approved HELOC Interim Servicer as the servicer of the HELOC as part of the loan closing package. If one of the Approved HELOC Interim Servicers are servicing HELOCs for the seller under a private label servicing relationship, then the Seller must be named as the servicer in the loan closing package. See Exhibit E for requirements to name the Approved HELOC Interim Servicer in the loan closing package.

- If Spring EQ, LLC is utilized as the HELOC Interim Servicer, Shellpoint Mortgage Servicing shall be identified as the servicer of the HELOC as part of the loan closing. See Exhibit F for requirements to name Shellpoint as the Servicer in the loan closing package.

## 12.2.2 HELOC Billing Statements and Calculation of Interest Due

For HELOCs, interest shall be calculated for the Statement Billing Period. The initial HELOC payment due after the loan closing shall be due on the first of the second month following funding, and the initial Statement Billing Period extends from the day of funding through the Statement Cutoff Date (which is the last day of a given month less 24 calendar days). For subsequent HELOC payments, the Statement Billing Period extends from the day after the preceding Statement Cutoff Date through the Statement Cutoff Date of the subsequent month. HELOC Billing Statements shall be generated and mailed to the borrower on the business day following the Statement Cutoff Date for the payment due on the first of the next month. Interest due is calculated by applying the periodic rate to the “Average Daily Balance” of the HELOC. A HELOC’s “daily balance” is the account balance at the beginning of each day, plus any new advances, minus any payments or credits applied to debt repayment, and any unpaid finance charges, fees and charges. The “Average Daily Balance” is calculated by adding all the daily balances for the Statement Billing Period, and then dividing the sum by the total number of days in the Statement Billing Period. The periodic interest rate (being the WSJ Prime plus the applicable Margin for Variable Rate HELOCs) to the Average Daily Balance at the Statement Cutoff Date. For the initial Statement Billing Period, the periodic interest rate is the Locked Rate. For Variable Rate HELOCs, for all subsequent Statement Billing Periods, in the event the WSJ Prime Rate changes during the month preceding the applicable Statement Cutoff Date, the updated WSJ Prime Rate should be applied to the Average Daily Balance starting with the 1st calendar day of the month during that Statement Billing Period.

## 12.2.3 Amortization dates for servicing released HELOC loans

Variable Rate HELOCs are not amortized during the Interest-Only Period. Fixed Rate HELOCs have no Interest-Only Period and have fully amortizing principal from the initial draw, with payments reamortized monthly to include any subsequent draws or principal curtailments. No interest credit can be applied at closing for HELOCs.

## 12.2.4 Purchase Cutoff Dates & Service Transfer Dates for HELOC loans

For HELOCs that are purchased on or prior to the 10th calendar day of the month, the Servicing Transfer Date (first payment due to Spring EQ) will be the first calendar day of the month following the month in which the HELOC is purchased by Spring EQ. For HELOCs that are purchased after the 10th calendar day of month, the Servicing Transfer Date (first payment due Spring EQ) will be the first calendar day of the second month following the month in which the HELOC is purchased by Spring EQ. If any payments are due on the HELOC prior to the Servicing Transfer Date, the Seller’s Approved HELOC Interim Servicer will be responsible for issuing the HELOC statement(s) and for collecting those payments for the Seller.

### **Spring EQ HELOCs Highlights:**

1. Initial payment is always due on the 1st calendar day of the 2nd month following funding.
2. HELOC billing statements should be generated and mailed to the Borrower at least 14 days before the next payment due date and never later than required by applicable law.
4. The purchase cutoff date is the 10<sup>th</sup> calendar day of the month. For HELOCs purchased by the 10<sup>th</sup> calendar day, Spring EQ is buying the next scheduled payment. For HELOCs purchased on the 11<sup>th</sup> or later in a given month, Spring EQ is buying the payment 2 months in the future.
5. The Seller’s Approved HELOC Interim Servicer is responsible for generating and mailing the HELOC billing statement for all payments due up to and including the payment due on the Service Transfer Date.
6. The Seller’s Approved HELOC Interim Servicer (if the Approved HELOC Interim Servicer is not Shellpoint Mortgage Servicing) is responsible for preparing and delivering the Notice of Servicing Transfer (Goodbye Letter) to the



Borrower(s) at least 15 days prior to the Service Transfer Date (i.e., the first payment due to Spring EQ). If the Seller's Approved HELOC Interim Servicer is Shellpoint Mortgage Servicing, then no Notice of Servicing Transfer (Goodbye Letter) is needed (will be handled by Shellpoint Mortgage Servicing as an investor code transfer with no changes to the Borrower).

- Example 1: HELOC loan funded 2/20 with a first payment due on the loan of 4/1; Loan Purchased 2/25; loan effective Servicing Transfer Date (first payment due to Spring EQ) is 4/1. Seller's Approved HELOC Interim Servicer will issue a HELOC billing statement in March for the period from loan funding to the end of the billing statement period for the April 1<sup>st</sup> due date.
- Example 2: HELOC loan funded 2/20 with a first payment due on the loan of 4/1; Loan Purchased 3/11; loan effective Servicing Transfer Date (first payment due to Spring EQ) is 5/1. The Seller's Approved HELOC Interim Servicer will issue a HELOC billing statement in March for the first payment due on 4/1 as well as issue a billing statement in April for the payment due on 5/1.

## 12.2.5 Transfer with No Payments Due to Seller:

- No Payment Due Seller Example 1: Loan funded to borrower 4/3 with a first payment due on the loan of 6/1, Loan Purchased by Spring EQ 4/9. First payment due to Spring EQ would be the 6/1 payment for Interest accrued 4/3 – end of the Billing Cycle.
  - Spring EQ adds interest to the Purchase wire 4/3 – 4/8 (6 days).
  - Spring EQ buys current Unpaid Principal Balance
  - Seller's Approved HELOC Interim Servicer issues the borrower a billing statement for accrued interest from date of funding (i.e., 4/3) to the end of the May Billing Cycle for the initial payment due 6/1.
- No Payment due Seller Example 2: Loan funded to borrower 4/11 with a first payment due lender on 6/1, Loan Purchased by Spring EQ 5/2, first payment due to Spring EQ 6/1 for Interest accrued from date of funding to the end of the May Billing Cycle.
  - Spring EQ buys current Unpaid Principal Balance
  - Spring EQ adds interest to the Purchase wire for 4/11 - 5/1 (21 days).
  - Spring EQ's Servicer issues the May statement to the borrower for accrued interest 4/11 – 5/7 due on 6/1.

## 12.2.6 Transfer with Payments Due to Seller:

- Payment Due Seller Example 1: Loan funded to borrower 4/11 with a first payment due on the loan on 6/1, Loan Purchased by Spring EQ on 5/12. The 6/1 payment is due to the Seller with the 7/1 payment due to Spring EQ.
  - Seller's Approved HELOC Interim Servicer issues the May Statement for the period from the date of funding through the end of the May Billing Cycle for the 6/1 payment.
  - Seller's Approved HELOC Interim Servicer collects 27-days interest from the borrower (funding date 4/11 thru end of Billing Cycle) via 6/1 payment.
  - Spring EQ buys current Unpaid Principal Balance
  - Spring EQ adds interest to the Purchase wire to Seller for 4 days of interest (5/8 – 5/11) assuming May Billing Cycle ended on 5/7.
  - Seller's Approved HELOC Interim Servicer issues June statement to the borrower for the period of the day after that end of the May Billing Cycle to the end of the June Billing Cycle.
- Payment Due Seller Example 2: Loan funded to borrower 4/18 with a first payment due on the loan on 6/1, Loan Purchased by Spring EQ 5/9, The 6/1 payment is due to Spring EQ.

- Seller's Approved HELOC Interim Servicer issues May Statement for the period from the date of funding 4/18 through the end of the May Billing Cycle for the 6/1 payment.
- Spring EQ buys current Unpaid Principal Balance
- Spring EQ adds interest to the purchase wire 5/8 – 5/9 (2 days) assuming May Billing Cycle ended on 5/7.

## 12.2.7 Principal Balance Calculation HELOC:

Spring EQ will purchase the Unpaid Principal Balance as shown on the payment history. Refer to 12.3 Payment History Requirements.

Spring EQ will pay per diem interest on the Loan to the Seller at settlement from the interest paid-through date up to, but not including the Purchase Date. Interest will be calculated using a 365-day year.

## 12.2.8 Per Diem Interest Calculation HELOC:

Spring EQ will pay per diem interest on the Loan to the Seller at settlement from the interest paid-through date up to, but not including the Purchase Date. Interest will be calculated using a 365-day year.

## 12.2.9 Wall Street Journal (WSJ) Prime Rate Used in Calculating Interest for Variable Rate HELOCs:

For Variable Rate HELOCs, Seller will use the WSJ Prime Rate in effect on the 1st of the month of sale in calculating interest due Seller or Buyer.

- Same Funded Month Example 1: Loan funded to borrower 4/3, purchased by Spring EQ 4/12. WSJ Prime was 8.25% on 4/3 and changed to 8.50% on 4/10. Assume margin +2.00%
  - Spring EQ buys current Unpaid Principal Balance
  - First payment due 6/1 is due to Spring EQ for Interest accrued 4/3 – 5/7
  - Spring EQ adds interest to wire 4/3 – 4/11 (9 days). Interest is the WSJ Prime as of 4/1 of 8.25% plus margin of 2.00% in calculating the interest due.
- Seasoned Example 2: Loan funded to borrower 4/11, purchased by Spring EQ 5/2, first payment due 6/1 is due to Spring EQ for Interest accrued 4/11 – 5/7. WSJ Prime was 8.25% on 4/3 and changed to 8.50% on 4/10. Assume margin +2.00%
  - Spring EQ buys current Unpaid Principal Balance
  - Spring EQ adds interest to wire for 21 days, 20 days at 5.25% (8.25% + 2.00%) and 1 day at applicable interest rate of 5.50% (8.50% + 2.00%).

Spring EQ invoices the borrower for accrued interest 4/11 – 5/7

## 12.3 Payment History Requirements

Payment Histories are required prior to purchase for all loans which should include the effective date that the payment history was generated and must show all payments or accruals received by the Seller, or disbursements made by Seller on the Borrower's behalf. Spring EQ will use the UPB as shown on the payment history in calculation of the purchase amount. At minimum, the Payment Histories must include the following information:

- Borrower Name
- Property Address
- Payment received date
- Payment amount

- Principal applied
- Interest applied
- Next Payment due date
- Interest Paid Through date
- Principal balance after payment application
- Any curtailments or advances
- Effective Date when the Payment History was generated
- HELOC Statements, when applicable

If the Seller receives payments after the date of the Payment History, a new, updated Payment History should be provided to Spring EQ immediately prior to purchase of the loan.

Spring EQ will not purchase any loan on or after the 15th calendar day of the month if a payment with a due date in said month has not yet been paid by the Borrower as documented by a Payment History.

- Example: if the March 1 due date is not received on or before the March 15th, Spring EQ will not purchase the loan.

## 12.4 Transfer of Servicing Borrower Notification Requirements – Goodbye Letters

The Seller must not deliver any change of servicer notification to the Borrower(s), until receipt of the wire transfer of the purchase price from Spring EQ. The Seller or the Seller's Approved HELOC Interim Servicer must comply with current federal, state, and local laws and regulations specific to the transfer of servicing.

For Closed-End Home Equity loans, Seller or their interim servicer is responsible for preparing and delivering the Notice of Servicing Transfer (Goodbye Letter) to the Borrower(s) within RESPA guidelines, at least fifteen (15) days prior to the first payment due Spring EQ.

For HELOC loans only, Seller's Approved HELOC Interim Servicer is responsible for preparing and delivering the Notice of Servicing Transfer (Goodbye Letter) to the Borrower(s) no later than the 5th calendar day of the month prior to the first payment due to Spring EQ, unless the Seller's Approved HELOC Interim Service is Shellpoint Mortgage Servicing in which case no Notice of Servicing Transfer (Goodbye Letter) should be sent.

Notice of Servicing Transfer must be prepared on the Seller's or their interim servicers letterhead. In addition, the notice must include a statement that the transfer of servicing does not affect any terms or conditions of the mortgage documents other than the terms directly related to the servicing of the loan, as well as the name, address, and toll-free telephone number for Shellpoint Mortgage Servicing (Spring EQ's servicer) as follows:

Borrowers Payment Address:  
Shellpoint Mortgage Servicing  
P.O. Box 60535  
City of Industry, CA 91716-0535

General Contact information:  
Shellpoint Mortgage Servicing  
P.O. Box 10826  
Greenville, SC 29603-0826  
800-365-7107  
Monday – Friday 8am - 9pm; Saturday 10am - 2pm (all times are Eastern)

The Servicing Transfer Date is always the 1st and no other day of the month may be used. The last day any Mortgage Loan is serviced by Seller or Seller's interim servicer is the last calendar day of the month, and the first day for Shellpoint Mortgage Servicing to service any Mortgage Loan is the first calendar day of the subsequent month.

New Sellers must provide a copy of sample Goodbye Letters to Spring EQ for initial review. A sample Goodbye Letter is included as [Exhibit D](#) to this Guide.

For each loan purchased by Spring EQ, the Seller or the Seller's interim servicer must provide Spring EQ a copy of the actual Goodbye Letter sent to the Borrower.

## 12.5 Mortgage Payment Handling Post Spring EQ Purchase

All borrower payments received by Seller for the benefit of Spring EQ through the first sixty (60) days following the Servicing Transfer Date must be properly endorsed to Shellpoint Mortgage Servicing without recourse and be immediately forwarded to Shellpoint Mortgage Servicing via Priority/Overnight mail with a manifest included to the following address:

Shellpoint Mortgage Servicing  
P.O. Box 60535  
City of Industry, CA 91716-0535

The manifest should include the following information:

- Customer name
- Property Address
- Spring EQ Loan Number
- Amount of check
- Date received

## 12.6 Transfer of Servicing Notification to Insurance Companies

Sellers or Seller's interim servicer must transmit notification of the transfer of servicing to the applicable hazard, and / or flood insurance companies when Mortgage Loans are sold to Spring EQ.

Sellers are required to instruct the applicable insurance companies to update the Mortgagee Clause (consistent with the Mortgagee Clause section) and to deliver all notices, billings and/or insurance statements to Shellpoint Mortgage Servicing at the address listed in the Mortgagee Clause Section.

## 12.7 Tax Statements

Sellers or their interim servicers remain responsible for ensuring that IRS Form 1098 statements are issued to Borrowers for all periods prior to the Purchase Date. Data reported on such statements may include, but shall not be limited to, interest collected and origination points paid prior to the Purchase Date.

# 13 Hazard Insurance

## 13.1 Insurance Provider Standards

All insurance companies (insurers) and insurance companies which guarantee coverage provided by other insurance companies (reinsurers) must be licensed or otherwise authorized by law to conduct business in the jurisdiction where the Mortgaged Loan Property is located.

## 13.2 Insurance Premium Paid-Through Date

All required insurance coverage must be in effect on or before the Loan closing date. For purchase transactions, Spring EQ requires the Seller to provide evidence of premium payment. For refinance transactions, all hazard and flood insurances (as applicable) due within 60 days of the Seller's closing date, the Seller should obtain an updated renewal policy Dec Page and use the updated renewal premium when calculating the loan DTI. Expiration dates less than 60 days from the Seller's closing date will require proof that the insurance is escrowed with the first mortgage or proof that a minimum of 12 months premium was paid on the Settlement Statement or proof the premium was paid outside of closing.

## 13.3 Hazard Insurance

Hazard insurance coverage must insure all buildings and improvements to the mortgaged property. The Borrower is required to maintain the policy at the Borrower's expense for the duration of the Mortgage Loan.

### 13.3.1 Mortgagee Clause

Each hazard insurance policy must have the standard mortgagee clause.

The mortgagee clause must be properly endorsed, necessary notices of transfer must be given, and any other necessary action be taken as reasonably requested by Spring EQ to protect the interest of Spring EQ as mortgagee under the terms of the policy. Spring EQ or its assigns, must be the first or second mortgagee (as applicable to the specific loan terms of the subject Mortgage Loan) under the mortgagee clause. Although Spring EQ will accept policies that show the Seller as the loss payee, upon purchase by Spring EQ, the Seller must immediately send an endorsement notice to the applicable insurance agents / companies requesting that the insurance policy be updated to show Specialized Loan Servicing as the new loss payee using the following language:

Shellpoint Mortgage Servicing  
ISAOA ATIMA  
PO Box 7050  
Troy, MI 48007-7050

### 13.3.2 Term

For Purchase Transactions, the policy must:

- The policy must be written for a 12-month term\*
- The policy must be in effect as of loan disbursement date
- The Borrower must provide a paid receipt for a minimum of the first year's premium at closing

For Refinance Transactions, a new or existing policy is acceptable, provided:

- The new or existing policy was written for a 12-month term\*
- The policy is in effect as of loan closing date
- The expiration date of the policy is clearly stated
- Existing coverage extends a minimum of 60 calendar days beyond the loan closing date

\*Unless otherwise required by Applicable Law.

### 13.3.3 Evidence of Insurance

Spring EQ requires a hazard insurance declarations page, certificate of insurance or insurance binder. The documentation must contain the following:

- Name of insured (full name of the Borrower(s) as reflected on the Mortgage, Homeowners Association for Condo or PUDs, if applicable)
- Name of Mortgagee
- Property Address as reflected on the Mortgage (A legal description must be shown for rural properties, condominiums, or other properties if the property address does not adequately define the location of the property)
- Mailing address, if different from the property address,
- Type, amount, and effective dates of coverage
- Deductible amount and coverage to which each such deductible applies
- Any endorsement or optional coverage obtained and made part of the original policy
- Condo hazard insurance documentation must include unit interior coverage (HO-6) as applicable
- Insurer's agreement to provide at least ten (10) days' notice to the mortgagee (including any applicable PUD or Condo unit or ground lease community leasehold mortgagee) before cancellation of the policy
- Signature of an authorized representative of the insurer, if required by law

### 13.3.4 Coverage Requirements

#### Type of Coverage:

At a minimum, the Mortgaged Premises must be protected against loss or damage from fire and other perils covered within the scope of the standard extended coverage endorsement. Spring EQ will not accept hazard insurance policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage, civil commotion (including riots), smoke, or catastrophe. If any of these perils is excluded from the primary insurance policy, coverage of the excluded peril must be picked up through a secondary insurance policy.

#### Coverage Amount:

The hazard insurance coverage must be equal to the lesser of the following:

- 100% of the insurable value of the improvements (replacement cost) as established by the property insurer or
- The unpaid principal balance of the first and second mortgage, as long as it equals the minimum amount (80% of the insurable value of the improvements) required to compensate for damage or loss calculated on a replacement cost basis

### 13.3.5 Condo Requirements

All required hazard insurance coverage, including HO-6, must be in effect on or before the Loan disbursement date.

In general, the following are required for all condominium hazard insurance policies:

- 100% of the insurable replacement cost coverage for the complete project and unit (interior and exterior of the condominium unit). The PUD or condominium owners' association or the fee simple landowner/lessor of the ground lease community must maintain commercial general liability (CGL) insurance covering all common areas, common elements, commercial spaces and public ways in the PUD or condominium.
- Current master condominium insurance policy must provide at least \$1 million liability coverage.
- "Severability of interest" clause or specific endorsement to preclude the insurer's denial of a unit owner's negligence claim is required.
- Acceptable fidelity bond is required on condominium projects with more than 20-units.

The policy should provide for at least ten calendar days' written notice to the homeowners' association before the insurer can cancel or substantially modify it. For condominium projects, similar notice also must be given to each holder of a mortgage or share loan on an individual unit in the project.

### 13.3.6 PUD Requirements

Requirements for 1–4-unit properties apply to similar residential properties within a Planned Unit Development (PUD) or a ground lease community.

If the individual units are covered by insurance purchased by their respective owners or leasehold lessees, the PUD homeowner's association or the fee simple landowner/lessor of the ground lease community must maintain "all risk" coverage for common areas and property for 100% of their insurable value and provide for loss or damage settlement on a replacement cost basis. The association or fee simple landowner/lessor must also obtain any additional coverage commonly required by private mortgage investors for developments similar in construction, location and use, including the following where applicable and available:

- Agreed amount
- Demolition cost
- Increased cost of construction
- Boiler and machinery

Spring EQ will also accept blanket insurance covering all units in the PUD or ground lease community as well as insurable common areas and property, if called for in the PUD's governing documents or in the lease. Such coverage must meet the requirements applicable to each PUD or ground lease community unit and those applicable to insurable common areas and property. Premiums for the HOA property insurance policy must be paid as a common expense. Deductibles are allowed under this blanket coverage with a maximum deductible amount no greater than 5% of the face amount of the policy.

The PUD's or ground lease community fee simple owners' insurance policy must name the insured in substantially the same language as follows: Association of the Owners of the Planned Unit Development for the use and benefit of the individual owners (designated by name, if required by law or the governing documents).

### 13.3.7 Uninsurable Hazards

If the Seller has knowledge that the mortgaged property is or may be exposed to hazards, hazardous wastes, toxic substances, radon gas, asbestos-containing materials, urea-formaldehyde insulation, sulfur-containing drywall not covered by fire and extended coverage insurance or other available insurance, the Seller must advise Spring EQ. Spring EQ, in such an event, at its sole and absolute discretion, may choose to not purchase the Mortgage Loan. The Seller must comply with any Agency or Investor requirements regarding such hazards; or the property inspection must state that the property was fully gutted down to the bare studs and all items that were installed are new. The only items that could possibly be re-used are tile and some stone. All other materials must be new.

## 13.4 Flood Insurance

### 13.4.1 Flood Zone Determination

Spring EQ requires that all Mortgage Loans submitted for purchase contain, at a minimum, a flood zone determination with life-of-loan service (also may be referred to as a Third-Party Flood Certificate) verifying whether or not the property lies in a Special Flood Hazard Area (SFHA). The Flood Certificate must reflect the information required on FEMA's current Standard Flood Hazard Determination Form, including:



- Collateral Property Address
- Flood Zone
- NFIP Map, Panel, Suffix Number
- NFIP Map Date
- NFIP Community Name and Number
- Community Status
- Name of the flood certification Vendor
- Vendor's Certificate Number

## 13.4.2 Policy Requirements

Flood insurance is required if any part of the principal structure is located within an SFHA or if a residential detached structure on a property securing a Mortgage Loan has any part located in an SFHA. Flood insurance is not required for any structure which is part of a residential property but is detached from the primary residential structure and does not serve as a residence.

Flood insurance policies should be in the form of a standard policy issued under the NFIP or an acceptable private policy. The Declaration page of the policy is acceptable evidence of coverage. Policies that meet NFIP requirements, issued by licensed property and casualty insurance companies that are authorized to participate in NFIP's "Write Your Own" program or private policy are acceptable.

If flood insurance is required, an acceptable flood insurance policy must be in place. Evidence that the subject property is covered by flood insurance must be provided in one of the following forms:

- Flood Insurance Policy
- Declarations Page
- Copy of the Flood Insurance Application signed by the insurance agent reflecting the flood zone as listed on the standard flood hazard determination, along with a paid receipt evidencing the first full year's premium has been paid in full

The policy must be in effect as of loan disbursement date and must be written for at least a one-year term. The flood zone must be included on the declaration page of the flood insurance policy and must match the flood zone on the flood certificate.

A PUD unit is considered to be its own separate building, which requires its own separate flood insurance coverage unless covered by a blanket master insurance policy.

## 13.4.3 Coverage and Deductible Amounts

### Coverage Amount:

Insurance must be placed on a property located in an area where flood insurance is required by the National Flood Insurance Act of 1968, as amended. The minimum amount of flood insurance coverage for individual insurance must be equal to the lesser of:

- 100% of the insurable value of the improvements (with losses to be paid at replacement cost) as determined by the amount of insurance listed on the hazard policy, or
- NFIP maximum for the particular type of improvements, or
- The unpaid principal balance of the Mortgage Loan.

### Deductible Amount:

Deductibles for master project and individual dwelling flood insurance policies must meet NFIP requirements for the type of improvements insured unless state law requires a higher maximum deductible amount. This requirement applies to both NFIP and private policies.

#### 13.4.4 Flood Zone Disputes

If the Borrower questions the flood zone determination, the Seller and Borrower may jointly appeal directly to FEMA. The Seller cannot require the Borrower to purchase flood insurance until FEMA issues a final opinion on the flood zone determination; however, Spring EQ will not purchase the Mortgage Loan until FEMA issues its opinion or a flood insurance policy has been purchased for the property.

#### 13.4.5 Non-Participating Communities

Spring EQ will not purchase mortgages secured by properties which are determined to be:

- In a SFHA and which are located in areas where the community does not participate in the National Flood Insurance Program
- In a SFHA and in Coastal Barrier Resource Systems Area, or Otherwise Protected Area (OPA)

## 14 Property Taxes

### 14.1 Property Taxes Paid Through Date

All required property taxes must be paid-up as of the Loan closing date. For all property taxes due within 60 days of the Seller's closing date, the Seller should require proof that property taxes are escrowed with the first mortgage lender/servicer or proof that the next installment is paid on the settlement statement or outside of closing.

## 15 Title Insurance and Title-Related Products

### 15.1 Applicability

Requirements for title insurance and other title-related products are set forth in the applicable Program Guides.

### 15.2 Title Insurance

#### 15.2.1 Title Insurance Requirements

When title insurance is required under the applicable Program Guides, it must comply with the following requirements:

- The minimum acceptable title insurance coverage must be at least equal to the Mortgage Loan amount at closing
- All Title Commitments and/or Policies must be issued by an approved American Land Title Association (ALTA) insurance company and qualified to do business in the jurisdiction where the property is located
- The Title Policy must be written on the current standard ALTA form
  - A short form title policy, Residential Loan Certificate, or ATI Title Opinion Plus (American Land Title, d/b/a/ ATI Land Title Company) covering the Mortgage Loan are also acceptable
- An Iowa Title Guaranty Certificate issued by the Iowa Finance Authority is acceptable for loans secured by properties in the state of Iowa
- The Title Policy must insure the Seller as its name appears in the Mortgage (Security Instrument) and must also include the language "its successors and assigns as their interest may appear."
- The Title Policy must insure that the Mortgage (Security Instrument) creates a valid first or second lien on the Mortgaged property, and in the case of a second lien, subordinate only to the lien of the holder of the first mortgage loan

- ALTA Title Policy must be free from liens, judgements, encumbrances, easements, encroachments, and other title matters except as enumerated herein
- Real estate taxes must reflect, “Not yet due and payable.” On condominiums and Planned Unit Development (PUD), taxes can only be assessable against the subject unit and its undivided interest in the common areas and not the project as a whole
- Mortgages securing a condominium or planned unit development (PUD) must have title insurance coverage that is comparable to that provided by ALTA endorsement #4 or PUD endorsement #5
- Title to the property must be vested in the names of the Borrowers (Mortgagors) as they appear in the Mortgage (Deed of Trust or Security Instrument)
- For purchase transactions, the home-seller must be the owner of record
- The effective date of the policy must be on or after the recording date of the Mortgage (Security Instrument)
- The names of the Mortgagor(s), Mortgagee or beneficiary, Loan amount, closing date, and recording information indicated on Schedule A must agree with the Mortgage (Security Instrument)
- If the Mortgage (Security Instrument) has been re-recorded to correct the legal description or to correct the Mortgage amount, the effective date of the policy must be amended to be the date of the re-recording, or after
- An ALTA Leasehold Policy is required for all leasehold estates
- Title policies may not include the creditors’ rights exclusion language that ALTA adopted in 1990

## 15.2.2 Endorsements

Each title insurance policy must contain the following endorsements if appropriate for the product or property:

- ALTA form 8.0 (CLTA 110.8) or 8.1 (CLTA 110.9): Environmental Protection Lien Endorsement
- ALTA form 4 (CLTA 115.1): Condominium Endorsement
- ALTA form 5 (CLTA 115.2): PUD Endorsement
- ALTA form 6.0 (CLTA 11.5) or 6.1 (CLTA 111.6) or 6.2 (CLTA 111.8): Variable Rate Mortgage Endorsement
- CLTA form 100 and form 116: Comprehensive Endorsement and a Location Endorsement (Survey/Address Endorsement)
- CLTA form 100.24: Surface Rights Waiver (Minerals)
- CLTA form 103.1 Un-located Easement
- CLTA form 103.5: Damage Caused by Water Extraction
- CLTA form 107.5: Must state that the property improvements are insured the same as the land, for properties in California, Idaho, Montana, Nevada, Oregon, Washington, Wyoming
- CLTA form 110.5: Modification of Mortgage Endorsement (required all Loans that have had the terms of the Security Instrument modified and the Seller must correct and re-record)

In addition, and unless prohibited by applicable state title industry regulations, all Title Policies must include the ALTA 100 form (or its equivalent) with respect to affirmative coverage over violation of building and use restrictions, covenants and conditions, encroachments, etc., or other specific affirmative language insuring that there has been no violation of any such matters, which violation would result in a forfeiture or reversion of title. Spring EQ may require additional endorsements as it deems appropriate to provide Spring EQ with full title insurance protection.

## 15.2.3 Title Insurance Policy Documents

Spring EQ requires the original Title Policy at the time of the Seller’s submission of the Mortgage Loan for purchase. If the property is located in an area where a final Title Policy is not normally available at closing, or if the Seller cannot deliver the original Title Policy at closing because of a delay associated with recording

(provided the Seller has not caused such delay), the Seller may provide Spring EQ with a binding commitment, provided that such binding commitment:

- Is binding upon the title insurance company issuing the Title Policy
- Has been “marked-up” by an authorized agent of the title insurance company issuing the Title Policy
- Shows, among other things, which items will be deleted from the Title Policy, which endorsements will be required to accompany the Title Policy, etc.

If applicable, the Seller must include a copy of each instrument necessary to complete the identification of exceptions shown.

If title has been conveyed within most recent 12 months, Spring EQ may require further review and/or additional documentation to ensure acceptability of transaction, including but not limited to the prior sale price information and an accounting for any property improvements completed (e.g., not a flip sale).

#### 15.2.4 Title Insurer Rating Requirements

A title insurer is generally acceptable if it has a rating from at least one independent rating agency:

- Demotech financial stability rating of “S” or better or statutory accounting rating of “C” or better
- Duff & Phelps rating of “BBB” or better
- Fitch rating of “BBB” or better
- LACE rating of “C” or better
- Moody’s rating of “Baa” or better
- Standard and Poor’s rating of “BBB” or better

#### 15.2.5 Title Insurance Exceptions

The title to the mortgaged property must be good, marketable, and free and clear of all encumbrances and prior liens, except, in the case of a second lien, the related first mortgage. Spring EQ will not purchase a Mortgage Loan secured by property that has an unacceptable title impediment, including but not limited to unpaid real estate taxes and survey exceptions.

Spring EQ requires affirmative coverage over all defects unless the defect is subject to one of the following General Title Waivers:

- Customary easements and rights of way for underground conduits that are in place and do not extend under any buildings on the subject property
- Customary surface easements and rights of way along property lines for public utilities and for drainage and irrigation ditches provided the exercise of the rights do not interfere with the use and enjoyment of any present improvements on the subject property or proposed improvements where the appraisal or Mortgage is based
- Customary easements and rights of way for public roads, water lines and sewers, and for private wells, driveways and party walls situated partly on the subject property and partly on adjoining property
- Any encroachment on an easement or right of way for public utilities by a garage or any other improvement, except those improvements that are attached to or are a portion of, the main dwelling structure, provided such encroachment does not interfere with the use of the easement or the exercise of rights or repair and maintenance in connection therewith
- Encroachments on the subject property by improvements on adjoining property where such encroachments:
  - Extend one foot or less over the property line of the subject property;
  - Do not touch any buildings; and,

- Do not interfere with the use of any improvements on the subject property
- Encroachments on adjoining property by eaves or other projections attached to improvements on the subject property where these encroachments do not exceed 1 foot
- Misplacements of hedges or removable fences on either side of the property line of the subject property, provided that neither the misplacement, nor a future correction thereof, will interfere with the use of any improvements of the subject property or the use of the balance of the subject property and the property not occupied by improvements
  - Misplaced concrete walls or driveways are not covered by the General Title Waiver
- Encroachments onto adjoining property by driveways belonging to the subject property where such encroachments do not exceed 1 foot, provided that there exists a clearance of at least 8 feet between the buildings on the subject property and the property line affected by the encroachment
- Variations between the length of the subject property lines as shown by the record, survey or drawing, provided that such variations do not interfere with the use of any of the improvements on the subject property and that they do not involve a deficiency of more than 2 percent with respect to the length of the front lot line or more than 5 percent with respect to any other line
- Agreements or restrictive covenants of record relating to costs, use set-back, minimum size, building materials, architectural, aesthetic or similar matters (other than single family use restrictions on 2-4 family properties), provided that the title insurance policy expressly assures that:
  - There is no reversion or forfeiture of title in the event of violation thereof; and
  - Such agreements or restrictive covenants do not create or provide for a lien of any kind that would be prior to the lien of the subject Mortgage
- Restrictive covenants based on race, color or creed, even where the violation of these restrictions provides for a penalty or reversion or forfeiture of title or a lien for liquidated damage
- Outstanding oil, water or mineral rights that are customarily waived by other lenders, as long as they do not materially alter the contour of the property or impair its value or usefulness for its intended purposes
- The priority of the lien as to any sum repaid and subsequently re-advanced under the terms of the Mortgage thereby
- For Mortgages securing 1-4 family or non-owner occupied properties, rights of parties to occupy the property as tenants only under leases predating the Mortgage if the remaining term of the lease is less than 12 months at the time of origination
- OTHER ENDORSEMENTS – Spring EQ may specify other endorsements as it deems appropriate
- Recorded Intervening Assignments, if applicable

## 15.2.6 Unexpired Redemption Periods

Certain state laws provide a “redemption period” after a foreclosure or tax sale has occurred. During the redemption period, the property may be reclaimed by the prior mortgagor or other party upon payment of all amounts owed. The length of the redemption period varies by state and does not expire automatically upon sale of the property to a new owner.

Properties with unexpired redemption periods have unacceptable title defects. If a Loan is secured by a foreclosed property in a state where a redemption period is allowed, Spring EQ will not purchase the until the redemption period has expired and the foreclosure sale has been confirmed. The purchase of additional insurance, a redemption bond or similar coverage during the redemption period does not remedy the title defect and the Loan is ineligible for delivery to Spring EQ.

## 15.2.7 Title Exception Warranties

Loans with minor impediments to title (other than those listed in the Title Exceptions section of this Seller Guide) may be eligible for purchase by Spring EQ. Seller warrants to Spring EQ, however, that these impediments do not adversely affect the value, use, enjoyment, or marketability of the Mortgaged property. Seller agrees to indemnify Spring EQ if Spring EQ incurs a loss that can be attributed to the impediment(s).

To support the warranty stated above, Spring EQ reserves the right, upon request, to receive from Seller:

- A statement from the appraiser, explaining the effect of the title exception on value, marketability, use and enjoyment of the property
- Any additional documentation or information Spring EQ deems necessary

## 15.2.8 Survey Requirements

Spring EQ requires that any survey exception be deleted from the final title policy. If the title company requires a new survey in order to delete the exception, then the Seller will be required to obtain a new survey. A new survey is not required if the title or closing agent will insure against loss and remove the survey exception with the existing survey. In areas where surveys are not customary, the title insurance policy must insure against loss or damage by any violation, variation, encroachment, or adverse circumstance that an accurate survey would have disclosed.

## 15.2.9 Condo and PUD Policies

The following are required for title insurance policies for mortgage loans covering each unit in a condominium or PUD project:

The legal description for the PUD or Condo must include all components of the unit estate including:

- Name of the project
- The unit itself
- The undivided interest in the common elements (for condominium units)
- The non-exclusive easement to use the common areas and facilities (for a PUD unit or other kind of project unit that has separately owned common elements or facilities)
- Any significant limited common elements or exclusive easements over the common areas

Ownership must be reflected in the policy if the unit owners possess the common areas of the project as tenants. The policy may explain limited common elements or exclusive easements specifically or by reference to the constituent documents.

The Title Insurance policy for Condos and Planned Unit Developments (PUDs) must include coverage that provides protection by:

- Insuring that the mortgage is superior to any lien for unpaid common expense assessments. In jurisdictions that give these assessments a limited priority over a first or second mortgage lien, the policy must provide assurance that those assessments have been paid through the effective date
- Insuring against any impairment or loss of title of the Spring EQ second lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. The title insurance policy must specifically insure against any loss that results from a violation that existed as of the date of the policy
- Insuring that the unit does not encroach on another unit or on any of the common elements, areas or facilities. This policy must also insure that there is no encroachment on the unit by another unit or by any of the common elements, areas or facilities

- Insuring that the mortgage is secured by a unit in a condominium project that has been created in compliance with the applicable enabling statutes
- Insuring that real estate taxes are assessable and lien able only against the individual condominium unit and its undivided interest in the common elements, rather than against the project as a whole
- Insuring that the owner of a PUD unit is a member of the homeowners' association and that the membership is transferable if the unit is sold

If the homeowners' association owns the common elements, areas/facilities of a project separately (or holds them in a leasehold estate), insurance on those areas is required to ensure that ownership.

The title must be free and clear of any objectionable liens and encumbrances, including any statutory or mechanics' liens for labor or materials related to improvements on the common areas that began before the title policy was issued.

## 15.3 Owner and Encumbrance Property Reports

If the applicable Program Guides require an Owner and Encumbrance Property Report, such report shall be issued by a title agent who is duly authorized and licensed to issue title insurance in the state where the Mortgaged Property is located, and shall include, at minimum:

- Current grantee and grantor
- Current vesting and ownership
- Last deed of record information
- Recordable legal description
- Status of real estate taxes
- Open mortgages and voluntary encumbrances
- Judgements, liens, and involuntary encumbrances
- Effective date of title search

## 16 Compliance

### 16.1 Regulatory Compliance Overview

Spring EQ requires Sellers to comply with all applicable laws and regulatory requirements related to the origination, closing and servicing of Mortgage Loans. Sellers should consult with their own legal or compliance counsel to ensure that all Mortgage Loans sold to Spring EQ are fully compliant with all applicable federal, state, and local laws and regulations.

This Guide section includes a non-exclusive selection of key state and federal laws, rules and regulations for which Spring EQ has specific documentation requirements that the Seller must meet. This information is being provided as a tool to assist Sellers in providing documentation required for Mortgage Loan purchase and is not intended to provide legal or compliance counsel relating to local, state, or federal requirements.

The inclusion of this information does not release the Seller of its representations and warranties that all Mortgage Loans meet all applicable regulatory and compliance requirements.

Spring EQ may also inform the Seller of its specific policies regarding certain laws and may provide the above-described information regarding legal requirements or policies in this Guide. Alternatively, Spring EQ may provide the information through other means, including bulletins, communications, or compliance alerts, by whatever name or other communications. Regardless of the method of communication, Sellers must comply with such policies.



Additionally, this Guide section sets forth the Spring EQ commitment to fair and responsible lending as well as the Spring EQ policy of Zero Tolerance for Fraud and commitment to reporting and cooperation with investors and governmental agencies including regulators.

## 16.2 Compliance Test Documents

Spring EQ requires that results of regulatory compliance tests performed in assessing the Mortgage Loan's compliance with applicable federal, state, and municipal laws, rules, and regulations in effect for the Mortgage Loan transaction must be included in the Mortgage Loan File provided to Spring EQ, whether those results are from Seller's own testing processes or are the output of a vendor application.

If applicable to the Mortgage Loan transaction, the regulatory compliance test must include an evaluation of the Mortgage Loan's compliance with TRID, including, but not limited to the following tests: timing, fee tolerance, and change in circumstances.

Spring EQ does not endorse or approve the results of any vendor's compliance screening application but expects Sellers to perform their own due diligence in selecting their vendors.

## 16.3 Fair & Responsible Lending Practices

Spring EQ is committed to the principles of fair and responsible lending and the highest standards of consumer protection and fair dealing with consumers, Sellers, vendors, and its employees. In order to ensure that consumer protections are in place, Spring EQ is committed to ensuring that the Mortgage Loans Spring EQ purchases and mortgage-related services it procures from others comply fully with Applicable Law.

Mortgage Loans delivered to Spring EQ for purchase by the Seller must comply with Applicable Law, including without limitation those laws prohibiting discrimination such as the Fair Housing Act and Equal Credit Opportunity Act.

### 16.3.1 Equal Credit Opportunity Act (ECOA)

ECOA and its implementing Regulation B provides for equal access to credit for applicants who have similar qualifications with respect to creditworthiness. Regulation B and the ECOA apply to all requests for credit, including loans secured by owner- and non-owner-occupied property. The ECOA and Regulation B prohibit a lender from discriminating against an applicant during any part of a lending transaction on the basis of:

- Race
- Color
- Religion
- National origin
- Sex
- Marital status
- Age (provided that the applicant has the capacity to enter into a binding agreement)
- Because all or part of the applicant's income derives from any public assistance program
- Because the applicant has in good faith exercised any right under the Consumer Credit Protection Act

Note: In Financial Institution Letter 22-2006, the Federal Deposit Insurance Corporation (FDIC) made it clear that denying credit or taking other adverse actions related to credit because of the presence of a fraud or active-duty alert on a credit report constitutes unlawful discrimination based on the exercise of a right under the Consumer Credit Protection Act, thus violating the ECOA. Although the letter applies only to FDIC-supervised financial institutions, the guidance in the letter is instructive for any mortgage lender.

Sellers are also required to collect information about the applicant's race and other personal characteristics and provide applicants with copies of appraisal reports and other valuations used in connections with credit transactions.

### 16.3.2 Fair Housing Act (FHA)

The Fair Housing Act (FHA) prohibits discrimination in all aspects of "residential real-estate related transactions," including (but not limited to):

- Making loans to buy, build, repair, or improve a dwelling
- Purchasing real estate loans
- Selling, brokering, or appraising residential real estate
- Selling or renting a dwelling

The FHA prohibits discrimination based on all of the following:

- Race
- Color
- National origin
- Religion
- Sex
- Familial status (defined as children under the age of 18 living with a parent or legal custodian, pregnant women, and any person who is in the process of securing custody of any individual who is under 18)
- Handicap
- Sexual orientation
- Gender identity

The FHA requires lenders to prominently display a fair housing poster at their offices and branches so that it is readily apparent to all persons seeking residential real estate-related services.

Finally, the FHA requires lenders to make reasonable accommodations for a person with disabilities when such accommodations are necessary to afford the person an equal opportunity to apply for credit.

## 16.4 Consumer Complaints

Spring EQ reviews and responds to consumer complaints made to Spring EQ and involving Sellers within 30 days of receipt of the complaint. Spring EQ will contact the Seller for their assistance in resolving the complaint. If Spring EQ cannot provide a response within this time frame, the consumer will be notified that the matter is still under review.

Consumer complaints are tracked and evaluated to identify potential indications regarding a Seller's level of service or performance.

Consumer complaints and comments should be directed to [correspondent@springeq.com](mailto:correspondent@springeq.com) and should be labeled as a customer complaint.

## 16.5 Exclusionary Lists

No person involved in a real estate transaction, in managing or performing any loan origination function (application through closing), or in the servicing of a Mortgage Loan by the Seller or its Sub-Servicer, with respect

to the Mortgage Loan is on any of the General Services Administration (GSA) Excluded Party List, the HUD Limited Denial of Participation (LDP) List, the Freddie Mac Exclusionary List, or the FHFA Suspended Counterparty Program list.

## 16.6 Electronic Signatures

With respect to any and all documents or records delivered to Spring EQ which bear an Electronic Signature (subject to the terms and conditions as provided in the Agreement): (i) all Electronic Signatures comply with the standards and requirements of ESIGN and, if applicable, UETA, adopted by the state in which the Electronic Signature is or pursuant to any other Applicable Law; (ii) any system modifications will not render the electronically signed documents non-compliant with ESIGN, UETA or any other Applicable Law; and (iii) that any and all documents bearing an Electronic Signature are: (1) fully enforceable and legally binding in accordance with their terms against the Mortgagor or other party identified thereon; (2) fully transferable or assignable by Spring EQ to any third party without the need for any additional documentation; (3) fully enforceable by such third party to whom Spring EQ transfers or assigns such document or record; (4) duly and properly executed and attested (if applicable or required) in full compliance with any and all Applicable Laws and regulations, including, but not limited to, any applicable Agency and/or private investor requirements, and shall satisfy all industry-accepted standards for electronically signed documents; and (5) such documents and records are acceptable by Spring EQ, any Agency or a private investor, as applicable, in accordance with the requirements of Spring EQ, such Agency or investor.

## 16.7 Predatory Lending

Typically, predatory lending involves at least one of the following elements:

- Making loans based predominantly on the foreclosure or liquidation value of a borrower's collateral rather than on the borrower's ability to repay the mortgage according to its terms
- Inducing a borrower to repeatedly refinance a loan in order to charge high points and fees each time the loan is refinanced ("loan flipping")
- Engaging in fraud or deception to conceal the true nature of the mortgage loan obligation, or ancillary products, from an unsuspecting or unsophisticated borrower

Spring EQ does not purchase Mortgage Loans from Sellers when those Mortgage Loans have the appearance, in the opinion of Spring EQ, of being originated using predatory lending practices.

## 16.8 Anti-Steering

Steering is the practice of directing Borrowers to a Mortgage Loan that provides less favorable terms than the best product and terms for which the Borrower qualifies. Spring EQ does not purchase Mortgage Loans which, in the opinion of Spring EQ, have the appearance of being originated using steering practices.

Sellers are required to provide Spring EQ an Anti-Steering Disclosure which has been signed by the mortgage loan originator and acknowledged by the Borrowers on the Mortgage Loan when required by Applicable Law.

## 16.9 AML/BSA & Fraud Red Flags

Spring EQ does not tolerate fraud, dishonest activity, material misrepresentation or omission of fact, suspicious activity, criminal acts, or theft by any Borrower, Seller, Seller employee, mortgage-related service provider, mortgage broker or vendor at any time in the Mortgage Loan lifecycle.

- Sellers are required to immediately report to Spring EQ such events or suspicious activities related to any Mortgage Loan purchased, serviced, or intended for sale to Spring EQ.
- Sellers must comply with all applicable Anti-Money Laundering (AML), Bank Secrecy Act (BSA), and USA Patriot Act laws, rules, and regulations, including relevant FinCEN rules and requirements for the filing of Suspicious Activity Reports (SARs).

Spring EQ participates in reporting any such findings to investors, servicers, governmental agencies and other counterparties to the Mortgage Loan transaction, as required and applicable, and requires Sellers to cooperate in the filing, investigation or prosecution of same.

Sellers are required to clear all fraud (sometimes referred to as “Hawk”) alerts appearing on the Borrower’s credit report(s) prior to the loan closing. Documentation for conclusively clearing the alert must be included in the Mortgage Loan file delivered to Spring EQ.

Sellers are required to clear all Consumer Identity Statement notifications and alerts on the Borrower’s credit report. Sellers must document that the Seller contacted the telephone number provided in the Consumer Identity Statement and obtained express authorization from the consumer to proceed with the Mortgage Loan.

Sellers must comply with all provisions of the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transactions Act (FACTA).

## 16.10 Appraisal Acknowledgement

If required by applicable law, Sellers must provide evidence of an appraisal/valuation acknowledgment. The acknowledgement form must reflect the Borrower(s) name, property address, and lender’s name

- Explicitly state and indicate that the Borrower either:
  - Received all appraisal and valuation reports at least three business days prior to the closing of their Mortgage Loan or
  - That the Borrower(s) elected to waive their right to receive all appraisal and valuation reports at least three business days prior to the closing of their Mortgage Loan.
    - If the 3-day requirement was waived, the Seller must provide documentation that the appraisal was issued to the Borrower within the time period required.
  - The Borrower may NOT waive the 3-day requirement if the Mortgage Loan is a non-QM Mortgage Loan that is subject to the TILA HPML Rule.
- If there is more than one borrower, Seller may provide the appraisal/valuation acknowledgment to one borrower. However, if it is readily apparent that one of the borrowers is the primary borrower, the appraisal/valuation acknowledgment should be provided to that borrower.

Timing must meet the strictest of all applicable regulations, including without limitation TILA and ECOA.

## 16.11 High Cost Mortgage Loans

Mortgage Loans exceeding the HOEPA High Cost Mortgage Loan threshold, or state “high cost” or “covered loan” or “predatory loan” thresholds, are not eligible for sale to Spring EQ.

Sellers are required to provide documentation that demonstrates that the Mortgage Loan does not exceed HOEPA or state high cost / covered loan / predatory loan thresholds in files delivered for purchase by Spring EQ and that each Mortgage Loan is not a High Cost Mortgage Loan and meets all Applicable Laws.

## 16.12 Higher-Priced Mortgage Loans

Spring EQ will purchase a Mortgage Loan clearly identified by the Seller as being a Higher-Priced Mortgage Loan (HPML) (as defined in 12 CFR § 1026.35) if such Mortgage Loan:

- Meets program and product eligibility guidelines in the Program Guides, and
- Fully complies with Applicable Laws, including without limitation those set forth in 12 CFR 1026.35.

Note: HPML are not permitted in all Loan Programs offered by Spring EQ. See the applicable Program Guide for additional restrictions and requirements.

## 16.13 TRID

### 16.13.1 Closed End

To meet the TILA-RESPA Integrated Disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Spring EQ requires the initial Loan Estimate, interim (revised) Loan Estimate(s), initial Closing Disclosure, revised Closing Disclosure(s) (if applicable) and final Closing Disclosure forms in Loan files delivered for Mortgage Loan applications taken on and after August 1, 2015 (or as of the effective date announced by the CFPB). Records relating to change of circumstances must be retained and made available to Spring EQ with the Credit File.

### 16.13.2 HELOC

HELOC loans are excluded from TRID coverage, but Sellers must comply with all Applicable Laws governing disclosures for HELOC products, including those requirements for home equity plans set forth in 12 CFR §1026.40.

## 16.14 OFAC Screening

Sellers must provide evidence in Mortgage Loan files submitted for purchase that every person or entity involved in the Mortgage Loan transaction that is subject to OFAC screening requirements has been checked against the OFAC Specially Designated National (“SDN”) and other sanctions lists prior to Mortgage Loan funding by the Seller.

Identifying OFAC Targets consists of two Inquiries:

1. Is the Borrower/client/business associate/service provider or other person or entity named on the OFAC list, i.e. are they an SDN or on any other OFAC sanctions list?
2. Is a National of a Sanctioned Country involved, i.e., is the residence or principal place of business of the client/business associate in a Sanctioned Country and is the client/business associate incorporated or organized under the laws of a Sanctioned Country?

If any party had a “hit” with a similar or same name that cannot be confirmed to not be the person or entity related to the Mortgage Loan, the Mortgage Loan is not eligible for purchase by Spring EQ.

Note: Sellers who wish to determine whether a hit is a “true hit” may contact OFAC and OFAC will work with the Seller to make a final determination. Final findings must be documented in the Mortgage Loan file.

## 17 Appraisals / Property Valuations

### 17.1 Appraisal Requirements

Appraisal and property valuation requirements and restrictions in this section may vary by Loan Program. See the applicable Program Guides for requirements.

All appraisals, valuations, and associated services used in valuing the collateral property for Mortgage Loans delivered for purchase by Spring EQ must be fully compliant with all applicable federal and state regulatory requirements, including, as applicable, the Uniform Standards of Professional Appraisal Practice (USPAP), the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), the Dodd-Frank Act Section 1472, TILA 129E, Appraisal Independence Requirements, and others as they may apply.

#### 17.1.1 Appraisal Independence Rule

TILA Section 129E restated the requirements of Fannie Mae and Freddie Mac's Appraiser Independence Requirements (AIR) and established new requirements for appraisal independence for consumer credit transactions secured by the consumer's principal dwelling. The amendments were intended to ensure that real estate appraisals used to support creditors' underwriting decisions were based on the appraiser's independent professional judgment, free of any influence or pressure that may be exerted by parties that have an interest in the transaction. The amendments also intend to ensure that creditors and their agents pay customary and reasonable fees to appraisers. Each Mortgage Loan file delivered to Spring EQ must fully comply with the Appraisal Independence Rule and all related amendments, and each full Appraisal must contain a *Certificate of Appraiser Independence* completed and signed by the appraiser.

#### 17.1.2 Appraisal Cost

Sellers can charge the applicant a reasonable fee to reimburse the lender for the cost of preparing appraisals and other written valuations, unless Applicable Law prohibits or otherwise restricts it. Lenders may not upcharge applicants or Borrowers by adding fees to the cost of preparing the appraisal or other written valuation. Sellers may not charge for copies of appraisals or other written valuations.

### 17.2 Appraiser Eligibility

Appraisals must be completed by an appraiser who meets all of the following requirements:

- Is either a licensed or certified residential appraiser or a certified general appraiser, by the state, as required for the particular appraisal
- Is in good standing with the applicable state appraisal licensing agency
- Is independent of the Seller, and the Seller's Control Affiliates and subsidiaries, and is not involved in the Mortgage Loan transaction in any way except as the appraiser
- Does not have any present or prospective direct or indirect interest, financial or otherwise, in the property or transaction that is the subject of the appraisal report
- Has no personal bias, or interest with respect to any of the parties involved in the transaction relating to the appraisal, including but not limited to the Seller or the Seller's directors, officers, employees or agents
- In the case of an order for a full appraisal, a personal inspection of the property that is the subject of the appraisal report
- Was not assigned the appraisal based on any required or expected minimum or specific valuation of the appraised property, and whose compensation was not based upon reporting a predetermined value of the appraised property or any other information contingent upon some event which, at the time of the appraisal, had not occurred

- Was not assigned the appraisal by the same person responsible for the sole approval authority for granting the Mortgage Loan request
- Demonstrates sufficient experience and education in the appraisal of properties similar to subject property

### 17.3 Appraisal / Property Valuation Eligibility

The Program Guides detail eligibility for use of an appraisal or other property valuation product.

#### 17.3.1 Acceptable Appraisal Forms

See the Program Guides for acceptable appraisal forms.

#### 17.3.2 Automated Valuation Models (AVMs)

See the Program Guides to determine when an AVM is acceptable. AVMs from any of the following AVM vendors are acceptable as long as the AVM value estimate meets the respective Forecast Standard Deviation (FSD) as shown below:

##### **Delegated Approved Vendors:**

AVM Vendor	FSD Score Requirement
Black Knight	$\leq 0.08$
Clear Capital	$\leq 0.13$
Collateral Analytics	$\leq 0.10$
CoreLogic	$\leq 0.13$
House Canary	$\leq 0.10$
Homegenius dba Red Bell Real Estate	$\leq 0.10$
Quantarium	$\leq 0.10$
Veros	$\leq 0.10$

##### **Non-Delegated Approved Vendors:**

AVM Vendor	FSD Score Requirement
Clear Capital	$\leq 0.13$

When electing to use an AVM, the Seller must not engage in “value shopping.” Value shopping is the practice of obtaining property valuations from multiple AVMs and using the highest value obtained. The appropriate practice is to use the first AVM value obtained that meets program standards and not run additional AVMs after that. However, if the first acceptable AVM run by the Seller does not return a value for the property, or it returns a value that does not meet the program requirement for Forecast Standard Deviation (FSD), then the Seller may run another acceptable AVM until a property value is obtained.

#### 17.3.3 Property Condition Inspection

A Property Condition Inspection is always required when an AVM is used to determine the property value. Review the Property Condition Report section below for additional information.

##### **Property Condition Report**

A Property Condition Report is used in conjunction with an AVM and will provide an exterior visual inspection of the subject property.



A Property Condition Report is acceptable when the following requirements are met:

- No deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements
- Subject condition is average or better
- No for sale or rent sign present
- No zoning violations or potential zoning changes
- Subject conforms to the neighborhood

**NOTE:** The Property Condition Report is also known as a Property Condition Inspection (PCI) with certain vendors. The report does not have to be completed by an approved AVM vendor, as long as it meets the requirements.

## 18 Loan Eligibility

### 18.1 General Underwriting Guidelines

#### 18.1.1 Underwriting Philosophy

Except as for Mortgage Loans underwritten by Spring EQ through its Non-Delegated Underwriting Program, Spring EQ's Correspondent channel purchases closed Mortgage Loans on the secondary market that have already been underwritten by the Seller and closed with the Borrower. Spring EQ does not render credit decisions on any Mortgage Loan nor does it encourage or compel any Seller to make a particular credit decision on any Mortgage Loan offered to Spring EQ for sale or discussed with Spring EQ in connection with a future potential sale. Spring EQ relies upon Sellers to prudently underwrite all Mortgage Loans and make all lending decisions and provide all disclosures to Borrowers required under Applicable Laws, including without limitation notices of action taken with respect to all loan applications received.

#### 18.1.2 Underwriter Responsibility

Spring EQ expects the Seller's underwriter to weigh all risk factors inherent in the Mortgage Loan file, giving consideration to the individual transaction and Borrower profile, the level of documentation provided, and the property used to collateralize the debt. Spring EQ expects underwriters to use prudent and professional judgment in rendering credit decisions while complying with Seller's Agreement with Spring EQ, the Program Guide and all Applicable Laws.

The Spring EQ commitment to fairness and equal opportunity in lending practices is clear and unequivocal. Sellers are expected to be fair and consistent, underwriting a Borrower's creditworthiness based solely on information that is believed to be indicative of the applicant's willingness and ability to pay the proposed debt without regard to any characteristic or basis prohibited by Applicable Laws.

Spring EQ asks that Sellers enable us to provide consistently high service levels by providing us with complete, well organized, and understandable Mortgage Loan delivery files. The Seller's attention to unusual situations attendant to each Mortgage Loan delivered will pave the way for a fast, efficient purchase.

#### 18.1.3 Program Guides

Program Guides are published on the Spring EQ Correspondent Website and Portal and set forth product and program parameters and Spring EQ Mortgage Loan eligibility requirements.

## 18.1.4 Complete Mortgage Loan Application

Mortgage Loan applications must be complete, including at least a full two-year history of employment and residency and all personal information for each Borrower (Social Security number, date of birth, address, and education). All government monitoring questions must be marked indicating the method of taking the application: face-to-face, by telephone, or by mail and the government monitoring section must be complete, as required by the Home Mortgage Disclosure Act (HMDA). The interviewer's name, employer and required NMLS ID information must be completed. Final Mortgage Loan applications must be signed and dated by the Borrower(s).

The final 1003 Loan Application form must meet the requirements above, including the Borrower's complete and accurate financial information relied upon by the underwriter. The final 1003 application must be signed and dated by all Borrowers and provide the required NMLS identification numbers. The Mortgage Loan Originator must sign the final 1003 if required by any Applicable Law, Agency, or regulatory requirements. Any new debt incurred must be disclosed on the final application and reflected in the final 1008 (or acceptable equivalent) and underwriting findings.

Seller agrees to use best efforts to cooperate with Spring EQ by providing all data elements required for HMDA reporting, upon request, as such data elements are defined or revised by the CFPB, FFIEC or applicable government agency, even if such elements are not part of the original Mortgage Loan file submission.

## 19 Non-Delegated Underwriting Review

The Non-Delegated Underwriting Program ("Program") is offered to eligible Sellers who may wish to have Mortgage Loan Credit Files in certain eligible Loan Programs underwritten by Spring EQ before the loan is closed and funded by the Seller.

A Seller's approval status shall be set forth in the Credit Approval Exhibit.

### 19.1 Non-Delegated Credit Underwriting

For Credit Files submitted for Non-Delegated Underwriting Review, Spring EQ will, as applicable in accordance with the related Program Guides:

- Underwrite the Credit File, based on documentation and information provided by the Seller, and issue underwriting findings with respect to those Credit File attributes which may include, without limitation:
  - Applicant/Borrower eligibility
  - Credit history, liabilities, and mortgage payment history
  - Income, debt-to-income ratios, and income stability
  - Borrower Ability to Repay as required in 12 CFR §1026.43(c)(2)
  - Assets, cash-to-close, source of funds, and reserves
  - Property, appraisal and/or valuation product(s)
- Perform a limited review of the preliminary title report, survey, or similar documents to determine compliance with Spring EQ and investor guidelines\*
- Conduct the condominium project review and provide the project and unit eligibility determination
- Perform a limited review any Trust documents provided by the Seller, and determine their eligibility and compliance\*

\*Sellers (and/or their title agents or attorneys) remain responsible for any legal or regulatory requirements.

## 19.2 Seller Responsibilities

Seller responsibilities include, but are not limited to:

- Obtaining prior approval from Spring EQ to participate in the Non-Delegated Program for one or more Loan Programs, as indicated by the Seller's Correspondent Mortgage Loan Purchase Agreement (MLPA) and Credit Approval Exhibit
- Originating the Mortgage Loan, including obtaining the Mortgage Loan application and documenting the Credit File with all required supporting documentation
- Identifying the Loan Product and Program
- Ordering and collecting the fees for any appraisal/valuation product(s), including any required appraisal review or property inspection products
- Generating the flood zone determination and life-of-loan flood service, and ensuring any flood insurance coverage requirements are met
- Obtaining all required insurances, including, but not limited to, title insurance, hazard insurance, and/or flood insurance
- Obtaining all necessary Condominium Project documentation, as required by Spring EQ Program Guides
- Obtaining a "Clear-to-Close" (CTC) Approval from Spring EQ prior to closing the Mortgage Loan
- All activities related to Closing Documents and Loan Funding, including:
  - Generating or obtaining a closing package in the Seller's own name
  - Establishing impound/escrow accounts (if applicable)
  - Closing document execution
  - Funding the Mortgage Loan in the Seller's own name
- Notifying Spring EQ of all material changes to the Loan transaction, at any point following Loan submission and up until Loan Purchase
- Disclosing, and collecting all costs and fees related to the Loan transaction, and ensuring the Loan complies with all regulatory requirements and Applicable Laws
- Generating and delivering all required initial, interim, and final, federal, state, and municipal disclosures, including those required by ECOA Regulation B, FCRA, and other application regulatory requirements and completing a compliance test
- Providing representations and warranties that the Loan file contains true, accurate, and complete information and documentation
- After the Mortgage Loan has closed, submitting the remaining documents comprising the "Complete Loan File" (Closing Documents and any outstanding final conditions) to Spring EQ for Loan Purchase
- Interim Servicing of the Mortgage Loan until such time as it has been Purchased by and servicing has transferred to Spring EQ, including Borrower notices and payment histories

## 19.3 The Agreement

Sellers must have prior approval from Spring EQ to participate in the Non-Delegated Underwriting Program, as documented by the Seller's Credit Approval Exhibit.

## 19.4 Credit Files

To be eligible for underwriting in this Program, the Credit File must be complete such that the Seller has provided Spring EQ with sufficient information and documentation to make a credit decision under the applicable Program Guides, except that the appraisal (when applicable) may follow as a Loan Condition. In all cases, the complete property address must be identified prior to submission and may not be "to be determined" (TBD).

The Credit File, when referred to in relation to this Program, includes, but is not limited to, documentation of the following as they apply:

- Complete, initial Uniform Residential Loan Application (URLA) Form 1003, signed by the borrower(s) and/or mortgage loan originator as required by Spring EQ, and signed final Loan application
- Applicant/Borrower identification and eligibility documentation
- Complete property address - Loans with TBD property address are not eligible
- As required by Loan Product and Program:
  - Credit report(s) and supplements, liabilities, and mortgage payment history
  - Employment and income documentation and verification
  - Appraisal or other agreed upon collateral valuation product, including any additional valuation products, appraisal review, and/or property inspection products
  - Condominium project documentation
- IRS transcripts
- Trust and/or power of attorney documentation
- Preliminary title report or survey, as required by Program Guides
- If applicable, the Purchase Contract and all Counter offers and/or Addenda
- Hazard insurance policy and, if required by law, flood insurance policy

Sellers are responsible for documenting and submitting the Credit File to Spring EQ for underwriting. Spring EQ will not conduct a review of the disclosures at the time of Credit Underwriting. Sellers remain responsible for Applicable Laws, Regulations, and Notices.

## 19.5 Loan Conditions

Sellers are responsible for resolving all Loan Conditions resulting from the Spring EQ underwriting findings. Conditions generated at the time of Conditional Approval are designated as “Prior to Approval or “Prior to Closing” and must be cleared in order for a Clear to Close to be generated. Conditions generated at the time the Clear to Close is issued are designated as “Prior to Purchase” and should be submitted with the closed loan delivery package.

## 19.6 Pricing

Loans being submitted for Non-Delegated Underwriting must be locked using applicable Non-Delegated pricing prior to submitting to Spring EQ for approval.

## 19.7 Adverse Action

For all Mortgage Loan that Spring EQ determines are “Declined” through its Non-Delegated Underwriting Program, Spring EQ will provide a *Notice of Action Taken* (Adverse Action Notice) to the Seller. The Seller is responsible for providing Notice to directly to the Applicant/Borrower.

For any Loan that was “Suspended” due to an incomplete credit file, Spring EQ will provide a suspense notification that includes a description of the additional documentation needed, and a “submit by date,” after which Spring EQ will no longer be able to consider the application. The Seller is responsible for providing a timely *Notice of Incompleteness* to the Borrower.

For any loan that has been “Conditionally Approved” and subsequently withdrawn, and for which Spring EQ has no record of a *Notice of Incompleteness* having been issued by the Seller, Spring EQ will provide a *Notice of Action Taken* (Adverse Action Notice) to the Seller.

Additionally, if the Seller does not within the time period specified in Regulation B offer the Applicant/Borrower a loan on the terms requested through another investor or from its own funds, or if the Applicant/Borrower does not expressly accept or use the Loan offered:

- Seller agrees to provide Applicant/Borrower with a Notice of Action taken that lists Spring EQ as one of the creditors on whose behalf the notice is given and which otherwise complies with the requirements of Regulation B
- If the applicant's credit scores were used in taking adverse action, each individual should receive a separate adverse action notice with the credit score and related disclosures associated with his or her individual report in accordance with Regulation V
  - The Seller can use a single FCRA/ECOA combined notice to comply with adverse action requirements of both the ECOA and FCRA
  - The credit score information must be included, if applicable, in the Adverse Action Notice, even if the credit score information was previously provided earlier in the application process by the person to whom credit was initially payable, to meet the FCRA's Risk-Based Pricing Notice obligations

On a periodic basis, Spring EQ will request from Seller information regarding these transactions. Requested information may include:

- Copies of notices and disclosures Seller has provided to Applicant/Borrowers for such transactions, if any
- Confirmation as to whether Applicant/Borrower ultimately received a Loan from Seller for the proposed transaction that was reviewed by Spring EQ
- Any other documentation required to determine compliance with ECOA – Regulation B and/or FCRA – Regulation V

## 19.8 Non-Delegated Underwriting Program Representations and Warranties

In the event Seller requests and Spring EQ (1) completes a Non-Delegated Underwriting Program review, (2) concludes the Mortgage Loan is "Clear to Close" and (3) purchases the Mortgage Loan from Seller, so long as there are no material changes in or differences between the purchased Mortgage Loan file as compared to the file presented for Non-Delegated Underwriting Review, Seller shall be relieved of the representations and warranties set forth in Sections 2.3.2(B), (E) (except for its first sentence), (G), (I), (S), (T), (U), (DD), (GG), and (JJ).

Seller continues to make all other representations and warranties to Spring EQ and is responsible for all other requirements of the Guide and MLPA between Spring EQ and Seller, and Spring EQ retains all of its remedies for any breaches or Events of Default.

## 20 Definitions

Accepted Servicing Practices: With respect to any Mortgage Loan, those procedures (including collection procedures) that are reasonable and customary servicing practices for the same type of loans and which are in accordance with (1) accepted mortgages servicing practices of prudent servicers of comparable mortgage loans in the jurisdiction where the related Mortgaged Property is located; (2) the terms of the related Mortgage Note, Mortgage and other documents included in the Mortgage File; and (3) applicable law.

Affiliate: With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such person, directly or indirectly,

whether through ownership of voting securities, by contract or otherwise and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

Appraised Value: The value of the related Mortgaged Property based upon the appraisal or other valuation made in accordance with Section 17 of the Guide.

AVM: An Automated Valuation Model meeting the characteristics required herein and in the Program Guides.

Cause: As defined in [Seller Termination](#).

Code: The Internal Revenue Code of 1986, as amended, modified, or supplemented from time to time, and any successor statute, and all rules and regulations issued or promulgated in connection therewith.

Collateral File / Collateral Package: With respect to each Mortgage Loan, a file containing those documents listed in [Collateral Document Packages](#).

Commitment: An agreement whereby Seller commits to deliver a Mortgage Loan, as described in the Commitment Confirmation, that is eligible for purchase under the terms of the Guide.

Commitment Confirmation: As defined in [Components of the Agreement](#).

Commitment Expiration Date: The date set forth in any Commitment Confirmation by which Seller must deliver the committed Mortgage Loan, eligible in accordance with this Guide, for purchase.

Credit File: The file that includes the Mortgage Loan Documents together with all disclosures and the credit documentation relating to the origination of the Mortgage Loan and any other documents for servicing the Mortgage Loan. Such Credit File shall include, but shall not be limited to, the documents set forth in [Credit Files](#).

Custodian: Computershare Trust Company, N.A., or such other party as Spring EQ designates in accordance with the notice provisions hereof.

Cut-off Date: With respect to each purchase of a Mortgage Loan Package, the cut-off date as set forth in the related Purchase Confirmation.

Event of Default: As defined in [Section 9](#).

Early HELOC Paydown: As defined in [Section 9](#)

Early Paydown Fee: As defined in [Section 9](#).

Early Payment Default: As defined in [Section 9](#).

Early Payoff: As defined in [Section 9](#).

Early Payoff Fee: As defined in [Section 9](#).

Governmental Authority: With respect to any Person, an any nation or government, any state or other political subdivision, agency, or instrumentality thereof, any entity exercising executive, legislative, judicial, regulatory

or administrative functions of or pertaining to government and any court or arbitrator having jurisdiction over such Person, any of its Subsidiaries or any of its properties.

Loan Programs: The Mortgage Loan products offered by Spring EQ from time to time, as further defined in the Product Matrices.

Lock Cancellation Date: The date on which Seller or Spring EQ cancels a lock/commitment, regardless of the reason for such cancellation.

Lock Confirmation: See *Commitment Confirmation*.

Lock Expiration Date: See *Commitment Expiration Date*.

Lock Extension: The extension of a Commitment Expiration Date in accordance with Section 8.6 of the Guide.

MERS: Mortgage Electronic Registration Systems, Inc., a Delaware corporation, and its successors in interest.

MERS-Designated Loan: A Mortgage Loan for which (a) Seller has designated or shall designate MERS as and has taken or shall take such action as is necessary to cause MERS to be, the mortgagee of record, as nominee for Seller, in accordance with the MERS System Procedures Manual, and (b) Seller has designated or shall designate Spring EQ as the “Investor” on the MERS System.

Mortgage: The mortgage, deed of trust or other instrument securing a Mortgage Note, which creates a lien on an estate in fee simple in real property securing the Mortgage Note; except that (i) with respect to real property located in jurisdictions in which the use of leasehold estates for residential properties is a widely accepted practice, the mortgage, deed of trust or other instrument securing the Mortgage Note may secure and create a lien upon a leasehold estate of the Mortgagor; and (ii) with respect to a co-op loan, a lien on the cooperative shares and proprietary lease of the Mortgagor.

Mortgage Loan: A closed-end home equity loan or open-end home equity line of credit that is sold by Seller and purchased by Spring EQ pursuant to the MLPA.

Mortgage Loan Documents: The items pertaining to a particular Mortgage Loan, as set forth in [Collateral Document Packages](#) hereof.

Mortgage Note: With respect to a Mortgage Loan, the note or credit line agreement pursuant to which the related Mortgagor agrees to pay the indebtedness evidenced thereby and secured by the related Mortgage.

Mortgaged Property: The real property (or leasehold estate, if applicable) securing repayment of the debt evidenced by a Mortgage Note.

Mortgagor: The obligor on a Mortgage Note.

Non-public Personal Information or NPI: As defined in the Gramm-Leach-Bliley Act, 15 U.S.C. §6809(4), or any successor statute thereto.



**Person:** Any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

**Premium:** With respect to any Mortgage Loan that was purchased at a price above par, the amount equal to the Purchase Price minus the Stated Principal Balance.

**Product Matrices:** Those certain Home Equity Lending Matrices that are published by Spring EQ on the Spring EQ Correspondent Portal, and which include certain product attributes for the Mortgage Loans that may be purchased in accordance with the Agreement.

**Program Guides:** The documents and materials consisting of both the Underwriting Guidelines and Product Matrices of Spring EQ published to Seller through the Spring EQ Correspondent Portal from time to time.

**Purchase Advice:** The document setting forth the Purchase Date for one or more Mortgage Loans and the price and terms and conditions for the purchase of each Mortgage Loan.

**Purchase Date:** The date or dates on which Spring EQ from time-to-time purchases, and the Seller from time to time sells, any Mortgage Loan.

**Purchase Price:** The price paid by Spring EQ to Seller in exchange for each Mortgage Loan on the related Purchase Date, and as set forth on the related Purchase Advice.

**Purchase Price Percentage:** With respect to each Mortgage Loan, the percentage of par as stated in the related Purchase Advice.

**Reconstitution Date:** The date on which Spring EQ has completed a Securitization Transaction or a Whole Loan Transfer that includes the related Mortgage Loans.

**Repurchase Price:** As defined in [Repurchase](#).

**Securitization Transaction:** Any transaction involving either (1) a sale or other transfer of some or all of the Mortgage Loans directly or indirectly by Spring EQ to an issuing entity in connection with an issuance of publicly offered or privately placed, rated or unrated mortgage-backed securities or (2) an issuance of publicly offered or privately placed, rated or unrated securities, the payments on which are determined primarily by reference to one or more portfolios of residential mortgage loans consisting, in whole or in part, of some or all of the Mortgage Loans.

**Servicing Rights:** With respect to each Mortgage Loan, any and all of the following: (a) all rights to service the Mortgage Loan; (b) any payments or monies payable or received or receivable for servicing the Mortgage Loans; (c) any late fees, assumption fees, penalties or similar payments with respect to the Mortgage Loans; (d) all agreements or documents creating, defining or evidencing any such servicing rights and all rights of Seller thereunder; (e) possession and use of any and all credit files pertaining to the Mortgage Loans or pertaining to the past, present or prospective servicing of the Mortgage Loans; (f) all accounts and other rights to payment related to any of the property described in this paragraph; (g) all rights and benefits relating to the direct solicitation of the related Mortgagors and attendant right, title and interest in and to the list of such Mortgagors and data relating to their Mortgages; and (h) all rights, powers and privileges incident to any of the foregoing.

**Stated Principal Balance:** As to each Mortgage Loan, as to any date of determination, the principal balance of the Mortgage Loan as of the first day of the month for which such calculation is being made after giving effect to the principal portion of any monthly payments due on or before such date, whether or not received, as well as any principal prepayments received before such date.

**Third Party Originator:** As defined in [Third Party Originations](#).

**TRID:** The Consumer Financial Protection Bureau's Truth in Lending Act and Real Estate Settlement Procedures Act Integrated Disclosure Rule, 78 Fed. Reg. 79730 (Dec. 31, 2013), as amended from time to time, and implemented in Regulation Z (12 CFR Part 1026), or any successor implementing regulation, as in effect on the date that the Seller or any originator received the application for any Mortgage Loan.

**Underwriting Guidelines:** The underwriting guidelines published by Spring EQ on the Spring EQ Correspondent Website and Portal.

**Whole Loan Transfer:** Any sale or transfer by Spring EQ of some or all of the Mortgage Loans, other than a Securitization Transaction.

## 21 Exhibit A-1: Variable Rate HELOC Agreement and Disclosure Statement

**HOME EQUITY LINE OF CREDIT AGREEMENT  
AND DISCLOSURE STATEMENT**

AMERICA  
Loan #: 3000141184  
MIN: 101369830001411843

Agreement Date: **MAY 2, 2024**  
Borrower: **ANDY AMERICA**  
Property Address: **123 TEST AVE, JACKSON HOLE, WY 83001**  
Lender: **SPRING EQ, LLC**  
Account Number:  
Credit Limit: **\$125,000.00**  
First Payment Date: **JULY 1, 2024**  
Maturity Date: **JUNE 1, 2054**

**1. Definitions.**

- (A) The pronouns "you" and "your" refer to all Borrowers signing this Agreement, jointly and individually, and each other person or legal entity that agrees to pay this Agreement. "We", "us" and "our" refer to the Lender, or any person or legal entity that acquires an interest in the Line of Credit.
- (B) "Account" means an account you carry with us. The Account Number is stated at the beginning of this Agreement.
- (C) "Account Balance" means the sum of the unpaid principal balance advanced under the terms of this Agreement, finance charges, fees and other charges that are due, and other amounts advanced to you or others under the terms of this Line of Credit.
- (D) "Agreement" refers to this Agreement, and any extensions, renewals, modifications or substitutions of it.
- (E) "Billing Cycle" means the interval between the days or dates of regular periodic statements.
- (F) "Credit Limit" means the maximum amount of principal we will permit you to owe us under this Line of Credit, at any one time. Your Credit Limit is stated at the top of this Agreement.
- (G) The "Draw Period" begins on the Agreement Date and is the 36-month period during the term of this Agreement that you may request advances. During this period you will make interest only payments, subject to the Minimum payment requirements.
- (H) The "Interest Only Period" begins after the Draw period and is an 84-month period during the term of this Agreement. You may not request advances during the Interest Only Period. During this period you will make interest only payments subject to the Minimum Payment requirements.
- (I) "Line of Credit" refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures and this Agreement.
- (J) "Minimum Advance" means the smallest amount of money we will advance to you at your request.
- (K) "Minimum Payment" means the minimum payment amount required under the Minimum Payment section.
- (L) "Payment Date" is the payment due date as provided on your periodic statements.
- (M) "Property" means the real property that secures your obligations under this Line of Credit.
- (N) The "Repayment Period" begins immediately after the Interest-Only Period and continues for 240 months. You may not request advances during the Repayment Period.

Other important terms are defined throughout this Agreement.

**2. Account Request, Promise to Pay and Security Interest.**

You promise to pay us or our order, at our address, or at such other location as we may designate, so much of the Credit Limit as may be advanced under this Agreement, plus finance charges, fees, charges, costs, and expenses as described in this Agreement.

As stated later in this Agreement, we will apply all payments and credits in accordance, with our standard operating procedures and with the requirements of applicable law.

If we have extended you credit over your Credit Limit, the amount over your Credit Limit will also be due in addition to your Minimum Payment. There may be other charges described in this Agreement that you will be obligated to pay. You agree that our books and records will be sufficient evidence of your obligations to us under this Agreement.

We have secured your obligations under this Line of Credit by taking a security interest (by way of a separate security instrument dated **MAY 2, 2024**) in the Property located at: **123 TEST AVE, JACKSON HOLE, WY 83001**. Property

securing any other loans that you have with us may also secure this Agreement.

### 3. Advances.

You may request advances by the following methods, to the extent the means is allowed in your state or jurisdiction:

- **CHECK**

We will make the advance by:

- Advancing the amount directly to you,
- Depositing it in your Account, or
- By paying a designated third person or account.

We will record the amount as an advance and increase your Account Balance. Checks may not be written to "cash" and must be submitted for deposit.

### 4. Advance Limitations.

We do not have to make any advances during any period in which you have a right to cancel. Your ability to request and access advances is also subject to the following additional limitations:

You must request an initial advance on the Agreement Date equal to at least the greater of (i) \$50,000 or (ii) fifty percent (50%) of the Credit Limit. No additional draws may be taken for ninety (90) days following the Agreement Date.

### 5. Minimum Advance.

You must request and obtain an initial advance on the Agreement Date equal to the greater of (i) \$50,000 or (ii) fifty percent (50%) of the Credit Limit. No additional draws may be taken for ninety (90) days following the Agreement Date. Following this ninety (90) day period, you may request additional draws in minimum amounts of \$1,000.00. Note, supplemental draws may take up to 3 days to clear in the event the line of credit was paid down within 72 hours of the advance amount.

### 6. Credit Limit.

Subject to the terms and conditions of this Agreement, you may borrow on this Line of Credit up to the Credit Limit. You agree not to request or obtain an advance that will cause the unpaid principal of your Account Balance to exceed the Credit Limit. You understand that we will not ordinarily grant a request for an advance that would cause the unpaid principal of your Account Balance to be greater than the Credit Limit, but that we may, at our option, grant such a request without obligating ourselves to do so in the future. Your Credit Limit will not be increased if you overdraw the Line of Credit. If you exceed the Credit Limit, you agree to immediately pay the amount by which the unpaid principal of your Account Balance exceeds the Credit Limit, even if we have not yet billed you. Any sums in excess of the Credit Limit will not be secured by the Property, unless they are for accrued but unpaid interest or expenditures made pursuant to the security instrument securing the Property.

### 7. Annual Percentage Rate (APR)

#### Variable Rate.

This Line of Credit has a variable interest rate. The APR may change and will be based on the value of an index. The "Index Rate" will be the highest Prime Rate as published in the "Money Rates" table of *The Wall Street Journal* as of the first business day of the calendar month. To determine the APR, we will add a "Margin" of 2.875 percentage point(s) to the value of the Index.

The initial periodic rate which will be used to calculate the Finance Charge is the Daily Periodic Rate of 0.0312% and the corresponding APR of 11.375%. The APR includes interest and no other costs. The stated initial periodic rate and corresponding APR reflect the Index Rate plus the Margin as described in this section.

#### Rate Changes.

The APR may increase if the Index Rate increases. An Index Rate increase will result in a higher finance charge and it may have the effect of increasing your periodic Minimum Payment. A decrease in the Index Rate will have the opposite effect as an increase. An Index Rate increase or decrease will take effect on the date the Index Rate changes. The APR can increase or decrease monthly. If the Index Rate changes more frequently than the APR, we will use the Index Rate in effect on the day we



adjust the APR to determine the new APR.

#### Rate Change Limitations.

APR changes are subject to the following limitations. The lifetime floor does not apply to any initial discount rates if applicable. Any per adjustment or annual limitations will not prevent the rates from increasing to the minimum APR at the end of the initial discount rate period if applicable.

**Lifetime Floor.** The minimum APR that can apply during the term of the Line of Credit is the lesser of (a) 4%, or (b) the initial APR.

**Lifetime Cap.** The maximum APR that can apply during the term of this Line of Credit is 18.00% or the maximum APR allowed by applicable law, whichever is less.

#### 8. Finance Charges.

Finance charges begin to accrue immediately when we make an advance to you. Finance charges will be computed as follows:

To calculate the finance charge for each Billing Cycle, a daily periodic rate is multiplied by the Average Daily Balance of your Account Balance. The daily balance is your Account Balance at the beginning of each day, plus any new advances, minus any payments or credits that apply to debt repayment, and any unpaid finance charges, fees and charges. Then, all the daily balances for the Billing Cycle are summed, and divided by the total number of days in the Billing Cycle. The resulting value is the Average Daily Balance. This value is then multiplied by the number of days in the Billing Cycle to calculate the finance charge.

#### Other Fees and Charges.

I understand that I may also be responsible for the following additional fees and charges:

#### Fees Due at Closing:

Origination Point(s) 0.956%	\$1,195.00
Appraisal Fee	\$149.00
Credit report	\$6.10
Flood certification	\$7.42
MERS REGISTRATION FEE	\$24.95
DOCUMENT PREP FEE	\$26.50
TITLE - ELECTRONIC DOCUMENT DELIVERY FEE	\$2.50
TITLE - O & E PROPERTY REPORT	\$171.00
TITLE - RECORDING SERVICE FEE	\$25.00
TITLE - SETTLEMENT FEE (NOTARY)	\$145.00
TITLE - WIRE/DISBURSEMENT FEE	\$100.00
Deed \$N/A Mortgage \$84.00 Releases \$N/A	\$84.00

**Annual Maintenance Fee:** This fee will be charged automatically, on the annual basis, as an advance against your line. An Annual Maintenance fee of the lesser of the amount listed below or the maximum amount that may be charged in accordance with laws of the state of the subject property securing the lien:

No Annual Maintenance Fee in Maryland, Virginia, Texas, Minnesota (if line amount is less than \$100,000) and North Carolina (if line amount is less than \$300,000).  
 \$50.00 in Missouri, New Jersey, Pennsylvania, and Washington.  
 \$99.00 in all other states not listed above, including Minnesota (line amounts greater than or equal to \$100,000) and North Carolina (line amounts greater than or equal to \$300,000).

**Stop Payment on Line of Credit Check.** \$15.00 per item.

**Return Check Fee:**

**\$20.00** - Subject Properties in Colorado, Connecticut, Idaho, and Utah.

**\$25.00** - Subject Properties in Arizona, California, District of Columbia, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Wisconsin.

**\$29.99** - Subject Properties in Alabama, Arkansas, Delaware, Florida, Georgia, Iowa, Louisiana, Maryland, Minnesota, Montana, Mississippi, New Mexico, Ohio, South Carolina, Tennessee, Texas, Virginia, Washington, Wyoming.

**Fees Due During the Term of the Agreement:**

- Annual Maintenance Fee: Refer to the Annual Maintenance section listed above that is based on the subject property state.
- Stop Payment on Line of Credit Check. \$15.00 per item.
- Return check fee, refer to the return check fee amounts listed above that is based on the subject property state.

**Fees Due at Termination:**

- Termination Fee. N/A

**Charges to Your Account.**

We may charge your Account to pay other fees and costs that you are obligated to pay under this Line of Credit or under the instrument securing this Agreement. In addition, we may charge your Account for funds required for continuing required insurance coverage or costs to protect or perfect our security interest in the Property. Any amount so charged to your Account will be an advance on which finance charges will accrue. However, we have no obligation to provide any of the advances referred to herein.

**9. Payment Terms.****Payment Date.**

During the term of this Agreement, a Minimum Payment will be due on or before the Payment Date for any Billing Cycle in which there is an outstanding balance. Your Minimum Payments will be due monthly.

**Late Charges.**

If your payment is more than 15 days late, we will charge a late fee of 5.00% of the overdue monthly principal and interest payment (or interest payment, if it only consists of interest).

**10. Minimum Payments.**

On or before each Payment Date, you agree to make a payment of at least the Minimum Payment amount. Periodic Minimum Payments are required during both the Draw Period and Repayment Period.

**During the Draw Period, you promise to pay the:**

Minimum Payment, which will equal the greater of (a) \$100.00; or (b) the sum of all accrued finance charge and other charges for the Billing Cycle, and shall be due and payable on the date shown on the monthly statement.

**During the Interest Only Period,** you will no longer be able to obtain credit advances and you agree to make the Minimum Payment, which will equal the greater of (a) \$100.00; or (b) the sum of all accrued finance charge and other charges for the Billing Cycle and shall be due and payable on the date shown on the monthly statement.

If we have extended you credit over your maximum Credit Limit, the amount over your maximum Credit Limit will also be due in addition to your Minimum Payment. There may be other charges described in this Agreement that you will be obligated to pay. You agree that our books and records will be sufficient evidence of your obligations to us under this Agreement.

**During the Repayment Period**, payments will be due monthly. Your minimum monthly payment will equal the greater of (a) \$100; or (b) 1/240th of your outstanding Account Balance at the end of the Draw Period, plus all accrued finance charge and other fees, charges and costs. We will calculate this amount by taking the outstanding Account Balance on the last day of the Draw Period and dividing it by 240 months and then adding any finance charge that accrues but remains unpaid during the Billing Cycle plus any other fees, charges and costs to the fixed principal payment that is due.

If your Account Balance on a Payment Date is less than the Minimum Payment amount, you must pay only the amount necessary to reduce your Account Balance to zero. On the Maturity Date, you must pay the entire outstanding Account Balance. If you make extra outstanding principal balance payments, such payments will not extend or postpone the due date of monthly Minimum Payments or reduce the amount of future fixed principal payments.

## 11. Principal Reduction.

**Draw Period/Interest Only Period.** During the Draw and Interest Only Period, the Minimum Payment may not reduce the principal balance outstanding on your Account Balance.

**Repayment Period.** During the Repayment Period, the Minimum Payment may not, to the extent permitted by law, fully repay the principal balance outstanding on your Account Balance.

## 12. Final Payment.

On the Maturity Date listed in this Agreement, you must pay any remaining Account Balance outstanding. You will be required to pay the entire outstanding balance in a single payment.

We are not obligated to refinance your Line of Credit at that time, but will consider your request to do so. If you refinance this Line of Credit at maturity, you may have to pay some or all of the closing costs normally associated with such refinancing even if you obtain financing from us.

## 13. Additional Payment Terms.

If you fail to fully pay the Minimum Payment amount, we may, but are not required to, advance money to you to make the payment. All the terms of this Agreement will apply to such an advance. You can pay off all or part of what you owe at any time. If you pay more than the Minimum Payment amount, you must continue to make your periodic Minimum Payments as otherwise required by this Agreement.

We will apply all payments and credits in accordance with our standard operating procedures and with the requirements of applicable law. We may, at our discretion, withhold available credit on your Account up to the amount of payments you make to assure that the payment instrument is honored. No late charge will be assessed on any payment when the only delinquency is due to late fees assessed on earlier payments and the payment is otherwise a full payment.

A Returned Payment Fee of up to \$29.99 will be charged if your payment is returned due to non-sufficient funds. This fee will be subject to change as allowed by applicable law.

## 14. Periodic Statements.

If you have an outstanding balance of \$1.00 or greater on your Line of Credit or have any Line of Credit activity, we will send you a periodic statement at the end of each Billing Cycle. This periodic statement will reflect, among other things, credit advances, finance charges, other charges, payments made, other credits, your previous Account Balance and your new Account Balance. The periodic statement will also identify your Minimum Payment for the cycle and the Payment Date.

## 15. Property Insurance.

This Line of Credit requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable. You promise to insure the Property in the amount we require against fire and other hazards (including flood if we require it). You promise to name us as a loss payee under the policy(ies). If we request it, you agree to deliver to us a copy of the policy(ies) and proof that all premiums have been paid in full. Subject to applicable law, if you fail to obtain or maintain insurance as required, we may purchase insurance to protect our own interest, add the premium(s) to your Account Balance and/or pursue any other remedies available to us.



**16. Termination.**

You may terminate this Line of Credit at any time upon written notice to us. Termination by one Borrower terminates the Line of Credit for all Borrowers. Termination will not affect your obligation to repay advances made prior to the termination, nor will it alter your duties to perform under the terms of an instrument securing this Agreement until such instrument is released.

**17. Waivers and Consent.**

To the extent not prohibited by law and except for any required notice of right to cure for the failure to make a required payment, you waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor. To the extent not prohibited by law, you and any other party to this Line of Credit also consent to the following actions that we may take, and waive defenses that may be available based on these actions, or based on the status of a party to this Line of Credit:

- We may renew or extend payments on this Agreement, regardless of the number of such renewals or extensions. We may release any Borrower or other person who may be liable for the indebtedness under this Agreement.
- We may release, substitute or impair any Property securing this Agreement. We may invoke our right of set-off.
- We may enter into any sales or repurchases of this Agreement to any person in any amounts and you waive notice of such sales or repurchases.
- You agree that any Borrower is authorized to modify the terms of this Agreement or any other Line of Credit document.
- We may inform any party who guarantees this Line of Credit of any accommodations, renewals, extensions, modifications, substitutions or future advances.
- No delay or forbearance on our part in exercising any of our rights or remedies will be construed as a waiver by us, unless such waiver is in writing and is signed by us.

**18. Integration and Severability.**

This Agreement is the complete and final expression of our agreement. If any provision(s) of this Agreement is/are unenforceable, then the unenforceable provision(s) will be severed and the remaining provisions will still be enforceable.

**19. Notices, Financial Reports and Additional Documents.**

Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the Property Address above, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. You will inform us in writing of any change in your name, address or other application information. You agree to supply us with whatever information we reasonably feel is necessary to decide whether to continue this Line of Credit. We will make requests for this information without undue frequency, and will give you reasonable time in which to supply the information. All financial statements and information you give us will be correct and complete. You agree to sign, deliver and file any additional documents or certifications that we may consider necessary to perfect, continue and preserve your obligations under this Line of Credit and to confirm our lien status on any Property. Time is of the essence.

**20. Tax Deductibility.**

You should consult a tax advisor regarding the deductibility of interest and charges under this Agreement.

**21. Default.**

You will be in default if any of the following occur:

- You fail to make a payment as required by this Agreement.
- Your action or inaction adversely affects the Property or our rights in the Property.
- You engage in fraud or material misrepresentation in connection with this Line of Credit.

**22. Suspension of Credit and Reduction of Credit Limit.**

We may temporarily prohibit you from obtaining additional advances or reduce your Credit Limit during any period in which any of the following are in effect:

- The value of the Property securing this Line of Credit declines significantly below its appraised value for purposes of this Line of Credit.
- We reasonably believe that you will not be able to meet the repayment requirements under your Line of Credit due to a material change in your financial circumstances.
- You are in default of a material obligation under this Line of Credit. You understand that we consider all of your

obligations to be material. Categories of obligations that we consider material include, but are not limited to: your obligation to not commit fraud or misrepresentation in connection with this Line of Credit; your obligation to meet the repayment terms of this Line of Credit; your obligation to not adversely affect the Property or our rights in the Property; your obligation to pay fees and charges; your advance obligations; your obligation to fulfill the terms of the instrument securing this Agreement, and any other security instruments on the Property; your obligation to notify us; and your obligation to provide us with information.

- Government action prevents us from imposing the APR provided for in this Agreement.
- The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of your Credit Limit.
- The maximum APR allowed under this Agreement is reached.
- We are notified by a regulatory agency that continued advances constitute an unsafe and unsound practice.
- Any Borrower requests a suspension of credit privileges.

In order to reinstate your credit privileges under the original terms of this Agreement, you must send us a written request to that effect. Your credit privileges will only be reinstated if we determine that the condition that caused us to prohibit additional extensions and/or reduce the Credit Limit no longer exists. If appraisal or credit report fees are incurred in making this determination, we may charge you such fees if allowed by applicable law. If credit privileges were suspended at your request, they need not be reinstated unless all Borrowers request reinstatement.

### 23. Remedies.

After you default, and after we give any legally required notice and opportunity to cure, we may at our option do any of the following:

- We may terminate this Line of Credit and make all or any part of the amount owing by the terms of this Agreement immediately due.
- We may temporarily or permanently prohibit any additional advances.
- We may temporarily or permanently reduce the Credit Limit.
- We may demand additional security or additional parties to be obligated to pay this Agreement.
- We may make a claim for any and all insurance benefits or refunds that may be available on your default.
- We may make amounts advanced on your behalf immediately due, and we may add these amounts to the Account Balance.
- We may use any and all remedies we have under applicable law or any agreement securing this Agreement.

Except as otherwise required by law, by choosing a remedy, we do not give up our right to use another remedy. We do not waive a default if we choose not to use a remedy. By electing not to use any remedy, we neither waive our right to later consider the event a default, nor to use any remedies if the default continues or occurs again.

### 24. Collection Expense and Attorney's Fees.

On or after default, to the extent permitted by law, you agree to pay all expenses of collection, enforcement or protection of our rights and remedies under this Line of Credit. Expenses include, but are not limited to, attorneys' fees, court costs and other legal expenses. To the extent permitted by the United States Bankruptcy Code, you agree to pay the reasonable attorneys' fees we incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

### 25. Obligations of Persons Under this Agreement.

Your obligation to pay this Line of Credit is independent of the obligation of any other person who has also agreed to pay it. If more than one person signs this Agreement, each person is fully and personally obligated to keep all of the promises made in this Agreement, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Agreement is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety, or endorser of this Agreement is also obligated to keep all of the promises made in this Agreement. The holder of the Agreement may enforce its rights under this Agreement against each person individually or against all of you together. Any extension of, or new obligations under, this Line of Credit will not affect your duty or obligation to pay. This means that any one of you may be required to pay all of the amounts owed under this Agreement.

## 26. Set-Off.

We may set off any amount due and payable under the terms of this Agreement against your right to receive money from us, unless prohibited by applicable law.

## 27. Change in Terms.

Generally, the terms of this Agreement cannot be changed. We may, however, make the following changes:

- Changes that you agree to in writing at the time of the change;
- Changes that will unequivocally benefit you;
- Insignificant changes; or
- Change the index and margin if the original index becomes unavailable. Any new index will have a historical movement substantially similar to the original index, and together with the new margin, produce an APR substantially similar to the rate in effect at the time the original index became unavailable.

If we are required to send notice of a change in terms, we will send the notice to your address listed above.

## 28. Applicable Law.

This Agreement is governed by the laws of **WYOMING**, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located.

## 29. Use of Account.

You promise to use advances under the Line of Credit for consumer (personal, family or household) purposes, unless we give you written permission to use the Account for agricultural or commercial purposes or to purchase real estate.

**BY SIGNING BELOW, YOU AGREE TO THE TERMS OF THIS AGREEMENT. YOU ALSO ACKNOWLEDGE AND AGREE THAT YOU RECEIVED A COMPLETED COPY OF THIS AGREEMENT.**

\_\_\_\_\_  
- BORROWER - ANDY AMERICA - DATE -



## YOUR BILLING RIGHTS - KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

### NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us (on a separate sheet) at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

### YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

### SPECIAL RULE FOR CREDIT CARD PURCHASES

If you have a problem with the quality of goods or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may not have to pay the remaining amount due on the goods or services.

There are two limitations on this right:

- a. You must have made the purchase in your home state or, if not within your home state within 100 miles of your current mailing address; and
- b. The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

## 22 Exhibit A-2: Fixed Rate HELOC Agreement and Disclosure Statement

### HOME EQUITY LINE OF CREDIT AGREEMENT AND DISCLOSURE STATEMENT

Agreement Date:  
Borrower:  
Property Address:  
Lender:  
Account Number:  
Credit Limit:  
First Payment Date:  
Maturity Date:

Loan #:  
MIN:

#### 1. Definitions.

- (A) The pronouns "you" and "your" refer to all Borrowers signing this Agreement, jointly and individually, and each other person or legal entity that agrees to pay this Agreement. "We", "us" and "our" refer to the Lender, or any person or legal entity that acquires an interest in the Line of Credit.
- (B) "Account" means an account you carry with us. The Account Number is stated at the beginning of this Agreement.
- (C) "Account Balance" means the sum of the unpaid principal balance advanced under the terms of this Agreement, finance charges, fees and other charges that are due, and other amounts advanced to you or others under the terms of this Line of Credit.
- (D) "Agreement" refers to this Agreement, and any extensions, renewals, modifications or substitutions of it.
- (E) "Billing Cycle" means the interval between the days or dates of regular periodic statements.
- (F) "Credit Limit" means the maximum amount of principal we will permit you to owe us under this Line of Credit, at any one time. Your Credit Limit is stated at the top of this Agreement.
- (G) The "Draw Period" begins on the Agreement Date and is the 36-month period during the term of this Agreement that you may request advances (other than during the Freeze Period). All draws, including the initial draw, will fully amortize over the life of the loan.
- (H) "Freeze Period" begins on the Agreement Date and extends for ninety (90) days from the Agreement Date.
- (I) "Line of Credit" refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures and this Agreement.
- (J) "Minimum Advance" means the smallest amount of money we will advance to you at your request.
- (K) "Minimum Payment" means the minimum payment amount required under the Minimum Payment section.
- (L) "Payment Date" is the payment due date as provided on your periodic statements.
- (M) "Property" means the real property that secures your obligations under this Line of Credit.
- (N) The "Repayment Period" begins immediately after the Draw Period and continues for [LOAN TERM IN MONTHS - 36] months. You may not request advances during the Repayment Period.

Other important terms are defined throughout this Agreement.

#### 2. Account Request, Promise to Pay and Security Interest.

You promise to pay us or our order, at our address, or at such other location as we may designate, so much of the Credit Limit as may be advanced under this Agreement, plus finance charges, fees, charges, costs, and expenses as described in this Agreement.

As stated later in this Agreement, we will apply all payments and credits in accordance, with our standard operating procedures and with the requirements of applicable law.

If we have extended you credit over your Credit Limit, the amount over your Credit Limit will also be due in addition to your Minimum Payment. There may be other charges described in this Agreement that you will be obligated to pay. You agree that our books and records will be sufficient evidence of your obligations to us under this Agreement.

We have secured your obligations under this Line of Credit by taking a security interest (by way of a separate security instrument dated ) in the Property located at: . Property securing any other loans that you have with us may also secure this Agreement.

### 3. Advances.

You may request advances by the following methods, to the extent the means is allowed in your state or jurisdiction:

- **CHECK**

We will make the advance by:

- Advancing the amount directly to you,
- Depositing it in your Account, or
- By paying a designated third person or account.

We will record the amount as an advance and increase your Account Balance. Checks may not be written to "cash" and must be submitted for deposit.

### 4. Advance Limitations.

We do not have to make any advances during any period in which you have a right to cancel. Your ability to request and access advances is also subject to the following additional limitations:

You must request an initial advance on the Agreement Date equal to at least the greater of (i) \$25,000 or (ii) seventy five percent (75%) of the Credit Limit. No additional draws may be taken during the Freeze Period.

### 5. Minimum Advance.

You must request and obtain an initial advance on the Agreement Date equal to the greater of (i) \$25,000 or (ii) seventy five percent (75%) of the Credit Limit. No additional draws may be taken during the Freeze Period. Following the Freeze Period period, you may request additional draws in minimum amounts of \$1,000.00. Note, supplemental draws may take up to 3 days to clear in the event the line of credit was paid down within 72 hours of the advance amount.

### 6. Credit Limit.

Subject to the terms and conditions of this Agreement, you may borrow on this Line of Credit up to the Credit Limit. You agree not to request or obtain an advance that will cause the unpaid principal of your Account Balance to exceed the Credit Limit. You understand that we will not ordinarily grant a request for an advance that would cause the unpaid principal of your Account Balance to be greater than the Credit Limit, but that we may, at our option, grant such a request without obligating ourselves to do so in the future. Your Credit Limit will not be increased if you overdraw the Line of Credit. If you exceed the Credit Limit, you agree to immediately pay the amount by which the unpaid principal of your Account Balance exceeds the Credit Limit, even if we have not yet billed you. Any sums in excess of the Credit Limit will not be secured by the Property, unless they are for accrued but unpaid interest or expenditures made pursuant to the security instrument securing the Property.

### 7. Annual Percentage Rate (APR)

#### Fixed Rate.

This Line of Credit has a fixed interest rate. The APR for this Line of Credit is [xx.xxx] % with a Daily Periodic Rate of [x.xxxx] %.

The APR will not change over the life of the loan. At the time of the initial draw the line balance will be fully amortized. The fixed rate of interest will be applied in accordance with the section titled "Finance Charges." The APR includes interest and no other costs.

### 8. Finance Charges.

Finance charges begin to accrue immediately when we make an advance to you. Finance charges will be computed as follows:

To calculate the finance charge for each Billing Cycle, a daily periodic rate is multiplied by the Average Daily Balance of your



Account. The daily balance is your Account Balance at the beginning of each day, plus any new advances, minus any payments or credits that apply to debt repayment, and any unpaid finance charges, fees and charges. Then, all the daily balances for the Billing Cycle are summed, and divided by the total number of days in the Billing Cycle. The resulting value is the Average Daily Balance. This value is then multiplied by the number of days in the Billing Cycle to calculate the finance charge.

#### Other Fees and Charges.

I understand that I may also be responsible for the following additional fees and charges:

#### Fees Due at Closing:

Interim interest from disbursement date to month end	
Origination Point(s)	
Appraisal Fee	
Credit report	
Flood certification	
<b>MERS REGISTRATION FEE</b>	
<b>DOCUMENT PREP FEE</b>	
<b>TITLE - ELECTRONIC DOCUMENT DELIVERY FEE</b>	
<b>TITLE - O &amp; E PROPERTY REPORT</b>	
<b>TITLE - RECORDING SERVICE FEE</b>	
<b>TITLE - SETTLEMENT FEE (NOTARY)</b>	
<b>TITLE - WIRE/DISBURSEMENT FEE</b>	
Deed \$N/A Mortgage \$ Releases \$N/A	

**Annual Maintenance Fee:** This fee will be charged automatically, on the annual basis, as an advance against your line. An Annual Maintenance fee of the lesser of the amount listed below or the maximum amount that may be charged in accordance with laws of the state of the subject property securing the lien:

No Annual Maintenance Fee in Maryland, Virginia, Texas, Minnesota (if line amount is less than \$100,000) and North Carolina (if line amount is less than \$300,000).

\$50.00 in Missouri, New Jersey, Pennsylvania, and Washington.

\$99.00 in all other states not listed above, including Minnesota (line amounts greater than or equal to \$100,000) and North Carolina (line amounts greater than or equal to \$300,000).

**Stop Payment on Line of Credit Check.** \$15.00 per item.

#### Return Check Fee:

\$20.00 - Subject Properties in Colorado, Connecticut, Idaho, and Utah.

\$25.00 - Subject Properties in Arizona, California, District of Columbia, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Wisconsin.

\$29.99 - Subject Properties in Alabama, Arkansas, Delaware, Florida, Georgia, Iowa, Louisiana, Maryland, Minnesota, Montana, Mississippi, New Mexico, Ohio, South Carolina, Tennessee, Texas, Virginia, Washington, Wyoming.

#### Fees Due During the Term of the Agreement:

- Annual Maintenance Fee: Refer to the Annual Maintenance section listed above that is based on the subject property state.
- Stop Payment on Line of Credit Check. \$15.00 per item.
- Return check fee, refer to the return check fee amounts listed above that is based on the subject property state.



**Fees Due at Termination:**

- Termination Fee. N/A

**Charges to Your Account.**

We may charge your Account to pay other fees and costs that you are obligated to pay under this Line of Credit or under the instrument securing this Agreement. In addition, we may charge your Account for funds required for continuing required insurance coverage or costs to protect or perfect our security interest in the Property. Any amount so charged to your Account will be an advance on which finance charges will accrue. However, we have no obligation to provide any of the advances referred to herein.

**9. Payment Terms.****Payment Date.**

During the term of this Agreement, a Minimum Payment will be due on or before the Payment Date for any Billing Cycle in which there is an outstanding balance. Your Minimum Payments will be due monthly.

**Late Charges.**

If your payment is more than 15 days late, we will charge a late fee of 5.00% of the overdue monthly principal and interest payment (or interest payment, if it only consists of interest).

**10. Minimum Payments.**

On or before each Payment Date, you agree to make a payment of at least the Minimum Payment amount. Periodic Minimum Payments are required during both the Draw Period and Repayment Period.

During the Draw Period (which includes the Freeze Period), you promise to pay the:

Minimum Payment, which will equal the outstanding line balance fully amortized into substantially equal monthly installments over the remaining loan term, plus the sum of all accrued finance charges and other charges for the Billing Cycle, which shall be due and payable on the date shown on the monthly statement. Any additional draws made during the Draw Period will cause the principal loan balance to be reamortized into substantially equal monthly installments over the remaining loan term. After an additional draw, the minimum payment will reflect the substantially equal monthly payments plus the sum of all accrued finance charges and other charges for the Billing Cycle, which shall be due and payable on the date shown on the monthly statement.

If we have extended you credit over your maximum Credit Limit, the amount over your maximum Credit Limit will also be due in addition to your Minimum Payment. There may be other charges described in this Agreement that you will be obligated to pay. You agree that our books and records will be sufficient evidence of your obligations to us under this Agreement.

During the Repayment Period, payments will be due monthly. Your minimum monthly payment will equal your outstanding Account Balance at the end of the Billing Cycle, fully amortized into substantially equal monthly installments over the remaining loan term, plus the sum of all accrued finance charges and other charges for the Billing Cycle, which shall be due and payable on the date shown on the monthly statement.

If your Account Balance on a Payment Date is less than the Minimum Payment amount, you must pay only the amount necessary to reduce your Account Balance to zero. On the Maturity Date, you must pay the entire outstanding Account Balance. If you make extra outstanding principal balance payments, such payments will not extend or postpone the due date of monthly Minimum Payments.

**11. Principal Reduction.**

**Draw Period / Repayment Period.** During the Draw and Repayment Periods, the Minimum Payment will serve to reduce your outstanding principal balance. At the end of your loan term, your final payment will reduce your outstanding principal balance to zero.

**12. Final Payment.**

On the Maturity Date listed in this Agreement, you must pay any remaining Account Balance outstanding. You will be required to pay the entire outstanding balance in a single payment.

We are not obligated to refinance your Line of Credit at that time, but will consider your request to do so. If you refinance this Line of Credit at maturity, you may have to pay some or all of the closing costs normally associated with such refinancing even if you obtain financing from us.

**13. Additional Payment Terms.**

If you fail to fully pay the Minimum Payment amount, we may, but are not required to, advance money to you to make the payment. All the terms of this Agreement will apply to such an advance. You can pay off all or part of what you owe at any time. If you pay more than the Minimum Payment amount, you must continue to make your periodic Minimum Payments as otherwise required by this Agreement.

We will apply all payments and credits in accordance with our standard operating procedures and with the requirements of applicable law. We may, at our discretion, withhold available credit on your Account up to the amount of payments you make to assure that the payment instrument is honored. No late charge will be assessed on any payment when the only delinquency is due to late fees assessed on earlier payments and the payment is otherwise a full payment.

A Returned Payment Fee of up to \$29.99 will be charged if your payment is returned due to non-sufficient funds. This fee will be subject to change as allowed by applicable law.

**14. Periodic Statements.**

If you have an outstanding balance of \$1.00 or greater on your Line of Credit or have any Line of Credit activity, we will send you a periodic statement at the end of each Billing Cycle. This periodic statement will reflect, among other things, credit advances, finance charges, other charges, payments made, other credits, your previous Account Balance and your new Account Balance. The periodic statement will also identify your Minimum Payment for the cycle and the Payment Date.

**15. Property Insurance.**

This Line of Credit requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable. You promise to insure the Property in the amount we require against fire and other hazards (including flood if we require it). You promise to name us as a loss payee under the policy(ies). If we request it, you agree to deliver to us a copy of the policy(ies) and proof that all premiums have been paid in full. Subject to applicable law, if you fail to obtain or maintain insurance as required, we may purchase insurance to protect our own interest, add the premium(s) to your Account Balance and/or pursue any other remedies available to us.

**16. Termination.**

You may terminate this Line of Credit at any time upon written notice to us. Termination by one Borrower terminates the Line of Credit for all Borrowers. Termination will not affect your obligation to repay advances made prior to the termination, nor will it alter your duties to perform under the terms of an instrument securing this Agreement until such instrument is released.

**17. Waivers and Consent.**

To the extent not prohibited by law and except for any required notice of right to cure for the failure to make a required payment, you waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor. To the extent not prohibited by law, you and any other party to this Line of Credit also consent to the following actions that we may take, and waive defenses that may be available based on these actions, or based on the status of a party to this Line of Credit:

- We may renew or extend payments on this Agreement, regardless of the number of such renewals or extensions. We



- may release any Borrower or other person who may be liable for the indebtedness under this Agreement.
- We may release, substitute or impair any Property securing this Agreement. We may invoke our right of set-off.
- We may enter into any sales or repurchases of this Agreement to any person in any amounts and you waive notice of such sales or repurchases.
- You agree that any Borrower is authorized to modify the terms of this Agreement or any other Line of Credit document.
- We may inform any party who guarantees this Line of Credit of any accommodations, renewals, extensions, modifications, substitutions or future advances.
- No delay or forbearance on our part in exercising any of our rights or remedies will be construed as a waiver by us, unless such waiver is in writing and is signed by us.

## 18. Integration and Severability.

This Agreement is the complete and final expression of our agreement. If any provision(s) of this Agreement is/are unenforceable, then the unenforceable provision(s) will be severed and the remaining provisions will still be enforceable.

## 19. Notices, Financial Reports and Additional Documents.

Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the Property Address above, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. You will inform us in writing of any change in your name, address or other application information. You agree to supply us with whatever information we reasonably feel is necessary to decide whether to continue this Line of Credit. We will make requests for this information without undue frequency, and will give you reasonable time in which to supply the information. All financial statements and information you give us will be correct and complete. You agree to sign, deliver and file any additional documents or certifications that we may consider necessary to perfect, continue and preserve your obligations under this Line of Credit and to confirm our lien status on any Property. Time is of the essence.

## 20. Tax Deductibility.

You should consult a tax advisor regarding the deductibility of interest and charges under this Agreement.

## 21. Default.

You will be in default if any of the following occur:

- You fail to make a payment as required by this Agreement.
- Your action or inaction adversely affects the Property or our rights in the Property.
- You engage in fraud or material misrepresentation in connection with this Line of Credit.

## 22. Suspension of Credit and Reduction of Credit Limit.

We may temporarily prohibit you from obtaining additional advances or reduce your Credit Limit during any period in which any of the following are in effect:

- The value of the Property securing this Line of Credit declines significantly below its appraised value for purposes of this Line of Credit.
- We reasonably believe that you will not be able to meet the repayment requirements under your Line of Credit due to a material change in your financial circumstances.
- You are in default of a material obligation under this Line of Credit. You understand that we consider all of your obligations to be material. Categories of obligations that we consider material include, but are not limited to: your obligation to not commit fraud or misrepresentation in connection with this Line of Credit; your obligation to meet the repayment terms of this Line of Credit; your obligation to not adversely affect the Property or our rights in the Property; your obligation to pay fees and charges; your advance obligations; your obligation to fulfill the terms of the instrument securing this Agreement, and any other security instruments on the Property; your obligation to notify us; and your obligation to provide us with information.
- Government action prevents us from imposing the APR provided for in this Agreement.
- The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of your Credit Limit.
- We are notified by a regulatory agency that continued advances constitute an unsafe and unsound practice.
- Any Borrower requests a suspension of credit privileges.

In order to reinstate your credit privileges under the original terms of this Agreement, you must send us a written request to that effect. Your credit privileges will only be reinstated if we determine that the condition that caused us to prohibit additional

extensions and/or reduce the Credit Limit no longer exists. If appraisal or credit report fees are incurred in making this determination, we may charge you such fees if allowed by applicable law. If credit privileges were suspended at your request, they need not be reinstated unless all Borrowers request reinstatement.

## 23. Remedies.

After you default, and after we give any legally required notice and opportunity to cure, we may at our option do any of the following:

- We may terminate this Line of Credit and make all or any part of the amount owing by the terms of this Agreement immediately due.
- We may temporarily or permanently prohibit any additional advances.
- We may temporarily or permanently reduce the Credit Limit.
- We may demand additional security or additional parties to be obligated to pay this Agreement.
- We may make a claim for any and all insurance benefits or refunds that may be available on your default.
- We may make amounts advanced on your behalf immediately due, and we may add these amounts to the Account Balance.
- We may use any and all remedies we have under applicable law or any agreement securing this Agreement.

Except as otherwise required by law, by choosing a remedy, we do not give up our right to use another remedy. We do not waive a default if we choose not to use a remedy. By electing not to use any remedy, we neither waive our right to later consider the event a default, nor to use any remedies if the default continues or occurs again.

## 24. Collection Expense and Attorney's Fees.

On or after default, to the extent permitted by law, you agree to pay all expenses of collection, enforcement or protection of our rights and remedies under this Line of Credit. Expenses include, but are not limited to, attorneys' fees, court costs and other legal expenses. To the extent permitted by the United States Bankruptcy Code, you agree to pay the reasonable attorneys' fees we incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

## 25. Obligations of Persons Under this Agreement.

Your obligation to pay this Line of Credit is independent of the obligation of any other person who has also agreed to pay it. If more than one person signs this Agreement, each person is fully and personally obligated to keep all of the promises made in this Agreement, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Agreement is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety, or endorser of this Agreement is also obligated to keep all of the promises made in this Agreement. The holder of the Agreement may enforce its rights under this Agreement against each person individually or against all of you together. Any extension of, or new obligations under, this Line of Credit will not affect your duty or obligation to pay. This means that any one of you may be required to pay all of the amounts owed under this Agreement.

## 26. Set-Off.

We may set off any amount due and payable under the terms of this Agreement against your right to receive money from us, unless prohibited by applicable law.

## 27. Change in Terms.

Generally, the terms of this Agreement cannot be changed. We may, however, make the following changes:

- Changes that you agree to in writing at the time of the change;
- Changes that will unequivocally benefit you; or
- Insignificant changes.

If we are required to send notice of a change in terms, we will send the notice to your address listed above.

## 28. Applicable Law.

This Agreement is governed by the laws of [SUBJECT PROPERTY STATE], the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located.

## 29. Use of Account.

You promise to use advances under the Line of Credit for consumer (personal, family or household) purposes, unless we give you written permission to use the Account for agricultural or commercial purposes or to purchase real estate.

BY SIGNING BELOW, YOU AGREE TO THE TERMS OF THIS AGREEMENT. YOU ALSO ACKNOWLEDGE AND AGREE THAT YOU RECEIVED A COMPLETED COPY OF THIS AGREEMENT.

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- BORROWER - - DATE -



**YOUR BILLING RIGHTS - KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

**NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL**

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us (on a separate sheet) at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

**YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE**

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

**SPECIAL RULE FOR CREDIT CARD PURCHASES**

If you have a problem with the quality of goods or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may not have to pay the remaining amount due on the goods or services.

There are two limitations on this right:

- a. You must have made the purchase in your home state or, if not within your home state within 100 miles of your current mailing address; and
- b. The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

## 23 Exhibit B-1: Variable Rate Important Terms of Our HELOC

**IMPORTANT TERMS OF OUR  
HOME EQUITY LINE OF CREDIT**

AMERICA  
Loan #:  
MN: 101369840000139899

This disclosure contains important information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All of the terms described below are subject to change.

If these terms change (other than **Annual Percentage Rate**) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees that you paid to us or anyone in connection with your application.

**Security Interest:** We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:** Under certain circumstances, we can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material representation in connection with the line.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights to the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the line declines significantly below its appraised value for the purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the **Annual Percentage Rate** provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum **Annual Percentage Rate** is reached.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

**Minimum Payment Requirements:** You can obtain advances of credit for 36 months (the "draw period"). During the draw period, your payments will be due monthly and will equal the greater of (a) \$100.00 or (b) the finance charges that accrued on the outstanding balance during the previous month. During the draw period, the minimum payment may not be sufficient to fully reduce the principal that is outstanding on your line.

After the draw period ends, you will no longer be able to obtain credit advances and you agree to continue to make the minimum interest only payment for 84 months until the repayment period begins. Your minimum monthly payment will equal the greater of (a) \$100; or (b) 1/240th of your unpaid outstanding balance at the end of the draw period, plus all periodic finance charges that accrued on the outstanding balance during the previous month, plus other fees, charges and costs. We will calculate this amount by taking the outstanding balance on the last day of the draw period and dividing it by 240 months and then adding any finance charge that accrues but remains unpaid during the previous month plus any other fees, charges and costs to the fixed principal payment that is due.

**Minimum Payment Example:** If you made only the minimum monthly payments and took no other credit advances, it would take 15 years to pay off a credit advance of \$10,000 at an **Annual Percentage Rate** of 9.75%. During that period, you would make 120 payments of \$100.00, followed by 60 payments varying between \$182.00 and \$118.08.

**Property Insurance:** You must carry insurance on the property that secures this plan.

**Fees and Charges:** To open and maintain a line of credit, you must pay the following fees to us:

**Fees Due at Closing:**

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Origination Fee

\$999.00

## Fees Due During the Term of the Agreement:

- **Return Check Fee:**  
 \$20.00 - Subject Properties in Colorado, Connecticut, Idaho, and Utah.  
 \$25.00 - Subject Properties in Arizona, California, District of Columbia, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Wisconsin.  
 \$29.99 - Subject Properties in Alabama, Arkansas, Delaware, Florida, Georgia, Iowa, Louisiana, Maryland, Minnesota, Montana, Mississippi, New Mexico, Ohio, South Carolina, Tennessee, Texas, Virginia, Washington, Wyoming.

**Third Party Fees:** You also must pay certain fees to third parties to open a line.

Appraisal Fee	\$45.00
Credit report	\$25.00
Flood certification	\$7.42
MERS REGISTRATION FEE	\$24.95
BROKER COMPENSATION	\$600.00
DOCUMENT PREP FEE	\$39.50
TITLE - O & E PROPERTY REPORT	\$107.00
TITLE - RECORDING SERVICE FEE	\$25.00
TITLE - SETTLEMENT FEE (NOTARY)	\$145.00
TITLE - WIRE/DISBURSEMENT FEE	\$100.00
Deed \$ _____ Mortgage \$328.50 Releases \$ _____	\$328.50
WA FCL PREVENTION FEE	\$80.00

**Annual Maintenance Fee:** This fee will be charged automatically, on the annual basis, as an advance against your line. An Annual Maintenance fee of the lesser of the amount listed below or the maximum amount that may be charged in accordance with laws of the state of the subject property securing the lien:

- No Annual Maintenance Fee in Maryland, Virginia, Texas, Minnesota (if line amount is less than \$100,000) and North Carolina (if line amount is less than \$300,000)
- \$50.00 in Missouri, New Jersey, Pennsylvania, and Washington.
- 99.00 in all other states not listed above, including Minnesota (line amounts greater than or equal to \$100,000) and North Carolina (line amounts greater than or equal to \$300,000).

**Minimum Draw and Balance Requirements:** You must take an initial draw at the time the line of credit account is opened equal to at least the greater of (i) \$50,000 or (ii) seventy five percent (75%) of the maximum line of credit amount. No additional draws may be taken for ninety (90) days following the date the line of credit account is opened. Following this ninety (90) day period, you may request additional draws in minimum amounts of \$1,000.00.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Variable-Rate Information:** The line has a variable-rate feature, and the Annual Percentage Rate (corresponding to the periodic rate) and the minimum payment can change as a result.

The Annual Percentage Rate includes only interest and not other costs.

The Annual Percentage Rate is based on the value of an index. The index is the Prime Rate published in the Money Rates column of *The Wall Street Journal*. To determine the Annual Percentage Rate that will apply to your line, we add a margin to the value of the index.

Ask us for the current index value, margin, discount or premium, and Annual Percentage Rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

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**Rate Changes:** The Annual Percentage Rate can change monthly. The maximum Annual Percentage Rate that can apply is 18.00%. Except for this "cap," there is no limit on the amount by which the rate can change during any one-year period. The minimum APR that can apply during the term of the Line of Credit is the lesser of (a) 4% or; (b) the Initial APR.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 during the draw period, the minimum monthly payment at the maximum Annual Percentage Rate of 18.00% would be \$150.00 (interest only). This Annual Percentage Rate could be reached during the first month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum monthly payment at the maximum Annual Percentage Rate of 18.00% would be 205 monthly payments varying between \$100.00 and \$191.67, followed by one payment of \$46.81. This Annual Percentage Rate could be reached during the first month of the repayment period.

**Historical Example:** The following table shows how the Annual Percentage Rate and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values are from January of each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

	Year	Index (%)	Margin* (%)	Annual Percentage Rate (%)	Minimum Monthly Payment (Dollars)
Draw Period	2011	3.25	2.25	5.5	\$100.00
	2012	3.25	2.25	5.5	\$100.00
	2013	3.25	2.25	5.5	\$100.00
Interest Only Period	2014	3.25	2.25	5.5	\$100.00
	2015	3.25	2.25	5.5	\$100.00
	2016	3.5	2.25	5.5	\$100.00
	2017	3.75	2.25	5.75	\$100.00
	2018	4.5	2.25	6	\$100.00
	2019	5.5	2.25	6.75	\$100.00
	2020	4.75	2.25	7.75	\$100.00
Repayment Period	2021	3.25	2.25	7	\$100.00
	2022	4.75	2.25	5.5	\$100.00
	2023	7.5	2.25	9.75	\$100.00
	2024	8.5	2.25	10.75	\$100.00
	2025	8.42	2.25	10.67	\$100.00

\*This is a margin we have used recently.



## 24 Exhibit B-2: Fixed Rate Important Terms of Our HELOC

**IMPORTANT TERMS OF OUR  
HOME EQUITY LINE OF CREDIT**

Loan #:

MMN:

This disclosure contains important information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All of the terms described below are subject to change.

If these terms change and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees that you paid to us or anyone in connection with your application.

**Security Interest:** We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:** Under certain circumstances, we can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material representation in connection with the line.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights to the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the line declines significantly below its appraised value for the purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the **Annual Percentage Rate** provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

**Minimum Payment Requirements:** You can obtain advances of credit for 36 months (the "draw period"); provided, however, that no draws may be taken during the first ninety (90) days from closing (the "freeze period"). During the draw period, your payments will be due monthly and will be in substantially equal monthly installments fully amortized over the remaining loan term, plus the sum of all accrued finance charges and other charges for the Billing Cycle. All additional draws made during the draw period will increase the outstanding principal loan balance and monthly payments will be reamortized in accordance with the preceding sentence. An additional payment of interest will apply to a billing cycle in which an additional draw is taken based upon the average daily balance of the loan between the disbursement of the additional draw and the end of the billing cycle in which the additional draw takes place.

After the draw period ends, you will no longer be able to obtain credit advances. Your minimum monthly payment will reflect the outstanding balance fully amortized into substantially equal monthly installments for the remaining loan term, plus the sum of all accrued finance charges and other charges for the Billing Cycle.

**Minimum Payment Example:** If you made only the minimum monthly payments and took no other credit advances, it would take 15 years to pay off a credit advance of \$10,000 at an **Annual Percentage Rate** of 9.125%. During that period, you would make 180 payments of \$102.17.

**Property Insurance:** You must carry insurance on the property that secures this plan.

**Fees and Charges:** To open and maintain a line of credit, you must pay the following fees to us:

**Fees Due at Closing:**

Interim interest from disbursement date to month end

Origination Fee

**Fees Due During the Term of the Agreement:**

- **Return Check Fee:**

\$20.00 - Subject Properties in Colorado, Connecticut, Idaho, and Utah.

\$25.00 - Subject Properties in Arizona, California, District of Columbia, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Wisconsin.

\$29.99 - Subject Properties in Alabama, Arkansas, Delaware, Florida, Georgia, Iowa, Louisiana, Maryland, Minnesota, Montana, Mississippi, New Mexico, Ohio, South Carolina, Tennessee, Texas, Virginia, Washington, Wyoming.

**Third Party Fees:** You also must pay certain fees to third parties to open a line.

Appraisal Fee	
Credit report	
Flood certification	
<b>MERS REGISTRATION FEE</b>	
<b>DOCUMENT PREP FEE</b>	
<b>TITLE - ELECTRONIC DOCUMENT DELIVERY FEE</b>	
<b>TITLE - O &amp; E PROPERTY REPORT</b>	
<b>TITLE - RECORDING SERVICE FEE</b>	
<b>TITLE - SETTLEMENT FEE (NOTARY)</b>	
<b>TITLE - WIRE/DISBURSEMENT FEE</b>	
Deed \$ _____ Mortgage \$ Releases \$ _____	

**Annual Maintenance Fee:** This fee will be charged automatically, on the annual basis, as an advance against your line. An Annual Maintenance fee of the lesser of the amount listed below or the maximum amount that may be charged in accordance with laws of the state of the subject property securing the lien:

- No Annual Maintenance Fee in Maryland, Virginia, Texas, Minnesota (if line amount is less than \$100,000) and North Carolina (if line amount is less than \$300,000)
- \$50.00 in Missouri, New Jersey, Pennsylvania, and Washington.
- 99.00 in all other states not listed above, including Minnesota (line amounts greater than or equal to \$100,000) and North Carolina (line amounts greater than or equal to \$300,000).

**Minimum Draw and Balance Requirements:** You must take an initial draw at the time the line of credit account is opened equal to at least the greater of (i) \$25,000 or (ii) seventy five percent (75%) of the maximum line of credit amount. No additional draws may be taken for ninety (90) days following the date the line of credit account is opened. Following this ninety (90) day period, you may request additional draws in minimum amounts of \$1,000.00.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Fixed-Rate Information:** The line has a Fixed-rate feature, and the Annual Percentage Rate (corresponding to the periodic rate) and the minimum payment cannot change as a result.

The Annual Percentage Rate includes only interest and not other costs.

**Historical Example:** The following table shows how the minimum monthly payments for a single \$10,000 credit advance would be calculated.

The table assumes that no additional credit advances were taken, and that only the minimum payments were made each month. Your payments may change in the future if additional draws are taken during the draw period.

Period	Payment Numbers	Annual Percentage Rate (%)	Minimum Monthly Payment (Dollars)
Freeze	1 - 3	9.125	\$102.17
Draw	4 - 36	9.125	\$102.17
Repayment	37 - 180	9.125	\$102.17



## 25 Exhibit C-1: Proposed HELOC Settlement Statement Terms (Variable Rate)

Document Date: **APRIL 26, 2024**



1 WEST ELM ST.  
CONSHOHOCKEN, PA 19428

### Proposed Home Equity Line of Credit Settlement Statement Terms

Borrower Name(s): **ANDY AMERICA**

Subject Property: **123 TEST AVE, JACKSON HOLE, WY 83001**

Loan Number: **3000141184**

Title Order #:

Settlement Date: **MAY 2, 2024**

Disbursement Date: **MAY 7, 2024**

Program: **PLUS 30 YEAR HELOC WITH 3 YEAR DRAW PERIOD, 10 YEAR IO**

Other:

- Note Margin: **2.875%**
- Index: **WSJ Prime**

Initial Draw Amount: **\$125,000.00**

Max Credit Line: **\$125,000.00**

☐ Click here to confirm the Max Credit Line/Initial Draw Amount are correct.

Estimated Monthly Payment: **\$1,184.90**

Estimate reflects interest-only payment based on initial draw amount, initial interest rate, and 30-day billing cycle. The payment may differ depending upon interest rate variability, average outstanding HELOC balance, and days' interest in the billing period. Your periodic billing statement will reflect the actual payment during each billing cycle.

#### Estimated Spring EQ Fees (to be netted from wire):

OUR ORIGATION CHARGE	\$	1,195.00
APPRAISAL FEE	\$	149.00
CREDIT REPORT	\$	6.10
FLOOD CERTIFICATION FEE	\$	7.42
MERS REGISTRATION FEE	\$	24.95
DOCUMENT PREP FEE	\$	26.50
TITLE - ELECTRONIC DOCUMENT DELIVERY FEE	\$	2.50

#### Estimated Third Party Fees:

TITLE - O & E PROPERTY REPORT	\$	171.00
TITLE - RECORDING SERVICE FEE	\$	25.00
TITLE - SETTLEMENT FEE (NOTARY)	\$	145.00
TITLE - WIRE/DISBURSEMENT FEE	\$	100.00
RECORDING FEE	\$	84.00

#### Broker Compensation (Borrower Paid):

#### Secured Debt Payoff(s):

#### Unsecured Debt Payoff(s):

3000141184

Estimated Summary

Estimated Net Cash To/From Borrower: \$123,063.53      ☐ From ☒ To Borrower

☐ Click here to confirm the Estimated Net Cash To/From Borrower is Correct

Broker Information:

SPRING EQ, LLC

Loan Officer Name

1 WEST ELM STREET SUITE 450, CONSHOHOCKEN, PA 19428

(215) 123-1234

Brokeremail@SPRINGEQ.COM

By signing below, you acknowledge receipt of this estimated settlement statement, and that you have reviewed the terms.

\_\_\_\_\_  
- BORROWER - ANDY AMERICA - DATE -

This disclosure provides an estimate only, and does not constitute a loan approval. Terms may change prior to closing. Please see the Important Terms of Our Home Equity Line of Credit for additional information.

## 26 Exhibit C-2: Proposed HELOC Settlement Statement Terms (Fixed Rate)

### Proposed Home Equity Line of Credit Settlement Statement Terms

Borrower Name(s):

Subject Property:

Loan Number:

Title Order #:

Settlement Date:

Disbursement Date:

Program: Other:

- APR: [XX.XXX] %

Initial Draw Amount: \$

Max Credit Line: \$

☐ Click here to confirm the Max Credit Line/Initial Draw Amount are correct.

Estimated Monthly Payment: \$

Estimate reflects the payment based on initial draw amount, interest rate, and 30-day billing cycle.

Estimated Fees (to be netted from wire):

Interim interest from disbursement date to	\$
month end	
OUR ORIGINATION CHARGE	\$
APPRAISAL FEE	\$
CREDIT REPORT	\$
FLOOD CERTIFICATION FEE	\$
MERS REGISTRATION FEE	\$
DOCUMENT PREP FEE	\$
TITLE - ELECTRONIC DOCUMENT DELIVERY FEE	\$

Estimated Third Party Fees:

TITLE - O & E PROPERTY REPORT	\$
TITLE - RECORDING SERVICE FEE	\$
TITLE - SETTLEMENT FEE (NOTARY)	\$
TITLE - WIRE/DISBURSEMENT FEE	\$
RECORDING FEE	\$

Secured Debt Payoff(s):

CALLABLE MORTGAGE (B)	\$
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Unsecured Debt Payoff(s):

Estimated Summary

Estimated Net Cash To/From Borrower: \$

☐ From ☒ To Borrower

EX 24618.40

Page 1 of 2



☐ Click here to confirm the Estimated Net Cash To/From Borrower is Correct

By signing below, you acknowledge receipt of this estimated settlement statement, and that you have reviewed the terms.

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- BORROWER - - DATE -

This disclosure provides an estimate only, and does not constitute a loan approval. Terms may change prior to closing. Please see the Important Terms of Our Home Equity Line of Credit for additional information.

## 27 Exhibit D: Sample Goodbye Letter

[CURRENTSERVICERLETTERHEAD]

«BORROWER\_PRIMARY\_NAME»  
 «BORROWER\_SECONDARY\_NAME»  
 «MAILING\_ADDRESS\_1»  
 «MAILING\_ADDRESS\_2»  
 «MAILING\_ADDRESS\_CITY», «MAILING\_STATE» «MAILING\_ZIP»

«LetterDate»

RE: Transfer of Loan Servicing  
 «CURRENT\_SERVICER\_ACCOUNT\_NUMBER»  
 «Property\_Address\_Line\_1»  
 «Property\_Address\_Line\_2»  
 «Property\_City», «Property\_State» «Property\_Zip»

### NOTICE OF SERVICING TRANSFER

The servicing of your mortgage loan is being transferred, effective «EffectiveDateOfTransfer». This means that after this date, a new servicer will be collecting your mortgage loan payments from you. Nothing else about your mortgage loan will change.

«NameOfCurrentServicer» is now collecting your payments. «NameOfCurrentServicer» will stop accepting payments received from you after «ReleaseDate».

Shellpoint Mortgage Servicing will collect your payments going forward. Shellpoint Mortgage Servicing will start accepting payments received from you on «EffectiveDateOfTransfer».

**Send all payments due on or after «EffectiveDateOfTransfer» to Shellpoint Mortgage Servicing at this address:**

P.O. Box 60535  
 City of Industry, CA 91716-0535

If you have any questions for either your present servicer, «NameOfCurrentServicer», or your new servicer, Shellpoint Mortgage Servicing, about your mortgage loan or this transfer, please contact them using the information below.

Current Servicer	New Servicer
«NameOfCurrentServicer»	Shellpoint Mortgage Servicing
Customer Service Department	Customer Service Department
«CurrentServicerContactNumber»	800-365-7107
«CurrentServicerHoursOfOperations»	Monday-Friday 8am-9pm (ET); Saturday 10am-2pm (ET)
«Current ServicerAddress»	P.O. Box 10826
«CurrentServicerCity», «CurrentServicerState»	Greenville, SC 29603-0826
«CurrentServicerZip»	

Under Federal law, during the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer on or before its due date may not be treated by the new servicer as late, and a late fee may not be imposed on you.

Sincerely,

«NameOfCurrentServicer»

PLEASE SEE IMPORTANT NOTICES BELOW.

**IMPORTANT NOTICES:**

THIS COMMUNICATION IS FROM A DEBT COLLECTOR. THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

**BANKRUPTCY NOTICE** - IF YOU ARE A CUSTOMER IN BANKRUPTCY OR A CUSTOMER WHO HAS RECEIVED A BANKRUPTCY DISCHARGE OF THIS DEBT: PLEASE BE ADVISED THAT THIS NOTICE IS TO ADVISE YOU OF THE STATUS OF YOUR MORTGAGE LOAN. THIS NOTICE CONSTITUTES NEITHER A DEMAND FOR PAYMENT NOR A NOTICE OF PERSONAL LIABILITY TO ANY RECIPIENT HEREOF, WHO MIGHT HAVE RECEIVED A DISCHARGE OF SUCH DEBT IN ACCORDANCE WITH APPLICABLE BANKRUPTCY LAWS OR WHO MIGHT BE SUBJECT TO THE AUTOMATIC STAY OF SECTION 362 OF THE UNITED STATES BANKRUPTCY CODE. HOWEVER, IT MAY BE A NOTICE OF POSSIBLE ENFORCEMENT OF THE LIEN AGAINST THE COLLATERAL PROPERTY, WHICH HAS NOT BEEN DISCHARGED IN YOUR BANKRUPTCY. IF YOU HAVE QUESTIONS, PLEASE CONTACT US AT 1-800-306-6057.

**Monthly Automatic Payment Drafting:** If you currently make payments by an automatic checking or savings account deduction, that service will discontinue approximately three days prior to the transfer date. After the servicing transfer, you may request this service from Shellpoint Mortgage Servicing.

## 28 Exhibit E-1: Information to Include at Closing – HELOC Interim Servicer

**[Name of Approved HELOC Interim Servicer]** will be servicing your loan. They will process your payments, advances and monthly statements. Their contact information is:

- Customer Service: [Phone number & days / hours of operation]
- Website: [web-site address]
- Correspondence Address:  
[Name of Approved HELOC Interim Servicer]  
[Address Line 1]  
[Address Line 2]  
[City, State, Zip]
- Borrower Payment Address:  
[Name of Approved HELOC Interim Servicer]  
[Address Line 1]  
[Address Line 2]  
[City, State, Zip]

## 29 Exhibit E-2: Information to Include at Closing – SMS Servicing

**Shellpoint Mortgage Servicing** will be servicing your loan. They will process your payments, advances and monthly statements. Their contact information is:

- Customer Service: (800) 315-4757 (Toll Free) Monday – Friday 8:00 AM – 9:00 PM EST; Saturday 10:00 AM – 2:00 PM EST
- Website: [www.shellpointmtg.com](http://www.shellpointmtg.com)
- Correspondence Address:  
Shellpoint Mortgage Servicing  
PO Box 636005  
Littleton, CO 80163-6005
- Borrower Payment Address:  
Shellpoint Mortgage Servicing  
PO Box 60535  
City of Industry, CA 91716-0535