



REPRESENTATIONS, WARRANTIES, AND COVENANTS

General Information

The Lender makes the Representations, Warranties, and Covenants contained in this Guide for, and as to, the Lender, and each Loan sold by the Lender to New Penn Financial as of the respective dates of the Agreement and each Commitment Letter, and as of each Funding Date. Such Representations, Warranties, and Covenants are the Lender's sole responsibility. Each Representation, Warranty, and Covenant continues in full force and effect for so long as any Loan purchased from the Lender remains outstanding and for so long as New Penn Financial is subject to any risk of loss or liability as to any Loan purchased from the Lender. As is more fully set forth in this Guide, it is expressly understood and agreed that New Penn Financial's rights in connection with the Lender's Representations, Warranties, and Covenants survive any particular Loan's Funding Date and any termination of any of the Program Documents, and are not affected by any investigation or review made by, or on behalf of, New Penn Financial, except to the extent expressly waived in writing by New Penn Financial. The word "Lender" whenever used in this Guide section shall include all of the pronouns used herein and shall include when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto.

The Lender acknowledges that New Penn Financial purchases the Loans in reliance upon: (i) the truth and accuracy of the Lender's Representations and Warranties set forth in the Program Documents and this Guide, all of which Representations and Warranties relate to a matter material to such purchase; and (ii) the Lender's compliance with each of the agreements, requirements, terms, Covenants, and conditions set forth in the Program Documents and this Guide. These Representations, Warranties, and Covenants shall inure to the benefit of New Penn Financial's successors, affiliates, and assigns unless New Penn Financial specifically waives a Representation, Warranty, or Covenant in writing.

Making the Representations, Warranties, and Covenants contained in this Section does not release the Lender from its obligations under any Representations, Warranties, or Covenants contained in other Guide sections, including the exhibits hereto, or in the Program Documents.

New Penn Financial reserves the right to require the Lender as a condition to New Penn Financial's purchase of a given Loan or groups of Loans to make additional Warranties in writing.

"Knowledge" Standard

Whenever any representation, warranty, or other statement contained in the Agreement or this Guide is qualified by reference to a party's "knowledge" or "to the best of" a party's "knowledge," such "knowledge" shall be deemed to include a party's knowledge of facts or conditions which the party, including (without limitation) any of such party's directors, officers, agents, or employees, either is actually aware or should have been aware under the circumstances with the exercise of reasonable care, due diligence, and competence in discharging its duties under this Guide and the Program Documents. All matters of public record shall be deemed to be known by the Lender. Any representation or warranty that is inaccurate or incomplete in any material respect is presumed to be made with the Lender's knowledge.



Representations, Warranties, and Covenants Concerning the Lender

The Lender is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States, and under the laws of each state in which the Lender is incorporated, chartered, organized, and conducting business and will maintain full corporate or partnership power and authority. The Lender, and as applicable each employee, officer, agent, and assignee of Lender hereby makes the following Representations, Warranties, and Covenants to New Penn Financial as follows:

- Has and shall continue to maintain all federal, state and local licenses, registrations and certifications necessary to carry on business, including, but not limited to, applicable mortgage broker, mortgage loan officer, debt collector, and consumer loan;
 - is and shall continue to be licensed, qualified, and in good standing under the laws of the United States and each state where a Loan and/or Borrower is located, as applicable;
 - will remain in good standing with state and federal authorities to the extent necessary to ensure enforceability of all Loans;
 - has written policies and procedures in place to ensure the compliance of Lender, and as applicable each employee, officer, agent, and assignee of Lender, with all applicable federal, state and local licensing, registration, and related disclosure and record retention requirements, at the entity level and the individual employee level;
 - has not taken into account any “de minimus” licensing or registration exemptions to deliver any Loans to New Penn Financial;
 - has disclosed in writing to New Penn Financial all final written reports, actions, and sanctions of all federal and state agency and instrumentality reviews, investigations, examinations, audits, actions, and sanctions undertaken or imposed within two years prior to the Agreement’s effective date;
 - is not operating under any type of agreement or order (including, without limitation, a supervisory agreement, memorandum of understanding, cease and desist order, capital directive, supervisory directive, and consent decree) with or by any federal or state government agency, licensing, banking or regulatory authority, and the Lender is in compliance with any and all capital, leverage or other financial or regulatory standards imposed by any applicable regulatory authority;
 - is duly and validly authorized to execute and deliver all documents, instruments, and agreements the Lender is required to execute and deliver under the terms of the Program Documents and to consummate the transactions contemplated by the Program Documents;
 - has the ability to perform each and every obligation, and to satisfy each and every requirement imposed on the Lender, in the Program Documents and this Guide and no offset, counterclaim, or defense exists to the Lender's full performance of the Program Documents' and this Guide's requirements;
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- the execution and delivery of the Agreement, acquisition, making and sale of the Loans, consummation of Agreement contemplated transactions, fulfillment of and compliance with the terms and conditions of the Program Documents will not conflict with, or result in a breach of, any terms, conditions, or provisions of the Lender's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which the Lender is now a party or by which it is bound; nor will such actions by the Lender constitute a default or result in an acceleration under any of the foregoing, result in the violation of any law, rule, regulation, order, judgment, or decree to which the Lender or any of its property is subject, impair the ability of New Penn Financial to realize on a Loan, or impair its value;
 - no action, suit, proceeding, inquiry, review, audit or investigation is pending or threatened by or against the Lender ("Adverse Action") that could result in any material adverse change in the Lender's business, operations, financial condition, properties or assets or in any material liability on the Lender's part or which would be likely to impair materially Lender's ability to perform under the Program Documents' or this Guide's terms. Lender shall advise New Penn Financial immediately, in writing, of any pending or threatened Adverse Action, or any pending or threatened action to revoke or limit any license, permit, authorization or approval issued or granted to the Lender by any federal, state, or local government or quasi- governmental body, or any agency or instrumentality thereof, which is necessary for the Lender to conduct its business, or to impose any penalty or other disciplinary sanction on the Lender, or any other sanction that would materially affect the Lender's business;
 - the transactions contemplated by the Program Documents and the terms of this Guide are in the ordinary course of the Lender;
 - the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages pursuant to the Program Documents and the terms of this Guide are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction;
 - no consent, approval, authority, or order of any court or governmental agency or body is required for execution and performance of, and compliance with, the Program Documents and this Guide; sale of any of the Loans; and consummation of any Program Documents transactions, or if required, the Lender has obtained such unconditional approval prior to the related Funding Date;
 - the application, the Program Documents, the promises, agreements, Representations, Warranties, and Covenants contained in this Guide and all other statements, reports, and documents the Lender furnished or will furnish pursuant to the Program Documents and this Guide contain no untrue statement of material fact nor do they fail to contain a material fact necessary to make the statements contained therein not misleading;
 - there are no accrued liabilities of the Lender with respect to any of the Loans, or circumstances under which New Penn Financial will be liable for any such accrued liabilities as the Lender's successor in interest in and to the Loans;
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- the Loans have been legally, properly, prudently, and customarily originated and serviced in conformance with the highest standards of the residential mortgage origination and servicing business using Accepted Servicing Practices;
- complied with, and shall continue to comply with, and has not violated and shall not violate, any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the Lender's operations or financial conditions or the Lender's ability to consummate the transactions contemplated by the Program Documents and this Guide;
- has and will comply with all provisions of the Program Documents and this Guide, and will promptly notify New Penn Financial of any occurrence, act, or omission regarding the Lender, the Loan, the Loan or the Mortgagor, which occurrence, act, or omission may materially affect the Lender, the Loan, the Loan or the Mortgagor;
- shall allow New Penn Financial, or its agent or designee, upon 24 hours' telephonic, electronic, or written notice, to conduct onsite inspections, inspect or take possession of all books and records of the Lender pertaining to its mortgage operations and to any Loans purchased by New Penn Financial from the Lender; and
- if subject to the regulatory supervision of the Office of the Comptroller of the Currency (OCC) is in material compliance with the standards set forth in Part III of the OCC's Guidelines Establishing Standards for Residential Mortgage Lending Practices, OCC 2005-3 as became effective April 8, 2005.

Representations, Warranties, and Covenants Regarding Loans

The Lender Represents, Warrants, and Covenants the following to New Penn Financial as to each Loan offered for sale under the Program Documents:

Mortgage Loans as Described

- no document, report, data, or material furnished to New Penn Financial relating to any Loan (including, without limitation, the Mortgagor's Loan application executed by the Mortgagor) in any Loan File contains any untrue statement of fact or omits to state a fact necessary to make the statements contained in the Loan File not misleading; and

Payments Current

- the Mortgagor has made and the Lender has credited all payments required to be made under the terms of the Mortgage Note through the related Loan's Funding Date; and
 - no payment required under the Loan is delinquent nor has any payment under the Loan been delinquent at any time since the origination of the Loan. For the purposes of this paragraph, a Loan will be deemed to be delinquent if the Mortgagor did not pay any payment within 15 days of such payment's due date; and
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No Outstanding Charges

- the Mortgagor has not defaulted under the Loan terms, and has paid any and all taxes, including, without limitation, any and all transfer taxes due and payable to any state or municipality relating to the transfer of ownership and occupancy interest in the Property; and
- the Mortgagor has paid all governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments and ground rents and other charges that previously became due and owing or will become due and owing within the funding section of Lender's guide, or the Mortgagor has established an escrow account sufficient to pay such charges; and

No Advances

- the Lender has not advanced funds, or induced, solicited, or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required under the Loan unless pursuant to an Agency eligible program or, except for interest accruing from the date of the Mortgage Note or the Loan proceeds disbursement date, whichever is later, to the day that precedes by one month the due date of the first installment of principal and interest; and
- the Mortgagor has, in compliance with the applicable Underwriting Guidelines, made any down payment required in connection with the Loan, and has received no concession from the Lender, or any other third party, unless pursuant to an Agency eligible program; and

Original Terms/No Release

- no person or entity has impaired, waived, released, altered, or modified in any respect the original Mortgage Note and Mortgage terms except with the written approval of New Penn Financial. Any related Mortgage Issuer and title insurer also must have approved the waiver, alteration, or modification to the extent required by the respective policies; and

No Defense

- the Loan is not subject to any unexpired right of rescission, set-off, counterclaim, or defense, including, without limitation, the defense of usury; and
- neither the terms of, nor the exercise of any right under, the Mortgage Note or the Mortgage, will render either the Mortgage Note or the Mortgage unenforceable, in whole or in part, or subject to any right of cancellation, set-off, counterclaim, or defense, including, without limitation, the defense of usury, and no such right of cancellation, set-off, counterclaim, or defense has been asserted with respect to the Mortgage Note or the Mortgage; and

Hazard and Flood Insurance

- valid and binding hazard insurance policies that meet all New Penn Financial and Agency minimum requirements are in full force and effect and insure all buildings or other improvements upon the Mortgaged Property, and will continue to be in full force and effect for
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New Penn Financials benefit upon its acquisition of the Loan; and

- the Mortgage obligates the Mortgagor to maintain such hazard insurance policies at the Mortgagor's cost and expense, and upon the Mortgagor's failure to do so, or to provide evidence thereof, authorizes the Mortgagee to obtain and maintain such insurance at the Mortgagor's sole cost and expense, and to seek reimbursement from the Mortgagor; and
- Lender has not engaged in, and has no knowledge of the Mortgagor having engaged in, any act or omission that would impair the coverage of any hazard insurance policy, the benefits of the endorsement provided for herein, or the validity and binding effect of either; and
- the Loan permits the maintenance of an escrow account to pay the premiums for hazard insurance, and the Mortgagor has not waived the requirement for such escrows, unless otherwise permitted by New Penn Financial or required by applicable law; and
- all Loans contain any required guaranteed initial Flood Zone Determination documentation; and
- if a Loan is in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a flood insurance policy in a form meeting the requirements of the current guidelines of the Flood Insurance Administration was required at closing with respect to such Loan with a generally acceptable carrier in an amount representing coverage not less than the least of:
 - original outstanding principal balance of the related Loan
 - the minimum amount required to compensate for damage or loss on the maximum insurable value basis or
 - the maximum amount of insurance that is available under the Flood Disaster Protection Act of 1973, as amended; and

Origination, Underwriting, and Servicing Compliance

- the originating, closing and, prior to New Penn Financial becoming responsible for the loan servicing, the servicing of the Loan was, and will continue to be, in compliance with all applicable federal, state, and local laws, rules, regulations, decrees, pronouncements, directives, orders, and contractual requirements with respect to the origination, closing, underwriting, processing, and servicing of each Loan; and
- Lender is in compliance with all applicable anti-money laundering laws and regulations, including, but not limited to, the Bank Secrecy Act and its subsequent revisions and enhancements, the Customer Identification Program requirements of the USA Patriot Act, Office of Foreign Assets Control requirements (collectively the "Anti-Money Laundering Laws"), and has established an anti-money laundering compliance program as required by the applicable Anti-Money Laundering Laws, and maintains, and will maintain, sufficient information to identify the applicable Mortgagor for purposes of the Anti-Money Laundering Laws; and

Loan Status

- no person or entity has granted or received a request for any Mortgage satisfactions,
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assumptions, loss drafts, payoffs, cancellations, subordinations, or rescissions, and no person or entity has released any portion of the Property from the Mortgage lien, nor executed any instrument that would affect any such release, cancellation, subordination, or rescission; and

Location and Type of Property

- the Property is located in the state identified in the Loan File and, unless otherwise provided for in the Program Documents, this Guide or any applicable Underwriting Guidelines, consists of a single parcel of real property with a single-family residence erected thereon, or a two- to four-family dwelling, or an individual unit in a planned unit development or condominium project; and
- no portion of the Property is used for commercial purposes in such a manner that would result in the Property being considered commercial, rather than residential property; and

Valid First Liens Secured by Real Property

- the Mortgage is a valid, existing, and enforceable first lien on (i) the Property; (ii) all buildings on the Property; (iii) all installations and mechanical, electrical, plumbing, heating, and air conditioning systems located in or affixed to such buildings; and (iv) all additions, alterations, and replacements made at any time with respect to the foregoing; and
- no Property has any existing or simultaneous lien that takes priority over the Mortgage, including but not limited to liens that utilize the municipal tax assessment process or a utility company to ensure payment; and
- all real property taxes and assessment liens on the Property are current with no taxes or assessments due and payable for at least 60 days after the Funding Date; and
 - all covenants, conditions, restrictions, rights of way, easements, and other matters of public record which as of the date of the Mortgage lien's recording are or were acceptable to mortgage lending institutions generally, are specifically referred to in the title policy insuring the Loan or, as permitted by New Penn Financial and applicable state law, in an attorney's opinion of title, delivered to the Lender, and:
 - were referred to or otherwise considered in the appraisal made for the Lender or
 - do not adversely affect the Property's appraised value set forth in such appraisal; and
- The Mortgage lien is subject only to such other matters to which like properties are commonly subject, which other matters do not materially interfere with the benefits of the security intended to be provided by the Mortgage, or the use, enjoyment, value, or marketability of the related Property; and

Loan Documents

- all loan documents evidencing or securing a Loan are genuine and complete in all respects and each is the Mortgagor's legal, valid, and binding obligation enforceable in accordance with its terms. All parties to the Mortgage Note and the Mortgage had legal capacity to enter into the
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Loan, to execute and deliver the Mortgage Note and the Mortgage, and did duly and properly execute the Mortgage Note and the Mortgage; and

- the person who or entity which originated the Loan used the then-current and valid Agency forms and documents, unless New Penn Financial expressly permitted or required in writing other documents; and

The Full Disbursement of Proceeds

- the full principal amount of the Loan proceeds has been advanced to Mortgagor, either by payment directly to such Mortgagor or by payment made on such Mortgagor's request or approval and there is no requirement for future advances in the Loan documents; and
- the unpaid balance of the Loan is as represented by the Lender; and
- any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds for such improvements have been complied with; and
- all costs, fees, and expenses incurred in making or closing the Loan and recording the Mortgage were paid, and the Mortgagor is not entitled to any refund of any amounts paid or due under the Mortgage Note or the Mortgage; and

Ownership of Loans

- that the Lender is the sole owner and holder of the Loan except for the security interest of Lender's warehouse lender, which security interest the Lender has disclosed in writing to New Penn Financial; and
- Lender has good and marketable title to the Loan, and has full right and authority to transfer and sell the Loan to New Penn Financial free and clear of any encumbrance, equity, participation interest, lien, pledge, charge, claim, security interest, right, option, assignment, or servicing agreement with any third party whatsoever, except pursuant to the Program Documents and this Guide; and

Third-Party Compliance

- no person or entity has performed any act for the Lender which the Program Documents or this Guide require the Lender to perform; and
- no person or entity other than Lender has had any interest in the Loan, whether as mortgagee, assignee, pledgee, or otherwise; and
- no Loans were originated by any third-party originators; and

LTV/MI Policy

- each Loan's LTV does not exceed the maximum LTV permitted by the applicable Underwriting Guidelines; and
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- each mortgage insurance policy is written with a private mortgage insurance company acceptable to New Penn Financial, is the binding obligation of such insurer, is in full force and effect, has had all premiums due thereunder paid, and all policy provisions have been and are being complied with; and
- Lender has not engaged in any act or omission, and the Lender has no knowledge of any act or omission by or on the Mortgagor's behalf or any other person's or entity's behalf, which act or omission would impair any such mortgage insurance policy's coverage or validity, the benefit of the endorsement provided for in, or the validity or binding effect of either; and
- any Loan subject to a mortgage insurance policy obligates the Mortgagor under the mortgage insurance policy to maintain such mortgage insurance policy to the extent required by law and to pay all required premiums and charges; and
- the Loan interest rate is net of any such insurance premiums; and

Title Insurance

- for each Loan Lender holds a title policy insuring the Mortgage lien on the Property which is in full force and effect, the premium for which has been paid in full for so long as the Loan shall remain outstanding, which has an insurance limit at least as great as the outstanding principal balance of the Loan, which names the Lender, its successors and assigns as the sole insured party, and which will be in full force and effect upon the consummation of the transactions contemplated in the Agreement and in this Guide, and is in conformance with applicable Agency requirements; and
 - such title policy shall (i) insure the Mortgage lien is a valid and enforceable first lien on the Property, (ii) insure the absence of any lien of taxes and other assessments other than taxes not yet due and payable, (iii) insure that there are no encroachments on the Property from adjoining property and that all improvements on the Property are located within the boundaries of the Property and are in conformity with any applicable setback requirements, or in the alternative, Lender shall deliver to New Penn Financial a current survey of the Property prepared by a duly licensed land surveyor and certified to Lender and its successors and assigns showing there are no encroachments onto the Property and the improvements are located on the Property within its boundaries and in conformity with any applicable setback requirements, in which case the title policy may except only that state of facts shown with respect to such survey, (iv) disclose whether all taxes and other assessments due as of the date of the policy have been paid in full, and (v) disclose all other matters to which like properties are commonly subject
 - no claims have been made under such title policy, the accuracy of any attorney's opinion of title has not been disputed, and no prior loan holder, including the Lender, has done, by act or omission, anything that would impair the coverage of such title policy or the accuracy of such attorney's opinion of title, and the attorney's opinion of title, if permitted by New Penn Financial or required by state law, is in a form and substance acceptable to investors purchasing Loans; and
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No Defaults

- there is no default, breach, violation, or event of acceleration existing under the Mortgage or the Mortgage Note and, to the best of the Lender's knowledge, no event has occurred or condition exists that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation, or event of acceleration, and the Lender has not waived any default, breach, violation, or event of acceleration; and

No Mechanic's Lien

- unless fully covered by a title policy acceptable to New Penn Financial, there is no mechanic's or similar lien or claim filed for work, labor, or material (and no rights are outstanding that under applicable law could give rise to such a lien or claim), affecting the related Property, which is or may be a lien prior to, or equal with, the related Mortgage's lien; and

Improvement Locations; No Encroachments

- all improvements the underwriter considered in determining the Property's appraised value at origination lie wholly within the Property's boundaries and building restriction lines and no improvements on adjoining properties encroach upon the Property (except those encroachments which the title insurer has affirmatively insured over); and
- all Property improvements, including new construction, have been completed in full compliance with any applicable laws, regulations, or building codes and standards, and the improvements comply with the laws, regulations, or building codes and standards as of the Funding Date; and

Origination Terms

- the person or entity originating the Loan, originated and processed the Loan in accordance with the terms of the Agreement and this Guide and the Loan was underwritten in accordance with the applicable Underwriting Guidelines in effect when the Loan was originated and processed; and

Customary Provisions

- the Loan contains enforceable provisions that give the Mortgage holder rights and remedies to realize against the Property as expeditiously as applicable law allows, including without limitation, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale; (ii) otherwise, by non-judicial foreclosure, if applicable, and, if not, (iii) by judicial foreclosure. To the extent permissible under applicable law, the Mortgagor or any other necessary party has waived any homestead or other exemption available to a Mortgagor or other necessary party which would interfere with the right to sell the Property at a trustee's sale or with the right to foreclose the Mortgage; and

Occupancy Certifications

- the Lender has made or obtained from the appropriate authorities all inspections, licenses, and
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certificates required to be made or issued with respect to all occupied Property portions, or with respect to the Property's use and occupancy (including, without limitation, certificates of occupancy and fire underwriting certificates) and may be lawfully occupied under applicable law; and

No Additional Collateral

- the Mortgage Note is not and has not been secured by any collateral except the corresponding Mortgage lien and the security interest of any applicable security agreement or chattel mortgage, the existence of which the Lender previously disclosed to New Penn Financial and New Penn Financial approved in writing; and

Deed of Trust

- with respect to any Mortgages that constitute a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in the Mortgage, and no fees or expenses are or will become payable by New Penn Financial to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor or reconveyance of the deed of trust; and

Acceptable Investment

- there is no circumstance or condition with respect to the Mortgage, the Property, the Mortgagor, or the Mortgagor's credit standing, that can reasonably be expected to cause investors to regard the Loan as an unacceptable investment, cause the Loan to become delinquent, or adversely affect the Loan's value or marketability; and

Condominium Project Units and Planned Unit Developments ("PUD")

- all Loans secured by units in condominiums or PUDs comply with the applicable condominium or PUD requirements set forth in this Guide and/or appropriate Agency guidelines; and
- if any lien held by a homeowners association, special district, or similar organization for assessments, maintenance fees, or similar charges against the Property is, or appears to be, equal to or prior to the Mortgage lien securing the Loan, the homeowners association, special district or similar organization has agreed to give at least 60 days written notice before foreclosing on the lien and the Lender will forward such notice to the holder of the Loan at least 45 days before foreclosure sale; and

Loan Recording and Transfer

- Lender has timely recorded the Mortgage, and all other documents necessary to protect New Penn Financials interests. The Lender has either closed the Loan with MERS as the named nominee, or has validly assigned the Loan to MERS as the nominee free and clear of any pledge, lien, encumbrance, or security interest prior to New Penn Financials purchase of the Loan, and the Lender will not assign or transfer any interest in the Loan to any person or entity other than New Penn Financial or MERS; and
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Due-on-Sale

- when allowed by applicable law, the Mortgage contains an enforceable provision for acceleration of the Loan's unpaid principal balance in the event that the Mortgagor sells or transfers the Property without the Mortgagee's prior written consent; and

No Graduated Payments or Contingent Interest

- no Loan is a graduated payment Loan, and the Loan does not have a shared appreciation or other feature providing for contingent interest or contingent principal; and

Property Undamaged; No Condemnation

- the Property is undamaged by waste, fire, earthquake or earth movement, windstorm, flood, tornado, or other casualty so as to affect adversely the Property's value as security for the Loan or the use for which the premises were intended; and
- there are no condemnation proceedings by any federal, state, or local authority pending or, to the best of the Lender's knowledge, threatened against the Property; and

Collection Practices; Escrow Deposits

- the collection practices used with respect to the Loan have been in accordance with Accepted Servicing Practices, applicable law, and have been in all respects legal and proper; and
- all escrow deposits and escrow payments are in Lender's possession and no deficiency in connection with the escrow deposits and escrow payments exists for which customary arrangements for repayment have not been made; and
- no escrow deposits or escrow payments, or other charges or payments due the Lender, have been capitalized under the Mortgage or Mortgage Note; and
- all Loans delivered for Funding shall contain the HUD required Initial Escrow Account Disclosure Statement; and
- as of the Purchase Date, Lender has credited to the account of borrowers under the Loans all interest required to be paid by applicable law or by the terms of the related Mortgage Note on any escrow account and will continue to do so through the Purchase Date. Evidence of such credit shall be provided to New Penn Financial upon request; and

Misapplied Payments

Misapplied payments shall be processed as follows:

- the parties shall cooperate in correcting misapplication errors;
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- the party receiving notice of a misapplied payment occurring prior to the Purchase Date and discovered after the Purchase Date shall immediately notify the other party;
- if a misapplied payment which occurred prior to the Purchase Date cannot be identified and such misapplied payment has resulted in a shortage in an escrow (or other) account, the balances of which are being transferred to New Penn Financial, the Lender shall be liable for the amount of such shortage. The Lender shall reimburse New Penn Financial for the amount of such shortage within 30 business days after receipt of written demand and evidence supporting the misapplied payment from New Penn Financial;
- if a misapplied payment which occurred prior to the Purchase Date has created an improper Purchase Price as the result of an inaccurate outstanding principal balance, the party discovering the misapplied payment shall promptly notify the other party and a check shall be issued to the party adversely affected by the improper payment application within 10 business days after notice thereof by the other party;
- any check issued under the provisions of this Section 8.8 shall be accompanied by a statement indicating the Lender's and/or New Penn Financials Loan identification number and an explanation of the allocation of any such payments; and

No Other Hazards

- the Property is not exposed to Environmental Hazards which are not covered by fire and extended coverage insurance or other available insurance. Environmental Hazards refer to any natural or man-made characteristics that are present in, or affect, the Property or neighborhood, including, but not limited to, hazardous wastes, toxic substances, radon gas, asbestos-containing materials, urea-formaldehyde insulation, sulfur-containing drywall (also known as Chinese drywall), except as the Lender has specifically and fully remediated and such remediation has been inspected by a professional qualified to verify that the Environmental Hazard has been satisfactorily corrected, prior to New Penn Financial purchasing the Loan; and

Supervision of Loan Originator

- the person or entity originating the Loan was a savings and loan association, savings bank, commercial bank, credit union, insurance company, mortgage company, or similar institution regulated, supervised, or examined by a federal or state authority, or by a Mortgagee approved by the Secretary of Housing and Urban Development pursuant to National Housing Act Sections 203 and 211; and

Real Estate Appraisals

- each appraisal conducted in connection with a Loan complies with applicable federal and state law, and applicable Agency requirements; and with respect to any appraisal requirements imposed by or pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), as amended from time to time, the related Loan is eligible for purchase by a financial institution subject to FIRREA, and, in the case of Conforming Loans, by the Agencies; and
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- each appraisal is made 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 Lender, and the Lender's affiliates and subsidiaries, and is not involved in the 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 Lender or the Lender's directors, officers, employees or agents;
 - made 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 loan request, and
 - demonstrates sufficient experience and education in the appraisal of properties similar to the subject property; and

Qualified Mortgages

- with the exception of Smart Series Loan products offered by New Penn Financial, each Loan is a "qualified mortgage" within the meaning of Section 860G of the Internal Revenue Code of 1986, as amended (but without regard to Treasury Regulation § 1.860G- 2(f)(2) or any similar rule that treats a defective obligation as a qualified mortgage); and
- with the exception of Smart Series Loan products offered by New Penn Financial, at the time of consummation, based on verifiable documentation, each Loan is a Qualified Mortgage as defined under the ability to repay provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended the Truth-in-Lending Act (TILA), and Regulation Z, its implementing regulation. If the Loan is a Qualified Mortgage that is subject to a rebuttable presumption of compliance as defined under TILA and Regulation Z or as defined by the applicable federal agencies (FHA, VA, USDA), the Lender will perform a residual income evaluation prior to consummation which documents that the consumer has sufficient residual income to meet their monthly recurring expenses; and
- The foregoing exceptions of Smart Series Loans from this Qualified Mortgage representation shall have no impact on the applicability of all other representations, warranties and covenants in the Agreement and this Guide to Smart Series Loans. By way of clarification, Smart Series Loans originated by Lender shall remain subject to all other representations, warranties and covenants in the Agreement and this Guide; and

Bankruptcy or Insolvency

- to the best of the Lender's knowledge, the Mortgagor is not a debtor in any state or federal bankruptcy or insolvency proceeding; and
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- in the event the Mortgagor was a debtor in any state or federal bankruptcy or insolvency proceeding and the Loan offered for sale under the Program Documents is a refinance of a loan debt included in the bankruptcy or insolvency proceeding, the loan debt was reaffirmed, to the extent required under the applicable state law and United States Bankruptcy Code, during said proceedings; and

Additional Fannie Mae or Freddie Mac Warranties

- for all Loans originated under either the Fannie Mae or Freddie Mac conventional mortgage programs, all warranties, representations and obligations required under the Agencies' respective selling programs including, but not limited to, rules imposed by Federal Housing Finance Agency (FHFA), are hereby referenced, made a part of, and incorporated in their entirety into this Guide; and

Government Agency Compliance

- each FHA Loan, VA Loan, or USDA Loan sold to New Penn Financial meets all requirements and guidelines in effect for such Loan as prescribed by FHA, VA, or USDA, as applicable, and New Penn Financial, at the time of New Penn Financials purchase; and
- the Lender further warrants that each such insurable or guaranteeable Loan is eligible for inclusion in a Ginnie Mae pool; and
- Should the Lender desire to commit government Loans for sale to New Penn Financial, the Lender represents and warrants that it was at the time of Loan origination, is presently, and will continue to be a FHA, VA, or USDA approved lender in good standing, possessing full Direct Endorsement (DE), VA Staff Appraisal Reviewer (SAR) / VA Lender Appraisal Processing Program (LAPP), or USDA approval and authority as required by the appropriate Agency; and
- Lender further represents and warrants that Lender's Agency authority is not subject to any test case requirements, and that no Loans committed for sale to New Penn Financial are subject to any test case requirements; and
- Should the Lender enter into an Authorized Agent or Sponsorship relationship with New Penn Financial, the Lender represents and warrants that it was at the time of Loan Origination, is presently, and will continue to be an FHA approved Lender (either Title II Non-Supervised or Supervised Lender) in good standing.

No Planned Refinance

- with respect to each Loan sold by the Lender to New Penn Financial, the Lender hereby certifies that:
 - neither the Lender, nor any affiliate will solicit the borrower(s) to refinance the Loan;
 - the Lender and any affiliates have not agreed to and will not agree to a planned refinance. A planned refinance is a refinance of the Loan at an interest rate which is less than the immediately preceding interest rate by less than the basis point decline in the market rate since the origination or last refinance transaction;
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- the Lender will not subsequently solicit the borrower to execute a refinance transaction unless mortgage market rates decline and the borrower(s) are offered an interest rate which is less than the contract rate on the borrower(s) current loan by at least the basis point decline in the market rate since the origination or last refinance transaction; and

Error or Fraud

- neither the Mortgagor nor any other person or entity involved in the Loan transaction or in its underwriting or documentation (including without limitation, any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) made any false representation and/or failed to provide information that is true, complete and accurate in connection with such transaction whether or not the Lender was a party to or had knowledge of such misrepresentation or incorrect information, and no error, omission, misrepresentation, negligence, fraud, or similar occurrence with respect to the Loan has taken place on the part of the Lender or any other party involved in the Loan's origination or in the application of any insurance in relation to such Loan; and

No Options

- no other party has any option or right of first refusal or other arrangement to acquire directly or indirectly any of the Loans offered to New Penn Financial for purchase; and

Loan Payments

- the Lender has not made, directly or indirectly, any payment on the Loan or on any other Loan of the Mortgagor from any other person or entity; the Lender has also not made any agreement with any Mortgagor providing for any variation of the Mortgage Note interest rate, the schedule of payment, or other Loan terms and conditions; and

Adverse Selection

- the Lender used no adverse selection process or procedures in selecting the Loans to be sold to New Penn Financial; and

Securities Law

- New Penn Financial has made no representation whatsoever to the Lender concerning the applicability or inapplicability of the Security Act of 1933, as amended (the "1933 Act") or of any state securities laws (each, a "State Act") to the transactions that are the subject of this Guide. The Lender hereby represents and warrants to New Penn Financial as follows:
 - the offer, issuance, sale, and delivery of the Loans under the circumstances contemplated hereunder constitute exempted transactions under the registration provisions of the 1933 Act, and the registration of the Loans under the 1933 Act is not required in connection with any such offer, issuance, sale, or delivery of the Loans; and
 - the offer, issuance, sale, and delivery of the Loans under the circumstances contemplated under the Program Documents and this Guide constitute exempted transactions under applicable State Acts, and neither the Loans' registration or qualification is required under such State Acts nor is the authorization, approval, or
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consent of any governmental authority or agency required or necessary in connection with any such offer, issuance, sale, or delivery of the Loans; and

Predatory Lending/Home Ownership and Equity Protection Act/High Cost Loans

- no Loan is subject to the Provisions of the Home Ownership and Equity Protection Act of 1994 as amended or is considered a "high cost," "covered," or "predatory" loan under any applicable state, federal, or local laws or ordinances; and

Fair Lending/Equal Credit Opportunity Act

- to the best of Lender's knowledge, Lender has treated all borrowers in a fair and consistent manner; and
- all borrowers have received the same level of assistance, on whether to apply for credit, how to best qualify for credit, how to resolve any issues relating to creditworthiness, and other aspects in the credit extension process; and
- Lender has complied with all provisions of the Equal Credit Opportunity Act and the Fair Housing Act; and

Fair Pricing Policy

- none of the Loans is a "High Cost" loan; and
- all Loans have passed a High Cost Mortgage Test, whether or not they are covered by high cost mortgage regulation, HOEPA (section 226.32 of Regulation Z), or any state or local high cost, covered or predatory lending law or ordinance; and
- interest rates and other pricing terms reasonably reflect the costs and risks of originating the Loan; and
- all Loans comport to Lender's established policies with respect to maximum points and charges, overages, yield spread premiums or other compensation vehicles, and established limits on total broker and lender compensation; and

No Arbitration Clause

- none of the documents evidencing or securing the Loan provide for or contain an arbitration clause or any other non-judicial procedure of any kind; and

Prohibited Practices

- Lender has not engaged in any of the following practices with respect to Loans purchased or to be purchased by New Penn Financial:
 - encouraging a borrower to default on an existing loan in connection with the refinance of all or part of the existing loan;
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CORRESPONDENT

- financing, directly or indirectly, premium or fees for single premium credit life, disability or unemployment insurance products, or any other accident, loss of income, life, or health insurance, with the proceeds of the Loan;
- refinancing of a Special Subsidized Mortgage. A "Special Subsidized Mortgage" means a residential mortgage loan that is originated or subsidized by or through a state, local, or tribal government or nonprofit organization and that in some circumstances: does not have to be completely repaid; or requires only partial payments be made. Examples include, but are not limited to, a mortgage granted by organizations such as Habitat for Humanity or a local housing authority.
- contracting for a prepayment penalty on any product or loan unless specifically allowed within New Penn Financial product guidelines as described in the Guide.
- executing documents to evidence or secure the Loan which contain an arbitration clause;
- payment to a home improvement contractor from the proceeds of the Loan other than by a check made payable either to the consumer, or jointly to the consumer and the home improvement contractor, or through an independent third-party escrow agent;
- payment of Loan payments in advance from the Loan proceeds; and
- contracting for an increase in the interest rate upon default of the Loan at a level not commensurate with risk mitigation; and

Responsible Lending; Benefit to Borrower; Ability to Repay

- Lender agrees to use best efforts to ensure that each Loan offered to a borrower is consistent with his or her needs, objectives, and financial situation; and
 - each Loan, the proceeds of which have been used to refinance a previous mortgage loan, offers a documented, demonstrable, tangible net economic benefit to the borrower; and
 - appropriate assessment and documentation has been performed of the borrowers' ability to repay each Loan in accordance with its terms; and
 - timely, sufficient, and accurate information has been provided to borrowers concerning each Loan's terms, costs, risks, and benefits including, but not limited to, disclosure of:
 - the existence of a prepayment penalty, if applicable, prior to closing
 - disclosure on products containing a prepayment penalty of the availability of similar products with no prepayment penalty, and
 - on limited documentation products, disclosure of the availability of a lower interest rate in exchange for higher levels of documentation; and
 - total loan compensation for each Mortgage Loan has been structured to avoid providing any incentive to originate a loan with predatory or abusive characteristics; and
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Prepayment Penalties

- all information provided to New Penn Financial in any loan file, loan registration, underwriting guidelines, or summary, or mortgage loan schedule, regarding the existence, amount, term or calculation of any prepayment penalty or prepayment premium is complete and accurate; and
- each prepayment penalty is permissible and enforceable in accordance with applicable law and is permitted by New Penn Financials guidelines; and
- prepayment penalties on Loans are applicable to prepayment resulting from both refinancing and sales of the related Property and the terms of such prepayment penalties do not provide for waiver or release during the term of the prepayment penalty; and
- no mortgage loan provides for the payment of a prepayment penalty beyond the three-year term following the origination of the Loan; and
- Lender has timely provided all prepayment penalty disclosures required by applicable law; and

Loan Originator Compensation

- Lender is in compliance with all applicable law including, but not limited to, Regulation Z and as issued on August 16, 2010, the federal Truth-in-Lending Act, and Lender represents and warrants that, with respect to every Loan:
 - neither Lender nor any other party has paid compensation to any loan originator in an amount that is based on a term or condition of the Loan, and
 - if Lender acts as a loan originator, Lender has not received compensation in an amount that is based on a term or condition of the Loan; and
- compensation policies and practices of Lender do not allow loan originator compensation to vary based on loan type or product type; and

Private Transfer Fees

- no Conforming Loan is secured by property that is encumbered by or subject to a “private transfer fee” or “private transfer fee covenant,” as those terms are defined by and prohibited by 12 CFR Part 1228, as amended; and

Servicing File

- each Loan for which the first payment is collected by Lender has a complete servicing file in the format designated by New Penn Financial; and

Servicemembers

- no Loan is eligible for relief under Servicemember’s Civil Relief Act as of the Funding Date; and
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Reconciliation

- as of the Purchase Date, Lender has reconciled principal balances and made any monetary adjustments to the Loans reasonably required by New Penn Financial with any such monetary adjustments transferred between the Lender and New Penn Financial as appropriate; and
- Lender shall forward to New Penn Financial, via overnight mail and in accordance with the Guide procedures for change of loan servicer/loan transfer, such additional reports as required by New Penn Financial to reconcile data conversion from Lender's computer system to New Penn Financials computer system; and

IRS Forms

- Lender shall mail, on or before the date required by law, all IRS required forms, including form numbers 1099, 1098, 1041 and K-1 (as appropriate), to all parties entitled to receive same for the period from January 1 of the applicable transaction year; and
- Lender shall provide copies of such forms to New Penn Financial upon request and shall reimburse New Penn Financial for any costs or penalties incurred by New Penn Financial due to Lender's failure to comply with this Section

Prior Servicers

- there have been no prior servicers of any Loans other than the Lender; and
- there has been no occurrence as of the Purchase Date of any event that could obligate New Penn Financial to repurchase any Loans from the relevant Agency or cause the cancellation of the Servicing Rights or any material changes in procedures with respect to the Loans; and

S.A.F.E. Act

- all Loans are in compliance with all state or federal licensing or registration requirements enacted pursuant to the S.A.F.E. Act including, but not limited to, adoption of policies and procedures necessary; and
- any agency or judicial finding or other determination of SAFE Act noncompliance by Lender or any employee of Lender has been disclosed to New Penn Financial; and

No Optional Insurance

- none of the Loans has a single payment credit life insurance or other optional insurance product that has been considered "predatory" by an Agency; and
 - none of the Loans has an optional insurance product that, as of the Purchase Date, is being provided free of charge to a borrower; and
 - none of the Loans has any optional insurance product or ancillary product; and
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TILA-RESPA Integrated Disclosure (Regulation Z)

As to each Loan with a mortgage application date of October 3, 2015 or later, the Loan complies with the requirements of the TILA-RESPA Integrated Disclosure rule promulgated under Regulation Z, and the Official Commentary thereto including, but not limited to, compliance with all disclosure, completion, delivery, timing and process requirements. The Lender maintains, and will continue to maintain sufficient data and documentation, in accordance with record retention requirements under the TILA-RESPA Integrated Disclosure rule, evidencing and attesting to compliance with all aspects of the TILA-RESPA Integrated Disclosure rule, and any amendments thereto and agrees to provide such evidence in a timely manner at the request of New Penn Financial.

Miscellaneous Representations, Warranties, and Covenants

New Penn Financial Funding Website Access and Usage

If the Lender is granted access into the New Penn Financial private website, the Lender represents and warrants that it will not disclose the Lender's designated password to anyone nor use it to perform unauthorized functions. New Penn Financial grants Lender access to the website provided the Lender covenants and agrees to the following conditions:

- The Lender will indemnify and hold New Penn Financial harmless for any liability due to improper use of the website when accessed using Lender's password.
- Lender is responsible for notifying New Penn Financial if the only security administrator should leave his/her employment. At that time, New Penn Financial will delete all user accounts and establish a new security administrator.

The Lender must complete the Correspondent Contact Set-up Form upon accessing the website for the first time.

GENERAL

New Penn Financial and Lender acknowledge and agree that the purpose of Representations, Warrants and Covenants is to facilitate compliance by New Penn Financial with the provisions of Regulation AB and related rules and regulations of the Securities and Exchange Commission ("Commission"). New Penn Financial shall not exercise its right to request delivery of information or other performance under these provisions other than in good faith, or for purposes other than compliance with the Securities Act, the Exchange Act and the rules and regulations of the Commission thereunder. The Lender acknowledges that interpretations of the requirements of Regulation AB may change over time, whether due to interpretive guidance provided by the Commission or its staff, consensus among participants in the asset-backed securities markets, advice of counsel, or otherwise, and agrees to comply with requests made by New Penn Financial in good faith for delivery of information under these provisions on the basis of evolving interpretations of Regulation AB. In connection with any Securitization Transaction, Lender shall cooperate fully with New Penn Financial to deliver to New Penn Financial (including any of its assignees or designees) any and all statements, reports, certifications, records, and any other information necessary in the good faith determination of New Penn Financial to permit New Penn



Financial to comply with the provisions of Regulation AB, together with such disclosures relating to Lender and the Loans, reasonably believed by New Penn Financial to be necessary in order to effect such compliance.

The Lender shall cooperate with New Penn Financial in connection with each Securitization Transaction in accordance with this Section. In connection therewith, Lender shall provide as applicable:

- In connection with any Securitization Transaction occurring on or after January 1, 2006, the Lender shall
 - within five business days following request by New Penn Financial, provide to New Penn Financial, in writing and in form and substance reasonably satisfactory to New Penn Financial, the information and materials specified in paragraphs (i), (ii), (iii) and (v) of this subsection, and
 - as promptly as practicable following notice to or discovery by the Lender, provide to New Penn Financial (in writing and in form and substance reasonably satisfactory to New Penn Financial) the information specified in paragraph (iv) of this subsection.
 - If so requested by New Penn Financial, the Lender shall provide such information regarding the Lender, as originator of the Loans, as is requested for the purpose of compliance with Items 1103(a)(1), 1105, 1110, 1117, and 1119 of Regulation AB. Such information shall include, at a minimum:
 - the originator's form of organization;
 - a description of the originator's origination program and how long the originator has been engaged in originating residential mortgage loans, which description shall include a discussion of the originator's experience in originating mortgage loans of a similar type as the Loans; information regarding the size and composition of the originator's origination portfolio; and information that may be material, in the good faith judgment of New Penn Financial, to an analysis of the performance of the Loans, including the originators' credit-granting or underwriting criteria for mortgage loans of similar type(s) as the Loans and such other information as New Penn Financial may reasonably request for the purpose of compliance with Item 1110(b)(2) of Regulation AB;
 - a description of any material legal or governmental proceedings pending (or known to be contemplated) against the Lender; and
 - a description of any affiliation or relationship (of a type described in Item 1119 of Regulation AB) between the Lender, and any of the following parties to a Securitization Transaction, as such parties are identified to the Lender by New Penn Financial in writing in advance of a Securitization Transaction:
 - the sponsor;
 - the depositor;
 - the issuing entity;
 - any servicer;
 - any trustee;
 - any originator;
 - any significant obligor;
 - any enhancement or support provider; and
 - any other material transaction party.
 - If so requested by New Penn Financial, the Lender shall provide Static Pool Information with respect to the mortgage loans (of a similar type as the Loans, as reasonably identified by New
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Penn Financial as provided below) originated by the Lender. Such Static Pool Information shall be prepared by the Lender on the basis of its reasonable, good faith interpretation of the requirements of Item 1105(a)(1)-(3) of Regulation AB. To the extent that there is reasonably available to the Lender Static Pool Information with respect to more than one mortgage loan type, New Penn Financial or any Depositor shall be entitled to specify whether some or all of such information shall be provided pursuant to this paragraph. The content of such Static Pool Information may be in the form customarily provided by the Lender, and need not be customized for New Penn Financial or any Depositor. Such Static Pool Information for each vintage origination year or prior securitized pool, as applicable, shall be presented in increments no less frequently than quarterly over the life of the mortgage loans included in the vintage origination year or prior securitized pool. The most recent periodic increment must be as of a date no later than 135 days prior to the date of the prospectus or other offering document in which the Static Pool Information is to be included or incorporated by reference. The Static Pool Information shall be provided in an electronic format that provides a permanent record of the information provided, such as a portable document format (pdf) file, or other such electronic format reasonably required by New Penn Financial or the Depositor, as applicable.

- If so requested by New Penn Financial or any Depositor, the Lender shall provide, at the expense of the requesting party (to the extent of any additional incremental expense associated with delivery pursuant to this Agreement), such statements and agreed-upon procedures letters of certified public accountants reasonably acceptable to New Penn Financial or Depositor, as applicable, pertaining to Static Pool Information relating to prior securitized pools for securitizations closed on or after January 1, 2006, or, in the case of Static Pool Information with respect to the Lender's originations or purchases, to calendar months commencing January 1, 2006, as New Penn Financial or such Depositor shall reasonably request. Such statements and letters shall be addressed to and be for the benefit of such parties as New Penn Financial or such Depositor shall designate, which may include, by way of example, any sponsor, any Depositor, and any broker dealer acting as underwriter, placement agent, or initial purchaser with respect to a Securitization Transaction. Any such statement or letter may take the form of a standard, generally applicable document accompanied by a reliance letter authorizing reliance by the addressees designated by New Penn Financial or such Depositor.
 - If so requested by New Penn Financial or any Depositor for the purpose of satisfying its reporting obligation under the Exchange Act with respect to any class of asset-backed securities, the Lender shall:
 - notify New Penn Financial and any Depositor in writing of:
 - any material litigation or governmental proceedings pending against the Lender and
 - any affiliations or relationships that develop following the closing date of a Securitization Transaction between the Lender and any of the parties specified in Section 304.01(i)(D) (and any other parties identified in writing by the requesting party) with respect to such Securitization Transaction, and
 - provide to New Penn Financial and any Depositor a description of such proceedings, affiliations, or relationships.
 - If so requested by New Penn Financial on any date following the date on which information is first provided to New Penn Financial under this Section, the Lender shall, within five business
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days following such request, confirm in writing the accuracy of the representations and warranties set forth in Representations, Warranties and Covenants or, if any such representation and warranty is not accurate as of the date of such request, provide reasonably adequate disclosure of the pertinent facts, in writing, to the requesting party.

- The Lender shall represent to New Penn Financial, as of the date on which information is first provided to New Penn Financial under this Section that, except as disclosed in writing to New Penn Financial prior to such date:
 - (1) the Lender is not aware and has not received notice that any default, early amortization, or other performance triggering event has occurred as to any other securitization due to any act or failure to act of the Lender;
 - there are no material legal or governmental proceedings pending (or known to be contemplated) against the Lender; and
 - there are no affiliations, relationships, or transactions relating to the Lender with respect to any Securitization Transaction and any party thereto identified by the related Depositor of a type described in Item 1119 of Regulation AB.

REGULATION AB EVENTS OF DEFAULT; REMEDIES

Lender's failure to comply with any of the requirements, representations, warranties or covenants set forth in 8.9 and the foregoing sections, will constitute an Event of Default under the terms and conditions of the Program Documents. Set forth in this subsection are the remedies available to New Penn Financial upon the occurrence of an Event of Default under this section or General/Events of Default. The Lender is responsible for notifying New Penn Financial immediately upon the Lender's knowledge of any Event of Default.

The Lender shall indemnify New Penn Financial, each affiliate of New Penn Financial, and each of the following parties participating in a Securitization Transaction: each sponsor and issuing entity; each Person responsible for the preparation, execution or filing of any report required to be filed with the Commission with respect to such Securitization Transaction, or for execution of a certification pursuant to Rule 13a-14(d) or Rule 15d-14(d) under the Exchange Act with respect to such Securitization Transaction; each broker dealer acting as underwriter, placement agent or initial purchaser, each Person who controls any of such parties or the Depositor (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act); and the respective present and former directors, officers, employees and agents of each of the foregoing and of the Depositor, and shall hold each of them harmless from and against any losses, damages, penalties, fines, forfeitures, legal fees and expenses and related costs, judgments, and any other costs, fees and expenses that any of them may sustain arising out of or based upon:

- any untrue statement of a material fact contained or alleged to be contained in any information, report, certification, accountants' letter or other material provided under Section 8.9 and/or Section by or on behalf of the Lender (the "Lender Information"), or
 - the omission or alleged omission to state in the Lender Information a material fact required to be stated in the Lender Information or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, by way of
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clarification, this paragraph shall be construed solely by reference to the Lender Information and not to any other information communicated in connection with a sale or purchase of securities, without regard to whether the Lender Information or any portion thereof is presented together with or separately from such other information;

- any failure by the Lender to deliver any information, report, certification, accountants' letter or other material when and as required under this section or General/Events of Default; or
- any breach by the Lender of a representation or warranty set forth in this section or General/Events of Default or in a writing furnished pursuant to this section or General/Events of Default and made as of a date prior to the closing date of the related Securitization Transaction, to the extent that such breach is not cured by such closing date, or any breach by the Lender of a representation or warranty in a writing furnished pursuant to this section or General/Events of Default to the extent made as of a date subsequent to such closing date.
- In the case of any failure of performance described in this section, the Lender shall promptly reimburse New Penn Financial, any Depositor, as applicable, and each Person responsible for the preparation, execution, or filing of any report required to be filed with the Commission with respect to such Securitization Transaction, or for execution of a certification pursuant to Rule 13a-14(d) or Rule 15d-14(d) under the Exchange Act with respect to such Securitization Transaction, for all costs reasonably incurred by each such party in order to obtain the information, report, certification, accountants' letter or other material not delivered as required by the Lender.

GENERAL/EVENTS OF DEFAULT

This section sets forth events constituting defaults under the terms and conditions of the Program Documents ("Events of Default") and sets forth remedies available to New Penn Financial upon the occurrence of an Event of Default. The Lender is responsible for notifying New Penn Financial in writing immediately upon the Lender's knowledge of any Event of Default.



The remedies available to New Penn Financial upon an Event of Default vary based on the Loan type, manner of underwriting (if applicable), and the applicable Representation, Warranty, or Covenant and are in addition to any other remedies New Penn Financial may have at law or in equity. (See also General Remedies of this Guide.) These remedies include, but are not limited to:

- Repurchase
- Indemnification
- EPD Fee Payment Amount
- Reasonable Assurances
- Suspension and Termination
- Set-off (Net Fund)
- Withholding of Funding

The Events of Default for which New Penn Financial is entitled to remedies include, but are not limited to:

- Breach of Representation or Warranty or Covenant
- Uninsurable Loan
- Fraud and/or Misrepresentation
- Unmarketable Loan
- Early Payment Default (delinquency or foreclosure)
- Early Payoff

The provisions below outline Events of Default for which New Penn Financial is entitled to select a remedy. If more than one Event of Default shall occur in connection with a Loan, New Penn Financial is entitled to select a remedy for each such Event of Default, without regard to whether New Penn Financial exercised any remedy for a prior Event of Default in connection with such Loan. Generally, in the event that the Lender underwrites the Loan, the Lender is liable where noted. If the Event of Default occurs, and if New Penn Financial or its agent underwrites the Loan, the Lender is liable only in those cases where the default involves breach of a representation or warranty, misrepresentation, fraud, or Loan documentation.

REPURCHASE EVENTS OF DEFAULT

If any of the Events of Default listed below occur, New Penn Financial shall have the right to require the Lender to Repurchase New Penn Financials interest in the relevant Loan at the Repurchase Price as set forth in Repurchase Price below.

Breach of Representation or Warranty



Lender defaults under or breaches, or New Penn Financial or any of its assigns discovers the inaccuracy of any of the Representations, Warranties, or Covenants set forth in the Program Documents.

Uninsurable Mortgage

- **Certificate of Insurance** - The certificate of insurance has not been duly issued by a Mortgage Insurer or Mortgage Guarantor acceptable to New Penn Financial within the required time frame;
- **Insurance Premium** - The mortgage insurance premium has not been paid to the Mortgage Insurer or Mortgage Guarantor;
- **Insurance Cancellation or Denial** - The Mortgage Insurer or Mortgage Guarantor fails to issue coverage or cancels coverage and/or denies a claim under such coverage due to fraud, misrepresentation, or omission of a material fact or for any other reason related to the eligibility of the Loan for mortgage insurance or guaranty or loan note guaranty.

Fraud and/or Misrepresentation

The Borrower or any other party to the Mortgage transaction has made any false representation in conjunction with such transaction, whether or not the Lender was a party to or had knowledge of such false representation.

Unmarketable Loan

The Loan the Lender delivers to New Penn Financial is unmarketable, or unmarketable on the secondary market without loss to New Penn Financial, including, but not limited to, a Loan as to which:

- **Program Documents** - The Lender has not complied with a requirement, term or condition of the Program Documents.
 - **Evidence of Compliance** - The Lender is unable to supply satisfactory evidence of compliance with the Program Documents.
 - **False or Misleading Representation** - The Lender has made one or more false or misleading representations, warranties, or covenants to New Penn Financial in the Program Documents or has failed to provide New Penn Financial with information that is true, complete, and accurate as to the Loan or the Lender.
 - **Underwriting or Documentation** - The Lender did not underwrite and/or document the Loan in accordance with Program Document requirements.
 - **Protection of Occupants** - The Lender violated or failed to comply with any applicable law designed to protect the health and safety of the Property's occupants (including failure to take any action available to the Lender that would relieve the Mortgage holder from liability under such law or regulation).
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REPURCHASE PRICE

The amount the Lender must pay to New Penn Financial upon New Penn Financials Repurchase request to the Lender ("Repurchase Price") shall be calculated as follows:

- **The Purchase Price** - If the Loan has not been pooled, the Purchase Price, including any Premium Pricing plus the Service Release Premium ("SRP") paid to the Lender, or if the Loan has been pooled, the Purchase Price plus the SRP paid to the Lender at the time of purchase based on the outstanding principal balance due and owing on the Loan as of the date of Repurchase, plus
- **Modified Loan Amount** - New Penn Financial may, as part of its loss mitigation efforts, enter into an agreement modifying the terms of the Loan ("Modification Agreement") with a Borrower suffering an involuntary inability to pay their Mortgage under the original terms of the Mortgage Note. Such Modification Agreement may increase the amount of the unpaid principal balance due to capitalization of interest, Escrow Payments owing and/or other advances. The Repurchase Price will include the outstanding principal balance based on the modified Loan amount, plus
- **Expenses** - 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 Loan, all costs or expenses incurred by New Penn Financial in the course of repurchasing such Loan from a third party, and New Penn Financials reasonable attorneys' fees, plus
- **Interest, Penalties, and Fees** - Accrued but unpaid interest up to the first day of the month following the date of Repurchase and any penalties or fees charged to New Penn Financial by the Servicer, such as, but not limited to, late fees or restoration fees.

PROCEDURE FOR COMPLETING REPURCHASE

- **Repurchase** - The Lender must Repurchase New Penn Financials interest in the identified Loan by the Repurchase invoice due date. In the event the Repurchase is not completed by the invoice due date, New Penn Financial may net fund (set-off) the amount from subsequent amounts due to the Lender. Alternatively, New Penn Financial may, in its sole discretion, obtain a market price from Secondary Marketing and require Lender to reimburse New Penn Financial for the marketing loss incurred plus the SRP.
 - **Wire Transfer of Funds** - The Lender shall effect Repurchases by wire transfer from the Lender to New Penn Financial of immediately available funds.
 - **Release of Loan File** - Upon receipt by New Penn Financial of the Lender's funds for Repurchase, New Penn Financial shall release to the Lender the related Loan File(s) and shall execute and deliver to the Lender such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in the Lender, or its designee, title to such Repurchased Loans.
 - **Recordation and Transfer Costs / Repurchase Date** - The Lender shall assume the cost of
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recordation of assignments and other costs of transfer of any Repurchased Loans. The date of Repurchase is the date when New Penn Financial receives the Repurchase Price funds by wire transfer.

Note: New Penn Financials decision to require the Lender to Repurchase a Loan shall be conclusive. The Lender's failure to comply with New Penn Financials Repurchase request 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 New Penn Financials right to take other action to enforce its rights or protect its interests including, but not limited to, those remedies set forth in General Remedies.

EARLY PAYMENT EVENT OF DEFAULT AND REMEDIES

If any of the Events of Default listed below occurs, Lender shall pay to New Penn Financial an EPD Fee Payment as set forth in this Section.

Early Payment Defaults

The failure by the Mortgagor to make any of the four payments next due after the Purchase Date, or solely in the case of Smart Series loan products, any of the first six payments next due after the Purchase Date, and such payments remain unpaid for 90 days will be classified as an "Early Payment Default." Lenders will be required to reimburse New Penn Financial the EPD Fee Payment on any Loan with an Early Payment Default.

EPD Fee Payment Amount

The EPD Fee Payment shall be as follows:

- Insured Government Loans:
 - For Insured FHA, VA, and USDA Loans: Any SRP paid to the Lender and a non-refundable \$3,000 fee and any above par Premium Pricing for the Loan.
- For Conforming Loans and Non-conforming Conventional Loans
 - Conventional Loans: Any SRP paid to the Lender and a non-refundable \$1,500 fee and any above par Premium Pricing for the Loan.
- For Smart Series Loans
 - Smart Series Loans: Any SRP paid to the Lender and a non-refundable \$3,000 fee and any above par Premium Pricing for the Loan.

In the event the Loan was purchased without an identified SRP (all in price), compensation for loss of the servicing income stream will be determined by New Penn Financials Secondary Marketing Department.

The EPD Fee Payment is due from the Lender within 30 days of New Penn Financials request. In the event the EPD Fee Payment is not received by the due date, New Penn Financial will net fund the



amount.

EARLY PAYOFF EVENT OF DEFAULT AND REMEDIES

It is New Penn Financials policy to monitor Loans that pay off early. If a Loan purchased by New Penn Financial is paid in full within 180 days of the Purchase Date (“Early Payoff”), the Lender will be responsible for reimbursing any SRP and above par Premium Pricing, subject to a minimum charge of 150 basis points, for the Loan within 30 days of New Penn Financials written request. By way of clarification, if any SRP and above par Premium Pricing combined fall below 150 basis points of the Loan Amount, Lender shall be responsible for reimbursing New Penn Financial 150 basis points of the Loan Amount. In the event that such payment is not received by the due date, New Penn Financial will net fund the amount.

In the event the Loan was purchased without an identified SRP (all in price), compensation for the loss of servicing income stream will be determined by New Penn Financials Secondary Marketing Department.

QUESTIONABLE REFINANCING PRACTICES EVENT OF DEFAULT AND REMEDIES

Questionable refinancing practices (such as those discussed below), constitute an Event of Default. The Lender must include in its policies and procedures for originating new Mortgages, refinancing existing Mortgages and reviewing Mortgages originated by third parties appropriate safeguards to preclude the possibility of violating New Penn Financials prohibitions against questionable refinancing practices.

Prohibited Activities

- **Selling Loan in Process of Refinancing.** New Penn Financial considers the delivery of any Mortgage that is in the process of being refinanced (or acquiring from, or funding for, a third-party originator) as unacceptable (even if no agreement for future refinancing was entered into at the time of origination). Therefore, the Lender must not deliver for New Penn Financials purchase or securitization any Mortgage that the Lender (or its affiliates) has agreed to refinance or is currently in the process of refinancing. New Penn Financial considers an originator to be in the process of refinancing a Mortgage if, at the time the Mortgage is delivered to New Penn Financial, the Lender has taken another application from the same Borrower for the same property or has entered into an agreement with one of its third-party originators to acquire or fund another Mortgage that has the same Borrower and property as the Mortgage that is being delivered to New Penn Financial.
- **Targeting.** New Penn Financial considers specifically targeting or allowing other loan originators at any time to specifically target Borrowers whose Mortgages are owned, securitized, or serviced by New Penn Financial as unacceptable.

Permitted Activities

New Penn Financial does not consider the Lender to be engaged in a questionable refinancing practice if the Lender:



- **General Advertising.** Advertises its availability for handling refinancing of Mortgages it has sold to New Penn Financial as long as the Lender does not specifically target, or allow other loan originators to specifically target, Borrowers whose Mortgages are owned or securitized by New Penn Financial.
- **General Terms.** Promotes the terms it has available for refinancing by sending letters or promotional material to Borrowers or to all Borrowers who have specific types of Mortgages (such as FHA, VA, Conventional fixed-rate, or Conventional adjustable-rate) or to those Borrowers whose Mortgages fall within specific interest rate ranges. The Lender may not, however, treat or allow other loan originators to treat Mortgages it has sold to New Penn Financial as separate classes of Mortgages for purposes of advertising the availability of refinancing terms.
- **Payoff Information.** The Lender may cooperate with individual Borrowers who contact the Lender about prepaying their Mortgages by advising them of refinancing terms and streamlined origination arrangements that are available, including New Penn Financials own alternatives.

Review of Activities/Remedies

New Penn Financial will review Lenders that have high levels of prepayments. If such a review raises serious concerns about the Lender's practices, New Penn Financial will conduct a review of the Lender's origination and refinancing activities to ensure that they are in compliance with New Penn Financials requirements. New Penn Financial will be entitled to one or more appropriate General Remedies if New Penn Financial finds that the Lender has violated New Penn Financials policies and requirements set forth in this Section, including, but not limited to, requiring the Lender to make New Penn Financial whole for any losses resulting from claims made by Agencies or investors.

ADVERSE FINANCIAL CONDITION OF THE LENDER EVENT OF DEFAULT

In the event the Lender undergoes any adverse financial condition New Penn Financial may require one or more applicable remedies set forth in General Remedies. Adverse Financial Condition shall include but not be limited to:

- Occurrence of an act of insolvency or bankruptcy concerning the Lender.
 - The Lender fails to obtain a vacation or stay of involuntary proceedings brought for its reorganization, dissolution, or liquidation.
 - The Lender fails to meet any capital, leverage, or other financial standard imposed by any laws or applicable regulatory authority.
 - New Penn Financial determines in its sole discretion that any material adverse change has occurred in the Lender's financial condition.
 - The Lender fails to meet a minimum net worth, liquidity, or other ownership requirements as may be set forth in the Program Documents.
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- New Penn Financial determines in its sole discretion that the Lender's sales and warranty obligations are disproportionate to its capital and/or assets.

GENERAL EVENTS OF DEFAULT

If any of the events listed below in this Section occur, New Penn Financial has the right to demand Repurchase of the related Loan as set forth in Repurchase Events of Default, or New Penn Financial may require one or more applicable remedies set forth in General Remedies.

Breach of Representation or Warranty

As set forth in General Events of Default, Lender defaults under or breaches, or New Penn Financial or any of its assigns discovers the inaccuracy of, any of the Representations, Warranties, or Covenants concerning the Lender set forth in the Program Documents.

Guaranty and Support Agreement Default

Any Guarantor of the Lender's obligations defaults under the terms of a Guaranty and Support Agreement (including, without limitation, any default by Guarantor in maintaining any minimum Tangible Net Worth required under such Guaranty and Support Agreement) given to New Penn Financial on the Lender's behalf; any such Guarantor becomes insolvent or bankrupt; New Penn Financial determines in its sole discretion that a material adverse change has occurred in such Guarantor's financial condition; or any Guarantor fails to meet any capital, leverage or other financial standard imposed by any applicable regulatory authority.

Other Agreement Default

The Lender defaults under the terms of any other agreement to which the Lender and New Penn Financial are parties.

Failure to Meet Repurchase Obligation

The Lender fails to Repurchase from New Penn Financial any Loan required to be Repurchased under the terms of the Program Documents.

Legal or Regulatory Action

The Lender is placed on probation or a federal or state government agency restricts the Lender's activities in any manner; a court finds that the Lender or any of the Lender's principal officers have committed an act constituting civil fraud; or the Lender or an officer thereof is convicted of any criminal act that relates to lending or Loan servicing activities.

Failure to Meet Insurer's Approval Standards

The Lender is unable to meet the approval standards of any Mortgage Insurer or other entity that provides insurance or other credit enhancements in connection with New Penn Financial's efforts to sell the Loans or to borrow based on the collateral value of the Loans.



Failure to Deliver Required Documents

The Lender fails to deliver to New Penn Financial any required documents.

Invalid Assignment

The Lender assigns or attempts to assign its interests, rights, or obligations under the Agreement without New Penn Financials prior written consent.

Failure to Meet Solability Requirements

New Penn Financial is required to repurchase any Loan previously conveyed, transferred, or assigned by New Penn Financial to any third party due to defects which existed prior to, or arose as a result of an occurrence on or before the Purchase Date.

GENERAL REMEDIES

New Penn Financial shall have available to it the following General Remedies in the event New Penn Financial has reason to believe that the Lender breached the terms and conditions of the Agreement, this Guide or that an Event of Default has occurred.

Note: Nothing in this section shall be deemed or construed to limit, waive or impair any of New Penn Financials rights or remedies under any Program Documents or other section of this Guide.

Real Estate Owned ("REO") Indemnification

With respect to each Loan that is the subject of any breach of one or more representations, warranties or covenants specified in the Program Documents, if New Penn Financial (or New Penn Financials agent or affiliate, or any subsequent owner of the Loan or such owner's agent or affiliate) has acquired title to the related Property through foreclosure, deed-in-lieu of foreclosure, abandonment or reclamation from bankruptcy of the defaulted Loan, then, upon New Penn Financials demand, the Lender shall, at New Penn Financials option:

- purchase the Property from New Penn Financial at a purchase price equal to the Repurchase Price; or
- if New Penn Financial has sold or otherwise disposed of the Property, indemnify and hold New Penn Financial harmless for any loss resulting therefrom.

General Indemnification

The Lender shall indemnify and hold New Penn Financial harmless from and against, and shall pay on behalf of New Penn Financial in the first instance, any and all losses, liabilities (including liabilities for penalties), claims, demands, damages, judgments, costs and expenses including attorneys' fees (both trial and appellate) of every kind and nature resulting from any claim, demand, defense or assertion ("Liability") based or grounded upon, or resulting from a breach of any representation, warranty or obligation contained in or made pursuant to the Program Documents, or from Liability based on or



grounded upon, or resulting from such breach or a breach of any representation, warranty or obligation made by New Penn Financial in reliance upon any representation, warranty or obligation made by Lender in or pursuant to the Program Documents. The Lender also shall indemnify New Penn Financial and hold it harmless against all Liabilities incurred by New Penn Financial in enforcing the Program Documents. If a Loan is unacceptable to an New Penn Financial investor as a result of defective documentation or other Loan quality defects but New Penn Financial is unable to remove such Loan from the pool in which New Penn Financial placed the Loan, the Lender shall, upon demand, indemnify and hold New Penn Financial or its assigns harmless from any cost, expense, or loss relating to the Loan.

Reasonable Assurances

If, at any time during the term of the Agreement, New Penn Financial has reason to believe that an Event of Default has occurred, New Penn Financial shall have the right to demand, pursuant to electronic or written notice from New Penn Financial to the Lender, reasonable assurances that such a belief is in fact unfounded. Any failure by the Lender to provide the reasonable assurances set forth in the electronic or written notice and within a time frame specified in the electronic or written notice shall constitute an additional Event of Default; provided, however, that, notwithstanding anything set forth in the Program Documents to the contrary, and so long as no other Event of Default has occurred and is continuing, New Penn Financial shall only be entitled to exercise such reasonable assurance remedy as may be necessary or appropriate for New Penn Financial to insulate itself from any potential harm or loss relating to or caused by the facts or circumstances giving rise to such Event of Default.

Possession of Files and Documents

New Penn Financial may proceed immediately by its own acts, order of seizure, or such other remedy as may be available at law or equity to take possession of all Loan Files and documents relating to a Loan belonging to the Lender which could qualify for sale to New Penn Financial pursuant to the Lender's commitments.

Suspension of Selling Privileges

Without affecting any other of New Penn Financials remedies, New Penn Financial, by giving telephonic, electronic or written notice to the Lender, may immediately suspend all the Lender's Registrations and Rate-Locks and the Lender will cease to be eligible to obtain new Commitments during the term of such suspension. Upon any such suspension, New Penn Financial may determine in its sole discretion whether it will continue to purchase Loans under outstanding Commitments previously obtained by the Lender or refuse to Fund any or all Loans, pending the cure, to New Penn Financials satisfaction, of the Event of Default.

Right to Withhold Fundings

Upon any termination or suspension, New Penn Financial shall have the right to suspend the Lender's Fundings until such time as New Penn Financial has determined in the exercise of its reasonable judgment that New Penn Financial has insulated itself from any potential harm or loss relating to the Lender's sale of Loans to New Penn Financial.

Right of Set-Off (Net Fund)

New Penn Financial may set-off and deduct any fees, penalties or other sums owed to New Penn



Financial by the Lender under the terms of the Program Documents, which may include indemnification and repurchase invoices.

Notification of Agencies or Regulators

New Penn Financial may notify any relevant Agency or regulator of the occurrence of an Event of Default involving fraud or misrepresentation.

Indemnification for Letter of Credit

If a Loan is unacceptable to a New Penn Financial investor as a result of defective documentation or other Loan quality defects which the Lender does not cure by the date established for a final pool certification for the pool in which New Penn Financial places the Loan, the Lender shall, upon demand, Repurchase the Loan at the Repurchase Price or, at New Penn Financials sole discretion, indemnify and hold New Penn Financial or its assigns harmless from any cost, expense, or loss relating to the Loan, including without limitation, the costs incurred by New Penn Financial for the issuance of a letter of credit.

Note: Nothing in this section shall be deemed or construed to limit, waive or impair any of New Penn Financial's rights or remedies under any Program Documents or other section of this Guide.

NOTIFICATION OF BREACH

New Penn Financial shall be under no obligation to notify the Lender of the occurrence of any breach of the Lender's representations, warranties, or covenants hereunder, or of the occurrence or existence of any other Event of Default. All of New Penn Financials remedies hereunder including, without limitation, the Repurchase Remedy with respect to the Loan, any purchase obligation with respect to the Property, and the indemnification with respect to any breach of a Representation, Warranty, or Covenant (or any other Event of Default), shall exist regardless of the dates of New Penn Financials discovery and notice to the Lender of the breach and New Penn Financials demand for any remedy. Notwithstanding any other provision of the Program Documents to the contrary, the Lender shall remain liable for all remedies hereunder even if New Penn Financial discovers a breach after the Loan no longer exists.

WAIVER OF DEFAULTS/REMEDIES

New Penn Financial may waive any default by the Lender and its consequences, only in a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by New Penn Financial in exercising, or failure to exercise, any right arising from such default affect or impair New Penn Financials rights as to such default or any subsequent default. All of New Penn Financial's remedies are non-exclusive and cumulative. New Penn Financials failure to exercise any of its remedies does not constitute a waiver of that remedy in the future as to the same or any other Lender default.



TERMINATION

Termination Without Cause

In addition to the provisions set forth elsewhere in the Program Documents for termination of the Agreement or any of the other Program Documents, either the Lender or New Penn Financial may terminate the Agreement or any of the Program Documents without cause (which termination shall have the effect outlined below) at any time upon prior telephonic, electronic, or written notice of termination to the other party. The party giving the notice of termination must specify the effective date of termination in such notice and such date of termination must be at least 30 days after the date such party sends such notice.

Termination With Cause

Without affecting any other of New Penn Financials remedies, New Penn Financial, by giving telephonic, electronic or written notice to the Lender, may immediately terminate the Lender's selling privileges upon an Event of Default and the Lender will cease to be eligible to obtain new Commitments. Upon any such termination, New Penn Financial may determine in its sole discretion whether it will continue to purchase Loans under outstanding Commitments previously obtained by the Lender or refuse to Fund any or all Loans, pending the cure, to New Penn Financials satisfaction, of the Event of Default.

Effect of Termination

- **Without Cause** — Provided that termination is without cause, as provided in the immediately preceding section, and provided that no Event of Default on the part of the Lender has occurred, termination of the Agreement by New Penn Financial shall not apply to any Loans that have been Registered with New Penn Financial by the Lender before the effective date of the termination.
- **Due To Breach or an Event of Default** — If New Penn Financial terminates the Agreement or any Program Document due to an Event of Default, New Penn Financial may refuse to Register or Fund any or all Loans from the date of the telephonic, electronic, or written notice of termination. The Lender will not be entitled to a termination fee or any other compensation from New Penn Financial for any reason or cause relating to any consequential, incidental, or indirect damages arising out of, or in connection with, the Lender's suspension or termination.
- **Survival of Remedies** — It is understood and agreed that New Penn Financials remedies set forth in this Section, in the Agreement, this Guide and/or other Program Documents shall survive the sale and delivery of the related Loan to New Penn Financial and New Penn Financials funding of the related Purchase Price, and will continue in full force and effect, notwithstanding any termination of the related Agreement and this Guide, or any restrictive or qualified endorsement on any Mortgage Note or Assignment of Mortgage or Loan approval or other examination of or New Penn Financial's failure to examine any related Loan File.

USE OF NAME

The Lender is not authorized to use the corporate name "New Penn Financial" or any derivation thereof, or any of the service marks of New Penn Financial in any promotional or other materials without the prior, written consent of New Penn Financial. As consideration for granting such consent, the Lender



agrees to indemnify New Penn Financial from, and hold it harmless against any loss, damage or expense, including those incurred in defending any action or proceeding, which results from Lender's use of New Penn Financials corporate name, trade name, or service marks.

The Lender will not advertise or represent in print, in verbal communications or otherwise, that it is acting on behalf of, under the direction of, as the agent or as the representative of, or otherwise through or for, New Penn Financial.

GOVERNING LAW

The Agreement and this Guide shall be construed in accordance with the substantive law of the state of Delaware and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such law without regard for the principles of conflict of law and any suit shall be brought in Delaware County, DE.

SEVERABILITY OF PROVISIONS

If any one or more of the covenants, agreements, provisions, or terms of the Agreement or this Guide shall be held invalid for any reason whatsoever, then any such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, and terms of the Agreement or this Guide and shall in no way affect the validity or enforceability of the other provisions of the Agreement or this Guide.

ASSIGNMENT

New Penn Financial shall have the right to assign its rights and duties under the Agreement and this Guide to any party without the consent of the Lender. New Penn Financial shall notify the Lender in writing of any such assignment. The Lender shall have no right to assign its rights or duties under the Agreement or this Guide without New Penn Financials prior written consent. New Penn Financial also may assign separately to any other party any or all representations, warranties, or covenants made by the Lender to New Penn Financial in the Agreement or this Guide, along with any or all of New Penn Financials remedies available against the Lender for the Lender's breach of any representation, warranty or covenant hereunder, including, without limitation, the repurchase, fee payment, and indemnification remedies. Any such party shall be an intended third-party beneficiary of those representations, warranties, covenants, and remedies.



GOVERNING AGREEMENT

In the case of any inconsistency between the Agreement and this Guide, the terms of the Guide shall control. In the event of any conflict between provisions of New Penn Financials Underwriting Guidelines contained in this Guide and other contractual provisions of this Guide, such contractual provisions shall control.

ENTIRE AGREEMENT; NO WAIVER

The Agreement, this Guide, and/or the exhibits thereto and hereto contain the final and entire agreement between New Penn Financial and the Lender with respect to the purchase and sale of the Loans and are intended to be an integration of all prior negotiations and understandings. No waiver of any of the provisions of the Agreement or this Guide shall be valid unless the same is in writing and is signed by the party against which such waiver is sought to be enforced. Delay by New Penn Financial in exercising any right or remedy under the Agreement, this Guide, or otherwise provided by law shall not operate as a waiver or preclude the later exercise of that right or remedy.

NO PARTNERSHIP

Nothing herein contained shall be deemed or construed to create a partnership or joint venture between the parties hereto. At no time shall the Lender represent that it is acting as an agent for or on behalf of New Penn Financial. At all times the Lender shall act as an independent contractor.

CONFIDENTIALITY

As a result of its relationship with New Penn Financial and access to the Agreement and this Guide, the Lender will learn or have access to various trade secrets, confidential and proprietary methods, techniques, processes, applications, approaches, and other information in various forms, which such information is used or useful in the conduct of New Penn Financials business, including its origination, purchase, sale, and servicing of Mortgage products, collectively referred to as "Confidential Information." The Lender acknowledges that such Confidential Information is the exclusive property of New Penn Financial. The Lender shall not, at any time, regardless of if, when, and how its relationship with New Penn Financial may terminate, directly or indirectly use, disclose, publish, reveal, copy, disseminate, or otherwise make available such Confidential Information, other than as expressly set forth in the Agreement or this Guide.

CONSUMER PRIVACY

Notwithstanding anything to the contrary, Lender agrees that it will not use or disclose any "nonpublic personal information" on a "customer" or "consumer" of New Penn Financial that is made available to, provided to, or obtained by the Lender for any purpose other than as required for the performance of the Lender's obligations under this Guide. In addition, Lender will not disclose such "nonpublic personal information" to any third party, including (without limitation) to an affiliate of the Lender or to any individual contractor, to carry out the performance of the Lender's obligations under this Guide unless:



- the Lender obtains the prior written consent of New Penn Financial; and
- (ii) such third party agrees in writing to be bound by the terms of this section and will use such "nonpublic personal information" only to perform some or all of the Lender's obligations under this Guide in accordance with applicable law. For purposes of this section, the terms "nonpublic personal information," "consumer" and "customer" shall have the meanings set forth in Title V of the Gramm- Leach-Bliley Act and its implementing regulations, and this section shall survive termination of Lender's Agreement and/or this Guide.

NON-EXCLUSIVE RELATIONSHIP

Notwithstanding anything set forth herein or elsewhere to the contrary, the Lender acknowledges, understands, and agrees that its relationship with New Penn Financial is on a non-exclusive basis and that New Penn Financial may, in its discretion, at any time or from time to time, and without any liability or obligation to the Lender:

- contract with, designate, authorize, constitute, or appoint one or more entities other than the Lender to originate, solicit, process, underwrite, close, fund, bill, sell and/or invest in Loans of any type for Funding by or sale to, or as agent for and on behalf of, New Penn Financial, all of which activity may occur in all or any portion of the geographic territory in which the Lender originates Loans; and/or
- either directly or indirectly compete with the Lender, either for New Penn Financials own account or as agent for and on behalf of another, in the solicitation, processing, underwriting, closing, Funding, billing, selling of and/or investing in Loans in such geographic territory.

NOTICES

All notices, demands and other communications required or permitted to be given or made in the Agreement or this Guide shall be, except where telephonic or electronic notice is specifically provided for under the Agreement of this Guide, in writing and shall be deemed duly given, made or sent, and received:

- when personally delivered, or
- when delivered by overnight courier, or
- on the fourth business day next succeeding the day on which the same is sent by first class U.S. mail, postage prepaid, to the party intended as the recipient of the notice at its address specified in the Agreement, or at such other address as such party may have provided to the other for such purpose in a notice complying with the terms of this Section.

TRANSFER OF MORTGAGE LOAN/POWER OF ATTORNEY

The Lender agrees to convey and assign to New Penn Financial all of its right, title and interest in and to each Loan purchased by New Penn Financial, including all supporting documentation. The Lender authorizes and gives to New Penn Financial full power to endorse the Mortgage Note to New Penn Financial, execute an assignment of the security instrument to New Penn Financial, to do and perform all and every act and thing whatsoever requisite and necessary to be done with full power of



substitution and revocation in connection with New Penn Financials purchase of the Loan. The Lender agrees to sign any documents required to fully execute and finalize the assignment and transfer to New Penn Financial of any Loan transaction closed and funded in the Lender's name and committed to New Penn Financial under the Agreement. The Lender hereby ratifies and confirms all that New Penn Financial as the Lender's attorney-in-fact shall lawfully do or cause to be done by virtue of this limited power of attorney.

INTERPRETATION

All words used in this Guide shall be construed to be of such gender or number as the circumstances require. All accounting terms used without definition shall be interpreted in accordance with generally accepted accounting principles and determinations required to be made pursuant to this Guide shall be made in accordance with generally accepted accounting principles.

RELATION TO OTHER PROGRAM DOCUMENTS

Nothing in this Guide shall be deemed to amend, or relieve the Lender of its obligations under any Program Document.

NEW PENN FINANCIALS DISCRETION

Whenever any provision of this Guide requires New Penn Financial to make a determination of fact or a decision to act, or to permit, approve, or deny another party's act, such determination or decision shall be made in New Penn Financials sole and absolute discretion. New Penn Financials purchase decision is at all times at New Penn Financials sole and absolute discretion and nothing in this Guide shall be construed as an obligation on New Penn Financials behalf to purchase any Loan.
