SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Social Bond and Loan Framework

Change Lending, LLC
10 January 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	• Social Financing Instruments
Relevant standards	• Social Bond Principles, as administered by the ICMA (June 2021) • Social Loan Principles, as administered by the LMA (April 2021)
Scope of verification	• Change Lending Social Bond and Loan Framework (as of 01.10.2022) • Change Lending Selection Criteria (as of 01.10.2022)
Lifecycle	• Pre-issuance verification
Validity	• As long as there is no material change to the Framework

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Scope of work

Change Lending, LLC, dba Change Home Mortgage and Change Wholesale (“the issuer” or “Change”) commissioned ISS ESG to assist with its Social Financing Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Social Financing Instruments link to Change’s sustainability strategy – drawing on Change’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. Change’s Social Bond and Loan Framework (01.10.2022 version) – benchmarked against the International Capital Market Association's (ICMA) Social Bond Principles (SBP) and the Loan Market Association (LMA) Social Loan Principles (SLP)
3. The Selection Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[1]
Part 1: **Social Financing Instruments link to issuer's sustainability strategy**	Change Lending is a mortgage lender in the United States that offers traditional and non-traditional mortgage[2] products to its clients, including affordable housing products. The company is a Community Development Financial Institution ('CDFI'), certified by the United States Department of the Treasury CDFI Fund. As a CDFI, Change helps promote access to capital and local economic growth in minority, low-income, and developing communities across the nation. ISS ESG finds that the Use of Proceeds financed through these bonds/loans is consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Social Bonds and Loans is clearly described by the issuer.	**Consistent with issuer's sustainability strategy**
Part 2: **Alignment with ICMA's SBP and LMA's SLP**	The issuer has defined a formal concept for its Social Bonds and Loans regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the ICMA SBP (June 2021) and the LMA SLP (April 2021).	**Aligned**
Part 3: **Sustainability quality of the selection criteria**	The overall sustainability quality of the selection criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Social Bonds or Loans will (re-) finance Residential mortgage loans granted to underserved populations. The use of proceeds categories for Residential Mortgage Loans for low-income communities or individuals have a limited contribution to SDG 1 'No Poverty', Residential Mortgage Loans for the underserved populations listed excluding real estate investors have a limited contribution to SDG 10 'Reduced Inequalities' while Residential Mortgage Loans for real estate investors have no net impact. The social risks associated with those use of proceeds categories have been well managed.	**Positive**

[1] ISS ESG's evaluation is based on the Change Lending's Social Bond and Loan Framework (01.10.2022 version), on the analysed selection criteria as received on 01.10.2022.

[2] Traditional mortgage refers to conventional loans offered to qualified homebuyers in high-cost or underserved communities. Non-traditional mortgages are designed for borrowers that are unable to qualify using conventional loan requirements or who prefer not to use debt-to-income criteria.

ISS ESG SPO ASSESSMENT

PART I: SOCIAL FINANCING INSTRUMENTS LINK TO CHANGE'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF CHANGE'S ESG PERFORMANCE

<u>Methodological note</u>: Please note that Change Lending is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Mortgage & Public Sector Finance sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

Industry classification

Mortgage & Public Sector Finance

Key Issues of the industry

1. Sustainability impacts of lending and other financial services/products

2. Customer and product responsibility

3. Employee relations and work environment

4. Statutory ESG standards linked to the geographical allocation of the lending portfolio

Indicative ESG risk and performance assessment

Change Lending ('Change') is a mortgage lender in the United States that offers traditional and non-traditional mortgage products to its clients, including affordable housing products. The company is a Community Development Financial Institution ('CDFI'), certified by the United States Department of the Treasury CDFI Fund. As a CDFI, Change helps promote access to capital and local economic growth in minority, low-income, and developing communities across the nation. Limited information is available regarding the share of those products in the company's total business. The company does not seem to offer products with substantial environmental benefits.

Change is active in the United States, where poor environmental and social minimum standards, either set by law or industry agreements, apply to the company's portfolio. There are no further indications that additional relevant ESG criteria are considered in the credit rating process.

In terms of customer and product responsibility, Change has taken initial steps to address responsible sales practices (e.g., through a complaint handling procedure). However, topics such as responsible marketing and responsible management of clients with debt repayment problems do not seem to be addressed. The company does not demonstrate how it responsibly manages clients with debt repayment problems.

Staff-related risks such as discrimination and health and safety are considered to be mitigated to some extent by high labor standards applicable in the United States. However, the company does not further demonstrate how it manages employee-related issues such as work-life balance and employment security.

Indicative product portfolio assessment

Social impact of the product portfolio

As a CDFI, Change helps promote access to capital and local economic growth in minority, low-income, and developing communities across the nation. By offering such services, Change Lending fosters financial inclusion. Limited information is available regarding the share of those products in the company's total business.

Environmental impact of the product portfolio

Change Lending's product portfolio does not seem to include any products with substantial environmental benefits.

Controversy Assessment

Company Screening

The analyst in charge of producing this report conducted a high-level controversy assessment. There is no indication of Change Lending being involved in any of the below-mentioned controversies.

Industry risks

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Mortgage & Public Sector Finance sector are as follows: Failure to pay share of taxes, failure to mitigate climate change impacts, and failure to conduct human rights due diligence. This is closely followed by failure to prevent money laundering, workplace discrimination on the grounds of gender and failure to manage cybersecurity.

B. CONSISTENCY OF SOCIAL FINANCING INSTRUMENTS WITH CHANGE'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

Change is certified by the U.S. Department of Treasury as Community Development Financial Institutions (CDFIs) and offers banking services and home loans focused on the underbanked[3]. Since its founding, Change Lending, LLC and its parent company, the Change Company, LLC has funded over $20 billion in loans to more than 50,000 families. In 2020, the company originated approximately 20,000 loans totaling over $7 billion.

The corporate mission of Change Lending is to bank the underbanked by (i) eliminating the wealth gap and bringing social and racial equity to financial services, and (ii) levelling the playing field for diverse homeowners and small business owners.

[3] Change includes as underserved individual borrowers: small-business owners, self-employed borrowers, real-estate Investors, first-time Home Buyers, borrowers with a recent gap or change in employment status, borrowers recovering from previous financial distress.

Rationale for issuance

The proceeds from the issuance of non-recourse securitization and sale of Social Bonds and Social Loan borrowing by Change will be utilized by the company to finance the continued origination of residential mortgage loans to underserved borrowers that lack access to the essential service of banking. These mortgage loans originated by Change may be used by the individual borrowers to either purchase a new residential property or refinance an existing mortgage on a residential property (in 2020, approximately 67% of residential mortgage loans originated by Change were refinance transactions).

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Social Bond and Loan Framework with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Mortgage & Public Sector Finance sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Residential Mortgage Loans (Provided to an underserved population)	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through these bonds/loans is consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Social Bonds and Loans is clearly described by the issuer.*

PART II: ALIGNMENT WITH INTERNATIONAL CAPITAL MARKET ASSOCIATION'S SOCIAL BOND PRINCIPLES AND LOAN MARKET ASSOCIATION'S SOCIAL LOAN PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

The proceeds from the issuance of non-recourse securitization and sale of Social Bonds and Social Loans borrowing by Change will be utilized by the company to finance the continued origination of residential mortgage loans to underserved borrowers that lack access to the essential service of banking. These mortgage loans originated by Change may be used by the individual borrowers to either purchase a new residential property or refinance an existing mortgage on a residential property (in 2020, approximately 67% of residential mortgage loans originated by Change were refinance transactions).

This use of proceeds is intended to comprise "Eligible Social Projects" for the purposes of the ICMA SBP and LMA SLP, as it will contribute to improving access to:

- Financing and Financial Services
- Affordable Housing
- Socioeconomic advancement and empowerment through equitable access and control over assets, services, resources and opportunities

Through continued product development and origination, Change seeks to serve applicants who are underserved by traditional mortgage lenders and banks due in part to the borrowers having limited, inadequate, or complex income or credit history that often precludes them from obtaining conventional or prime financing. Traditional lenders and banks often rely on automated risk scoring and processes which are incapable of handling the complex nature of certain borrower attributes. However, by specifically designing guidelines to address these limitations and utilizing a manual underwriting process, Change Lending is able to offer these borrowers residential mortgage financing that would otherwise be unavailable or potentially cost-prohibitive. These underserved individual borrowers may include:

- Small-Business Owners and Self-Employed Borrowers – Typically these borrowers will benefit from a manual underwrite of their income, which may include multiple sources, including non-wage income such as distributions and dividends, and may rely on non-standard documentation, such as business or personal bank statements, P&L statements, or 1099s.
- Real Estate Investors – Agency-conforming guidelines may preclude certain real estate investors from acquiring traditional financing on investment properties that have higher property values resulting in loan balances that exceed agency limits, those in certain condominium projects, or those with more than four units, all of which are prevalent in coastal communities with higher concentrations of investment activity. There may also be additional agency restrictions on borrowers who seek to obtain financing on multiple investment properties. Real-estate investors typically provide a social benefit to the communities in which they invest by maintaining and/or improving the subject property condition and surrounding areas while creating affordable rental properties.

- First-Time Home Buyers – Often first-time borrowers are unable to qualify for traditional financing due to insufficient credit history from credit bureaus including Experian, Equifax and TransUnion, as first-time borrowers are often younger and have had less time to develop a credit history or save sufficient assets to meet both down payment and reserve requirements.
- Borrowers with a recent gap or change in employment status and those recovering from previous financial distress – As with other underserved borrowers, borrowers with an inconsistent employment history or previous financial distress may benefit from a manual underwrite and allow borrowers to obtain affordable financing when there are mitigating factors such as a significant down payment and/or asset reserves that can be documented and relied upon by Change Lending.

In addition to those borrowers who are underserved by traditional financing and lending institutions as described above, as a Community Development Financial Institution (CDFI), Change has a specific mandate from the U.S. Department of Treasury to originate at least 60% of annual loan production within Change designated Target Markets, which include, but are not limited to Low- to Moderate-Income Individuals nationwide and certain Low- to Moderate-Income communities in California.

Target Market borrowers may be eligible for rate reductions depending on the loan program, demonstrating a true commitment from Change to expanding homeownership for underserved borrowers.

Opinion: *ISS ESG considers the Use of Proceeds description provided by Change's Social Bond and Loan Framework as aligned with the ICMA's SBP and LMA's SLP. In addition, the social benefits are described by the issuer. The residential mortgage loans to underserved populations align with the "Access to Essential Services (financial services)", ''Affordable housing'', and "Socioeconomic Advancement and Empowerment" categories of the SBP. Besides, Change has identified an appropriate target population consisting of small-business owners and self-employed borrowers, first-time home buyers and borrowers with a recent gap or change in employment status and those recovering from previous financial distress. Regarding the real estate investors' category, ISS ESG notes limited evidence to include this category within the underserved population. The project category is aligned with the issuer's broad sustainability strategy. While the social benefits of the projects are clear, ISS ESG also observes the potential negative externalities from the project should be taken into consideration. As such, inequalities created from increased interest rates associated with loans to underserved people and the risk of individuals getting indebted after refinancing existing debt should be noted.*

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

The management team of Change is a diverse team with a long history of working to effect social change and includes senior management from various cross-functional departments, including Capital Markets, Treasury, Operations/Production, Legal/Compliance and Information Technology. Together, the team works to ensure that underserved borrowers and Target Market lending rates are consistently achieved. The management team will also oversee the selection of collateral that will back the Social Bond issuance, generally ensuring that the underlying collateral pool provides a representative cross-section of certain origination cohorts.

Additionally, Change has established an independent and external Community Advisory Board ("CAB") of approximately 12 leading non-profit, faith-based, and civic leaders who represent low-income and minority borrowers in Change's Target Markets. The CAB is responsible for overseeing Change's lending programs to ensure that they are fair, safe, and non-predatory. The CAB advises Change on appropriate ways to expand access to credit for borrowers from target populations who have been underserved by traditional financial institutions and requires Change to develop holistic underwriting, counselling, servicing, and reporting policies to ensure that consumers are treated fairly throughout the loan origination process.

The CAB meets formally on a quarterly basis and includes both a Credit Committee responsible for reviewing new programs, policies and procedures, and an Advocacy Committee responsible for increasing outreach within target markets.

A selection of current product offerings is provided below:

PRIME PLUS PROGRAM: Designed for prime or near-prime borrowers that are unable to obtain financing through conventional or governmental channels because they fail to satisfy the credit requirements of these programs. A typical Prime Plus Program mortgagor may have been subject to a bankruptcy or foreclosure not less than 48 months prior to origination.

ALT-DOC PROGRAM: Designed for self-employed prime or near-prime borrowers that need an alternative way to document their income. Income may be documented utilizing 12 months bank statements (personal or business), or the most recent year 1099, W-2, or tax return. Mortgagors may also qualify by documenting significant liquid assets. A typical Alt-Doc Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 36 months prior to origination.

COMMUNITY MORTGAGE PROGRAM: Designed for borrowers with limited or inadequate income or credit history or documentation. Focusing on underbanked and underserved borrowers and communities, the Community Mortgage Program takes a holistic approach to credit underwriting, generally focusing on the property LTV, borrowers FICO and asset reserves. Underwriters are trained to consider compensating factors and non-traditional resources to responsibly underwrite mortgages and help borrowers establish and enhance their credit profile and improve their access to prime financing. The Community Mortgage Program is ideal for borrowers that may be self-employed, small businesses owners, those with irregular income, retirees, seasonal and gig workers, real estate investors, owners and employees of cash businesses, newly self-employed, those transitioning from recent health, family or other life events, or recent immigrants.

EZ PRIME PROGRAM: Designed for prime borrowers with at least 60 months of liquid reserves and a strong credit history, including at least 12 months of clean housing payment history and at least 48 months seasoning from any prior bankruptcy, foreclosure, deed-in-lieu or short sale.

INVESTOR PROGRAM: Designed for real estate investors who are experienced in purchasing, renting and managing investment properties. Mortgagors may qualify based on a debt service coverage ratio (DSCR) (the lesser of the market rent or lease in place (on a monthly basis)) divided by the sum of monthly principal, interest, taxes, insurance, and homeowners association dues (if applicable). Mortgagors may also qualify to purchase or refinance lower LTV properties without calculating a DSCR. A prior mortgage or rental history demonstrating at least 12 months of clean housing payment history is required for all mortgagors. All mortgagors are required to sign a certification at application which states that the properties are not owner-occupied and are owned solely for investment purposes.

Generally, the credit guidelines provide for limitations on certain loan characteristics, including loan amount ($4.0mm maximum), debt-to-income ratio (50% maximum), loan-to-value ratio (90% maximum), FICO score (600 minimum), and asset reserves (3 months PITIA payment minimum). Loan terms are also limited to a maximum of 40 years and the initial fixed-rate period on adjustable-rate mortgage loans is no less than five years.

All loans originated by Change are fully underwritten by a dedicated team, with underwriters having an average of 15 years of industry experience. Additionally, all loans are subject to an independent review by a third-party due diligence company which ensures that the loans meet all credit and valuation criteria established by the company as well as compliance regulations determined by various municipal, state and federal governmental bodies.

Together, the management team, Board of Directors, and Community Advisory Board oversee the implementation and execution of the framework, including:

- Ensuring that the framework is aligned with the ICMA Social Bond Principles and LMA Social Loan Principles
- Approving of additional Eligible Social Projects and the addition of Target Markets
- Overseeing the preparation of SBP and SLP reporting materials

Opinion: *ISS ESG considers the Process for Project Evaluation and Selection description provided by Change's Social Bond and Loan Framework as aligned with the ICMA's SBP and LMA's SLP. Moreover, the projects selected show alignment with the corporate mission strategy of the issuer. The evaluation and selection process is well described, with the companies originating the loans and departments involved in the process clearly identified. External expertise is also part of overseeing Change's lending programs.*

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

On the issuance date of the Social Bonds, the issuing entity will use the Social Bond proceeds to purchase a specific pool of loans originated by Change Lending, LLC which has been identified by the management team ahead of the issuance date. The maturity date of the Social Bonds will typically be five years after the latest maturing mortgage loan in the collateral pool. Additionally, Change has developed internal capabilities that will enable the management team, Board of Directors and CAB to track the details of the issuance of Social Bonds and Social Loans, including:

- Issuance Name

- Transaction Date
- Proceeds Amount
- CUSIP's
- Class Amounts
- Interest Rates / Terms
- Investor Allocations

***Opinion:** ISS ESG finds that the Management of Proceeds proposed by Change's Social Bond and Loan Framework is well aligned with the ICMA's SBP and LMA's SLP, as the proceeds should be used by the issuer on the issuance date.*

4. Reporting

FROM ISSUER'S FRAMEWORK

SERVICER REPORTING

Change Lending, LLC engages the services of a third-party loan servicer to provide comprehensive customer service to borrowers and to track the origination and performance details relating to the underlying residential mortgage collateral pool. The servicer tracks, among other things:

- Loan Principal Balance
- Interest Rate and Payment Terms
- Amortization and Prepayments
- Payment and Delinquency Status

The loan servicer(s) engaged by Change will be rated by nationally recognized statistical rating organizations and will remain subject to continued review and oversight. For the Social Bond issuances, the servicing data, including collection and performance data on the underlying loan pool, will be summarized and reported by the securities administrator for the transaction. This reporting will also include detailed information on the performance and distributions of the issued Social Bonds and will be widely and publicly available on the website of the securities administrator, as well as on third-party services such as Bloomberg and dv01. This data will be reported monthly and will be available for as long as the securitization remains outstanding. Change will continuously monitor this reporting from the servicer(s) and securities administrator to track the performance of the underlying collateral.

TARGET MARKET REPORTING

Change maintains detailed reporting of Target Market lending rates. On an annual basis, Change is required to report origination details to the U.S. Department of Treasury to recertify Change designation as a CDFI. To the extent available, Change will provide details of the annual re-certification.

SOCIAL BOND ISSUANCE REPORTING

Change Lending, LLC will prepare and publish a Social Bond Annual Report, which will be made available upon request, and will provide details of the collateral pool backing each issued Social Bond, including:

- The count, aggregate and average unpaid principal balance (UPB) of the portfolio
- The weighted average contractual interest rate of the portfolio
- The weighted average loan-to-value ratio of the portfolio
- The weighted average appraisal value of the portfolio
- The total amount of amortized principal paid on each loan over the previous year
- The total amount of prepaid principal paid on each loan over the previous year
- A summary of the payment status of each loan in the portfolio
- A summary of the employment status of each loan in the portfolio
- A summary of the geography of the properties in the portfolio
- A summary of the occupancy of the borrowers in the portfolio

The Social Bond Annual Report will be prepared and available annually, for as long as any Social Bond issuance remains outstanding.

Opinion: *ISS ESG finds that the reporting proposed by Change's Social Bond and Loan Framework is aligned with the ICMA's SBP and LMA's SLP. The level, frequency and duration of the social financing instrument reporting is clearly defined. Change also provides a list of impact indicators (employment status, occupancy of the borrowers, geography of the borrowers) that provides qualitative information about the borrower, useful to understand the impact on the target population.*

External review

FROM ISSUER'S FRAMEWORK

Change utilizes the services of Baker Tilly (https://www.bakertilly.com/) as an independent external auditor for reviewing and confirming annual financial statements.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE SOCIAL FINANCING INSTRUMENTS TO THE UN SDGS

Based on the assessment of the sustainability quality of the Social Financing Instruments selection criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Change's Social Bonds and Loans to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on a 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution

Each of the Social Bonds'/Loans' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Residential Mortgage Loans to an underserved population *to Small-Business Owners and Self-Employed Borrowers, First-Time Home Buyers, Borrowers with a recent gap or change in employment status and those recovering from previous financial distress*	Limited contribution[4]	
Residential mortgage loans to an underserved population *to low-income communities and individuals*	Limited contribution	
Residential mortgage loans *to Real Estate Investors*	No net impact	

[4] This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an issuer's product and service portfolio on the SDGs.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

Residential Mortgage Loans

As a Use of Proceeds category, Residential mortgage loans that target low-income communities and individuals have a limited contribution to the SDG 1 "No Poverty", residential mortgage loans to the other underserved populations described above excluding real estate investors have a limited contribution to SDG 10 'Reduced Inequalities' while residential mortgage loans to real estate investors have a no net impact. The table below presents the findings of an ISS ESG assessment of the selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI	
Inclusion	
✓	Change is an Equal Housing Lender[5]- Loan officers and underwriters do not consider a borrower's race/ethnicity/age/gender/sexual orientation, etc. when originating or underwriting the loan file. Change has implemented some educational programs to promote inclusion and non-discriminatory access. Indeed, some borrowers in certain programs are required to take an online homebuyer education course prior to closing the loan. Change has partnered with Framework Homeownership LLC to provide comprehensive homeownership education and counselling that meets Housing and Urban Development guidelines and exceeds National Industry Standards for Homeownership Education and Counseling.
Responsible treatment of customers with debt repayment problems	
✓	Measures are in place regarding pre-emptive actions to prevent client debt repayment problems. Indeed, Change set up guidelines for maximum loan-to-value (LTV) and debt-to-income (DTI) ratios (i.e max LTV is 90% and max DTI is 43%). Adjustable-Rate mortgages are not available with short-term initial fixed-rate adjustment periods. The minimum initial fixed-rate adjustment period is 5 years. Borrowers are also required to have a minimum amount of asset reserves, typically at least 3 months of Principal Interest Taxes Insurance and Association (PITIA) payments. Change Home Mortgage is exempt from Ability-to-Repay (ATR), however, certain guidelines meet the Consumer Financial Protection Bureau's requirements under its ATR / Qualified Mortgage Rule, including loans that meet the general ATR requirements and certain higher-priced qualified mortgage loans with rebuttable presumption liability protection, as prescribed by the applicable regulation.
-	The loans that will be included in the collateral pool for the Social Bond/Loan will, by definition, not be sold but rather held in trust with Change Lending (or an affiliate) retaining the equity portion of the issuance. Therefore, it is not applicable to have

[5] HUD, Fair housing and related statutes regulations, https://www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_and_related_law

information on policies/measures in place to ensure that the creditor excludes the selling of contractually serviced loans or to ensure that clients do not face unfavorable conditions because of the sale.

✓

Change has defined internal measures regarding sustainable solutions offered to customers with debt repayment problems. The company has established a loss mitigation waterfall that is implemented by the loan servicer that will attempt to defer payments via forbearance or modify the repayment terms of the loan to establish a sustainable monthly payment if the borrower experiences hardship and is unable to repay the loan at the initial agreed-upon terms. The waterfall will be automatically implemented by the servicer of any defaulted mortgage loan.

To assist the loan servicer in contacting the borrower in a timely manner, the Loan Officer is required to obtain a valid phone number for the borrower(s). The phone number can be collected on the 1003 loan application or by using the Borrower Contact Consent Form (Exhibit H) in the Exhibit section of the Guide.

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1. Validity of the SPO: As long as there are no material changes to the Framework
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds/loans based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and creditworthiness of a bond/loan but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: Methodology

ISS ESG Social KPIs

The ISS ESG Social Bond/Loan KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Change Lending's Social Bonds and Loans.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Social Bond/Loan KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Social Bond/Loan KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by Change Lending (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Change Lending's Social Bonds and Loans contributes to related SDGs.

ANNEX 2: Quality management processes

SCOPE

Change commissioned ISS ESG to compile a Social Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Social Bond and Loan Framework aligns with the ICMA's SBP and LMA's SLP and to assess the sustainability credentials of its Social Bonds and Loans, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA's SBP
- LMA's SLP
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by Change

ISSUER'S RESPONSIBILITY

Change Lending's responsibility was to provide information and documentation on:

- Framework
- Asset pool / Eligibility criteria

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Social Bonds and Loans to be issued by Change Lending based on ISS ESG methodology and in line with the ICMA's SBP and LMA's SLP.

The engagement with Change Lending took place in November and December 2021.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

For Information about SPO services, contact: SPOsales@isscorporatesolutions.com

For Information about this Social Financing Instruments SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead	Project support	Project supervision
Camille Roux Associate ESG Consultant	João Ferreira Associate ESG Consultant	Viola Lutz Executive Director Head of ISS ESG Climate Services