Leap HEI Terms and Disclosures

1. A Leap HEI is not a traditional loan

A Leap Home Equity Investment, or HEI, is a contract under which Leap pays you cash today in exchange for a contingent share of your home's future value. That share is determined at the end of the term or earlier if a settlement event occurs, such as a sale, refinance, or buyout. It is not a loan. Leap's return is not a fixed interest rate. The settlement amount depends on how your home's value changes, and is fully described in your Closing Documents.

An HEI differs from a loan in several specific ways:

- **No monthly payments or interest rate.** You make no monthly payments to Leap under the HEI, and no interest rate accrues over time.
- **No effect on your credit report** from the HEI itself, though the transaction is recorded against your property.
- **A recorded lien on title.** Leap's interest is secured by a deed of trust, mortgage, or other instrument [varies by State, so please confirm this] recorded against your property. This encumbers your title for the duration of the investment. In practice, that means you generally cannot sell or refinance the property without resolving Leap's interest first.
- **Settlement, not repayment.** At the end of the term, or upon an earlier settlement event, you owe Leap a settlement amount calculated under the formula in your Closing Documents. This is not a loan balance plus interest.
- **Leap Relax is not a reverse mortgage**. Therefore, it does not require a minimum age or a specific level of existing home equity the way a reverse mortgage does.
- The specific mechanics of each investment vary by transaction, so this summary is not a substitute for your Closing Documents. Your Closing Documents control if there is any conflict with this page.

2. Settlement amount can exceed the original investment amount

If your home appreciates during the investment term, the settlement amount you owe Leap will be higher than the amount Leap originally paid you, in some cases significantly higher. Leap's return is based on a share of your home's appreciation, not a fixed fee. The appreciation share is set at closing and does not change during the term.

As a general matter, the later in the term a homeowner settles, the **larger the settlement balance tends to be in dollar terms**, even as the **effective annual cost, expressed as an APR, tends to decline**. In Year 5, for instance, an average home price appreciation scenario carries an effective cost of roughly 12 to 19 percent. By Year 20, an average scenario runs roughly 9 to 11 percent. The dollar amount owed at Year 20 is still meaningfully higher than at Year 5. Both figures, the dollar amount and the annualized rate, matter to understanding the cost of the investment, and they do not move in the same direction over time.

Homeowners who settle early in the agreement will, in most scenarios, repay more than they received as their initial investment. The effective annualized cost of an early settlement runs relatively high compared to settlement later in the term. That cost, however, is always bounded by the contractual rate cap applicable to the homeowner's specific product.

Where home values decline, particularly where the decline is substantial and sustained, homeowners may see a low effective annual rate, generally in the range of 0 to 5 percent. In some scenarios the effective rate is negative, meaning the homeowner repays less than the amount originally received.

Illustrative example: Repayment and effective APR by term and home price appreciation. Table assumes a $100,000 investment on a property valued at $600,000.

Range of outcomes across Leap's HEI products, by annualized home price appreciation (HPA) and length of time the agreement is held. Each cell shows the repayment range in dollars and the corresponding effective annualized cost, or APR, range.

Term	HPA −2.5%	HPA 0.0%	HPA 2.5%	HPA 5.0%	HPA 7.5%
1 year	**$111,200 to $129,200** 9.2% to 26.9%	**$114,000 to $129,200** 12.0% to 26.9%	**$116,900 to $129,200** 14.8% to 26.9%	**$118,600 to $129,200** 16.5% to 26.9%	**$118,600 to $129,200** 16.5% to 26.9%
3 years	**$124,800 to $192,000** 7.0% to 23.6%	**$134,600 to $192,000** 9.8% to 23.6%	**$145,000 to $192,000** 12.5% to 23.6%	**$151,400 to $192,000** 14.1% to 23.6%	**$151,400 to $192,000** 14.1% to 23.6%
5 years	**$76,700 to $188,400** −5.5% to 13.2%	**$127,100 to $213,900** 4.5% to 16.1%	**$179,900 to $242,000** 12.1% to 19.0%	**$193,300 to $273,000** 13.7% to 21.9%	**$193,300 to $273,800** 13.7% to 21.9%
10 years	**$32,300 to $186,900** −10.8% to 6.3%	**$127,100 to $240,800** 2.2% to 9.0%	**$245,800 to $308,300** 9.2% to 11.7%	**$314,700 to $393,600** 11.9% to 14.5%	**$355,900 to $576,700** 13.3% to 18.9%
15 years	**$0 to $179,500** *none*	**$127,100 to $262,400** 1.5% to 6.5%	**$309,800 to $380,000** 7.7% to 9.2%	**$444,600 to $584,300** 10.3% to 12.4%	**$632,800 to $957,100** 13.0% to 16.1%
20 years	**$0 to $158,100** *none*	**$127,100 to $262,400** 1.1% to 4.8%	**$350,500 to $429,900** 6.4% to 7.5%	**$567,500 to $827,700** 9.0% to 11.0%	**$908,500 to $1,503,300** 11.6% to 14.4%
30 years	**$0 to $122,800** *none*	**$127,100 to $262,400** 0.7% to 3.2%	**$448,600 to $592,200** 5.1% to 6.0%	**$924,300 to $1,534,700** 7.6% to 9.5%	**$1,872,400 to $3,413,100** 10.2% to 12.4%

- Where settlement amount is $0, the homeowner owes nothing and no annualized rate applies. 0% APR is shown as “none.”
- The uniform upper values at Year 1 and Year 3 reflect the contractual rate cap, which binds across all appreciation scenarios shown at those terms.
- The $127,100 floor in the 0.0% appreciation column from Year 5 onward reflects the minimum return provision.
- Repayment figures are rounded to the nearest $100 and are illustrative only. The Closing Documents govern.

3. Repayment can be less than the original investment amount

If your home declines in value during the investment term, the settlement amount you owe Leap is reduced accordingly. In cases of significant decline, the settlement amount can fall below the amount Leap originally paid you. Leap shares in the downside of your home's value the same way it shares in the upside. This is a core feature of the investment structure, not an exception to it.

4. Tax treatment

The tax treatment of a Leap HEI, including whether the investment amount is taxable income, how the settlement payment is treated, and any effect on your basis in the property, depends on your individual circumstances and the tax law of your jurisdiction. It may be treated differently than a home equity loan or line of credit. Leap does not provide tax advice. Consult a qualified independent tax professional about your specific situation before entering an HEI, and before relying on any tax assumption in deciding whether an HEI is right for you.

5. Equal housing

Leap Analytics, Inc. is an Equal Housing Opportunity company. Leap does not discriminate based on race, color, religion, sex, disability, familial status, national origin, or any other characteristic protected by federal, state, or local law, in any aspect of the origination, underwriting, or servicing of a Leap HEI. If you believe you have experienced discrimination, you may file a complaint with Leap's compliance department at compliance@leaphei.com or with the U.S. Department of Housing and Urban Development at www.hud.gov/fairhousing or 1-800-669-9777.

6. Fees and costs

An HEI involves costs in addition to the settlement amount described above. Depending on your transaction, these costs may include:

Fee item	Cost
Origination or transaction fee	3.0% of investment amount
Appraisal or home valuation fee	$299–$340
Title search and title insurance	$800–$895
Recording and escrow fees	$40–$90
Early buyout or early settlement fee	None

An itemized estimate of costs specific to your agreement will be provided in your Application Packet and Estimate Disclosure, before you are obligated to proceed. Final costs appear in your Closing Documents.

7. Your right to independent advice

You have the right to consult independent legal counsel and a qualified tax or financial advisor before signing your Leap HEI Closing Documents, and Leap encourages you to do so. An HEI is a long-term financial commitment secured against your home, and an advisor who does not work for Leap can help you evaluate whether it fits your circumstances.

Leap also encourages you to speak with a HUD-approved housing counselor before you sign. A housing counselor is independent of Leap and can help you understand how an HEI compares to other ways of using your home's equity. Leap does not cover the cost of housing counseling. Any fee charged by a counselor or counseling agency is your responsibility, though many HUD-approved counselors offer free or low-cost sessions. You can find a HUD-approved counselor near you through the Consumer Financial Protection Bureau's counselor search tool or by contacting HUD directly at https://www.hud.gov/stat/sfh/housing-counseling or by calling 800-569-4287 [TTY 202-708-1455]. Leap may also provide a counselor referral directly as part of your application. Speaking with a counselor is your choice and will not affect your application or your eligibility for a Leap HEI.

8. Your other obligations as a homeowner

An HEI does not replace your other financial obligations. You remain responsible for paying property taxes, maintaining homeowner's insurance, and keeping current on any existing mortgage or other lien on your property. Falling behind on these obligations can put your home at risk independent of your HEI, including through action by a lender or lienholder unrelated to Leap.

If you fall behind on one of these obligations, Leap will generally provide written notice and an opportunity to cure the default within a set period (30 days minimum) before taking further action depending on applicable state and federal law. If the default is not cured within that period, Leap may take one or more of the following actions, as set out in your Closing Documents:

- **Advance payment on your behalf.** Leap may pay the delinquent amount, such as a property tax bill, an insurance premium, or a payment due under a senior mortgage, in order to protect its interest in your property. Any amount Leap advances in this way is added to what you owe Leap, together with interest, until repaid. Leap may require repayment of these advances separately from and ahead of your regular settlement.

- **Treat the default as a triggering event.** An uncured default on these obligations may permit Leap to require settlement of your HEI before the end of the term, rather than waiting for the term to expire.

9. Assignment and servicing

Leap may sell, assign, or transfer its interest in your HEI, or the servicing of your HEI, to a third party. If that happens, you will be notified of any change to your point of contact for servicing, and your rights and obligations under your Closing Documents will not change as a result of the transfer.

10. How to reach us with a complaint

***** If you have a complaint about your Leap HEI, you may contact Leap directly at compliance@leaphei.com, cusotmerservice@leaphei.com, or 800-532-7462. You may also contact the appropriate regulatory body for the state where your property is located.*****

11. Definitions

- **HEI, or Home Equity Investment.** The contract described in these disclosures, under which Leap provides cash in exchange for a contingent share of your home's future value.
- **Investment amount.** The amount Leap pays you at closing.
- **Appreciation share.** The percentage share of your home's appreciation, set at closing, used to calculate your settlement amount.
- **Term.** The maximum length of the agreement, after which a settlement event occurs if none has occurred earlier.
- **Settlement event.** The point at which you owe Leap a settlement amount. This may occur at the end of the term or earlier, such as upon a sale, refinance, or buyout.
- **Closing Documents.** The final contract and disclosures you sign at closing, which govern your specific transaction and control over this summary in the event of any conflict.