

GLOSSARY

As used in the Agreement and this Guide, the terms herein shall have the following meanings, unless the context requires otherwise:

Accepted Servicing Practice(s): With respect to any Loan, as applicable, those customary mortgage master servicing practices of prudent mortgage servicing institutions that master service mortgage loans of the same type and quality as such Loan in the jurisdiction where the related Loan is located, to the extent applicable to the master servicer.

Accrual Rate: The rate at which interest is calculated. **Agency:** Any state or federal agency that buys or insures Loans, including without limitation, Federal Housing Administration ("FHA"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), Government National Mortgage Association ("GNMA"), Veterans Administration ("VA"), Department of Housing and Urban Development ("HUD"), United States Department of Agriculture ("USDA") or any successor thereto.

Agreement: The Correspondent Loan Purchase Agreement between New Penn Financial and Lender regarding the sale of Loans to New Penn Financial by Lender, and all exhibits, schedules, addendums thereto.

Allonge: An attachment to a legal document that is used to insert language or signatures when there is no space for them on the document itself. An Allonge is frequently used to add endorsements to the Mortgage Note. **Automated Underwriting System (AUS):** General term for automated underwriting tools acceptable to New Penn Financial including Fannie Mae's Desktop Underwriter® and Freddie Mac's Loan Prospector®.

Best Efforts Commitment: A Commitment requiring Lender to use its best efforts to sell Loans to New Penn Financial as set forth in such Best Efforts Commitment. A Best Efforts Commitment with respect to a Locked Loan shall become a Mandatory Commitment with respect to such Loan on the related Closing Date. Notwithstanding the foregoing, any duty or obligation on the part of New Penn Financial to purchase a Loan under a Best Efforts Commitment shall be conditioned upon such Loan complying with all of the terms and conditions of the Commitment, the Agreement, this Guide, and all of New Penn Financial's documentation, underwriting, and product requirements in effect as of the Purchase Date. In no event shall New Penn Financial be required to purchase any Loan that does not fully comply with same.

Closing Date: The date of execution of a Mortgage Note and Mortgage by a Mortgagor and the concurrent funding of a Loan by Lender.

Commitment: New Penn Financial's written agreement for the purchase of a Loan at a given Purchase Price.

Conforming Loan: A residential mortgage loan that conforms to Fannie Mae or Freddie Mac guidelines.

Conventional Loan: A residential mortgage loan, other than a FHA Loan, VA Loan, or USDA Loan, eligible for purchase by Fannie Mae, Freddie Mac, or a private investor, with a loan term not exceeding 360

months.

Covenants: Rules and restrictions governing the use of Property.

Credit File: All documentation required by New Penn Financial for underwriting review as established by this Guide.

Compare Ratios: The percentage of a Lender's default rate on its Loans, compared to the local market area and to the national market, as calculated by the Federal Housing Administration ("FHA").

Desktop Originator (DO): Fannie Mae's automated underwriting system available for use by loan correspondents.

Desktop Underwriter (DU): Fannie Mae's automated underwriting system.

Early Payoff Defaults (EPD) / Early Payoff (EPO): As defined in section 8.15 and 8.16.

Eligible Mortgage Loans to Purchase: All first mortgage loans which satisfy all the selling requirements and product guides referred to in this Guide for which loans are delivered as defined in the Commitment.

Expiration Date: With respect to any Locked Loan, that date which the Loan File, Credit File, and any additional information required by New Penn Financial must be received by New Penn Financial for the Purchase Price Percentage to be honored.

Errors & Omissions Insurance: Liability insurance coverage for errors, mistakes, and negligence in the usual activities of mortgage banking, but excluding fraudulent behavior (as defined by the Mortgage Bankers Association).

Escrow Payments: The amounts constituting ground rents, taxes, assessments, water rates, sewer rents, municipal charges, mortgage insurance premiums, fire and hazard insurance premiums, flood insurance premiums, and other payments required to be escrowed by the Mortgagor with the Mortgagee pursuant to the terms of any documents included in a Loan File or Program Documents.

Fannie Mae or FNMA: Federal National Mortgage Association, a federally chartered and privately owned corporation, organized and existing under the Federal National Mortgage Association Charter Act, or a successor thereto.

Fees and Penalties: As per this Guide: any noncompliance with all applicable loan delivery instructions and product guidelines will necessarily result in various fees and penalties to Lender. New Penn Financial reserves the right of off-set against any outstanding fees against any proceeds due Lender including servicing release premiums.

FHA Loan(s): A residential mortgage loan, the payment of which is insured by the Federal Housing Administration or any successor thereto. Lender must be a HUD-approved mortgagee to sell FHA Loans to New Penn Financial.

Fidelity Bond: Insurance that generally covers losses caused by dishonest or fraudulent acts by

employees and others (as defined by the Mortgage Bankers Association).

Fraudulent Document: Any Loan File document which, in the reasonable judgment of New Penn Financial, is falsified, defective, misleading, or inaccurate in any material respect.

Freddie Mac or FHLMC: Federal Home Loan Mortgage Corporation, a congressionally chartered corporation that purchases mortgage loans on the secondary mortgage market.

Fund: The payment by New Penn Financial to the Lender or its designee of the Purchase Price of a Loan on the related Funding Date.

Funding Date: The date New Penn Financial sets up the Loan for funding to the Lender.

Fraud: a) Intentional abuse of truth in order to induce another to part with something of value or to surrender a legal right, b) An act of deceiving or misrepresenting, or c) Any intentional act of concealing information.

Guarantor: Any party that executes a Guaranty and Support Agreement covering Lender's obligations.

Guide: The complete written Correspondent Lender Guide establishing New Penn Financials guidelines, procedures, rate reservation, underwriting, and document delivery requirements for a Credit File and Loan File being purchased by New Penn Financial, as amended by New Penn Financial from time to time in its sole discretion, and including any notices, announcements, or bulletins issued by New Penn Financial.

High Cost Mortgage Test: A calculation to determine if a Loan contains above-average fees or interest and falls within the state or federal definition of high cost home loan or any similar term, including without limitation, "rate spread home loan," "high rate, high fee mortgage," "subprime home loan," and satisfies all special requirements and restrictions on such high cost home loans.

HUD: The Department of Housing and Urban Development, which is a governmental entity responsible for the implementation and administration of housing and urban development programs.

HUD Adjusted Net Worth: The audited net worth of the Lender, less any unacceptable assets per the HUD guidelines. The calculations of adjusted net worth must be prepared by a CPA as part of the audit of the Lender.

Investor Rights: Any and all rights and privileges associated with the ownership of a Loan including, but not limited to, the right to receive all payments of principal and interest paid by a Mortgagor.

Jumbo Loan: A loan is considered "Jumbo" if it exceeds what is known as the conforming loan limit for a single-family home as established by the two government sponsored enterprises, Fannie Mae (FNMA) and Freddie Mac (FHLMC).

Lender: An approved correspondent mortgage lender that has entered into an Agreement with New Penn Financial.

Liquid Assets: Any assets to be readily converted into cash.

Loan(s): One- to four-unit first lien, residential mortgage loans including Conventional Loans, USDA Loans, FHA Loans, and VA Loans (including Investor Rights and Servicing Rights), which are subject to the Agreement and meet all of the requirements of this Guide and the Program Documents.

Loan File: All documentation required for a Loan as established by this Guide, including but not limited to the original Mortgage Note, executed endorsement or assignment of the Mortgage Note from Lender, the Loan application (1003), verification of employment, deposits and income, credit reports, appraisal report, state and federal disclosure statements, fair lending and equal credit notices, certified copy of the Mortgage in recordable form, certified copy of the assignment of Mortgage in recordable form, preliminary title report and evidence that an ALTA title policy will be issued, survey of the Property, evidence of hazard insurance showing proper coverage and loss payable endorsement has been ordered for New Penn Financial, evidence of delivery of flood insurance disclosures and flood insurance coverage with loss payable endorsement in effect or ordered for New Penn Financial (if the Property is in Flood Zone A).

Loan Prospector (LP): Freddie Mac's automated underwriting system.

Locked Loan: A Loan that has been registered for a guaranteed rate and purchase price if delivered to New Penn Financial within a stipulated period of time, and for which a price confirmation has been issued by New Penn Financial. A Locked Loan becomes a Mandatory Commitment when it is closed.

Mandatory Commitment: A Commitment requiring Lender to unconditionally sell a Loan to New Penn Financial as set forth in such Mandatory Commitment. Notwithstanding the foregoing, any duty or obligation on the part of New Penn Financial to purchase a Loan under a Mandatory Commitment shall be conditioned upon such Loan complying with all of the terms and conditions of the Commitment, the Agreement, this Guide, and all of New Penn Financials documentation, underwriting, and product requirements in effect as of the Purchase Date. In no event shall New Penn Financial be required to purchase any Loan that does not fully comply with same.

Master Servicer: The contractually responsible servicer of a Mortgage or pool of Mortgages that is included in a subservicing arrangement.

Mortgage: The Mortgage, Deed of Trust, or other security instrument which secures a Mortgage Note and creates a first lien on an estate in fee simple in the Property.

Mortgage Electronic Registration Systems, Inc. (MERS): An electronic system that assists lenders, investors, and others in tracking mortgages, servicing rights, and security interests, thus streamlining and reducing the costs associated with servicing transfers, lien releases, and quality control processes related to registered mortgages. All approved Lenders must be MERS members.

Mortgage Identification Number (MIN): An 18-digit identifier that MERS assigns to each registered Mortgage, which is used to track the Mortgage within MERS' electronic system.

Mortgage Guarantor: Any Agency or governmental entity that provides a guaranty with respect to a Loan under a guaranteed loan program.

Mortgage Insurer: Any Agency or entity that provides insurance or other credit enhancements on a Loan.

Mortgage Note: The promissory note of a Mortgagor secured by a Mortgage.

Mortgagee: The originator of any Loan, as lender thereunder, together with its successors and assigns.

Mortgagor(s) or Borrower(s): The maker(s), obligor(s), and/or guarantor(s) of a Mortgage Note.

Net Fund: The right to 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.

Program Documents: The Agreement, this Guide, the Agency and investor guidelines, the Lender Application, the Officer's Certification, the Opinion of Counsel, the Commitment, the Blanket Power of Attorney, the Guaranty and Support Agreement, the Bailee Agreement and the Security Interest Certification, as applicable, together with any and all attachments and exhibits thereto, and any and all amendments thereof.

Property: The residential real property consisting of land and a one- to four-family dwelling thereon that is completed and ready for occupancy (including a condominium or leasehold where and when permitted by New Penn Financial).

Premium: The amount paid for the Loan above the outstanding balance, calculated by multiplying the outstanding loan balance at purchase by the Purchase Price Percentage less 100 percent.

Pricing: The payment amount agreed upon for each Loan sold to New Penn Financial corresponding to the Commitment to purchase such Loans.

Purchase Date: The date when the Loan, or pool of Loans, is sold to New Penn Financial and the Purchase Price is paid by New Penn Financial.

Purchase Price: The related Purchase Price Percentage multiplied by the outstanding principal amount of the Loan as of the related Purchase Date, plus any SRP for such Loan.

Purchase Price Percentage: The percentage of the outstanding principal amount of a Loan specified in a Commitment, which is used to calculate the Purchase Price for the Loan and to determine if the Purchase Price includes a Premium.

Quality Control (QC): The Lender's program, audits, and procedures to ensure sound practices in originating the Loans in compliance with all applicable laws, regulations, benefits to the borrower, and Agency and investor requirements, and that Loans are investment loan quality.

Qualified Mortgage: A qualified mortgage is a home loan that meets certain standards set forth by the federal government.

Representations, Warranties, and Covenants: Those binding representations, warranties, covenants, and agreements of a Lender made to New Penn Financial in the Program Documents.

Repurchase: The Lender's binding obligation to reacquire New Penn Financial's interest in a Loan

previously sold to New Penn Financial by the Lender due to an Event of Default under this Guide.

Repurchase Price: The amount a Lender must pay to New Penn Financial upon New Penn Financial's Repurchase request to the Lender as determined in accordance with Section 8.13 of this Guide.

Rural Development (RD): A government agency within the U.S. Department of Agriculture (USDA) that makes direct loans and guarantees mortgages secured by residential properties located in rural areas, concentrating on borrowers who meet income eligibility requirements.

Securitization Transaction: A transaction where residential mortgage loans are pooled and such consolidated debt is sold as bonds, pass-through securities, or collateralized mortgage obligations to investors.

Service Release Premium (SRP): An amount paid by New Penn Financial for the Servicing Rights.

Servicing Retained: The sale of Loans in which the Lender retains the Servicing Rights and New Penn Financial acquires the Investor Rights in the Loans.

Servicing Rights: All rights to service a Loan for the owner of the Loan.

Specific Performance: A remedy available to New Penn Financial if Lender breaches the Agreement whereby New Penn Financial may require precise fulfillment of the Lender's contractual obligation to sell Loans to New Penn Financial pursuant to the terms of the Agreement and Commitment.

TPO: Third Party Originated loans are loans originated by a party other than an New Penn Financial (CLD) Counterparty but closed in the name of an existing New Penn Financial (CLD) Lender for further sale to New Penn Financial (CLD).

Underwriting Guidelines: The guidelines in this Guide which contain the basic loan underwriting and processing requirements, procedures, and forms of New Penn Financial for Loans originated by a Lender for sale to New Penn Financial.

Wire: Electronic transfer of funds.

USDA Loan(s): Means a Loan guaranteed by the U.S. Department of Agriculture (USDA) Rural Development.

VA Loan(s): Means a Loan guaranteed by the Veterans Administration, with a loan term of not more than 360 months nor less than 180 months, unless otherwise provided for in a Commitment, with a maximum Loan amount not exceeding that permitted in the applicable jurisdiction and with a combined loan guaranty and equity of not less than 25 percent.