NOTICE OF MEETING AND AGENDA
GHI BOARD OF DIRECTORS
OPEN MEETING
Starts at 7:45 p.m.
Thursday, April 20, 2023

VIRTUAL ZOOM MEETING ROOM
Members & Visitors may attend remotely.

1. Approval of Agenda

2. Statements of Closed Meetings

a. Statement of a Closed Meeting of the Board of Directors Held on April 6, 2023 (Attachment #1a)
b. Statement of a Closed Meeting of the Transition and Search Committee Held on April 12, 2023 (Attachment #1b)
c. Statement of a Closed Meeting of the Board of Directors Held on April 20, 2023 (Attachment #1c)

3. Visitors and Members (Comment Period)

4. Approval of Membership Applications

5. Committee Reports

6. For Discussion/Action

a.	Approve Minutes of the Open Meeting Held on March 2, 2023 (Attachment #2)	2 Minutes	Discussion/Action
b.	Request by a Bank to Become an Approved GHI Share Loan Provider (Attachments #3a-3b)	10 Minutes	Discussion/Action
c.	Review GHI's Subleasing Criteria Policy (Attachment #4)	10 Minutes	Discussion/Action
d.	Motion to Hold a Closed Meeting on May 4, 2023	2 Minutes	Discussion/Action

7. Items of Information

a. President's Items
b. Board Members' Items
c. Audit Committee's Items
d. Manager's Items

Ed James
Secretary

NOTE: AT 10:15 P.M., THE BOARD MAY IMMEDIATELY MOVE TO ITEM 7, EVEN IF DISCUSSION OF THE PRECEDING AGENDA ITEMS HAVE NOT BEEN COMPLETED.

GREENBELT HOMES, INC.
HAMILTON PLACE, GREENBELT, MARYLAND 20770
Area Code (301) 474-4161 Fax (301) 474-4006

MANAGER'S MEMORANDUM

TO: GHI Board of Directors

FROM: Eldon Ralph, General Manager *Eldon Ralph*

DATE: April 13, 2023

SUBJECT: Items for the **GHI OPEN** Board Meeting on April 20, 2023

GHI Open Meeting

6a. Approve Minutes of the Open Meeting Held on March 2, 2023 (Attachment #2)

Motion: I move that the Board of Directors approve the minutes of the Open Meeting held on March 2, 2023 (*as presented/as revised*).

6b. Request by a Bank to Become an Approved GHI Share Loan Provider (Attachments #3a-3b)

Currently, there are seven (7) GHI-approved lenders who provide share loans to members.

Prosperity Home Mortgage LLC, a full service mortgage banker founded in 2006, is interested in becoming an approved provider of share loans to GHI members. Prosperity Home Mortgage, LLC, specializes in providing residential and refinance loans and offers a wide range of mortgage products, including fixed and adjustable-rate mortgages, jumbo loans, Federal Housing Administration (FHA), Veterans Affairs (VA) loans, and renovation financing.

Prosperity Home Mortgage LLC has reviewed GHI's Audited Financial Statements for the years ended December 2020 and 2021, our 2023 Budget, Bylaws, Mutual Ownership Contract, and Recognition Agreement.

Attachment #3a provides information about Prosperity Home Mortgage LLC. The Bank's audited 2022 Financial Statements are presented as attachments #3a -3b.

Ms. Michelle Davis, a Regional Mortgage Manager with Prosperity Home Mortgage LLC, will attend the Board meeting to present the Bank's proposal and answer questions.

This item is on the agenda for discussion and action.

6c. Review GHI's Subleasing Criteria Policy (Attachment #4)

GHI's Subleasing Criteria Policy was last updated in April 2020. Some Board members recently requested the Board to consider including a provision in the policy that prohibits a member from being allowed to rent a unit beyond a specific number of years. The Subleasing Criteria Policy in attachment #4 includes such a draft provision that the Board may discuss and finalize.

This item is on the agenda for discussion and possible action.

<u>Suggested Motion</u>: I move that the Board of Directors amend GHI's Subleasing Criteria Policy by adding the following provision:

____

____.

6d. Motion to Hold a Closed Meeting on May 4, 2023

<u>Motion</u>: I move to hold a Closed Meeting of the Board of Directors at 7:00 pm on May 4, 2023.

Statement of a Closed Meeting of the Board of Directors Held on April 6, 2023

GHI's Board of Directors held a Closed Meeting at 7:00 pm on April 6, 2023, via internet audio/video conference to discuss the following matters, as specified in the noted sub-paragraphs of the Maryland Cooperative Housing Corporation Act § 5-6B-19 (e) (1):

1. Approve Minutes of a Closed Meeting Held on February 16, 2023	(vii)
2. Member Financial Matters	(viii)
3. Complaint Matters	(iv)
4. Consider Approval of the Following Contracts: a) 2023 Gutter Cleaning Contract b) Amendment to the Contract for a Transition and Search Consultant and Review Proposals from Recruiting Firms	(vi)
5. Proposal to Assign a Unit to GHI	(iv)
6. Review Proposal to the City of Greenbelt re: Reimbursing GHI for Costs of Maintaining Twelve (12) City-owned Playgrounds	(vi)

During the meeting, the Board approved the following contracts:

a) A contract with North American Construction to clean gutters for GHI frame, brick, block homes, and garages during the Spring of 2023, at the contractor's bid price of \$29,500.00 plus 10% for contingencies, for a total contract amount not to exceed \$32,450.00.

b) A contract with DGC Cleaning Services to clean gutters for GHI frame, brick, block homes, garages, and flat porch roofs during the Fall of 2023, at the contractor's bid price of \$43,630.00 plus 10% for contingencies, for a total contract amount not to exceed \$47,993.00.

c) An amendment to an original contract of \$10,000 with Creative Consultants for providing services to support the search, recruitment, and onboarding phases associated with the hiring of a General Manager. The cost of the contract amendment shall include up to \$5,000 at \$175 per hour for services provided and invoiced to Creative Consultants by Management Matters (a recruiting firm sub-contracted by Creative Consultants), and an additional payment of \$2,000 to Creative Consultants.

   In the event that the amount of \$5000 paid to Management Matters is expended and a General Manager is not yet hired, the Board approved a contract with Management Matters for an amount not exceeding \$10,000, to provide additional services associated with the search for a General Manager.

The Board also reviewed a proposal from GHI to the City of Greenbelt regarding reimbursing GHI for costs of mowing, trimming, and collecting leaves at twelve (12) City-owned playgrounds from 2023 to 2025 as follows:

- 2023 - $9,040
- 2024 - $9,456
- 2025 - $9,892

A motion to hold the closed meeting was approved during the Open Meeting of March 16, 2023, by Directors Bilyeu, Brodd, Hess, James, Luly, McKinley, and Whipple.

Statement of a Closed Meeting of the Transition and Search Committee Held on April 12, 2023

The Transition and Search Committee held a Closed Meeting at 7:15 pm on April 12, 2023, via internet audio/video conference to discuss a personnel matter.

The Closed Meeting was authorized by sub-paragraph §5-6B-19(e)(1)(i) of the Maryland Cooperative Housing Corporation Act.

The motion to hold the Closed Meeting was approved by a 5-0-0 vote of the Transition and Search Committee during an Open Meeting on April 12, 2023.

Statement of a Closed Meeting of the Board of Directors Held on April 20, 2023

GHI's Board of Directors held a Closed Meeting at 7:00 pm on April 20, 2023, via internet audio/video conference to discuss the following matters, as specified in the noted sub-paragraphs of the Maryland Cooperative Housing Corporation Act § 5-6B-19 (e) (1):

1. Approve Minutes of the Closed Meeting Held on March 2, 2023	(vii)
2. Request by a Member for Their Unit to be Left Unoccupied	(iv)
3. Complaint Matters	(iv)

A motion to hold the Closed Meeting was approved during the Open Meeting on April 6, 2023, by Directors Bilyeu, Brodd, Hess, James, Lambert, McKinley, and Mortimer.

Draft GHI Board of Directors
Open Meeting
(Virtual Zoom)
March 2, 2023
Starts at 7:45 pm

Board Members Present: Hess, James, Lambert, Luly, McKinley, Whipple
Excused Absences: Bilyeu, Brodd, Mortimer
Others in Attendance:
Eldon Ralph, General Manager
Joe Perry, Director of Finance
Deanna Washington, Director of Member Services
Jim Morris, Director of Maintenance
Thomas Williams, Director of Technical Services
Bruce Mangum, Contract Processor
Gregory Rozanski, Management Office Administrative Assistant
Brian Levin, Project Manager
Bill Jones, Audit Committee Chair
Melanie Griffin, [redacted]
Patrick Carroll, [redacted]
Christopher Shuman, [redacted]
Henry Haslinger, [redacted]
Adrienne Haddad, [redacted]
Joe Ralbovsky, [redacted]
Michael Reinsel, [redacted]
Molly Lester, [redacted]
Ben Fischler, [redacted]
Ken Shields, [redacted]
Kiki Theodoropoulos, [redacted]
Lindsey Dodson, [redacted]
Melissa Mackey, [redacted]
Claudia Jones, 7-D [redacted]
Stephanie O'Brien, [redacted]
Alicia Deligianis, [redacted]
Stephen Holland, [redacted]
Shawnda Atkins, [redacted]
Thomas Doggett, [redacted]
Alice Mitchell, [redacted]

Vice-President McKinley called the meeting to order at 7:46 pm.

1. Approval of Agenda

Motion: To approve the agenda as presented.

Moved: Hess Seconded: Whipple Carried: 6-0

2. Statements of Closed Meetings

2a. Statement of a Closed Meeting of the Transition and Search Committee Held on February 16, 2023

The Transition and Search Committee held a closed meeting at 5:25 pm on February 16, 2023, via internet audio/video conference to discuss matters pertaining to employees and personnel. The closed meeting was authorized by sub-paragraph §5-6B-19(e)(l)(i) of the Maryland Cooperative Housing Corporation Act. The motion to hold the meeting was approved by a 6-0-0 vote of the Transition and Search Committee during an open meeting on February 16, 2023.

2b. Statement of a Closed Meeting of the Board of Directors and Transition and Search Committee Held on February 23, 2023

The Board of Directors held a closed meeting with the Transition and Search Committee at 7:00 pm on February 23, 2023, via internet audio/video conference to discuss a personnel matter.

The closed meeting was authorized by sub-paragraph §5-6B-19(e)(l)(i) of the Maryland Cooperative Housing Corporation Act.

The motion to hold the meeting was approved by a 9-0-0 vote of the Board of Directors during an open meeting on February 2, 2023.

2c. Statement of a Closed Meeting of the Board of Directors Held on February 27, 2023

The Board of Directors held a closed meeting at 4:00 pm on February 27, 2023, at the Greenbelt Youth Center in Greenbelt Maryland, to participate in Round 2 interviews with final candidates for the General Manager position.

The closed meeting was authorized by sub-paragraph §5-6B-19(e)(l)(i) of the Maryland Cooperative Housing Corporation Act.

The motion to hold the meeting was approved by a 9-0-0 vote of the Board of Directors during an open meeting on February 2, 2023.

2d. Statement of a Closed Meeting of the Board of Directors Held on March 1, 2023

The Board of Directors held a closed meeting at 4:00 pm on March 1, 2023, at the Greenbelt Youth Center in Greenbelt, Maryland, to participate in Round 2 interviews with final candidates for the General Manager position.

The closed meeting was authorized by sub-paragraph §5-6B-19(e)(l)(i) of the Maryland Cooperative Housing Corporation Act.

The motion to hold the meeting was approved by a 9-0-0 vote of the Board of Directors during an open meeting on February 2, 2023.

2e. Statement of a Closed Meeting of the Board of Directors Held on March 2. 2023

The Closed Meeting is currently in recess and a statement will be provided at the March 16, 2023 Open Meeting.

3. Visitors and Members (Comment Period)

Molly Lester, [redacted] advised that over the past few months, she has had to request that the Open Packet be posted to the GHI calendar. Molly requested that staff post the Open Packet, in its entirety, in a timely manner. She also requested that members be notified via E-News blast when there are addendums to Open Meeting packets and requested staff post those to the calendar timely as well. Vice-President McKinley advised that staff take note of her requests and implement changes accordingly.

Claudia Jones, [redacted] asked to speak about agenda item 6f when it comes up due to her serious disagreement with adoption of such a document. Claudia also expressed her agreement with Molly regarding members receiving timely notification of addendums to Open Packets.

Christopher Shuman, [redacted], expressed concerns that maintenance is replacing his neighbor's gutters with improper materials. Director of Maintenance, Jim Morris, advised he was not aware of the repairs referenced by Christopher, but assured him he would get details and be back in touch to discuss.

4. Membership Applications

Motion: I move that the Board of Directors approve the following persons into the cooperative and membership be afforded them at the time of settlement:

- **Jennifer L. Casella, Sole Owner,** [redacted]
- **Sandy Rosenberg, Sole Owner,** [redacted]
- **Michael Cotter, Danielle Murphy, Joint Tenants,** [redacted]
- **Wei-Fong Huang, Chiting Su, Joint Tenants,** [redacted]

Moved: James Seconded: Hess Carried: 6-0

5. Committee Reports

Vice-President McKinley reported that the Storm Water Management Subcommittee is working to set up a meeting with the city of Mount Rainier to discuss pervious surface projects that could be beneficial to GHI. The subcommittee has prospective new members and has also submitted the 2022 Annual Report to the Buildings Committee for review and presentation to the Board.

Vice-President McKinley reported that the Buildings Committee did not hold a meeting in February, but they will hold their regular meeting in March.

Vice-President McKinley advised that the Member Handbook and Board Policy Standardization Subcommittee is nearing a final version of the style guide and has begun working on the first section of the handbook.

6. <u>For Discussion/Action</u>

6a. <u>Approve Minutes of the Open Meeting Held on January 19, 2023 (Attachment #2)</u>

<u>Motion</u>: I move that the Board of Directors approve the minutes of the Open Meeting held on January 19, 2023, as presented.

Moved: James Seconded: Hess Carried: 6-0

6b. <u>2023 Exterior Building and Yard Inspection Program (Attachment# 3)</u>

On February 8, 2023, the Board held a work session to discuss the following issues regarding GHI's Exterior Building and Yard Inspection Program:

a) Should the format of the current inspection form be changed?

b) Should the frequency of inspections be changed? At present, yards are inspected every 3 years.

c) Should the Board consider instituting a rule to prohibit members from feeding undomesticated animals?

d) How to protect the anonymity of persons who make complaints about the condition of neighboring yards?

e) Should the rules be modified to state what cannot be stored in compost piles?

f) Should the Board direct a standing committee to provide oversight of the inspection program?

g) What actions should be taken regarding yards that are consistently very poorly maintained?

h) Should GHI consider instituting a system of fines instead of relying on maintenance employees to correct violations?

During the work session, consensus was reached that the following items should be discussed during an Open Board Meeting:

a) Whether all yards should be inspected annually, beginning in 2023.

b) Several inaccurate references to the Member Handbook to be corrected in the list of "Deficiencies to Correct" on the 2022 Yard Inspection Form.

c) The following items should be added to the list of "Deficiencies to Correct":
- Grass Height Exceeds 8".
- Water in Open Containers.
- Plants Blocking Maintenance.
- Trailer/Vehicle Stored in Yard.
- Leaf Debris/Piles.
- Damaged Privacy Screen.
- Pet waste to be removed daily.

d) A larger space should be included on the inspection form for the inspector to add comments explaining the deficiencies cited as necessary.

Attachment #3 is a draft inspection form that has been modified to include the changes recommended during the work session.

This item is on the agenda for discussion and action.

<u>Motion #1</u>: I move that the Board of Directors adopt the inspection form for the Exterior Building and Yard Inspection program as revised.

Moved: Whipple Seconded: James Carried: 5-1
Opposed: Whipple

<u>Motion #2</u>: I move that the Board of Directors direct management to inspect all GHI yards in 2023.

Moved: Whipple Seconded: Hess Carried: 5-1
Opposed: Luly

6c. <u>Parking Issues in Courts with Reserved Parking Spaces (Attachment #4)</u>

This item is on the agenda at the request of two Board members who expressed concerns about the challenges some members experience due to visitors (known and unknown) parking in their reserved parking spaces.

Until 2012, GHI hired a towing company to tow away unauthorized vehicles parked in reserved parking spaces. This practice ceased after the State of Maryland enacted stringent towing laws that affect all community associations (refer to Attachment #4).

The Board should discuss possible measures that could be implemented to resolve the problem of unauthorized parking in reserved parking spaces.

This item to be deferred until after the 2023 Annual Membership Meeting and the new Board is seated.

6d. Finance Committee's Recommendation re: Relocation Payments to Members Affected By the Pipe Replacement Pilot Program

On February 2, 2023, the Board of Directors reviewed the following list of options that the Finance Committee recommended to compensate members who are displaced during the Pipe Replacement Pilot Program for frame and masonry homes:

a) Pay each unit the same amount.

b) Pay each unit a per diem of a fixed amount, times the number of days the unit is unusable plus two (2) additional days for moving out of and back into their unit. The two (2) additional days are because members will generally move out the day before the work begins and move back in the day after work ends.

c) Same as b) above except the per diem would depend on the number of residents and/or companion animals in the unit.

d) GHI to provide hotel room options on behalf of the membership. Members who choose the hotel room options would not receive any other compensation. Members who do not select hotel room options provided by GHI will receive monetary compensation commensurate with the average value of hotel stay.

e) Receive input from the members relating to the full-fledged project before the Board of Directors makes a decision.

f) Offer a bonus to be given to members who volunteer to be part of the pilot program.

After discussing the options stated above, the Board requested the Finance Committee to recommend the following:

a) A base amount to be paid to each unit and additional amounts per person and per companion animal.

b) A bonus amount to be paid to members as an incentive for them to participate in the pilot program.

The Finance Committee further discussed the matter and recommends that the Board consider the following options for compensating members:

a) Compensate members at the rate of $110 per day for each day they are unable to reside in their unit (plus one day for moving out and one day for returning to the unit if they choose not to stay at a hotel arranged by GHI).
    - Notes: Simple. Easy to calculate, verify, apply, and understand.

b) Compensate members based on the number of bedrooms of the original GHI unit.
    - Notes: Simple calculation. Justifiable. Consistent with the way coop fees are currently charged.

c) Compensate members based on the number of people on the MOC.

- Notes: Easy to understand. Theoretically simple but cumbersome for staff to administer. May lead to errors in calculation. Difficult to systematically check calculations for accuracy.

d) Compensate members based on the number of people who live in the unit and the number of companion animals in the unit.
   - Notes: Violates GHI's rules. More complex than other options. Not verifiable. Application and validation are too difficult. Experience from HIP (optional replacement program) that we will run into problems when we try to accommodate everyone.

e) Recommend a $500 credit be applied to members' monthly fee as an incentive to participate in the Pipe Replacement Pilot Program.

This item is on the agenda for discussion and action.

Director Luly and Director Whipple requested that the Board defer this item until the March 16, 2023 Open Meeting.

6e. Motion to Hold a Closed Meeting on March 16, 2023

Motion: I move to hold a closed meeting of the Board of Directors at 7:00 pm on March 16, 2023.

Moved: Hess Seconded: Luly Carried: 6-0

6f. Proposed Temporary Occupancy Agreement re: Non-Members Allowed by GHI to Reside in a GHI Unit (Attachment #5)

Occasionally, situations arise where a member may request permission from GHI for a non-member to temporarily reside in their unit during the member's absence for a period of time, or the Personal Representative of a member's estate may request permission for a non-member to reside in a unit until it is sold, or the non-member occupant of the unit becomes a GHI member.

Attorney Joe Douglass drafted a Temporary Occupancy Agreement (Attachment #5) that would be signed by the member or member's predecessor in interest, the non-member or occupant of the unit, and GHI, whenever GHI grants permission for a non-member to temporarily reside in a unit.

This item is on the agenda for discussion and action.

This item was deferred, by consensus, to a later meeting to allow members to provide comments on the proposed agreement. Member comments must be submitted to the General Manager and Board President by March 10, 2023.

7. Items of Information

7a. President's Items

None

7b. Board Members' Items

None

7c. Audit Committee's Items

None

7d. Manager's Items

Joe Perry reminded members of the Homeowner's Tax Credit and that applications can be picked up at the Administration Building.

Motion: To adjourn.

Moved: Hess Seconded: Luly Carried: 6-0

The meeting adjourned at 10:10 pm.

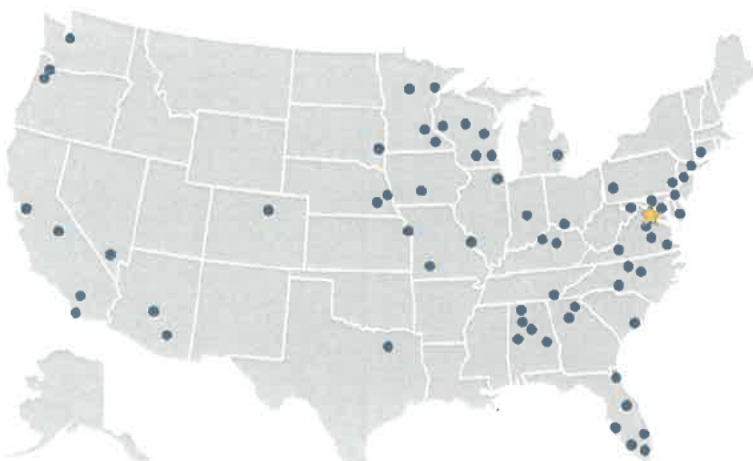
Ed James
Secretary

A ONE-STOP SHOP EXPERIENCE

Prosperity Home Mortgage, LLC is licensed in 49 states and Washington, D.C. Our mortgage consultants are located directly in real estate offices across the country, which means you'll have exclusive access to a significant network of real estate agents and services to help build your purchase business.

In addition to unmatched access to agents, insurance and title affiliates are available in many markets to help you to deliver a one-stop solution for all of your customer's home buying needs.

Our branches are located in markets across the country:

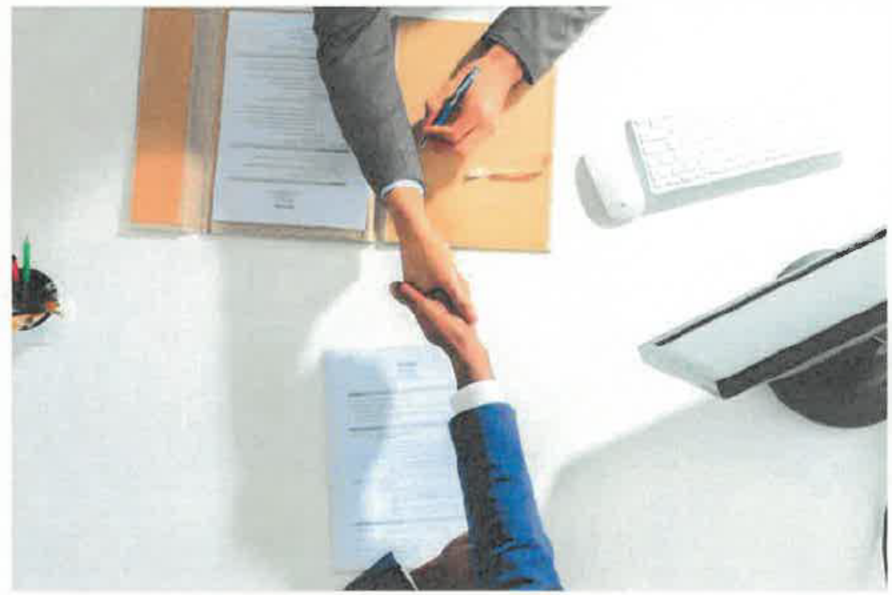


- Prosperity Home Mortgage Locations
- Company licensed states
- Not licensed in Hawaii

Corporate Headquarters
14501 George Carter Way, Ste 300
Chantilly, Virginia 20151

Prosperity HOME MORTGAGE®

Prosperity HOME MORTGAGE®



Local expertise with national reach.

Join our team of outstanding mortgage professionals.

WHO WE ARE

Prosperity Home Mortgage, LLC (Prosperity) is a full-service mortgage lender specializing in residential purchase and refinance loans. Our competitive pricing and wide range of mortgage programs mean our mortgage consultants have options for almost every customer.

We are affiliated with Berkshire Hathaway and are a part of the HomeServices of America®[1] family of companies, the nation's largest residential real estate company based on closed transactions.[2] Headquartered in Chantilly, Virginia, Prosperity is one of the top mortgage lenders in the nation, closing over $9.6 billion in loan volume and over 26,600 loans in 2022.

1. HomeServices of America is the majority owner of the Berkshire Hathaway HomeServices, Prudential Real Estate, and Real Living Real Estate franchise networks. HomeServices is owned by Berkshire Hathaway Energy, a consolidated subsidiary of Berkshire Hathaway Inc.
2. Includes the market-leading affiliated business lines in mortgage, settlement services, insurance, and property management.

THE PROSPERITY ADVANTAGE

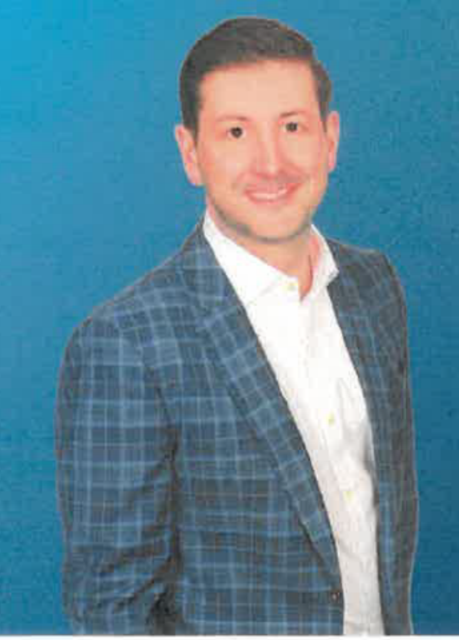
At Prosperity Home Mortgage, we believe success begins with our people, which is why we strive to recruit the very best in the business. This is where the Prosperity Advantage starts:

- **Committed Operations Team** – Experienced, well-staffed, and located in regional offices for loan processing, underwriting and closing. Our staff is trained to contribute to a positive customer experience with a goal of having closing documents to settlement on time, every time.
- **Innovative Technology** – Programs like **Buyer Advantage®**, **XLR8®**, and **Rapid Close™** mean that our customers have an advantage when putting an offer on a listing. Plus, our panel of appraisers prioritizes our business, ensuring turn times faster than the industry standard.
- **Vested Senior Leadership** – All escalations for loan issues are made locally, and our managers are always available to help solve problems that arise during the loan process.

INVESTED IN YOUR SUCCESS

Prosperity's designated team of sales and marketing specialists support our field of mortgage consultants with tools designed to help you succeed:

- **My PHM Goldmine** – Our CRM & marketing platform—powered by Total Expert—tracks leads, prioritizes your sales activities, and creates marketing materials including co-branded flyers, social media posts, and property listing websites.
- **Rate Plug** – Rate Plug provides listing flyers for agents with multiple financing scenario options.
- **Adwerx** – Adwerx makes digital advertising simple with automated re-targeting and custom audience advertising, which helps you increase your productivity and client retention.
- **Digital Support** – You will have access to a personal website, a mobile app that may be co-branded with real estate agents, and video communication through BombBomb. We also offer social media management through Social Connector, which allows our team to automatically post on your behalf and ensure you receive the right amount of social media exposure.



"We're the best mortgage company out there, and I truly believe that."

—Justin Messer | CEO, Prosperity Home Mortgage, LLC

Our mortgage consultants work hard to deliver a positive customer experience, and we're proud of what we achieved in 2022:

★★★★★ **4.88 of 5 stars** our average client rating. YTD 01/2023, Source: Experience.com

97% of our clients say they had a great experience working with us!

Prosperity has ranked among Mortgage Executive Magazine's Top 100 Mortgage Companies in America and among Scotsman Guide's Top Mortgage Lender rankings each year since 2014.

In addition, Prosperity has been named one of Mortgage Executive Magazine's 50 Best Companies To Work For.

TOP 100 MORTGAGE COMPANIES In America

Top Mortgage Lenders

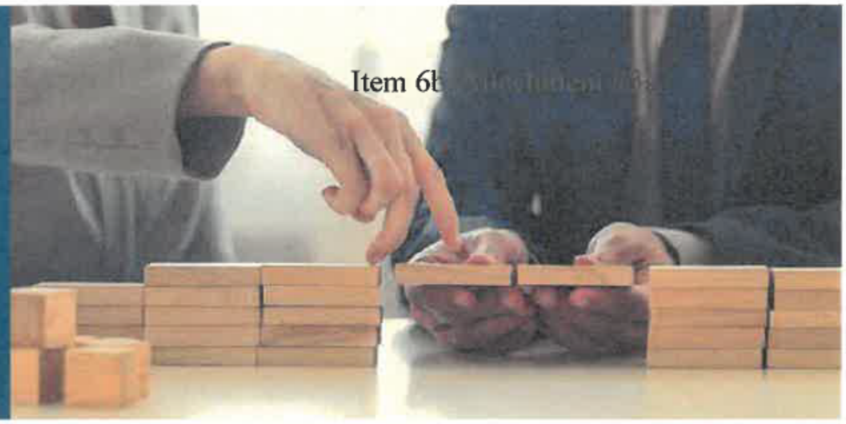
50 BEST COMPANIES TO WORK FOR

Full-Time Employee Benefits:

- Medical, Dental & Vision
- 401(k) & Profit Sharing Plan
- Paid Time Off
- Basic & Optional Life Insurance Coverage
- AFLAC Supplemental Coverage
- Flexible Savings Account (FSA) for Health Care and Dependent Day Care
- Commuter Benefits
- Short Term & Long Term Disability
- Employee Assistance Program (EAP)
- Paid Company Holidays
- Prosperity Home Mortgage Employee Loan Discount Program

Our Mission

Provide financing solutions that positively impact lives and make a difference in the communities where we lend.



Values We Celebrate

Empathy

The human touch is what makes every interaction with our peers and customers meaningful. Empathy is the ability to understand how somebody is feeling whether you have experienced something similar or not. When we empathize we are recognizing the effect that our decisions have on other people. This helps us guide our customers down the right path and helps us be the best team members that we can be.

Integrity

Do what's right, every time. Plain and simple, this means always doing what's right. Whether it's understanding and following regulations or understanding our customer's needs to make the best decision for them, our actions speak volumes.

Gratitude

Whether big or small, all of our contributions matter. More than 'thank you', gratitude is a genuine appreciation for an act or service. It's recognition, thankfulness, and respect for kindness given to you. When we express gratitude, it shows that we acknowledge the effort that was given to help you, and it's not taken for granted.

Community Engagement

Building up our community, both at work and at home is paramount to our success. We are greater than our four walls. We are our team members, our agent partners, and the neighborhoods we serve that make up our community. We encourage team building at work and volunteerism in our communities because our values are strengthened by a strong community.

Creative Solutions

The ability to create, implement and adapt to change is what sets us apart. For our company to be successful, we must recognize when change needs to happen and develop creative solutions. This starts with our team members identifying challenges as they arise and recommending ways to do things better. From innovation to adjustments, creative solutions are key to success.

Prosperity HOME MORTGAGE®, LLC

Item 6b. Attachment #3a

Why Choose Prosperity Home Mortgage, LLC?
We've got you covered.

Why Choose Us?

Prosperity Home Mortgage, LLC, is a full service mortgage banker specializing in residential purchase and refinance loans.

We offer a wide range of mortgage products, and we have built a strong reputation for extraordinary service and professionalism.

From application to closing, we pride ourselves on delivering a positive home financing experience every step of the way.

Contact us to discuss your home financing options!

Overview of Products

We provide a variety of home financing options including:

- Conventional Loans
- Down Payment Assistance / Bond Options
- FHA & VA Loans
- Fixed Rate & Adjustable Rate Mortgages
- Guaranteed Rural Housing Loans
- Home Equity Lines of Credit
- Investor Loan Programs
- Jumbo Loans
- Renovation Loans

Prosperity Home Mortgage, LLC is not affiliated with or endorsed by any government agencies.
This list is only to be used as a guide and does not include all loan types or loan features. Not all loan types are available to all borrowers. Borrowers will be subject to qualification and must satisfy all underwriting requirements and conditions. Not all borrowers will qualify. Speak with your mortgage consultant and carefully consider each of your home financing options so you can determine the home loan that is right for you.

Visit our website at
www.phmloans.com

Scan to visit our website:

Prosperity HOME MORTGAGE®

Learn more about a few of the programs we offer:

Conventional Financing

Conventional financing is available for purchase and refinance loans. These loans come in a variety of sizes and terms and are available with fixed and adjustable interest rates.

FHA & VA Financing

Many buyers and homeowners have taken advantage of government sponsored loans to purchase or refinance a home. Low- or no-down payment programs for qualified buyers make FHA and VA loans very appealing.

Jumbo Financing

When you need a sizeable mortgage, we have options and flexibility. If you plan to purchase or refinance a higher-priced property, one of our jumbo mortgage options may be right for you. Qualified borrowers may be able to take advantage of jumbo home loans up to $5,000,000.

Down Payment Assistance & Bond Programs

If savings for a down payment is standing between you and your goal of homeownership, then talk to us about down payment assistance (DAP) and bond programs available in your area. These programs can help reduce upfront cash needed to purchase your first home. Certain DAPs may even provide interest free loans or closing cost assistance that may be forgiven over a period of time.[1]

Investor Financing

Does your overall financial investment picture include real estate? Whether you are new to real estate investing or a seasoned investor, we have purchase and refinance options that may help meet your financial goals.[2]

Prosperity Buyer Advantage®

If you want your home purchase offer to stand out to sellers, then ask for the Prosperity **Buyer Advantage®**.[3] By electing to participate at no additional cost, you can get much of the home financing process out of the way and obtain a Commitment Letter before you even begin searching for a home. Ask your mortgage consultant for details.

1. Some and/or all qualifying criteria may be set by independent third party program sponsors.
2. Prosperity Home Mortgage, LLC is not a financial advisor nor is it offering investment advice. Please consult a financial advisor to determine if Real Estate Investing is right for you.
3. **Buyer Advantage® is not a final loan approval.** A Commitment Letter is based on information and documentation provided by you and a review of your credit report. The interest rate and type of mortgage used to approve you for a specified loan amount is subject to change, which may also change the terms of approval. If the interest rate used for credit approval has changed, you may need to re-qualify. Information provided by you is subject to review and all other loan conditions must be met. After you have chosen a home and your offer has been accepted, final loan approval will be contingent upon obtaining an acceptable appraisal and title commitment. Additional documentation may be required.

Low Down Payment Options

Think you need a 20% down payment in order to buy a home? Think again. We have multiple low down payment home financing options. Speak with your mortgage consultant to discuss which option may be right for you:

97% (3% down) Conventional Loan

- Loan amounts up to $726,200
- Up to 3% seller contributions allowed
- Gift funds allowed toward closing costs

96.5% (3.5% down) FHA / FHA High Balance Loan

- Loan amounts up to $472,030 / $1,089,300[4]
- Up to 6% seller contributions allowed
- Gift funds allowed toward closing costs

95% (5% down) Conventional High Balance Loan

- Loan amounts up to $1,089,300[4]
- Up to 3% seller contributions allowed
- Gift funds allowed toward closing costs

The products listed above are for primary residence financing only. Low down payment options may not be the best option for all borrowers. Consult your mortgage consultant to review potential loan scenarios and financing options to determine the home loan that is right for you.

4. $1,089,300 maximum loan amount is available in high balance areas only. Contact your mortgage consultant for details.

Prosperity HOME MORTGAGE®

Prosperity Home Mortgage, LLC and Subsidiary

Consolidated Financial Statements as of and for the year ended December 31, 2022, Supplemental Schedule as of and for the year ended December 31, 2022, and Independent Auditor's Report

PROSPERITY HOME MORTGAGE, LLC AND SUBSIDIARY

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Prosperity Home Mortgage, LLC
Chantilly, Virginia

Opinion

We have audited the consolidated financial statements of Prosperity Home Mortgage, LLC (the "Company"), which comprise the consolidated balance sheet as of December 31, 2022 and, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Companies' management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte + Touche LLP

March 29, 2023

PROSPERITY HOME MORTGAGE, LLC AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2022

ASSETS	
Current assets:	
Cash and cash equivalents	$ 128,624,410
Restricted cash	2,106,134
Mortgage loans held for sale	473,876,859
Derivative assets	10,867,548
Accounts receivable	6,881,451
Prepaid expenses	4,275,203
Total current assets	626,631,605
Other assets:	
Property and equipment - net	3,070,592
Right of use asset	13,377,677
Goodwill	85,110,079
Tradenames - net	10,934,716
Income taxes receivable	9,982,357
Deferred income taxes	15,754,016
Other assets	631,126
Total other assets	138,860,563
Total assets	$ 765,492,168
LIABILITIES AND EQUITY	
Current liabilities:	
Warehouse lines payable	$ 441,697,163
Accounts payable and accrued expenses	18,386,247
Loan loss reserve	2,715,666
Derivative liabilities	2,750,106
Other current liabilities	3,056,556
Total current liabilities	468,605,738
Non-current liabilities	12,519,669
Commitments and Contingencies (Note 10)	
Equity:	
Member's equity	284,366,761
Total liabilities and equity	$ 765,492,168

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

PROSPERITY HOME MORTGAGE, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

Operating revenue:	
Loan origination and application fees	$ 275,991,767
Mortgage service fees	18,644,341
Loan interest income	34,930,733
Total revenue	329,566,841
Direct expenses:	
Loan interest expense	25,321,775
Loan recoveries	(1,154,689)
Other direct expenses	54,562,671
Net revenue	250,837,084
Operating expenses:	
Salaries and benefits	211,594,027
Occupancy	5,399,523
Other expense	25,001,221
Total operating expenses	241,994,771
Income before income taxes	8,842,313
Income tax expense	2,511,102
Net income	$ 6,331,211

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

PROSPERITY HOME MORTGAGE, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

BALANCE AT DECEMBER 31, 2021	$ 369,379,500
Net income	6,331,211
Member's contributions	48,429,322
Member's distributions	(139,773,272)
BALANCE AT DECEMBER 31, 2022	$ 284,366,761

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

PROSPERITY HOME MORTGAGE, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 6,331,211
Adjustments to reconcile net income from operating activities:	
Loan loss reserve	(6,387,553)
Depreciation	1,046,328
Deferred tax assets	794,659
Amortization of trade name	325,212
Changes in operating assets and liabilities:	
Originations and purchases of mortgage loans held for sale	(9,645,469,766)
Proceeds from sale and payments on mortgage loans held for sale	10,434,138,922
Derivative assets	10,262,158
Accounts receivable	12,583,211
Prepaid expenses	(1,886,045)
Right of use asset (net of operating lease obligations)	(4,760,595)
Income taxes receivable	(2,571,868)
Other assets	(582,068)
Accounts payable and accrued expenses	(10,578,555)
Payable to affiliates	(53,138,748)
Derivative liabilities	274,322
Other current liabilities	(1,757,427)
Non-current liabilities	(523,791)
Net cash provided by operating activities	738,099,608
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of mortgage business	(6)
Purchases of property and equipment	(1,477,572)
Net cash used in investing activities	(1,477,578)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net payments under warehouse lines payable	(732,280,213)
Member contributions	46,667,992
Member distributions	(137,001,931)
Net cash used by financing activities	(822,614,152)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(85,992,122)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - Beginning of year	216,722,666
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - End of year	$ 130,730,544
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -	
Cash paid for interest	$ 25,132,631
Tax payments received net of tax refunds	$ 2,121,891

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

PROSPERITY HOME MORTGAGE, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

1. ORGANIZATION AND OPERATIONS

Prosperity Home Mortgage, LLC is a Virginia limited liability company (the "Company"). The principal business activity of the Company consists of the origination of residential mortgage loans for resale to investors. Most of the Company's revenues are derived from a customer base shared with affiliated residential real estate brokerage companies. The Company and its subsidiary HomeServices Lending ("HSL") are wholly owned by entities within The Long & Foster Companies, Inc. ("L&F Companies") which is wholly owned by HomeServices of America, Inc. ("HomeServices"). HomeServices is a subsidiary of Berkshire Hathaway Energy Company, which is a consolidated subsidiary of Berkshire Hathaway Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The consolidated financial statements of the Company are prepared on the accrual basis of accounting. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates - The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. These estimates include, but are not limited to, mortgage loans held for sale, interest rate lock commitments ("IRLC"), forward loan sale commitments, to-be-announced ("TBA") securities, loan repurchase reserves, and accounting for contingencies. Actual results may differ from the estimates used in preparing the consolidated financial statements.

Transfer of Mortgage Loans Held for Sale - The Company recognizes gains or losses resulting from mortgage loan sales in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 860, *Transfers and Servicing*, and, accordingly, financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through either (a) an agreement that entitles and obligates the Company to repurchase or redeem the assets before their maturity or (b) the ability to unilaterally cause the holder to return specific assets.

Revenue Recognition - Fee income consists of amounts earned related to application and underwriting fees, and fees on canceled loans recognized in accordance with ASC 948, *Financial Services – Mortgage Banking*. Mortgage loans held for sale are carried at fair value; accordingly, fees associated with the origination and acquisition of mortgage loans are recognized in the period of origination. Loan origination includes the realized and unrealized gains on mortgage loans held for sale, as well as the changes in fair value of all loan-related derivatives, including interest rate lock commitments and freestanding loan-related derivatives.

Interest income is accrued as earned. Interest on mortgage loans held for sale accrues on loans from the date of funding through the date of sale. Interest on loans is computed based on the contractual loan note rate.

The Company's sales of mortgage loans are subject to standard mortgage industry representations and warranties, material violations of which may require the Company to repurchase one or more mortgage loans. Additionally, certain mortgage loan sale contracts include provisions requiring the Company to repurchase a mortgage loan if a borrower fails to make one or more of the mortgage loan payments due on the mortgage loan. See discussion below of the Company's loan repurchase reserves.

Cash and Cash Equivalents - The Company considers all demand deposits with original maturities of 90 days or less to be cash and cash equivalents. The carrying value approximates fair value. The Company had $1,750,000 of restricted cash on deposit with one warehouse lender, in accordance with the terms of the warehouse agreements. The Company's subsidiary had $356,134 of restricted cash on deposit with one investor.

Mortgage Loans Held for Sale - The Company originates mortgage loans, which are collateralized by residential real estate, for the primary purpose of selling such loans. The Company's objective is to hold mortgage loans for no more than 30 days between closing and the completion of the sale to investors. As described in fair value of financial instruments within Note 5, mortgage loans held for sale are carried at fair value in accordance with FASB ASC 825, *Financial Instruments*. The determination of fair value includes consideration of all open positions, outstanding commitments from investors and related fees paid, and changes in interest rates since the date of loan settlement.

Forward Loan Sales Commitments - Forward delivery commitments fix the forward sales price that will be realized upon the sale of mortgage loans into the secondary market. As described in the fair value of financial instruments within Note 5, the fair value of forward delivery commitments is primarily based upon the current agency mortgage-backed security market TBA pricing specific to the loan program, delivery coupon and delivery date of the trade. Best effort sales commitments are also executed for certain loans at the time the borrower commitment is made. These best effort sales commitments are valued using the committed price to the counterparty against the current market price of the interest rate lock commitment or mortgage loan held for sale.

Loan Loss Reserves - Loan loss reserves reflect the Company's estimate of liabilities associated with potential loan repurchase obligations resulting from loan defects or early payment defaults as of December 31, 2022 and are recorded in loan loss reserve on the Company's balance sheet. This estimate involves a high degree of judgment, and differences between this estimate and actual losses could have a material impact on the Company's financial position.

Property and Equipment, Net - Property and equipment are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. Expenditures for maintenance and repairs and small dollar equipment are charged to expense as incurred whereas expenditures for renewals and betterments are capitalized. Assets were retired during the period and the cost and related accumulated depreciation of the assets were removed from the accounts. Gain or loss is reflected in the year of disposal.

Goodwill - Goodwill is the excess of cost over the fair value of net assets acquired in a merger or acquisition transaction and is not amortized. A qualitative analysis may be performed annually to evaluate potential impairment. If qualitative factors suggest that it is more likely than not that the fair value of net assets acquired is less than the carrying value of those assets, or if the qualitative analysis is bypassed, impairment testing will be performed using the fair value approach, which requires the use of estimates and judgment. The Company did not record any goodwill impairment in 2022.

Intangible Assets - Intangible assets consist of trade names and are recorded at fair value when acquired. Trade names are amortized over their estimated useful lives ranging from 40 to 50 years.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense was \$2,380,070 for the year ended December 31, 2022 and is included in other expense on the consolidated statement of operations.

Income Taxes - The Company and HSL are subject to corporate income taxes and are included in the Berkshire Hathaway Inc. and subsidiaries United States federal income tax return; HSL is also included in the Berkshire Hathaway Inc. and subsidiaries Iowa income tax return. HSL is a single-member limited liability company that elected to be treated as an association taxable as a corporation effective October 1, 2020. Both Company's and HSL's provisions for income taxes have been computed on a stand-alone basis.

Deferred income tax assets and liabilities are based on differences between the financial statement and income tax basis of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities associated with components of other comprehensive income are charged or credited directly to other comprehensive income. Other changes in deferred income tax assets and liabilities are included as a component of income tax expense. Changes in deferred income tax assets and liabilities attributable to changes in enacted income tax rates are charged or credited to income tax expense in the period of enactment. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount that is more-likely-than-not to be realized.

In determining the Company's income taxes, management is required to interpret complex income tax laws and regulations. The Company's income tax returns are subject to continuous examinations by federal, state, and local income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. The Company recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Consolidated Financial Statements from such a position are measured based on the largest benefit that is more-likely-than-not to be realized upon ultimate settlement. Although the ultimate resolution of the Company's federal, state, and local income tax examinations is uncertain, the Company believes it has made adequate provisions for these income tax positions. The aggregate amount of any additional income tax liabilities that may result from these examinations is not expected to have a material impact on the Company's financial results.

Concentration of Credit Risk - Financial instruments, which potentially subject the Company to credit risk consist of cash and cash equivalents, forward loan sale commitments, and mortgage loans held for sale.

The Company invests its excess cash balances with financial institutions evaluated as being creditworthy, primarily in money market accounts and to reduce the warehouse line payable, which are exposed to minimal interest rate and credit risk. At certain times, cash and cash equivalents have exceeded insurance limits established by the Federal Deposit Insurance Corporation.

Credit risk is managed through the application of underwriting standards, collateral monitoring, and other in-house monitoring procedures performed by management.

Subsequent Events - Subsequent events were evaluated through March 29, 2023, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements. There were no material subsequent events requiring adjustment to or disclosure in the consolidated financial statements except for the following:

In March 2023, the Company renewed and amended a warehouse agreement. See footnote 6.

In March 2023, as a result of a legal entity reorganization at HomeServices of America, Inc., the Company became the indirect 100% owner of several commonly owned entities. Five entities, along with their subsidiaries, are included in the reorganization and will not materially impact the Company's operations.

3. USE OF DERIVATIVE INSTRUMENTS

The Company has implemented an interest rate risk management strategy that incorporates the use of derivative instruments to minimize unplanned fluctuations in earnings and cash flows caused by interest rate volatility during the period from the execution of an interest rate lock commitment (IRLC) to the date of delivery of a loan to an investor.

An IRLC is created when a customer locks in key terms of their mortgage, such as interest rate, term, and principal amount. To minimize the impact that changes in interest rates could have between the time the commitment is made and the mortgage is sold to an investor, the Company sometimes enters into forward contracts. These derivative instruments are contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of a specific financial instrument at a predetermined price or yield. The forward contracts used by the Company are Federal National Mortgage Association TBA securities and are designed to offset changes in the value of the IRLCs. These forward contracts are standardized and are traded on exchanges. Best effort sales commitments are also executed at the time the borrower commitment is made. These best efforts sales commitments are valued using the committed price to the counterparty against the current market price of the IRLC or mortgage held for sale. Both derivatives are considered free-standing derivative instruments and do not qualify for hedge accounting under ASC 815, *Derivatives and Hedging*. Accordingly, each of the derivatives is carried on the Company's balance sheet at fair value based on current market rates with realized and unrealized gains and losses recorded in loan origination and application fees in the Company's statement of operations.

The following table summarizes the pull-through weighted notional amounts of derivatives:

	December 31, 2022
Interest rate lock commitments	$ 370,910,857
Forward loan sale commitments	123,400,013
TBA securities	686,000,000

The following table summarizes the gains (losses) recorded in loan origination and application fees in the consolidated statement of operations for the derivative instruments:

	2022
Interest rate lock commitments	$ 107,191,872
Forward loan sale commitments	66,702
TBA securities	131,767,155
Total	$ 239,025,729

See Note 5 for disclosures of fair value of derivative instruments outstanding as of December 31, 2022.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

	Useful Life	2022
Office equipment	3-5 Years	$5,961,043
Furniture and fixtures	6-7 Years	1,845,399
Leasehold improvements	5-10 Years	1,122,996
Autos	5 Years	40,000
Total		$8,969,438
Accumulated depreciation		(5,898,846)
Office property and equipment, net		$3,070,592

Depreciation expense amounted to $1,046,328 for the year ended December 31, 2022 and is recorded in other expense in the Company's consolidated statement of operations.

5. FAIR VALUE MEASUREMENTS

The carrying value of cash, certain cash equivalents, trade receivables, accounts payable, accrued expenses, and mortgage warehouse facilities approximates fair value because of the short-term maturity of these instruments. The Company has various financial assets that are measured at fair value on the balance sheet using inputs from the three levels of the fair value hierarchy. A financial asset classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 — Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 — Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.

The Company's assets and liabilities recognized on the consolidated balance sheet and measured at fair value on a recurring basis as of December 31, 2022, are as follows:

	2022				
	Total	Level 1	Level 2	Level 3	Other[1]
Assets:					
Mortgage loans held for sale	$473,876,859	$ -	$473,876,859	$ -	$ -
IRLCs	7,512,300	-	-	7,512,300	-
TBA Securities	3,273,282	-	3,273,282	-	-
Forward sale commitments	81,967	-	81,967	-	-
Total assets	$484,744,408	$ -	$477,232,109	$7,512,300	$ -
Liabilities:					
IRLCs	$ 1,852,276	$ -	$ -	$1,852,276	$ -
TBA Securities	882,577	-	2,265,156	-	(1,382,579)
Forward sale commitments	15,253	-	15,253	-	-
Contingent consideration	4,353,722	-	-	4,353,722	-
Total liabilities	$ 7,103,828	$ -	$ 2,280,409	$6,205,998	$(1,382,579)

[1] Represents net cash collateral receivable

Fair Value Investments

IRLCs — IRLCs represent an agreement to extend credit to a mortgage loan applicant, whereby the interest rate on the loan is set prior to funding. The fair value of IRLCs is based upon the estimated fair value of the underlying mortgage loan, including the expected net future cash flows related to servicing the mortgage loan, adjusted for (i) estimated costs to complete and originate the loan and (ii) an adjustment to reflect the estimated percentage of IRLCs that will result in a closed mortgage loan under the original terms of the agreement (or "pull-through"). Amounts are included in the consolidated balance sheet as derivative assets and derivative liabilities.

The weighted average pull-through percentage used in measuring the fair value of IRLCs as of December 31, 2022, was 87.5%. The pull-through percentage is considered a significant unobservable input and is estimated based on changes in pricing and actual borrower behavior using a historical analysis of loan closing and fallout data. Actual loan pull-through is compared to the modeled estimates in order to evaluate this assumption each period based on current trends. Generally, a change in interest rates is accompanied by a directionally consistent change in the assumption used for the pull-through percentage and a directionally opposite change in fair value, the impact of which would be partially offset by the related change in price.

Forward Loan Sale Commitments and Mortgage Loans Held for Sale — The Company has elected to account for all forward loan sale commitments and all of its mortgage loans held for sale at fair value in accordance with FASB ASC 825, *Financial Instruments*. The estimated fair values of forward loan sale commitments and mortgage loans held for sale are generally calculated by reference to quoted market interest rates or net of additional costs to refinance and adjusted to reflect the Company's anticipated commitment expirations. Forward loan sale commitments amounts are included in the consolidated balance sheet in derivative assets and derivative liabilities.

As of December 31, 2022, the aggregate fair value of mortgage loans held for sale exceeded the unpaid principal balance of mortgage loans held for sale by $10,842,075.

TBA Securities — The Company commonly purchases Federal National Mortgage Association TBA securities to offset changes in IRLCs associated with mandatory delivery forward loan sale commitments. These securities are generally calculated by reference to quoted market rates for similar assets. Amounts are included in the balance sheet as derivative assets and derivative liabilities.

Contingent Consideration Obligations – Certain acquisitions include obligations for the payment of additional purchase consideration if the acquired business achieves contractual performance targets or where future earnings exceed contractual earnings thresholds. These contractual earnings thresholds are generally measured and paid annually. The fair value of these contingent purchase obligations are based on management's estimate of the acquired business meeting these performance targets or are based on the estimated net cash flows of the acquired business measured against the contractual payment thresholds. Contingent consideration obligations are included in the balance sheet in Other current liabilities and Non-current liabilities.

A probability-weighted assessment of the estimated net cash flows over the period of contingent obligations is used to determine the fair value of contingent obligations. This assessment includes unobservable inputs based on significant estimates and assumptions including the projected timing and amount of future cash flows, discount rates reflecting risk inherent in future cash flows and future real estate market prices and performance. The significant estimates and assumptions are derived using historical earnings and current market trends.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Contingent Consideration Obligations	Net Interest Rate Lock Commitments
Balance December 31, 2021	$ 1,212,787	$ 18,941,599
Changes included in earnings	-	(13,281,575)
Additions	4,230,180	-
Reductions	(1,089,245)	-
Balance December 31, 2022	$ 4,353,722	$ 5,660,024

[1] Changes included in earnings for interest rate lock commitments are reported net of amounts related to the satisfaction of the associated loan commitment as mortgage revenue on the Statement of Operations, while changes included in earnings for contingent consideration obligations are reported in other operating expenses. Net unrealized gains included in earnings for the year ended December 31, 2022, related to interest rate lock commitments held at December 31, 2022 totaled $13,281,575. Contingent consideration obligation changes related to lower earnings totaled $1,089,245 of income for the period ending December 31, 2022.

6. WAREHOUSE LENDING AGREEMENTS

The Company has 6 warehouse credit agreements used for mortgage banking activities that provide borrowings up to $2,225,000,000. Interest is payable monthly for all agreements.

The following is aggregate borrowing information related to borrowings under the Company's warehouse credit agreements:

As of December 31, 2022						
Available credit line	Agreement expiration	Variable rate basis	Minimum rate	Outstanding balance	Interest rate	Assets held as collateral
700,000,000	3/22/2023	1M SOFR + 1.80%	1.80%	216,421,323	6.16%	225,226,634
800,000,000	5/3/2023	1M SOFR + 1.70%	1.85%	123,680,843	6.06%	131,838,954
350,000,000	4/21/2023	1M SOFR + 1.60%	1.60%	59,344,063	5.96%	61,907,011
175,000,000	8/9/2023	1M BSBY + 1.70%	2.20%	18,947,603	6.06%	20,594,723
150,000,000	6/23/2023	1M SOFR + 1.65%	2.20%	15,516,357	6.01%	16,369,154
50,000,000	9/29/2023	1M BSBY + 1.60%	2.10%	7,786,974	5.96%	8,008,150

After December 31, 2022, the Company renewed a credit line which expired March 22, 2022. The renewed agreement, which is set to expire March 20, 2024, decreased to $500,000,000.

The Company's financing agreements contain restrictive covenants pertaining to liquidity, tangible net worth, leverage, and profitability. On December 31, 2022, the Company was in compliance with these covenants.

The carrying value of the Company's variable rate credit agreements approximates fair value because of the short-term maturity of these instruments.

7. LEASES

The following table summarizes the Company's leases recorded on the Consolidated Balance Sheet:

		As of December 31, 2022
Right-of-use assets		
Operating leases	$	13,377,677
Total right-of-use assets	$	13,377,677
Lease liabilities		
Operating leases - short term	$	2,909,116
Operating leases - long term		8,289,489
Total lease liabilities	$	11,198,605

The following table summarizes the Company's lease costs:

		Year Ended December 31, 2022
Operating	$	2,166,403
Short-term		2,924,452
Variable		328,981
Total lease costs	$	5,419,836
Weighted-average remaining lease term (years):		
Operating leases		4.77

Weighted-average discount rate:	
Operating leases	3.78%

The following table summarizes the Company's supplemental cash flow information relating to leases:

		Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	(3,782,217)
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$	9,828,347

The Company has the following remaining lease commitments as of December 31, 2022:

	To Related Parties	To Third Parties	Total
2023	$ 439,166	$ 2,846,102	$ 3,285,268
2024	350,049	2,065,485	2,415,534
2025	351,351	1,825,816	2,177,167
2026	351,351	1,773,831	2,125,182
2027	58,559	1,462,104	1,520,663
Thereafter	-	641,188	641,188
Total undiscounted lease payments	$1,550,476	$10,614,526	$12,165,002
Less - amounts representing interest	(157,750)	(808,647)	(966,397)
Lease liabilities	$1,392,726	$ 9,805,879	$11,198,605

Rent expense, included in occupancy expense in the Consolidated Statement of Operations for the year ended December 31, 2022, was $5,419,836 of which $3,559,430 was paid to related parties. Related parties consist of entities associated with HomeServices by common ownership and from which the Company leases office space. Occupancy expense is recorded net of sublease income on the Consolidated Statement of Operations, which was $180,080 for the year ended December 31, 2022.

8. INCOME TAXES

Income tax expense (benefit) consists of the following for the years ended December 31:

		2022
Current:		
Federal	$	1,431,820
State		284,623
		1,716,443
Deferred:		
Federal		411,525
State		383,134
		794,659
Total	$	2,511,102

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows for the years ended December 31:

	2022
Federal statutory income tax rate	21%
State income tax, net of federal income tax benefit	6
Other, net	1
Effective income tax rate	28%

The net deferred income tax asset consists of the following as of December 31:

	2022
Deferred income tax assets:	
Goodwill	$ 16,249,780
Net operating loss carryforwards	87,744
Accrued expenses	1,304,138
Loan loss reserve	1,047,251
Operating lease	2,880,573
Total deferred income tax assets	21,569,486
	-
Deferred income tax liabilities:	
Tradename	(730,974)
Property and equipment	(215,492)
Right of use asset	(3,450,453)
Prepaid insurance	(1,399)
Federal detriment on state tax receipts	(1,417,152)
Total deferred income tax liabilities	(5,815,470)
Net deferred income tax asset	$15,754,016

Iowa Senate File 2417 and Iowa House File 2317

In May 2018, Iowa Senate File 2417 was signed into law, which, among other items, reduces the state of Iowa corporate tax rate from 12% to 9.8% and eliminates corporate federal deductibility, both for tax years starting in 2021.

In March 2022, Iowa House File 2317 was signed into law, which has the potential to gradually reduce the state of Iowa corporate income tax rate from 9.8% to 5.5%. For every fiscal year in which net corporate income tax receipts exceed $700 million, the surplus will be used to reduce the current top rate. Following the close of each fiscal year, the Iowa Department of Revenue will determine the new top corporate income tax rate and apply it effective January 1 of the following tax year until a 5.5% corporate income tax rate is achieved.

In September 2022, the Iowa Department of Revenue issued Order 2022-03, certifying that the top corporate income tax rate will be reduced from 9.8% to 8.4% in 2023.

9. EMPLOYEE BENEFIT PLAN

The Company participates in the L&F Companies qualified profit-sharing and 401(k) plan ("Plan") covering all employees who meet specified age and service requirements. Under the Plan, discretionary contributions may be made to the Plan. In 2022, PHM made 401K matching contributions of $5,489,799. There were no unfunded liabilities related to these plans on December 31, 2022.

The Company's subsidiary HSL, has a 401(k) profit sharing plan covering substantially all employees. Employees may contribute amounts subject to certain Internal Revenue Service and plan limitations. HSL may make discretionary matching and non-elective contributions. HSL made $146,364 in contributions to the plan for the year ended December 31, 2022.

10. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is a defendant in various lawsuits in the ordinary course of business. It is not possible to determine with any precision the probable outcome or the amount of liability, if any, under these lawsuits; however, in the opinion of the Company, the disposition of any pending lawsuits will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. There were no material lawsuits against the Company from January 1, 2022 to December 31, 2022.

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATIONS

As described in Note 3, in the normal course of the Company's business, the Company uses derivative instruments to manage its interest rate risk. The Company's risk of accounting loss, due to the credit and market risks associated with these off-balance sheet instruments, varies with the type of financial instrument and principal amounts, and is not necessarily indicative of the degree of exposure involved. Credit risk represents the possibility of a loss occurring from the failure of another party to perform in accordance with the terms of a contract. Market risk represents the possibility that future changes in market prices may make a financial instrument less valuable or more onerous.

The Company acts as escrow agents for numerous customers. As an escrow agent, the Company receives money from customers to hold until certain conditions are satisfied. Upon the satisfaction of those conditions, the Company releases the money to the appropriate party. The Company deposits this money with various banks and while these deposits are not assets of the Company (and therefore excluded from our consolidated balance sheet), the Company remains contingently liable for the disposition of these deposits. These escrow and trust deposits totaled $3,185,090 on December 31, 2022.

The Company may be exposed to a concentration of reliance on counterparties to purchase mortgage loans once originated. The percentage of originated loans in 2022 that were sold to three third-parties was 44.8%, 15.7% and 13.4%, respectively.

The Company currently finances its mortgage banking operations with multiple warehouse facilities. The Company's warehouse lines are subject to annual expiration and, as a result, the Company periodically seeks to renew existing warehouse arrangements upon contractual expiration. Management believes that there are other financial institutions that could provide the Company with similar facilities on comparable terms. However, a termination of the current warehouse facilities without immediate replacements could cause an interruption to the Company's operations and possible loss of revenues, which would adversely affect operating results.

SUPPLEMENTARY INFORMATION

PROSPERITY HOME MORTGAGE, LLC **Unaudited**

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2022

	PHM	HSL[1]	Combined
ASSETS			
Current assets:			
Cash and cash equivalents	$ 111,681,106	$ 16,943,304	$ 128,624,410
Restricted cash	1,750,000	356,134	2,106,134
Mortgage loans held for sale	465,708,004	8,168,855	473,876,859
Derivative assets	10,712,017	155,531	10,867,548
Accounts receivable	6,635,202	246,249	6,881,451
Prepaid expenses	4,251,196	24,007	4,275,203
Total current assets	600,737,524	25,894,081	626,631,605
Other assets:			
Property and equipment - net	3,060,126	10,466	3,070,592
Right of use asset	13,231,223	146,454	13,377,677
Goodwill	66,353,288	18,756,791	85,110,079
Tradenames – net	10,934,716	(0)	10,934,716
Income taxes receivable (payable)	9,862,906	119,451	9,982,357
Deferred income taxes	15,608,043	145,973	15,754,016
Other assets	631,126	(0)	631,126
Total other assets	119,681,428	19,179,135	138,860,563
Total assets	$ 720,418,952	$ 45,073,216	$ 765,492,168
LIABILITIES AND EQUITY			
Current liabilities:			
Warehouse lines payable	$ 433,910,189	$ 7,786,974	$ 441,697,163
Accounts payable and accrued expenses	17,818,709	567,538	18,386,247
Loan loss reserve	2,460,370	255,296	2,715,666
Derivative liabilities	2,722,789	27,317	2,750,106
Other current liabilities	3,033,690	22,866	3,056,556
Total current liabilities	459,945,746	8,659,992	468,605,738
Non-current liabilities	12,378,405	141,264	12,519,669
Commitments and Contingencies (Note 10)			
Equity:			
Member's equity	248,094,801	36,271,960	284,366,761
Total liabilities and equity	$ 720,418,952	$ 45,073,216	$ 765,492,168

[1] Inclusive of purchase accounting related to the acquisition of HSL that is not included in HSL's stand-alone audited financial statements.

PROSPERITY HOME MORTGAGE, LLC **Unaudited**

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

	PHM	HSL[1]	Combined
Operating revenue:			
Loan origination and application fees	$ 271,193,236	$ 4,798,531	$ 275,991,767
Mortgage service fees	18,316,749	327,592	18,644,341
Loan interest income	34,344,444	586,289	34,930,733
Total revenue	323,854,430	5,712,411	329,566,841
Direct expenses:			
Loan interest expense	25,038,640	283,135	25,321,775
Loan losses (recoveries)	(64,811)	(1,089,878)	(1,154,689)
Other direct expenses	53,395,841	1,166,830	54,562,671
Net revenue	245,484,760	5,352,324	250,837,084
Operating expenses:			
Salaries and benefits	207,722,072	3,871,955	211,594,027
Occupancy	5,278,540	120,983	5,399,523
Other expense	24,370,318	630,903	25,001,221
Total operating expenses	237,370,930	4,623,841	241,994,771
Income before income taxes	8,113,830	728,483	8,842,313
Income tax expense	2,291,676	219,427	2,511,102
Net income	$ 5,822,154	$ 509,057	$ 6,331,211

[1] Inclusive of purchase accounting related to the acquisition of HSL that is not included in HSL's stand-alone audited financial statements.

First adopted August 1994
April 11, 1995 Revisions
February 12, 2009 Revisions
September 16, 2010 Revisions
June 14, 2012 Revisions
May 9, 2013 Revisions
April 2, 2020 Revisions

Subleasing Criteria

The General Manager, at his/her discretion, may choose to grant subleasing privileges to a member for a period not to exceed two years, in the following kinds of cases, provided that the member has not rented his/her unit without authorization during the previous twelve (12) months:

1. If a member's job or job assignment requires, he/she temporarily leave the Washington metropolitan area and the member expects to return to his/her GHI home at the end of this period.

2. If a member's job requires that he/she live on or near his/her job, and the member states this will be a temporary requirement and the member expects to return to his/her GHI home at the expiration of this requirement.

3. If the member leaves the Washington metropolitan area to further his/her education and expects to return to his/her unit upon completion of this program.

4. Under hardship conditions such as but not limited to illness, job loss, and family crisis, and the member expects to return to his/her GHI home by the end of the rental period.

5. For members who have been unable to sell their units, after the following conditions have been met:

   - The selling member's home must have been **actively marketed** for sale at no more than the value determined by an independent appraisal, for a period of not less than nine months from the date the Intent to Sell was received by GHI. The selling member must have been willing to accept an offer at that amount.

6. If the member owes more on the unit than the price determined by an independent appraisal and cannot pay the difference. The member must document the reason why he/she cannot continue living in the unit. For acceptable reasons, refer to paragraphs 1-4 above, except that members do not expect to return to live in the unit. The member will provide sufficient documentation, including but not limited to share loan statements, savings accounts, credit card statements, statements of investment accounts and the most recent official IRS tax return complete with schedules and attachments. The member will also provide a sound plan for paying down the mortgage balance within the approved rental period.

7. If the member wishes to rent his/her unit for less than 6 months in a 12-month period and intends to return to his/her GHI home at the end of this period. In this case, the General Manager can approve subleasing up to a total of 24 months in a 48-month period, provided that the member occupies the unit during the months it is not rented.

All other types of rentals in a unit that is not occupied by a member are prohibited unless expressly approved by the GHI Board of Directors.

The General Manager will keep the Board informed in Executive Session of all sublease situations. Any extension of the subleasing period, if allowed, requires Board approval as a well-justified exception. A request for such an approval must be made by the member in writing, with a full description of the reasons for exceptional treatment and with copies of appropriate documentation. The Board may require that the member furnish additional documentation.

The Board of Directors will not allow a member to rent his/her unit for more than a total of ____ years.

Subleasing includes all cases of someone living in the unit when the member for that unit is not residing in the unit. This is true even of persons related to the member and of persons not paying any rent. Subleasing does NOT include instances of a nonmember living in the unit when the member of that unit is residing in the unit **and** does not have another residence in the Washington Metro Area.

[See City of Greenbelt regulations regarding renting a room in your home and Prince George's County regulations regarding Airbnb rentals.]

THE FOLLOWING REQUIREMENTS MUST BE MET BY ALL PROSPECTIVE TENANTS PRIOR TO THE TENANT SIGNING THE LEASE AGREEMENT.

1. Fill out a GHI membership application and meet the GHI membership approval criteria with the exception of the down payment.

2. Attend a pre-purchase orientation and submit to a criminal background check before acceptance by GHI as a tenant and signing a lease.

All members who receive permission from the General Manager agree to the following:

1. Member's lender must give written permission for member to sublet if required.

2. Rental price is determined by the Member. According to the Member Handbook page 9 D: GHI charges a fee for acting as the member's agent in administering the sublease during the member's absence. The current fee is $50.00 per month and can be changed at any time by the Board of Directors. The member's monthly co-op fee must be electronically withdrawn from their bank on the EZ Pay Program, which includes the administration fee for subleasing.

3. The Annual City Rental License inspection will be scheduled by GHI in the fall of each year. The member must pay for the inspection and administration fee and must correct within 30 days all deficiencies found by the City of Greenbelt.
   a. Comply with City of Greenbelt's Fire Safety Code.
      One (1) smoke detector on each floor
      One (1) smoke detector in each sleeping room

4. The member and tenant shall sign a member-tenant lease agreement provided by GHI, for rental of the unit. A lease agreement of any other type is prohibited.

5. The member's tenant shall not sublease any part of the unit to a sub-tenant.

6. The unit may be occupied by the tenant and the tenant's family, so long as total occupancy of the unit does not exceed two persons per bedroom. Everyone residing in the unit shall be named on the occupancy list.

7. Maryland regulations require rental dwelling units constructed prior to 1950 to meet the Lead Risk Reduction Standard. The Member shall register the unit with the Maryland Department of Environment. The registration fee and its annual renewal cost is currently $30 per year. The member is required to meet the Full

Risk Reduction Standard at every change in occupancy by:

a. Ensuring the unit passes the test for lead-contaminated dust provided that any chipping, peeling, or flaking paint has been removed or repainted on interior and exterior of the affected unit.
b. Verifying compliance by submitting a report to the Maryland Department of Environment from an independent accredited lead paint visual inspector or accredited lead paint risk assessor.

8. Member will deliver the leased premises in a safe and sanitary condition and in complete compliance with all GHI Regulations.
   a. Resale (rental) inspection of the home by Technical Service.
   b. Complete all work identified as member responsibility.
   c. Comply with state and federal lead paint requirements.
   d. All appliances must be in working condition as well as clean.

9. The member is responsible for repairs if needed during the leased period unless other arrangements are made prior to signing of the lease agreement.

10. Obtain homeowner's liability insurance that protects member as a landlord - minimum limit of $300,000.

11. The member must be aware that sub-letting his/her unit may result in the loss of the Maryland Homestead tax credit.

12. GHI may charge the member $500.00, plus any costs incurred by GHI in excess of $500.00, as additional Rent, in the event that it evicts a tenant of the member whose sublease was not approved by GHI or who does not comply with the member's Mutual Ownership Contract Agreement.