

STANDARD TERM AND PROCEDURES

“Acceleration Event” shall mean (i) the sale, transfer or other disposition, whether voluntarily or by operation of law, of a “controlling interest” in Seller; the felony indictment, incapacity or death of any Guarantor; or (ii) if without the consent of Buyer which may be withheld in Buyer’s sole discretion, a Lien is hereafter placed upon, or recorded against a Purchased Loan; or (iii) an Act of Insolvency occurs.

“Accepted Documentation”: loan documentation that conforms to the requirements of the Agency pursuant to whose guidelines the Mortgage Loan has been originated and/or of the Designated Investor for such Mortgage Loan and does not, and will not, violate any applicable Takeout Commitment or give the Designated Investor the right to refuse to purchase the relevant Mortgage Loan, void any guaranty applicable thereto, or otherwise adversely affect the marketability of such Mortgage Loan in the secondary mortgage market.

“Accepted Underwriting Standards”: standards and procedures generally accepted in the mortgage banking industry and in accordance with any Investor Purchase Agreement with the Designated Investor, all requirements of any relevant Agency, Requirements of Law, and the requirements of any applicable guarantor so that any third party liability in respect of any Purchased Loan is not voided or reduced.

“Act of Insolvency”: (a) the commencement by Seller as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or Seller’s seeking the appointment of a receiver, trustee, custodian or similar official for Seller or any substantial part of its property, or (b) the commencement of any such case or proceeding against Seller, or another’s seeking such appointment, or the filing against Seller of an application for a protective decree which (i) is consented to or not timely contested by Seller, or (ii) results in the entry of an order for relief, such an appointment, the issuance of such a protective decree or the entry of an order having a similar effect, or (iii) is not dismissed within sixty (60) days, (c) the making by Seller of a general assignment for the benefit of creditors, or (d) the admission in writing by Seller that Seller is unable to pay its debts as they become due or the non-payment generally by Seller of its debts as they become due.

“Adjusted Tangible Net Worth”: net worth as determined in accordance with GAAP, minus the sum of items which would be characterized as “Intangibles” in accordance with GAAP minus any loans or advances to officers, directors, shareholders, members, partners, employees or Affiliates of the Seller, plus any Indebtedness which has been subordinated to all obligations of Seller to Buyer in form and substance satisfactory to Buyer in its sole discretion.

“Advance Submission Documents”: with respect to any Mortgage Loan, the documents designated as such on **Schedule 1**, each in form and substance satisfactory to Buyer in its sole discretion.

“Affiliate”: with respect to a Person, any other Person (other than a subsidiary) that: (i) directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such given Person; (ii) directly or indirectly beneficially owns or holds ten percent (10%) or more of any class of voting stock (or, in the case of a Person which is not a corporation, 10% or more of any equity interest) of such Person or any subsidiary of such Person; or (iii) ten percent (10%) or more of the voting stock (or, in the case of a Person which

is not a corporation, 10% or more of any equity interest) of which is directly or indirectly beneficially owned or held by such Person or a subsidiary of such Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or equity interest, by contract or otherwise, provided that, in any event each director, officer of, of general partner in, or director or officer or Affiliate of any corporate general partner in, Seller, shall be deemed to be an Affiliate of Seller.

“Agencies”: each of FHA, FNMA, VA, FHLMC, HUD, USDA and GNMA

“Anti-Money Laundering Laws”: all laws and regulations relating to the prevention of money-laundering operations, including the USA Patriot Act of 2001.

“Approved CPA”: an independent, arm’s length certified public accountant having experience in the mortgage banking industry and acceptable to Buyer.

“Bankruptcy Law”: any Requirement of Law in any jurisdiction relating to bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation.

“Business Day”: any day other than (1) a Saturday, Sunday or other day on which banks located in Merrillville, Indiana are authorized or obligated by law or executive order to be closed, or (2) one on which Custodian, if any, is closed for business.

“Closing Protection Letter”: a letter dated within thirty (30) days of the Acquisition Date, issued by a Qualified Underwriter on its letterhead in acceptable ALTA format, addressed to Buyer, or to Seller together with “its successors and/or assigns”, clearly covering the settlement of the Mortgage Loan which is the subject of a Transaction and otherwise in form and substance satisfactory to Buyer.

“Compliance Certificate”: a certificate of the president or chief financial officer of Seller, (i) certifying that the Required Insurance Coverage was in force at the close of the period covered by the accompanying financial statements; (ii) stating whether there exists on the date of the certificate any condition or event which then constitutes a Default, and, if any such condition or event then exists, specifying the nature and period of existence thereof and the action being taken and proposed to be taken with respect thereto; and (iii) certifying that Seller is in compliance with the Financial Covenants contained in Schedule B to the Repurchase Agreement and attaching a worksheet in the form set forth on Schedule 2.

“Custodial Account”: a segregated account at an Eligible Bank clearly designated to indicate that funds on deposit therein are not assets of Seller but are being held by Seller in trust for the exclusive benefit of either Buyer as the owner of such Purchased Loan or, as to escrows for Property Charges, the Mortgagor.

“Defective Loan”: a Purchased Loan (i) as to which Submission Documents are not received within the Delivery Period, or (ii) that is a Delinquent Loan or is otherwise determined not to be an Eligible Loan, or (iii) that is rejected by the Designated Investor, or (iv) that has lost the benefit of any guaranty or insurance provided, or intended to be provided, by a Regulatory Authority.

“Defective Settlement Information”: any Settlement Information (i) that does not accurately identify a Purchased Loan by the Mortgagor’s name, or (ii) in which the aggregate disbursement

information does not equal the precise amount of Takeout Proceeds received by Buyer from the Takeout Investor.

“Delinquent Loan”: a Purchased Loan as to which a payment default occurs or which is past due thirty (30) days or more.

“Designated Investor”: either (i) the Takeout Investor, if any, identified as such to Buyer with respect to a Mortgage Loan, or (ii) the securitization pool for which a Mortgage Loan is intended as the exit strategy.

“Document File”: with respect to each Mortgage Loan, the Submission Documents, the Advance Submission Documents and all documents and other records of whatever kind or description, whether developed or originated by Seller or others, required to document or service such Mortgage Loan.

“Eligible Bank”: a financial institution (i) acceptable to FNMA and FHLMC or selected by Seller and approved by Buyer in its sole discretion, and (ii) licensed to conduct trust and other banking business in the States where it purports to conduct business, and (iii) at which either (x) Seller maintains no line of credit or other debt facility, or (y) such financial institution has expressly relinquished in writing its right to attach any Custodial Account as property of Seller

“Eligible Loan”: any Mortgage Loan that meets the Eligibility Criteria and satisfies the Eligibility Representations and does not exceed any operative Facility Sub-limit or Maximum Price Limitation.

“Eligibility Criteria”: criteria set forth on **Schedule 3**.

“Eligibility Representations”: those representations with respect to a Mortgage Loan that are set forth on **Schedule 4**, as may be supplemented on Schedule C to the Repurchase Agreement.

“FHA”: the organization known as the Federal Housing Association.

“FHLMC”: the organization known as the Federal Home Loan Mortgage Corporation.

“FNMA”: the organization known as the Federal National Mortgage Association.

“Funding Deadline”: 3 p.m.

“GAAP”: generally accepted accounting principles in the United States consistently applied.

“General Default” any of the following events shall have occurred and be continuing;

- (a) Seller shall fail to pay any amount due under this Agreement other than a Repurchase Price when due, including specifically the failure to meet a Curtailment Demand or Margin Call; or
- (b) any Eligibility Representation shall be inaccurate in any material respect on or as of the date made, or thereafter becomes inaccurate in any material respect, unless such inaccuracy is inadvertent; or
- (c) any representation or warranty made by Seller or any Guarantor in connection with

- this Agreement or contained herein (other than any Eligibility Representation) (i) shall be inaccurate or incomplete in any material respect on or as of the date made and Seller knew or with the exercise of ordinary due diligence should have known, of such inaccuracy, or (ii) thereafter becomes inaccurate or incomplete in any material respect and Seller fails to cure such inaccurate or incomplete representation or warranty within seven (7) Business Days after it learns of the same; or
- (d) Seller refuses access to Buyer or its agents when exercising rights granted under paragraph 3.1.3, or fails to deliver any other data or information within one (1) Business Day after the same shall be due;
 - (e) Seller or any Guarantor shall deliberately, willfully, recklessly or negligently fail in the observance or performance of any material Obligation; or
 - (f) Seller shall inadvertently fail in the observance or performance of an Obligation not solely related to a specific Purchased Loan and such failure shall continue unremedied for a period of fifteen (15) days after Seller or Guarantor becomes aware of such failure; or
 - (g) any event that may have a Material Adverse Effect (including any Act of Insolvency) occurs whether due to the act or omission of Seller or otherwise; or
 - (h) Seller violates any Requirement of Law; or
 - (i) the Required Insurance Coverage is terminated or rendered ineffective in whole or in part and Seller fails to cure and reinstate such Required Insurance Coverage within seven (7) Business Days; or
 - (j) Seller defaults under any Material Agreement entitling Seller's counterparty to immediately exercise its remedies thereunder and either (i) Seller fails to cure such default within seven (7) Business Days after becoming aware of such default or (ii) such Material Agreement is terminated; or
 - (k) Any transfer(s) of equity interest which in the aggregate exceed 20% of Seller occurs without Buyer's consent; or
 - (l) three (3) or more Loan Level Defaults occur in any thirty (30) day period;

provided, however, that a Loan Level Default shall not be considered a General Default.

"GNMA": the Government National Mortgage Association.

"HUD": the United States Department of Housing and Urban Development

"Indebtedness": at any date, all items (other than capital stock, capital surplus, retained earnings, deferred taxes and deferred credits) which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet of Seller as at the date on which Indebtedness is to be determined, but in any event including, without in any respect limiting the generality of the foregoing (a) liability for the deferred purchase price of property or services (including deferred trade obligations); (b) all obligations of Seller in respect of any capital lease; (c) current liabilities in respect of unfunded vested benefits under any employee benefit plan; (d) obligations under letters of credit issued for the account of such

Person; (e) indebtedness, obligations and liabilities secured by any Lien existing on property owned by such Person and subject to such Lien whether or not the indebtedness, obligation or liability secured thereby shall have been assumed, and (f) all guaranties in the amounts of the indebtedness of the primary obligors to which they relate.

“Investor Guidelines”: means the requirements of the Designated Investor, if any, under any applicable Investor Purchase Agreement and any Takeout Commitment.

“Investor Purchase Agreement”: each agreement to acquire Mortgage Loans between Seller and a Designated Investor.

“Investor Scorecard”: a report prepared by an Approved Investor setting forth the quantity, \$ value and type of the loans acquired by such Approved Investor from Seller during the relevant period.

“Jumbo Loan”: a residential first mortgage loan (1) meeting all of the criteria for an Eligible Mortgage Loan except that such loan shall be in excess of the maximum loan amounts eligible for purchase by FNMA or FHLMC.

“License” means any license, approval, franchise, authorization, consent and permit of any kind and nature whatsoever and any applications with respect thereto, including specifically, any construction permit.

“Lien”: any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, claim, lien, lease or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any assets or property, including any agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement with respect to any assets or property under the UCC or comparable law of any jurisdiction.

“Liquidity”: the sum of Seller’s unencumbered (other than to Buyer) assets owned and held in cash or accounts which can be converted to cash within 30 days, including checking accounts, money market or savings, certificates of deposit, and marketable securities, but excluding individual retirement or similar accounts.

“Litigation”: as to any Person, means any action, suit, investigation, claim, proceeding, judgment, order, decree or resolution pending or threatened against or affecting such Person or the business, operations, properties or assets of such Person before, or by, any Regulatory Authority.

“Loan Level Default”: any of the following events shall have occurred and be continuing with respect to a particular Purchased Loan;

- (a) Seller shall fail to re-purchase such Purchased Loan on the applicable Repurchase Date; or
- (b) any Eligibility Representation shall inadvertently be inaccurate or incomplete in any material respect on or as of the date made, or thereafter become inaccurate or incomplete in any material respect and Seller fails to cure such inaccurate or incomplete representation or warranty within five (5) Business Days after it becomes aware of such inaccurate or incomplete representation or warranty; or

- (c) Seller fails to timely deliver the Document File under subsection 3.1.8;
- (d) Seller delivers, or causes to be delivered, any part of such Purchased Loan (including specifically part of the Document File) to a third party other than as expressly authorized under this Agreement;
- (e) Seller shall deliberately, willfully, recklessly or negligently fail in the observance or performance of any Obligation related only to such Purchased Loan; or
- (f) Seller shall inadvertently fail in the observance or performance of any Obligation related only to such Purchased Loan and such failure shall continue un-remedied for a period of fifteen (15) days; or
- (g) Seller violates any Requirement of Law applicable only to such Purchased Loan; or
- (h) Seller interferes with the related Takeout Commitment, including trying to substitute the Designated Investor without the consent of Buyer.

“Market Value”: with respect to any Mortgage Loans as of any date, the fair market value of such Mortgage Loans on such date as determined by Buyer in its reasonable business judgment; it being understood that (a) the best bid price obtained by Seller for such Mortgage Loans in the aggregate so as to avoid “cherry-picking”, whether or not accepted by Seller, may be deemed conclusive as to Market Value, or, alternatively, (b) without in any way imposing the following method of determining Market Value on Buyer; the best unconditional price obtained by soliciting bids from not less than three (3) independent third parties active in purchasing such Mortgage Loans (including specifically Mortgage Loans delivered without customary seller’s representations and after a failure to repurchase) in the secondary market at that time, or if no independent third parties are active in purchasing such Mortgage Loans in the secondary market at that time, then active within the one hundred and twenty days prior to the date of the bid solicitation shall be fair and conclusive as the Market Value; (c) if more than one Purchased Loan is subject to liquidation, then Market Value may be determined by an all-or-nothing pool bid and Buyer shall not be obliged to seek separate bids for constituent Mortgage Loans; and (d) a period of three (3) Business Days to respond to a solicitation for bids shall be fair and reasonable.

“Material Adverse Effect”: means (i) a judgment or decree is entered against Seller involving claims not fully covered by insurance and such judgment or decree shall not have been vacated, discharged, or stayed or bonded pending appeal within ten (10) days from entry thereof; or (ii) any License held by Seller which is necessary for the lawful conduct of Seller’s business (including its status as an approved originator of Mortgage Loans for purchase or guarantee by any of the Agencies) is revoked, suspended, not renewed or subjected to any restriction or condition limiting the conduct of Seller’s business as now or then conducted; or (iii) Seller ceases to transact business; or (iv) any Agency, or private investor, or any other party shall seize or take control of Seller’s servicing portfolio for breach of any servicing agreement applicable to such servicing portfolio, or for any other reason whatsoever; or (v) any principal or member of Executive Management becomes the subject or target of a felony investigation; or (vi) any creditor of Seller’s terminates an intercreditor arrangement with Buyer entered into in conjunction with execution of the Repurchase Agreement; or (vii) any other occurrence which in the sole judgment of Buyer could have material adverse effect upon the validity, performance or enforceability of this Agreement, or upon the properties, business or condition, financial or otherwise, of Seller.

“Material Agreement”: means (1) any mortgage loan purchase arrangement or warehouse lending arrangement which may support Seller’s residential loan program (2) any agreement with MERS, or (3) any other contract, lease, instrument or agreement, the non-performance of which could have a Material Adverse Effect.

“MERS”: Mortgage Electronic Registration Systems, Inc.

“Monthly Payment”: the scheduled monthly payment of principal and interest on a Mortgage Loan.

“Mortgage”: the mortgage, deed of trust or other instrument creating a lien on an estate in fee simple in real property securing a Mortgage Note.

“Mortgage Loan”: a loan secured primarily by a mortgage on residential property.

“Mortgage Note”: the note or other evidence of the indebtedness evidencing a Mortgage Loan.

“Mortgaged Property”: the property subject to the lien of the Mortgage securing a Mortgage Note.

“Mortgagor”: the obligor on a Mortgage Note.

“Net Loss”: failure to achieve positive net income determined in accordance with GAAP

“Obligation”: any duty, responsibility or obligation of Seller or a Guarantor contained in any Program Document, including specifically breach of covenants.

“Person”: an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

“Prime Rate”: the highest rate published from time to time by the Wall Street Journal as the Prime Rate, or, in the event the Wall Street Journal ceases publication of the Prime Rate, the base, reference or other rate then designated by Buyer, in its sole discretion, for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

“Production Report”: an internally generated report, certified by the president or chief financial officer of the company containing such details about the loans originated during the prior calendar month as may be required by Buyer.

“Program Documents”: each Repurchase Agreement, any Guaranty, and any other agreement executed by a Seller or Guarantor in connection with a Repurchase Agreement and the Transactions contemplated thereby.

“Prohibited Person”: a Person: (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001 (“EO13224”); (ii) whose name appears on the United States Treasury Department’s Office of Foreign Assets Control (“OFAC”) most current list of “Specifically Designated National and Blocked Persons” (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>); (iii) who commits, threatens to commit or supports

“terrorism”, as that term is defined in EO13224; or (iv) who is otherwise affiliated with any entity or person listed above.

“Property Charges”: all taxes, fees, governmental assessments, water, sewer and municipal charges (general or special) and all insurance premiums, leasehold payments or ground rents.

“Prudent Servicing Practices”: mortgage loan servicing standards and procedures generally accepted in the mortgage banking industry and in accordance with any Investor Purchase Agreement with the Designated Investor, all requirements of the relevant Agencies, Requirements of Law, and the requirements of any applicable guarantor so that any third party liability in respect of any Purchased Loan is not voided or reduced.

“Purchase Request”: a written advice regarding all Mortgage Loans being offered for sale by Seller on a particular Business Day transmitted to Buyer by Seller in the format and manner, and containing the information, required described on **Schedule 5**.

“Qualified Settlement Agent”: a Qualified Underwriter or the authorized agent of a Qualified Underwriter in possession of a valid Closing Protection Letter for the subject Transaction; provided, however, that Buyer may disapprove any Qualified Settlement Agent in its sole discretion, and upon such disapproval such Person shall cease to be a Qualified Settlement Agent.

“Qualified Underwriter”: as set forth on **Schedule 6**.

“Receivables”: means and includes (i) any and all rights to the payment of money or other forms of consideration of any kind (whether classified under the UCC as accounts, contract rights, chattel paper, general intangibles, or otherwise) including, but not limited to, accounts receivable, rights to receive payments from credit card companies, letters of credit and the right to receive payment thereunder, chattel paper, tax refunds, insurance proceeds, contract rights, notes, drafts, instruments, documents, acceptances, and all other debts, obligations and liabilities in whatever form from any Person; (ii) all guaranties, security and liens for payment thereof; (iii) all goods, whether now owned or hereafter acquired, and whether sold, delivered, undelivered, in transit or returned, which may be represented by, or the sale or lease of which may have given rise to, any such right to payment or other debt, obligation or liability, and (iv) all proceeds of any of the foregoing.

“Regulatory Authority”: with respect to any Person, any governmental or quasi-governmental department, commission, board, regulatory authority, bureau, agency or instrumentality, domestic, foreign, federal, state or municipal (including, without limitation, the OTS, FDIC, SEC or the NASD), any court or arbitration panel, or any private body having regulatory jurisdiction over such Person or its business or assets (including any insurance company or underwriter through whom such Person has obtained insurance coverage).

“Requirement of Law”: with respect to any Person, any law, ordinance, requirement, order, direction, rule, regulation, decision, ruling, writ, injunction, instruction, resolution, decree, or other similar document, instrument or directive, whether currently existing or promulgated hereafter, of any Regulatory Authority, or any requirement of the organizational documents of such Person, including specifically the Federal Truth in Lending Act, the Equal Credit Opportunity Act, the Real Estate Settlement Procedures Act, the National Flood Insurance Act, the Fair Credit Reporting Act, the Fair Housing Act, Title V of the Gramm-Leach-Bliley Act, the Fair Debt Collection Practices Act, the Community Reinvestment Act, the Home Mortgage

Disclosure Act, the Right to Financial Privacy Act and all other federal, state or local laws relating to unfair, deceptive or predatory lending practices.

“Repurchase Date”: with respect to each Purchased Loan, the date which shall be the earlier of (i) one (1) Business Day after (x) such Purchased Loan is rejected by the Designated Investor and a replacement Takeout Commitment is not provided within two (2) Business Days of such rejection, or (y) such Purchased Loan becomes a Delinquent Loan, or (z) Buyer in its sole discretion determines such Purchased Loan is not an Eligible Loan, (ii) the Termination Date, or (iii) the Scheduled Repurchase Date specified on Schedule B to the Repurchase Agreement.

“Settlement Agent”: an independent third party engaged by Seller to settle the funding of a Mortgage Loan.

“Settlement Information”: a written advice or group of written advices delivered, or caused to be delivered by Seller which shall identify each Purchased Loan (by the Mortgagor’s surname) that the Takeout Investor intends to acquire on a certain Business Day and confirming the amount of Takeout Proceeds allocable to each such Purchased Loan.

“SOFR” means the 1-month Term SOFR Reference Rate which is published for loans in United States Dollars by CME Group Benchmark Administration Limited and is obtained by Buyer from Bloomberg Financial Services Systems with the code SR1M (or, if such reference source is no longer available, any similar or successor publication selected by Buyer). SOFR shall be the rate in effect as determined by Buyer on the first day of the date of publication of each such change.

“Submission Documents”: with respect to any Mortgage Loan, the documents designated as such on **Schedule 1**, each in form and substance satisfactory to Buyer in its sole discretion.

“Takeout Commitment”: an irrevocable commitment, issued by a Designated Investor, to acquire a Purchased Loan on or before a specified date, which shall in no event exceed the Scheduled Repurchase Date, for an amount equal to or exceeding the Repurchase Price for such Purchased Loan, which commitment shall be assignable by its terms to Buyer and Buyer’s successors and assigns, and which shall be otherwise in such form as shall be acceptable to Buyer in its sole discretion.

“Takeout Investor”: any investor as may be approved by Buyer in writing from time to time in its sole discretion and published in the Standard Terms and Procedures.

“Taxes”: any income, payroll, real estate or other taxes, levies, imposts, duties, fees, general or special assessments or other charges of whatever nature imposed by any Regulatory Authority, including interest and penalties.

“UCC”: the Uniform Commercial Code, as adopted in the relevant jurisdiction.

“USDA”: the US Department of Agriculture.

“VA”: the organization known as the Department of Veteran Affairs.

“Warehouse Provider”: the source of any warehouse facility utilized by Seller, whether by way of credit line or repurchase agreement

“Warehouse Status Report”: a report prepared by a Warehouse Provider indicating the aging status of each loan on their warehouse facility with the Seller.

“Wet Funding”: an Eligible Loan that is being closed with the Mortgagor on the Acquisition Date therefor and accordingly, as to which Submission Documents cannot be sent to Buyer prior to the Acquisition Date.