



EMPLOYEE HANDBOOK

Let Highlands Be the Key to Your Success!

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THE HIGHLANDS WAY

COMMITMENT

To being the very best at what we do.

UNDERSTANDING

Of what's at stake and who our customers truly are.

LEADERSHIP

Experienced and focused on helping others succeed.

TEAMWORK

Together, we all win; one team, one goal, united.

URGENCY

Speed, efficiency, responsiveness.

RESPECT

For one another at all times.

EXCELLENCE

Integrity and character in all things.



ABOUT THIS HANDBOOK/DISCLAIMER

We prepared this handbook to help employees find the answers to many questions that they may have regarding their employment with Highlands Residential Mortgage, LTD. Please take the necessary time to read it.

We do not expect this handbook to answer all questions. Supervisors and Human Resources also serve as a major source of information.

Neither this handbook nor any other verbal or written communication by a management representative is, nor should it be considered to be, an agreement, contract of employment, express or implied, or a promise of treatment in any particular manner in any given situation, nor does it confer any contractual rights whatsoever.

Highlands Residential Mortgage adheres to the policy of employment at will, which permits the Company or the employee to end the employment relationship at any time, for any reason, with or without cause or notice.

No Company representative other than the CEO or the President may modify at-will status and/or provide any special arrangement concerning terms or conditions of employment in an individual case or generally and any such modification must be in a signed writing.

Many matters covered by this handbook, such as benefit plan descriptions, are also described in separate Company documents. These Company documents are always controlling over any statement made in this handbook or by any member of management.

This handbook was created to provide assistance and information on general Company guidelines. This handbook was prepared in accordance with Highlands Residential Mortgage's current policies and applicable state and federal laws. In all circumstances, should any information in the handbook conflict with any federal or state law, the provision of law will take precedence. As the Company expands into additional states, addendums will be added.

The Company may, at any time, in its sole discretion, modify or vary from anything stated in this handbook, with or without notice, except for the rights of the parties to end employment at will, which may only be modified by an express written agreement signed by the employee and the CEO or President.

This handbook supersedes all prior handbooks.



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Section 1 – Governing Principles of Employment

1-1. Our Vision & Mission

We have the vision to be the world's most respected mortgage brand. To accomplish this, we have created a culture that supports our team members, so they can deliver unmatched service and products to our customers and industry partners, while fulfilling the American Dream of homeownership.

Our Mission is to provide superior quality service that employees are proud of, customers refer to their family and friends and Realtors/builders recommend to their clients. We are committed to bettering the lives of our employees, our customers and communities – while inspiring others to do the same.

1-2. Equal Employment Opportunity

Highlands is committed to the principles of equal employment. We are committed to complying with all federal, state, and local laws providing equal employment opportunities, and all other employment laws and regulations. It is our intent to maintain a work environment that is free of harassment, discrimination, or retaliation because of age (40 and older), race (including traits historically associated with race, which includes hair texture, hair type, and protective hairstyles such as braids, locks, twists, tight coils or curls, cornrows, Bantu knots, Afros and headwraps), color, national origin, creed, ancestry, religion, sex, sexual orientation (including transgender status, gender identity or expression), pregnancy (including childbirth, lactation, and related medical conditions), physical or mental disability, marital status, AIDS/HIV status, genetic information (including testing and characteristics), veteran status, uniformed servicemember status, or any other status protected by federal, state, or local laws. The Company is dedicated to the fulfillment of this policy in regard to all aspects of employment, including but not limited to recruiting, hiring, placement, transfer, training, promotion, rates of pay, and other compensation, termination, and all other terms, conditions, and privileges of employment.

The Company will endeavor to make a reasonable accommodation to the known physical or mental limitations of qualified employees with disabilities unless the accommodation would impose an undue hardship on the operation of our business. If you need assistance to perform your job duties because of a physical or mental condition, please let Human Resources know.

The Company will endeavor to accommodate the sincere religious beliefs of its employees to the extent such accommodation does not pose an undue hardship on the Company's operations. If you wish to request such an accommodation, please speak to Human Resources.

Any employees with questions or concerns about equal employment opportunities in the workplace are encouraged to bring these issues to the attention of Human Resources. The Company will not allow any form of retaliation against individuals who raise issues of equal employment opportunity. To ensure our workplace is free of artificial barriers, violation of this policy will lead to discipline, up to and including discharge. All employees must cooperate with all investigations.

The Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 prohibits an employer from denying any initial employment, reemployment, retention in employment, promotion, or any benefit of employment to an individual on the basis of his or her membership, application for membership, performance of service, application for service, or obligation for service in the uniformed services. The law also prohibits an employer from retaliating against an individual by taking any adverse employment action against him or her because the individual has exercised his or her USERRA rights, testified in connection with a proceeding under USERRA, or assisted in a USERRA investigation.

Any employees with questions or concerns about equal employment opportunities in the workplace are encouraged to bring these issues to the attention of Human Resources. The Company will not allow any form of retaliation against individuals who raise issues of equal employment opportunity. To ensure our workplace is free of artificial



barriers, violation of this policy will lead to discipline, up to and including discharge. All employees must cooperate with all investigations.

1-3. Sexual and Other Unlawful Harassment and Discrimination

Harassment and discrimination of applicants, employees and independent contractors on the basis of race, color, religion, sex, sexual orientation, national origin, age, marital status, familial status, genetic information, gender identity, ancestry, disability, or any other basis protected by applicable law is unacceptable and will not be tolerated.

Sexual Harassment

Sexual harassment has been defined generally as including unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature, whenever: (1) submission to the conduct is either an explicit or implicit term or condition of employment; (2) an employee's reaction to the conduct is used as a basis for employment decisions affecting that employee; or (3) the conduct has the purpose or effect of interfering with the employee's work performance or creating an intimidating, hostile or offensive working environment.

No employee or applicant should be subjected to unsolicited and unwelcome sexual overtures, nor should any employee or applicant be led to believe that an employment opportunity or benefit would in any way depend upon "cooperation" of a sexual nature.

Sexual harassment is not limited to demands for sexual favors. It also may include such actions as: (1) sex-oriented verbal "kidding," "teasing" or jokes; (2) repeated offensive sexual flirtations, advances, or propositions; (3) continued or repeated verbal abuse of a sexual nature; (4) graphic or degrading comments about an individual or his or her appearance; (5) the display of sexually suggestive objects or pictures; (6) subtle pressure for sexual activity; and (7) inappropriate physical contact.

Sexual harassment refers to behavior that is not welcome and that is personally intimidating, hostile, or offensive.

General Harassment and Discrimination

Harassment and/or Discrimination on other grounds, including race, color, religion, national origin, age, marital status, familial status, genetic information, gender identity, ancestry, disability, or any other basis protected by applicable law is also prohibited. Prohibited harassment may include, but is not limited to, epithets, slurs, derogatory comments or jokes, intimidation, negative stereotyping, threats, assault or any physical interference with the employee's normal work or movement, and other conduct that the individual might reasonably find to be offensive and which is directed at an individual employee, their relatives, friends or associates. Harassment may also include written or graphic material placed on walls, e-mail, bulletin boards or elsewhere on the Company's premises, or circulated in the workplace that denigrates, shows hostility or aversion towards an individual or group because of the characteristics identified above.

Scope of Policy

This policy prohibiting discrimination and harassment, whether sexual or of another nature, is not limited to relationships between and among employees and prospective employees, but also extends to interaction with clients, prospective clients, vendors, and others having a business relationship with the Company. No employee shall ever subject any client, prospective client, vendor, or other individual having a business relationship with the Company to sexual harassment or other unlawful harassment or discrimination of any nature, including that conduct described above. Furthermore, no employee will be required to suffer sexual or other harassment or discrimination by any client, prospective client, vendor, or other person having a business relationship with the Company. Any unwelcome sexual overtures or other forms of sexual or unlawful harassment or discrimination advanced by a client, prospective client, vendor, or other person having a business relationship with the Company should be reported immediately to Human Resources, the CEO or President. In the event either person is unavailable, the employee may make the report to any other member of senior management.



Complaint Procedure

The Company encourages reporting of all incidents of sexual or other harassment or discrimination, regardless of the identity of the offender. As adults, the Company encourages individuals who believe they are being harassed to firmly and promptly notify the offender that his or her behavior is unwelcome; however, such notification is not a prerequisite or requirement to filing a complaint under Company policy. Anyone not comfortable with approaching the offender should contact their Supervisor and/or Human Resources.

Notification Procedure

Any employee or applicant who feels that he or she is or has been subjected to illegal discrimination or harassment in violation of this policy should immediately notify his or her Supervisor, Human Resources, the CEO or President, or any member of the senior management team.

Investigation of Complaint

The Company will fully investigate all complaints and will maintain confidentiality to the extent possible given the Company's duty to investigate the complaint. Anyone who is found to have engaged in illegal discrimination or harassment will be subject to appropriate disciplinary action depending on the circumstances, including possibly termination of employment.

Non-Retaliation for Complaint

No employee will be retaliated against for making a complaint or assisting with the investigation of a complaint.

1-4. Substance-Free Workplace

To help ensure a safe, healthy and productive work environment for our employees and others, to protect Company property, and to ensure efficient operations, the Company has adopted a policy of maintaining a workplace free of drugs and alcohol. This policy applies to all employees and other individuals who perform work for the Company.

The unlawful or unauthorized use, abuse, solicitation, theft, possession, transfer, purchase, sale or distribution of controlled substances, unauthorized prescription drugs, drug paraphernalia or alcohol by an individual anywhere on Company premises, while on Company business (whether or not on Company premises) or while representing the Company, is strictly prohibited. Employees and other individuals who work for the Company also are prohibited from reporting to work or working while they are using or under the influence of alcohol or any controlled substances, which may impact an employee's ability to perform his or her job or otherwise pose safety concerns, except when the use is pursuant to a licensed medical practitioner's instructions and the licensed medical practitioner authorized the employee or individual to report to work.

The Company maintains a policy of non-discrimination and will endeavor to make reasonable accommodations to assist individuals recovering from substance and alcohol dependencies, and those who have a medical history which reflects treatment for substance abuse conditions. However, employees may not request an accommodation to avoid discipline for a policy violation. We encourage employees to seek assistance before their substance abuse or alcohol misuse renders them unable to perform the essential functions of their jobs or jeopardizes the health and safety of any Company employee, including themselves.

Employees must notify the Company within five calendar days if they are convicted of a criminal drug violation in the workplace. Within ten (10) days of such notification or other actual notice, the Company will advise the contracting agency of such conviction.

All employees are hereby advised that full compliance with the foregoing policy shall be a condition of employment at the Company.

Any employee who violates the foregoing substance-free workplace policy described above shall be subject to discipline up to and including immediate discharge.



Medical Marijuana

Employees cannot use, possess, or be impaired by marijuana on Company premises or during scheduled working hours. Employees are requested to report any medical-related marijuana usage and copy of medical marijuana card to Human Resources to determine if a reasonable accommodation is necessary.

1-5. Workplace Violence

Highlands is strongly committed to providing a safe workplace. The purpose of this policy is to minimize the risk of personal injury to employees and damage to Company and personal property.

We do not expect employees to become experts in psychology or to physically subdue a threatening or violent individual. Indeed, we specifically discourage employees from engaging in any physical confrontation with a violent or potentially violent individual. However, we do expect and encourage employees to exercise reasonable judgment in identifying potentially dangerous situations.

Experts in the mental health profession state that prior to engaging in acts of violence, troubled individuals often exhibit one or more of the following behaviors or signs: over-resentment, anger and hostility; extreme agitation; making ominous threats such as bad things will happen to a particular person, or a catastrophic event will occur; sudden and significant decline in work performance; irresponsible, irrational, intimidating, aggressive or otherwise inappropriate behavior; reacting to questions with an antagonistic or overtly negative attitude; discussing weapons and their use, and/or brandishing weapons in the workplace; overreacting or reacting harshly to changes in Company policies and procedures; personality conflicts with co-workers; obsession or preoccupation with a co-worker or Supervisor; attempts to sabotage the work or equipment of a co-worker; blaming others for mistakes and circumstances; or demonstrating a propensity to behave and react irrationally.

Prohibited Conduct

Threats, threatening language or any other acts of aggression or violence made toward or by any Company employee WILL NOT BE TOLERATED. For purposes of this policy, a threat includes any verbal or physical harassment or abuse, any attempt at intimidating or instilling fear in others, menacing gestures, flashing of weapons, stalking or any other hostile, aggressive, injurious or destructive action undertaken for the purpose of domination or intimidation. To the extent permitted by law, employees and visitors are prohibited from carrying weapons onto Company premises.

Procedures for Reporting a Threat

All potentially dangerous situations, including threats by co-workers, should be reported immediately to any member of management with whom the employee feels comfortable. Reports of threats may be maintained confidential to the extent maintaining confidentiality does not impede our ability to investigate and respond to the complaints. All threats will be promptly investigated. All employees must cooperate with all investigations. No employee will be subjected to retaliation, intimidation or disciplinary action as a result of reporting a threat in good faith under this policy.

If the Company determines, after an appropriate good faith investigation, that someone has violated this policy, the Company will take swift and appropriate corrective action.

If an employee is the recipient of a threat made by an outside party, that employee should follow the steps detailed in this section. It is important for us to be aware of any potential danger in our offices. Indeed, we want to take effective measures to protect everyone from the threat of a violent act by an employee or by anyone else.

Retaliation

Victims and witnesses of workplace violence will not be retaliated against in any manner. In addition, you will not be subject to discipline for, based on a reasonable belief, reporting a threat or for cooperating in an investigation.



If you initiate, participate, are involved in retaliation, or obstruct an investigation into conduct prohibited by this policy, you will be subject to discipline up to and including termination.

If you believe you have been wrongfully retaliated against, immediately report the matter to Human Resources.

1-6. Accommodations for Individuals with Disabilities

Highlands complies with the Americans with Disabilities Act (ADA), the Pregnancy Discrimination Act, and all applicable state and local fair employment practices laws, and is committed to providing equal employment opportunities to qualified individuals with disabilities, including disabilities related to pregnancy, childbirth, lactation, and related medical conditions. Consistent with this commitment, the Company will provide reasonable accommodation to otherwise qualified individuals where appropriate to allow the individual to perform the essential functions of the job, unless doing so would create an undue hardship on the business.

If you require an accommodation because of your disability, it is your responsibility to notify Human Resources. You may be asked to include relevant information such as:

- A description of the proposed accommodation.
- The reason you need an accommodation.
- How the accommodation will help you perform the essential functions of your job.

After receiving your request, Human Resources and Manager of Health and Safety, the Medical Review Officer and, if necessary, appropriate management representatives identified as having a need to know (e.g., the individual's Supervisor), will determine the feasibility of the requested accommodation, considering various factors, including, but not limited to, the accommodation's impact on the operation of the facility, including its impact on the ability of other employees to safely perform their duties and on the facility's ability to conduct business. Where appropriate, we may need your permission to obtain additional information from your medical provider. All medical information received by the Company in connection with a request for accommodation will be treated as confidential. Human Resources will inform the employee of Highlands's decision on the accommodation request.

The Company encourages you to suggest specific reasonable accommodations that you believe would allow you to perform your job. However, the Company is not required to make the specific accommodation requested by you and may provide an alternative accommodation, to the extent any reasonable accommodation can be made without imposing an undue hardship on the Company.

If leave is provided as a reasonable accommodation, such leave may run concurrently with leave under the federal Family and Medical Leave Act and/or any other leave where permitted by state and federal law.

The Company will not discriminate or retaliate against employees for requesting an accommodation.

1-7. Religious Accommodations

Highlands is dedicated to treating its employees equally and with respect and recognizes the diversity of their religious beliefs. All employees may request an accommodation when their religious beliefs cause a deviation from the Company dress code or the individual's schedule, basic job duties, or other aspects of employment. The Company will consider the request but reserves the right to offer its own accommodation to the extent permitted by law. Some, but not all, of the factors that will be considered are cost, the effect that an accommodation will have on current established policies, and the burden on operations — including other employees — when determining a reasonable accommodation. At no time will the Company question the validity of a person's belief.



1-8. Pregnancy Accommodations

Highlands will provide reasonable accommodations to an employee for health conditions related to pregnancy or childbirth if an employee requests such an accommodation with the advice of her health care provider, unless doing so would impose an undue hardship on the Company.

Examples of possible accommodations include: more frequent or longer bathroom breaks, or breaks for increased water intake or periodic rest; private non-bathroom space for expressing breast milk and breastfeeding; seating; assistance with manual labor; light duty, temporary transfer to a less strenuous or hazardous position, job restructuring or reassignment to a vacant position; the provision of an accessible work site or modification of equipment; a part-time or modified work schedule or time off; and appropriate adjustment or modifications of examinations, training materials or policies.

The Company reserves the right to request documentation from a health care provider concerning the requested accommodation. The Company will reinstate an employee affected by pregnancy, childbirth or common related conditions to her original or an equivalent job with equivalent pay and benefits upon her signifying her intent to return or when her need for reasonable accommodation ceases, absent proof of an undue hardship on the Company business.

1-9. Arrests and Convictions

Employees are required to notify their immediate Supervisor or Human Resources within five (5) calendar days after any criminal arrest, indictment, charge, conviction, guilty plea, or plea of no contest, other than those relating to minor traffic violations. Any employee who is aware of any criminal arrest, indictment, charge, conviction, guilty plea, or plea of no contest of another employee, other than those relating to minor traffic violations, should notify Human Resources.

1-10. Background Investigations and Criminal Records

An employee's background reflects the reputation and integrity of the Company. In consideration of an applicant for employment, the Company will inquire into a job applicant's background. In consideration of a current employee for promotion, transfer, reassignment or retention, the Company may also perform a background investigation. Convictions for certain crimes and untruthfulness about past convictions or pending criminal cases, may bar an applicant from employment.

All applicants who are offered employment with Highlands will be requested to provide authorization for the Company to conduct a thorough background investigation, including criminal convictions, educational and professional credentials, past employment, and court records. The candidate will have the opportunity to dispute or explain any inaccurate or negative items on the background check.

A new background screening may be conducted annually or at the employer's discretion for all current employees, in circumstances where an employee is being considered for promotion or transfer, or as part of an internal investigation of alleged employee misconduct. An updated authorization may be requested as required under State and Federal law and in accordance with Company policy.

Highlands reserves the right to not offer a specific position, revoke an employment offer, or terminate employment, in accordance with State and Federal law and Company policy, after considering the nature and gravity of the offense, the amount of time that has passed since the conviction and/or completion of the sentence, and the nature of the job held or being sought. When required under law, the Company will not discriminate against based on color, race, religion, sexual orientation or disability or any other protected characteristic or class.

New employees will be screened against exclusionary lists such as the Office of Inspector General (OIG) List of Excluded Individuals/Entities (LEIE), the General Services Administration (GSA) Excluded Parties List System (EPLS), Federal Housing Finance Agency (FHFA) and any other relevant state or federal exclusion lists. Additionally, to



maintain compliance with regulatory standards and uphold our commitment to a secure working environment, ongoing checks against the aforementioned exclusionary lists will be conducted quarterly to ensure that all employees continue to meet the necessary standards and qualifications required for their roles. Compliance with these checks is mandatory for all employees.

1-11. Employment At Will

Your employment with Highlands is on an "at-will" basis. This means your employment may be terminated at any time, with or without notice and with or without cause. Likewise, we respect your right to leave the Company at any time, with or without notice and with or without cause.

Nothing in this handbook or any other Company document should be understood as creating a contract, guaranteed or continued employment, a right to termination only "for cause," or any other guarantee of continued benefits or employment. Only the CEO or President has the authority to make promises or negotiate with regard to guaranteed or continued employment, and any such promises are only effective if placed in writing and signed by the CEO or President.

If a written contract between you and the Company is inconsistent with this handbook, the written contract is controlling.

Nothing in this handbook will be interpreted, applied, or enforced to interfere with, restrain, or coerce employees in the exercise of their rights under Section 7 of the National Labor Relations Act.

1-12. Immigration Law Compliance

Highlands is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not lawfully discriminate based on citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee must complete the Employment Eligibility Verification Form I-9, and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form, if they have not completed the I-9 with Highlands within the past three (3) years, or if their previous I-9 is no longer retained or valid.

1-13. Prior Employment Agreements

Employees who are subject to or bound by the terms of any contract, agreement or understanding which in any manner would limit or otherwise affect their ability to perform their work obligations, including without limitation, any contract, agreement or understanding containing any provision limiting employee's right to compete with a prior employer should notify Human Resources immediately if they have not done so prior to their employment. Employees should further understand that their employment with Highlands will not require the disclosure or use of any confidential information belonging to prior employers or other persons or entities.



Section 2 – Operational Policies

2-1. Employee Classifications

For purposes of this handbook, all employees fall within one of the classifications below.

Full-Time Employees - Employees who are hired to regularly work at least 40 hours per week who were not hired on a short-term basis.

Part-Time Employees - Employees who are hired to regularly work fewer than 40 hours per week who were not hired on a short-term basis. Employees working less than 30 hours per week are generally not eligible for benefits sponsored by the Company, subject to the terms, conditions and limitations of each benefit.

Temporary/Short-Term Employees - Employees who were hired for a specific short-term project, or on a short-term freelance, per diem or temporary basis. Short-Term and Temporary Employees generally are not eligible for Company benefits but are eligible to receive statutory benefits.

All employees' work schedules and hours may be changed by Highlands to meet operational needs. Please understand that nothing in this or any other section of the handbook alters an employee's at-will employment with Highlands as described elsewhere in this handbook or constitutes a guarantee of work. The Company reserves the right to schedule and classify employees as deemed appropriate.

2-2. Employee Categories

In addition to the above classifications, employees are categorized as either "**exempt**" or "**non-exempt**" for purposes of federal and state wage and hour laws. Employees classified as exempt do not receive overtime pay; they generally receive the same weekly salary regardless of hours worked. Such salary may be paid less frequently than weekly. The employee will be informed of these classifications upon hire and informed of any subsequent changes to the classifications.

Highlands further categorizes non-exempt employees as a non-exempt Commissioned Employee or a non-exempt Salaried Employee.

- Non-Exempt Commissioned Employee: An Employee who is paid partially or entirely on a commission basis and is not exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act. As commissions are straight time for all hours worked, employees are eligible for overtime for hours over 40 in a workweek at a rate of one and one-half times the regular rate of pay.

Highlands further categorizes non-exempt employees as a non-exempt Commissioned Employee or a non-exempt Salaried Employee.

HRM has adopted the weighted Overtime method to account for additional factors such as commissions, bonuses, and overrides. In accordance with the Fair Labor Standards Act, this calculation method is employed to adhere to labor regulations and ensure equitable compensation for employees who receive multiple pay rates within a workweek. Commissions, bonuses, and overrides must be factored into the overtime pay calculations for non-exempt employees for the duration that these additional earnings apply.

- Non-Exempt Salaried Employee: An Employee who is paid a guaranteed weekly salary for any hours worked in a week, whether few or many. Deductions in salary will not be made in any week in which the Employee works. The salary is straight time for all hours worked and overtime for hours over 40 in a workweek is calculated at one and one-half times the regular rate of pay. The regular rate of pay is calculated by dividing the guaranteed salary by the actual hours worked in each workweek.



2-3. Introductory Period

Newly hired and rehired employees are in an introductory period for three (3) months from the date of hire. The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. Highlands uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or the Company may end the employment relationship at any time during the introductory period with or without cause or advance notice.

2-4. Employment Records

To obtain their position, employees provided Highlands with personal information, such as address and telephone number. This information is contained in the employee's personnel file. Highlands maintains a personnel file for all employees. If applicable, medical records will be kept in a separate folder. Every effort will be made to keep your personnel and medical records separate and confidential. Access is on a "need-to-know" basis only. This includes, but is not limited to, government agencies or other parties (with your written authorization), supervisors and others in management reviewing the file for possible promotion, transfer, or layoff.

If you wish to review and/or copy your personnel or medical file, you must submit a written request to Human Resources. Inspection must occur in the presence of a Highlands representative. All requests by an outside party for information contained in your personnel file will be directed to Human Resources, which is the only department authorized to provide such information.

2-5. Personal Status Changes

Employees should keep their personnel file up to date by informing Human Resources of any changes. The employee also should inform Human Resources of any specialized training or skills they may acquire in the future, as well as any changes to any required visas. Unreported changes of address, marital status, etc. can affect withholding tax and benefit coverage. Further, an "out of date" emergency contact or an inability to reach the employee in a crisis could cause a severe health or safety risk or other significant problem.

2-6. Working Hours and Schedule

The standard open office hours to the public for the Company are 8:30 a.m. to 5:00 p.m., Monday through Friday. The standard work week for employees is 40 hours, and the standard workday is 8 hours. The specific work schedule for your position will be explained to you by your immediate supervisor.

Reasonable effort will be made to address your personal needs, as well as the demands of your position, in setting your specific work schedule. Some positions and some types of work offer more opportunity for flexibility than others. We will do the best we can to allow all employees to create the best possible work-life balance. To accommodate the needs of the business, at some point the Company may need to change individual work schedules on either a short-term or long-term basis.

Non-exempt employees receive a one-hour unpaid lunch break or minimum of 30 minutes. Depending on the requirements of your particular position, you may choose the hour that is most convenient within the range of 11:00 a.m. to 2:00 p.m., so long as all workstations are adequately covered and your absence does not create a problem for co-workers or clients. In the event your lunch period is interrupted by work demands, report the time worked and you will be paid for the time worked. If you receive less than 30 minutes to eat your lunch uninterrupted by work, you will be paid for the entire 30 minutes. If you have any questions or concerns, use the reporting procedure in the wage and hour policy.

2-7. Timekeeping Procedures

To comply with applicable laws and ensure that accurate records are kept of the time actually worked and of leave taken, and to ensure payment in a timely manner, non-exempt employees are required to record all time worked



and all absences taken in Highlands's electronic time record keeping system. The workweek begins at 12:00 am on Sunday and ends 11:59 pm Saturday.

Non-Exempt employees must record all hours they work via timesheet. Your time record must accurately reflect all regular and overtime hours worked, as they occur, and not pre-populated; any absences, late arrivals, early departures, and meal breaks. You may not work any hours without reporting those hours on your time record. This includes, for example, time worked before or after your regular scheduled day and during meal periods. No "off-the-clock" work is ever permitted. "Off-the clock" work means work you perform but fail to report on your time record. If you are asked to work without reporting your time by any supervisor or other individual, report this immediately to Human Resources.

Altering, falsifying or tampering with time records is prohibited and subjects the employee to discipline, up to and including discharge.

Exempt employees are required to report full days of absence from work for reasons such as leaves of absence, sick leave or personal business.

It is the employee's responsibility to sign time records to certify the accuracy of all time recorded. Any errors in the time record should be reported immediately to a Supervisor, who will attempt to correct legitimate errors.

Reporting / Complaint Procedure

The Company intends to strictly comply with federal and state law and this policy. If at any time, you do not report or record all your time worked, or you are asked or encouraged not to report or record all your time worked, you should immediately contact your supervisor, unless your supervisor is unavailable or if you believe it would be inappropriate to contact that person. In that case, immediately contact Human Resources or the Payroll Administrator. If you are unsure of whom to contact or if you have not received a satisfactory response, please contact the Human Resources Director. This procedure also applies in instances where you believe you have been retaliated against for making a complaint.

Your report will be immediately investigated, and you will be promptly reimbursed in your next paycheck for any improper deductions from your wages. In addition to reimbursement of any wages due, any violators of the policy will be disciplined or discharged. Retaliation against you for making a report under this policy will not be tolerated.

The Company intends to fully comply with the salary and deduction provisions of the FLSA and state law. If the policy still is not followed after you report a concern, please contact Human Resources.

2-8. Salary Administration

Our policy is to pay employees on the basis of job value and individual performance insofar as these factors can be measured and given recognition. We strive to ensure that our salary levels are competitive with salaries paid for similar work by other companies in our industry and, where appropriate, the local business community.

Salary levels of Exempt and Non-Exempt staff are reviewed each year. Your salary will be reviewed relative to your performance in your assigned job and established pay guidelines. If given, increases are granted on an individual basis.

2-9. Performance Discussions & Reviews

Job performance is an important factor affecting an employee's salary, advancement, and future assignments. Therefore, substantial effort is directed towards thorough assessments of performance and professional development. Performance evaluations focus on results and how they are achieved. Your supervisor assesses your performance informally on a daily basis. Formal written evaluations of performance are made at your manager's discretion.



Formal written evaluations will reflect your accomplishments and assess your performance based on the expectations established for your job. You and your Supervisor will discuss your performance and individual opportunities at appropriate intervals, most commonly once a year. Although your supervisor will normally initiate the formal discussion, you should feel free to ask for such a discussion whenever appropriate.

2-10. Career Advancement Opportunities

Highlands is committed to employees' professional development and encourages individual enhancement of knowledge and skills, thus providing advancement opportunities from within whenever possible. We offer opportunities to satisfy individual development goals and meet our business objectives.

Your career path depends on performance and personal interests, as well as business objectives and requirements. Promotions are intended to recognize your increased value to our Company and your ability and willingness to perform at a higher-level position. When new positions become available, the primary consideration will be your demonstrated job performance, skills, motivation and capacity to handle more responsibility.

When a position becomes available and business demand allows for an internal search, we will provide notice of the vacancy via the Company HUB. If you feel that you are qualified for an open position and want to be considered for that opening, contact Human Resources to obtain the Job Opportunity Request Form. Your completed form should be submitted to Human Resources for consideration.

2-11. Telecommuting

Highlands considers telecommuting or remote work to be a viable alternative work arrangement in cases where the individual employee, the job, and the supervisor are well suited to such an arrangement. Not all employees and positions are suitable for telecommuting or remote work. Suitability for telecommuting or remote work is based upon the individual employee as well as the employee's position and is to be determined by the employee's supervisor and approved per this policy.

- Employees are expected to work their normal work schedule, unless they receive their Supervisor's prior approval to adjust their schedule. Employees need to remain productive and responsive during their scheduled work hours.
- Employees are expected to maintain a presence while working remote. Presence may be maintained by using appropriate technology including but not limited to a computer, email, messaging application, video conferencing, instant messaging, and/or text messaging. The employee is expected to maintain the same response times as if they were at their regular work location and will make themselves available to attend scheduled meetings as required and/or requested.
- Employees need to have a working telephone or cellphone at their remote location. Employees should ensure that incoming calls to their office phone are forwarded to their remote location phone or mobile phone.
- Employees are expected to arrange for child/dependent care as necessary for the hours in which the employee works from home. Personal tasks and errands should only be performed during the employee's scheduled breaks and lunches.
- The Company is not responsible for operating costs of any personal equipment (including, but not limited to, computers, personal devices, cellular or standard telephones), home maintenance of personal equipment, or any other incidental costs (utility provider costs, telephone costs or for any supply costs used in the home) associated with the use of an employee's alternative work arrangement.

2-12. Travel Time for Non-Exempt Employees

Overnight, Out-of-Town Trips

Non-exempt employees will be compensated for time spent traveling (except for meal periods) during their normal working hours, on days they are scheduled to work and on unscheduled workdays (such as weekends). Non-exempt



employees also will be paid for any time spent performing job duties during otherwise non-compensable travel time; however, such work should be limited absent advance management authorization.

Out-of-Town Trips for One Day

Non-exempt employees who travel out of town for a one-day assignment will be paid for all travel time, except for, among other things: (i) time spent traveling between the employee's home and the local railroad, bus or plane terminal; and (ii) meal periods.

Local Travel

Non-exempt employees will be compensated for time spent traveling from one job site to another job site during a workday. The trip home, however, is non-compensable when an employee goes directly home from their final job site, unless it is much longer than their regular commute home from the regular worksite. In such case, the portion of the trip home in excess of the regular commute is compensable.

Commuting Time

Under the Portal to Portal Act, travel from home to work and from work to home is generally non-compensable. However, if a non-exempt employee regularly reports to a worksite near their home but is required to report to a worksite farther away than the regular worksite, the additional time spent traveling is compensable.

If compensable travel time results in more than 40 hours worked by a non-exempt employee, the employee will be compensated at an overtime rate of one and one-half times the regular rate.

To the extent that applicable state law provides greater benefits, state law applies.

2-13. Safe Harbor Policy for Exempt Employees

It is our policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. To ensure proper payment and that no improper deductions are made, employees must review pay stubs promptly to identify and report all errors.

Employees classified as exempt salaried employees will receive a salary which is intended to compensate them for all hours they may work for Highlands. This salary will be established at the time of hire or classification as an exempt employee. While it may be subject to review and modification from time to time, such as during salary review times, the salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work performed.

Under federal and state law, salary is subject to certain deductions. For example, unless state law requires otherwise, salary can be reduced for the following reasons:

- full-day absences for personal reasons;
- full-day absences for sickness or disability;
- full-day disciplinary suspensions for infractions of our written policies and procedures;
- family and Medical Leave absences (either full- or partial-day absences);
- to offset amounts received as payment from the court for jury and witness fees or from the military as military pay;
- the first or last week of employment in the event the employee works less than a full week; and
- any full work week in which the employee does not perform any work.

Salary may also be reduced for certain types of deductions such as a portion of health, dental or life insurance premiums; state, federal or local taxes; social security; or voluntary contributions to a 401(k) or pension plan.



In any work week in which the employee performed any work, salary will not be reduced for any of the following reasons:

- partial day absences for personal reasons, sickness or disability;
- an absence because the employer has decided to close a facility on a scheduled workday;
- absences for jury duty, attendance as a witness, or military leave in any week in which the employee performed any work (subject to any offsets as set forth above); and
- any other deductions prohibited by state or federal law.

However, unless state law provides otherwise, deductions may be made to accrued leave for full- or partial-day absences for personal reasons, sickness or disability.

If the employee believes they have been subject to any improper deductions, the employee should immediately report the matter to a supervisor. If the supervisor is unavailable or if the employee believes it would be inappropriate to contact that person (or if the employee has not received a prompt and fully acceptable reply), they should immediately contact Human Resources or any other supervisor in Highlands with whom the employee feels comfortable.

2-14. Paycheck

The Company's standard pay period is semi-monthly for base pay, including salaries and draws. Commission and bonus payments will be made on the 15th of the month following the production month in which earned. Occasionally, the designated payday may fall on a holiday (or a weekend if payday is a certain day of the month). In this case, paychecks will be distributed on the Friday prior to the normal payday if the payday falls on a Saturday or Sunday.

Payroll stubs itemize deductions made from gross earnings. By law, the Company is required to make deductions for Social Security, federal income tax and any other appropriate taxes. These required deductions also may include any court-ordered garnishments. Payroll stubs also will differentiate between regular pay received and overtime pay received.

If there is an error in an employee's pay, the employee should bring the matter to the attention of the Payroll Department immediately, so the Company can resolve the matter quickly and amicably.

The options when receiving your check:

- Prior arrangements may be made to pick up the check at the main office where paychecks are delivered.
- Mailed to you or an appointed designate to the address currently on file with ADP.
- Your paycheck will be electronically deposited into your checking account. You must first fill out the proper form and have your payroll manager send it into the Payroll Service. It sometimes takes two (2) payroll cycles to get your deposits automatically going into the system.

2-15. Withholding Deductions and Changes

Certain mandatory deductions must be made from your pay for federal and state taxes and FICA (Social Security and Medicare) as dictated by applicable law. In addition, any court-ordered liens, attachments, garnishments and levies must be deducted if indicated in writing by the proper authority.

Certain other deductions are only permissible with your written authorization, such as payment for your portion of health insurance benefits. You can use the online payroll portal if you wish to change the number of exemptions claimed for your federal or state income tax.

In the event of administrative error that results in an improper deduction from your pay, please contact the payroll administrator immediately for resolution. In no case should an error impact your exemption status.



2-16. Social Security

Federal law requires employees to make contributions from their pay each year up to a certain limit to Social Security programs that may provide benefits to you or your family in the case of disability, death, or retirement. The Company matches dollar for dollar your own individual contributions each year into this important federal program.

2-17. Unemployment Compensation

Employees who lose their jobs through no fault of their own have available to them unemployment compensation benefits through your state unemployment commission. Unemployment compensation is not guaranteed to any employee. Benefits are granted by your state's unemployment commission according to the circumstances of each individual case. Payment is provided by the State; however, the cost of the insurance coverage for employees is paid by Highlands, in accordance with state laws.

2-18. Wage Disclosure Protection

Highlands will not discriminate or retaliate against you for inquiring about, discussing, or disclosing information regarding employee wages, benefits, or other compensation. This policy does not require you to disclose such information about yourself to any other employee or former employee.

However, if you have access to or knowledge of the compensation information of other employees as a part of your essential job functions, you may not disclose that information to individuals who do not otherwise have authorized access to it, unless the disclosure is:

- In response to a formal charge or complaint;
- In furtherance of an investigation, proceeding, hearing, or other action (including an investigation conducted by the Company); or
- Consistent with the legal duty of the Company to furnish information.

If you believe that you have been discriminated or retaliated against in violation of this policy, immediately report your concerns to Human Resources.

Nothing in this policy will be enforced to interfere with, restrain or coerce, or retaliate against employees regarding their rights under the National Labor Relations Act.

2-19. Record Retention

The Company acknowledges its responsibility to preserve information relating to litigation, audits and investigations. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Company and its employees and possible disciplinary action against responsible individuals (up to and including discharge of the employee). Each employee has an obligation to contact the CEO or President to inform him or her of potential or actual litigation, external audit, investigation or similar proceeding involving the Company that may have an impact on record retention protocols.

2-20. Resignation and Termination of Employment

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- Resignation – Voluntary employment termination initiated by an employee.
- Discharge – Involuntary employment termination initiated by the Company.
- Layoff – Involuntary employment termination initiated by the Company for non-disciplinary reasons.



- Furlough – Temporary involuntary employment termination initiated by the Company for non-disciplinary reasons.
- Retirement – Voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement.

Should you decide to leave Highlands, we request that you provide your Supervisor with at least two (2) weeks advance written notice of your departure. Your thoughtfulness will be appreciated.

All Company property including, but not limited to, uniforms, tools, equipment, door keys, Employee Handbook, etc. must be returned at separation. Employees also must return all the Company's Confidential Information upon separation. To the extent permitted by law, employees will be required to repay the Company (through payroll deduction, if lawful) for any lost or damaged Company property.

Since employment with Highlands is based on mutual consent, both the employee and Highlands have the right to terminate employment at will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state law.

Reductions in Staff/Layoffs

At certain times and under certain conditions, layoffs or furloughs may be necessary. Reasons for layoff or furlough may include shortage of funds, shortage of work, the elimination of one or more positions, or other material changes in duties within a position or in the organizational structure of any part of the organization.

Decisions about reductions in staff and recall will be determined by the ability of the affected employees to adequately perform the available work with a minimum of retraining and are made in compliance with Company policies and applicable laws. The Company intends to provide as much notice as reasonably possible when layoff or slowdown is anticipated. Staff may be eligible to continue certain benefits as provided through the continuation coverage provisions of the applicable insurance program.

Furloughs

A furlough is the placement of an employee in a temporary leave without pay status for a specified number of hours or days within a specified time frame. Once a furlough has ended, affected employees will usually be reinstated to the position held at the time of the furlough. However, a furlough does not prevent Highlands from realigning or reassigning its resources or from taking additional action to preserve the financial well-being of the Company. Further, reinstatement is not a guarantee that conditions of employment will remain unchanged. If a temporary appointment terminates during the period of the furlough, the employee has no reinstatement privileges.

Certain seniority-related benefits may not accrue while the employee is on furlough. While on approved leave, an employee will be considered active for health insurance purposes for a maximum of 30 days or as approved by the insurance carrier.

A furlough has no effect on length of service with the Company. For additional conditions regarding leave without pay status, please refer to the Unpaid Personal Leave of Absence policy.

Compensation at End of Employment

Upon cessation of Employee's employment, for any reason, the employee shall be paid any compensation earned up to and through the date employment ends. Generally, the employee shall not be entitled to any further compensation, including bonus pay (i.e., bonus pay will specifically only be paid on loans closed and funded up to the day of Employee's termination date) with the exception of Commissioned Loan Officers as per the HRM Loan Originator Employment Agreement.



2-21. Return of Company Property

Upon termination of employment, all Company property (e.g., ID cards, keys, credit/telephone cards, manuals, electronic equipment, etc.) must be returned to the appropriate Supervisor and Department. Financial obligations should be resolved on or before the last day at work. Employees are responsible for the theft of or damage to Company property items and when permitted by law and/or as authorized by the employee through a wage deduction authorization.

Highlands reserves the right to seek and recoup the costs of material not returned to Highlands upon separation from employment; including the costs of reasonable attorneys' fees should legal action be required. Of course, in order to protect your valuables, if you leave employment, Highlands asks you to remove all personal property from the premises prior to your last day of work.

2-22. Inclement Weather / Emergency Closings

In the event of inclement weather, employees are expected to make all reasonable effort to report to work. If you are unable to report to work on time, you should contact your Supervisor immediately. You are encouraged to call the Highlands's Informational Weather Hotline (469) 364-7056 one hour prior to the start of your workday if there is any question regarding reporting requirements.

Employees who fail to report to work may elect to take PTO, with Supervisor approval. Otherwise, they will not be paid for time missed.

Employees already present at work when inclement weather conditions occur are expected to remain on the job until their replacement arrives or until they are released by their Supervisor. Employees released prior to the end of their scheduled workday will be paid for any remaining hours not worked.

Your cooperation in reporting to work on days of inclement weather is imperative for safe, continuous operation of the facility and the protection of Company property.



Section 3 – Benefits

3-1. Benefits Overview

In addition to good working conditions and competitive pay, it is Highlands's policy to provide a combination of supplemental benefits to all eligible employees. In keeping with this goal, each benefit program has been carefully devised. These benefits include time-off benefits, such as paid time off and holidays, and insurance and other plan benefits. We are constantly studying and evaluating our benefits programs and policies to better meet present and future requirements. These policies have been developed over the years and continue to be refined to keep up with changing times and needs.

Further, Highlands (including the officers and administrators who are responsible for administering the plans) retains full discretionary authority to interpret the terms of the plans, as well as full discretionary authority with regard to administrative matters arising in connection with the plans and all issues concerning benefit terms, eligibility and entitlement.

While the Company intends to maintain these employee benefits, it reserves the absolute right to modify, amend or terminate these benefits at any time and for any reason.

Highlands provides an updated Benefit Guide to all eligible new employees at time of hire and at annual open enrollment. If employees have any questions regarding benefits, they should contact Human Resources.

3-2. Insurance Programs

Regular employees working 30 or more hours per week may participate in the Company's insurance programs. Under these plans, eligible employees will receive comprehensive health and other insurance coverage for themselves and their families, as well as other benefits.

Upon becoming eligible to participate in these plans, you will receive summary plan descriptions (SPDs) describing the benefits in greater detail. Please refer to the SPDs for detailed plan information. Of course, feel free to speak to Human Resources if you have any further questions.

Dependent Coverage

Generally, dependents of eligible employees are eligible to participate in the medical benefit, vision, and dental coverage programs. Please refer to the SPD for detailed information regarding dependent eligibility.

It is the employee's responsibility to notify the Company if dependent coverage is requested. Also, it is the employee's responsibility to immediately notify the Company if a dependent should be added or removed from coverage, for example, when a dependent is married and moves out of the household or is otherwise no longer qualified for coverage.

Upon requests to enroll or dis-enroll in benefits, the Company requires proof of dependent status or proof of the qualifying event.

3-3. Retirement Plan

Highlands offers a 401(k) Plan to eligible employees. This plan allows qualified savings contributions as tax deferred items. Employees are eligible to participate once they have attained age 21.

Employees may designate as savings from one percent to forty percent of your pay. You may choose between the 401-k (pre-tax) and/or Roth (after tax) Savings Plan. You may also designate how you wish this money to be invested from among the various options offered. Each pay period the amount you designated will be deducted from your pay and invested according to your election.



To encourage you to participate in payroll savings, the Company will match a percentage of your contributions after a one year waiting period in which you work at least 1,000 hours. We will match 25% of your contribution up to a maximum of 6% of your pay. For example, if you save 6% of your pay, the Company will match your savings by contributing an amount equivalent to 1 ½ % of your pay in the program. The Company's contributions are invested in the same fund options that you have chosen for your own individual savings.

You are always 100% vested in your own contributions, including any funds rolled over from another qualified plan. Vesting in Highlands' Employer Matching Contributions is based on years of service according to the following table:

Years of Service	Percentage of Employer Match that is Vested
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Eligibility for benefits, vesting, contributions, optional employer matching and payment of benefits are determined based upon Highlands's 401(k) Savings and Retirement Plan. The terms and conditions are on file with the Company. The terms and conditions pertaining to the corporation's 401(k) Savings and Retirement Plan shall control.

Upon becoming eligible to participate in this plan, the employee will receive an SPD describing the plan in greater detail. Please refer to the SPD for detailed plan information. Of course, feel free to speak to Human Resources if there are any further questions.

3-4. COBRA Benefits

The Federal Consolidated Budget Reconciliation Act (COBRA) gives enrolled employees and their qualified beneficiaries the opportunity to continue health insurance coverage under the Company's Health Plan when a "qualifying event" would normally result in the loss of eligibility.

Some common qualifying events are resignation, termination of employment, or death of the employee; a reduction in the employee's hours or leave of absence, divorce or legal separation and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at Company group rates plus an administration fee. Highlands provides each eligible member with a notice describing rights granted under COBRA.

3-5. Paid Holidays

All regular full-time employees will be paid for the following holidays:

- New Year's Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day

While the recognized holidays do not vary, dates observed may vary based on your schedule. A schedule of Highlands's recognized holidays is posted at the beginning of each year on the Company HUB.



When holidays fall or are celebrated on a regular workday, regular full-time employees are paid at the straight time rate according to normal work schedule (maximum of eight hours). In all cases, holiday hours are not included in calculating weekly overtime pay.

Holidays falling on Saturday or Sunday will typically be observed either the prior Friday or following Monday, as determined by management. If you wish to take PTO immediately before or after a paid holiday, this must be approved in advance by your Supervisor. Depending on the circumstances, unapproved absences at these times may result in loss of pay for the holiday.

If a holiday falls within an eligible employee's approved paid time off period, the eligible employee will be paid for the holiday (at the regular straight-time rate) for that day only, and not PTO.

3-6. Paid Time Off (PTO)

Highlands provides employees with a leave program that combines vacation, sick and personal leave into a single bank of time off. The program is designed to offer the flexibility you need to balance home life with your work, whether you are going on a planned vacation, have a family member who is ill, need time to recharge your batteries, bad weather, or are satisfying a variety of other personal or family needs. The leave program provides you with paid time away from work throughout the calendar year, with your manager's approval and in consideration of business needs.

Regular full-time employees receive annual leave with pay called "Paid Time Off" or "PTO." Your length of service determines the amount of annual PTO you can take during a given calendar year. Employees in their first year are eligible to use PTO after their introductory period of three (3) months of employment. For your convenience, PTO is available to you in your first year of employment.

Calendar Years of Service	Non-Officer PTO Hours	VP Title & Above PTO Hours
0 – 3 Years*	5 hours per pay period	6.67 hours per pay period
3+ Years	6.67 hours per pay period	8.34 hours per pay period

NOTE: Commissioned employees (Branch Managers, Sales Managers and Loan Officers) are not eligible for PTO.

To schedule PTO, employees should request advance approval from their Supervisor. Requests will be reviewed based on several factors, including business needs and scheduling requirements, therefore the Company reserves the right to deny PTO requests. Given the cycles of our business, you are strongly encouraged to take any PTO before the last week of any given month.

Where possible, at least 2 days' notice is requested prior to your taking PTO. Time Off of 10 or more consecutive workdays in duration require at least 1 month's advance notice and are subject to approval on a case-by-case basis. Every effort will be made to give you the PTO schedule you want, but approval will be determined by the workload and any other PTO that has already been scheduled. As you can see, it is to your advantage to get your PTO scheduled and approved as far in advance as possible.

PTO accrual will start over each new calendar year. There is no carryover of PTO from one year to the next (any exceptions to this policy at a Manager's request will require Executive Approval).

PTO may be used in 30-minute (half hour) increments for hourly employees. Exempt employees can take PTO in half day (4 hours) or full day (8 hours) increments. An exempt employee that is out of the office for more than two (2) hours during their normal work hours, must take 4 hours of PTO, or 8 hours if taking more than 4 hours of time. Example: An exempt employee needs 6 hours off, then they will need to take the full day off, or 8 hours of PTO.



Employees out on an unpaid leave of absence (including FMLA) will be required to use PTO during the duration of the leave. Any type of paid time off may not be used concurrently with Disability Insurance Coverage; however, any unused PTO must be used during the elimination period between your last day worked and the start of disability coverage. Additionally, PTO is not accrued during an unpaid leave of absence or while receiving disability benefits.

PTO and Termination

If a situation occurs where an employee leaves the Company and has already taken PTO, the amount of pay they have received for such PTO will be deducted from the employee's final paycheck.

If you choose to resign your employment after completing at least one year of service and have PTO on our records, you will be paid for those hours at your present base pay rate provided you give us two (2) weeks written notice of your resignation. Separations under any other circumstances, including terminations or resignation with shorter notice periods, ordinarily will not qualify you for payout of unused PTO. In addition, once notice of resignation is given, employees are not eligible to use PTO.

PTO and Furloughs

Employees may supplement their income with any available PTO but are not required to do so. A furlough has no effect on length of service with the Company and will continue to be granted PTO based on the schedule above and their original date of hire upon return to active status.

3-7. Lactation Breaks

The Company will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child, in accordance with and to the extent required by applicable law. The break time, if possible, must run concurrently with rest and meal periods already provided to the employee. If the break time cannot run concurrently with rest and meal periods already provided to the employee, the break time will be unpaid, subject to applicable law.

The Company will make reasonable efforts to provide employees with the use of a room or location other than a restroom, that is shielded from view and free from intrusions from coworkers and the public, for the employee to express milk in private. If the Company does not have such a location for you to express milk, the Company will work with you to identify a convenient location and work schedule to accommodate your needs.

Employees should advise management if they need break time and an area for this purpose. Employees will not be discriminated against or retaliated against for exercising their rights under this policy.

3-8. Workers' Compensation

On-the-job injuries are covered by our Workers' Compensation Insurance Policy, which is provided at no cost. If employees are injured on the job, no matter how slightly, they should report the incident immediately to their Supervisor. Failure to follow Company procedures may affect the ability of the employee to receive Workers Compensation benefits.

This is solely a monetary benefit and not a leave of absence entitlement. Employees who need to miss work due to a workplace injury must also request a formal leave of absence. See the Leave of Absence sections of this handbook for more information.

Any injury or accident that occurs on Company property or while on Company business must be reported to management HR immediately, but no more than one hour after the injury or accident.



3-9. Bereavement Leave

We know the death of a family member is a time when employees wish to be with their families. If the employee is a regular full-time employee and loses an immediate family member, they will be allowed paid time off of up to three (3) days to assist in attending to his or her obligations and commitments.

For the purposes of this policy, an immediate family member includes a spouse, domestic partner, child (including stepchildren), parent (including stepparents), sibling, mother in-law, father in-law, brother/sister-in-law, daughter/son-in-law, grandparent, and grandchild. Paid leave days only may be taken on regularly scheduled, consecutive workdays following the day of death. Employees must inform their Supervisors prior to commencing bereavement leave. In administering this policy, the Company may require verification of death. Additional leave or leave due to the death of a non-immediate family member, may be taken as PTO or, if not available, as leave without pay.



Section 4 – Leaves of Absence

4-1. Family Medical Leave Act (FMLA)

In accordance with the Family and Medical Leave Act of 1993 (FMLA), Highlands provides up to 12 or 26 weeks of unpaid, job-protected leave in a 12-month period to covered employees in certain circumstances.

Eligibility

To qualify for FMLA leave, you must:

1. Have worked for the Company for at least 12 months, although it need not be consecutive;
2. Worked at least 1,250 hours in the last 12 months; and
3. Be employed at a worksite that has 50 or more employees within 75 miles.

Leave Entitlement

You may take up to 12 weeks of unpaid FMLA leave in a 12-month period for any of the following reasons:

- The birth of a child and in order to care for that child (leave must be completed within one year of the child's birth);
- The placement of a child with you for adoption or foster care and in order to care for the newly placed child (leave must be completed within one year of the child's placement);
- To care for a spouse, child, or parent with a serious health condition;
- To care for your own serious health condition, which makes you unable to perform any of the essential functions of your position; or
- A qualifying exigency of a spouse, child, or parent who is a military member on covered active duty or called to covered active duty status (or has been notified of an impending call or order to covered active duty).

The 12-month period is a "rolling" 12-month period measured backward from the date an employee uses any leave. An employee's FMLA balance is equal to 12 weeks minus any FMLA time taken during the immediately preceding 12 months.

You may take up to 26 weeks of unpaid FMLA leave in a single 12-month period, beginning on the first day that you take FMLA leave to care for a spouse, child, or next of kin who is a covered service member and who has a serious injury or illness related to active duty service.

As used in the policy:

- *Spouse* means a husband or wife as recognized under state law for the purposes of marriage in the state or other territory or country where the marriage took place.
- *Child* means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis, who is either under age 18 or age 18 or older and incapable of self-care because of a mental or physical disability at the time FMLA leave is to commence. A child for the purposes of military exigency or military care leave can be of any age.
- *Parent* means a biological, adoptive, step, or foster parent or any other individual who stood in loco parentis to you when you were a child.
- *Next of kin* for the purposes of military care leave is a blood relative other than a spouse, parent, or child in the following order: brothers and sisters, grandparents, aunts and uncles, and first cousins. If a military service member designates in writing another blood relative as his or her caregiver, that individual will be the only next of kin. In appropriate circumstances, you may be required to provide documentation of next of kin status.
- *Serious health condition* means an illness, injury, impairment, or physical or mental condition that involves either inpatient care or continuing treatment by a health care provider. Ordinarily, unless complications arise, cosmetic treatments and minor conditions such as the cold, flu, earaches, upset stomach, minor ulcers, headaches (other than migraines), and routine dental problems are examples of conditions that are



not serious health conditions under this policy. If you have any questions about the types of conditions that may qualify, contact Human Resources.

- *Health care provider* means a medical doctor or doctor of osteopathy, physician assistant, podiatrist, dentist, clinical psychologist, optometrist, nurse practitioner, nurse-midwife, clinical social worker, or Christian Science practitioner licensed by the First Church of Christ. Under limited circumstances, a chiropractor or other provider recognized by our group health plan for the purposes of certifying a claim for benefits may also be considered a health care provider.
- *Qualifying exigencies* for military exigency leave include:
 - Short-notice call-ups/deployments of seven days or less (Note: Leave for this exigency is available for up to seven days beginning the date of call-up notice);
 - Attending official ceremonies, programs, or military events;
 - Special childcare needs created by a military call-up including making alternative childcare arrangements, handling urgent and nonroutine childcare situations, arranging for school transfers, or attending school or daycare meetings;
 - Making financial and legal arrangements;
 - Attending counseling sessions for yourself, the military service member, or the military service members' son or daughter who is under 18 years of age or is 18 or older but incapable of self-care because of a mental or physical disability;
 - Rest and recuperation (Note: Fifteen days of leave is available for this exigency per event);
 - Post-deployment activities such as arrival ceremonies, re-integration briefings, and other official ceremonies sponsored by the military (Note: Leave for these events are available for 90 days following the termination of active duty status). This type of leave may also be taken to address circumstances arising from the death of a covered military member while on active duty;
 - Parental care when the military family member is needed to care for a parent who is incapable of self-care (such as arranging for alternative care or transfer to a care facility); and
 - Other exigencies that arise that are agreed to by both the Company and you.
- A *serious injury/illness* incurred by a service member in the line of active duty or that is exacerbated by active duty is any injury or illness that renders the service member unfit to perform the duties of his or her office, grade, rank, or rating.

Notice and Leave Request Process

If the need for leave is foreseeable because of an expected birth/adoption or planned medical treatment, you must give at least 30 days' notice. If 30 days' notice is not possible, give notice as soon as practicable (within one or two business days of learning of your need for leave). Failure to provide appropriate notice may result in the delay or denial of leave.

In addition, if you are seeking intermittent or reduced schedule leave that is foreseeable due to planned medical treatment or a series of treatments for yourself, a family member, or covered service member, you must consult with the Company first regarding the dates of this treatment to work out a schedule that best suits your needs or the needs of the covered military member, if applicable, and the Company.

If the need for leave is unforeseeable, provide notice as soon as possible. Normal call-in procedures apply to all absences from work, including those for which leave under this policy may be requested. Failure to provide appropriate notice may result in the delay or denial of leave.

Please contact Human Resources for assistance.

Certification of Need for Leave

If you are requesting leave because of your own or a covered relative's serious health condition, you and the relevant health care provider must supply appropriate medical certification. You may obtain Medical Certification forms from Human Resources. When you request leave, the Company will notify you of the requirement for medical



certification and when it is due (at least 15 days after you request leave). If you provide at least 30 days' notice of medical leave, you should also provide the medical certification before leave begins. Failure to provide requested medical certification in a timely manner may result in denial of FMLA-covered leave until it is provided.

At our expense, the Company may require an examination by a second health care provider designated by us. If the second health care provider's opinion conflicts with the original medical certification, we, at our expense, may require a third, mutually agreeable, health care provider to conduct an examination and provide a final and binding opinion. Subsequent medical recertification may also be required. Failure to provide requested certification within 15 days, when practicable, may result in delay of further leave until it is provided.

The Company also reserves the right to require certification from a covered military member's health care provider if you are requesting military caregiver leave and certification in connection with military exigency leave.

Call-In Procedures

In all instances of absence, the call-in procedures and standards established for giving notice of absence from work must be followed.

Intermittent Leave

If medically necessary, FMLA leave for a serious health condition may be taken intermittently (in separate blocks of time due to a serious health condition) or on a reduced leave schedule (reducing the usual number of hours you work per workweek or workday). FMLA leave may also be taken intermittently or on a reduced leave schedule for a qualifying exigency relating to covered military service.

As FMLA leave is unpaid, the Company will reduce your salary based on the amount of time actually worked. In addition, while you are on an intermittent or reduced schedule leave that is foreseeable due to planned medical treatments, the Company may temporarily transfer you to an available alternative position that better accommodates your leave schedule and has equivalent pay and benefits.

Parental Leave

Leave for the birth or placement of a child must be taken in a single block and cannot be taken on an intermittent or reduced schedule basis. Parental leave must be completed within 12 months of the birth or placement of the child; however, you may use parental leave before the placement of an adopted or foster child to consult with attorneys, appear in court, attend counseling sessions, etc.

Family Care, Personal Medical, Military Exigency, and Military Care Leave

Leave taken for these reasons may be taken in a block or blocks of time. In addition, if a health care provider deems it necessary or if the nature of a qualifying exigency requires, leave for these reasons can be taken on an intermittent or reduced-schedule basis.

Paid Leave Utilization During FMLA Leave

FMLA leave is unpaid. If you are taking parental, family care, military exigency, and/or military care leave, you must utilize available PTO during this leave. If you are taking personal medical leave, you must utilize available PTO during this leave. If you are receiving short- or long-term disability or workers' compensation benefits during a personal medical leave, you will not be required to utilize these benefits. However, you may elect to utilize accrued benefits to supplement these benefits.

Fitness for Duty Requirements

If you take leave because of your own serious health condition (except if you are taking intermittent leave), you are required, as are all employees returning from other types of medical leave, to provide medical certification that you are fit to resume work. You will not be permitted to resume work until it is provided.

Health Insurance



Your health insurance coverage will be maintained by the Company during leave on the same basis as if you were still working. You must continue to make timely payments of your share of the premiums for such coverage. Failure to pay premiums within 30 days of when they are due may result in a lapse of coverage. If this occurs, you will be notified 15 days before the date coverage will lapse that coverage will terminate unless payments are promptly made.

Alternatively, at our option, the Company may pay your share of the premiums during the leave and recover the costs of this insurance upon your return to work. Coverage that lapses due to nonpayment of premiums will be reinstated immediately upon return to work without a waiting period. Under most circumstances, if you do not return to work at the end of leave, the Company may require reimbursement for the health insurance premiums paid during the leave.

Reinstatement

Upon returning to work at the end of leave, you will generally be placed in your original job or an equivalent job with equivalent pay and benefits. You will not lose any benefits that accrued before leave was taken.

Spouse Aggregation

If you and your spouse are both employed by the Company, the total number of weeks to which you are both entitled in the aggregate because of the birth or placement of a child or to care for a parent with a serious health condition will be limited to 12 weeks per leave year. Similarly, spouses employed by the Company will be limited to a combined total of 26 weeks of leave to care for a military service member. This 26-week leave period will be reduced, however, by the amount of leave taken for other qualifying FMLA events. This type of leave aggregation does not apply to leave needed for your own serious health condition, to care for a spouse or child with a serious health condition, or because of a qualifying exigency.

Failure to Return

If you fail to return to work or fail to make a request for an extension of leave prior to the expiration of the leave, you will be deemed to have voluntarily terminated your employment. The Company is not required to grant requests for open-ended leaves with no reasonable return date under these policies or as disability accommodations.

Alternative Employment

While on leave of absence, you may not work or be gainfully employed either for yourself or others unless express, written permission to perform such outside work has been granted by the Company. If you are on a leave of absence and are found to be working elsewhere without permission, you will be subject to disciplinary action up to and including termination.

Interaction with State and Local Laws

Where state or local family and medical leave laws offer more protections or benefits to employees, the protections or benefits that are more favorable to the employee, as provided by these laws, will apply.

Abuse of Leave

If you are found to have provided a false reason for a leave, you will be subject to disciplinary action up to and including termination.

Designation of Leave

If the Company becomes aware of any qualifying reason for FMLA leave, the Company will designate it as such. An employee may not refuse FMLA designation under this policy.

Retaliation



The Company will not retaliate against employees who request or take leave in accordance with this policy.

4-2. Leave of Absence without Pay

On occasion, an employee may be unable to work for a period of time due to personal or health reasons. Depending on the circumstances and current business needs, unpaid leaves of absence for limited periods of time, not to exceed four (4) weeks in one year, may be granted at Highlands's discretion. When applicable, any and all portion of leave will run concurrently with any unused PTO.

Leave of absence without pay may be granted at the discretion of management. The request may be granted if it is for reasonable cause, certification (if requested) of reason for leave is valid, and the service of the employee can be spared or a suitable temporary replacement for the employee can be found.

Certain seniority-related benefits may not accrue while the employee is on leave. Employees on an approved leave of absence may continue their group health insurance for up to 30 days provided they pre-pay their contribution for coverage or make satisfactory payment arrangements with Highlands. While on approved leave, an employee will be considered active for health insurance purposes for a maximum of 30 days. Therefore, if contributions toward coverage increase for other active employees, this rate change will apply to an employee on leave of absence without pay. In the event Highlands pays toward the employee's portion of coverage, the employee will be required to reimburse the Company.

Upon the expiration of an extended leave of absence without pay, employees must give their Supervisor at least one week notice of their intention to return. Failure to apply for reinstatement upon the extended expiration of leave of absence without pay may result in termination.

Subject to applicable law, the Company will attempt to re-employ an employee in the same job or in a comparable job upon return to work. However, re-employment cannot be guaranteed. Highlands reserves the right to terminate employment during an approved leave should the employee be found:

- Working for another employer doing the same or similar duties that the employee's medical certification form notes that the employee is unable to perform.
- Working another job when the employee is supposed to be on leave for a doctor's appointment or scheduled treatment.
- Using leave to cover a personal absence that is not related to a serious health condition (e.g., taking a vacation to the beach instead of surgery/medical treatment).
- Employees who cannot perform certain actions, such as but not limited to standing, twisting, or bending at work according to their health care provider's certification form, yet are performing these actions elsewhere (e.g., bowling league, softball field, etc.).

Consistent with Highlands's employment at-will status, the Company reserves the right to terminate employment or layoff an employee during an approved leave if that employee would have been terminated or laid off if they were not on leave.

The Company's decisions will be based solely on:

- Employee's violation of Highlands standards or policies (e.g., theft, poor performance, etc.); and/or
- Business conditions that require staffing changes, reorganization, downsizing, etc.

In all cases, decisions will be made without regard to an employee's age, disability, gender, genetic information, race, ethnicity or any other characteristics protected under federal and state law when applicable.

4-3. Military Leave

If employees are called into active military service or enlist in the uniformed services, they will be eligible to receive an unpaid military leave of absence. To be eligible for military leave, employees must provide management with



advance notice of service obligations unless they are prevented from providing such notice by military necessity or it is otherwise impossible or unreasonable to provide such notice.

Employees may use any available PTO time to receive payment during their military leave time. Continuation of health insurance benefits is available as required by Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which you are otherwise eligible.

Provided the absence does not exceed applicable statutory limitations, employees will retain reemployment rights and accrue seniority and benefits in accordance with applicable federal and state laws. Employees should ask management for further information about eligibility for Military Leave.

If employees are required to attend yearly Reserves or National Guard duty, they can apply for an unpaid temporary military leave of absence not to exceed the number of days allowed by law (including travel). They should give management as much advance notice of their need for military leave as possible so that we can maintain proper coverage while employees are away.

When you return from military leave (depending on the length of your military service in accordance with USERRA), you will be placed either in the position you would have attained if you had stayed continuously employed or in a comparable position. For the purpose of determining benefits that are based on length of service, you will be treated as if you had been continuously employed.

4-4. Workers' Compensation

On-the-job injuries are covered by our Workers' Compensation Insurance Policy, which is provided at no cost. If employees are injured on the job, no matter how slightly, they should report the incident immediately to their Supervisor. Failure to follow Company procedures may affect the ability of the employee to receive Workers Compensation benefits.

This is solely a monetary benefit and not a leave of absence entitlement. Employees who need to miss work due to a workplace injury must also request a formal leave of absence. See the Leave of Absence sections of this handbook for more information.

Procedure for Reporting a Claim

Should you be injured on the job, it is mandatory that you report the injury to your supervisor **immediately** in order that the required incident or injury reports can be completed. This also ensures that Highlands can assist you in obtaining appropriate medical treatment. Your failure to follow this procedure may result in the appropriate workers' compensation report not being filed in accordance with the law, which may consequently jeopardize your right to benefits in connection with the injury or illness. Eligibility for the payment of workers' compensation benefits and the amount of compensation received is determined by the Virginia State Workers' Compensation Commission.

Questions regarding workers' compensation insurance should be directed to Human Resources.



Section 5 – General Standards of Conduct

5-1. Workplace Conduct

Highlands endeavors to maintain a positive work environment. Each employee plays a role in fostering this environment. Accordingly, we all must abide by certain rules of conduct, based on honesty, common sense and fair play.

Because everyone may not have the same idea about proper workplace conduct, it is helpful to adopt and enforce rules all can follow. Unacceptable conduct may subject the offender to disciplinary action, up to and including discharge, in the Company's sole discretion. The following are examples of some, but not all, conduct which can be considered unacceptable:

- Obtaining employment based on false or misleading information.
- Stealing, removing or defacing Highlands property or a co-worker's property, and/or disclosure of confidential information.
- Completing another employee's time records.
- Violation of safety rules and policies, including horseplay.
- Obscene or indecent language or behavior.
- Fighting, threatening, intimidating, coercing, assaulting or disrupting the work of others; or other violations of Highlands's Workplace Violence Policy.
- Insubordination, including failure or refusal to perform job duties, work assigned or to follow oral and written instructions.
- Gambling on Company property.
- Performing any type of immoral or indecent acts on Company property.
- Falsifying oral or written information.
- Willful or careless destruction or damage to Company assets or to the equipment or possessions of another employee.
- Wasting work materials.
- Performing work of a personal nature during working time.
- Unsatisfactory job performance.
- Violation of the Punctuality and Attendance Policy, including but not limited to irregular attendance, habitual lateness or excessive absences.
- Violation of the Solicitation and Distribution Policy.
- Violation of Highlands's Harassment or Equal Employment Opportunity Policies.
- Violation of the Communication and Computer Systems Policy.
- Violation of Highlands's Drug and Alcohol-Free Workplace Policy.
- Any other violation of Company policy.

Obviously, not every type of misconduct can be listed. Note that all employees are employed at-will, and Highlands reserves the right to impose whatever discipline it chooses, or none at all, in a particular instance. The Company will deal with each situation individually and nothing in this handbook should be construed as a promise of specific treatment in a given situation. However, Highlands will endeavor to utilize progressive discipline but reserves the right in its sole discretion to terminate an employee at any time for any reason.

The observance of these rules will help to ensure that our workplace remains a safe and desirable place to work.

5-2. Work Behavior and Discipline

It is essential that all employees accept personal responsibility for maintaining high standards of conduct and job performance, including observance of Highlands rules and policies. Highlands expects all employees to behave in a mature and responsible manner and to perform their jobs conscientiously, without the need of disciplinary action. However, violations of these standards will result in disciplinary action.



Disciplinary action is considered a dimension of performance evaluation. It is a corrective process to help employees overcome work-related shortcomings, strengthen work performance and achieve success.

In dealing with deficiencies in conduct and work performance, Highlands intends to be fair and consistent in its treatment of employees. Many factors are taken into consideration if it becomes necessary to discipline an employee, including the nature and seriousness of the offense, the employee's performance history at Highlands, and any mitigating or aggravating circumstances.

The nature of the discipline will be at the discretion of the Company and will depend upon the type and severity of the offense and possibly the employee's overall record of employment. The Company may use progressive discipline at its discretion, and again, based upon the nature and severity of the offense. In other situations, an employee may be immediately terminated without prior warning.

This policy is not contractual in nature and does not constitute an agreement that any particular procedure or rule will apply.

5-3. Communications

Highlands believes that effective communication is a two-way process. The Company's philosophy is that any topic or suggestion is open to discussion. Employees are encouraged to ask questions, present suggestions and comment on any matter of interest to them. Employees may direct your questions or suggestions directly to their Supervisor or any member of management.

Highlands will use a variety of communication channels to keep employees informed. For example, from time to time group meetings will be held by members of management to discuss information pertinent to key business issues. Employees will also be expected to be actively involved in other communication channels such as Safety or Quality Meetings, Suggestion Improvement Programs, or Employee Involvement Teams. Employees are an important part of the team and the Company values employee input.

Bulletin Boards

Company bulletin boards are used to communicate official government information on equal employment opportunity, wage and hour, health and safety, and other issues. They are also used to communicate information regarding Company policy and its business and announcements, including, but not limited to, job postings, safety rules, health items, benefit programs, and notices announcing special events. Employees should check the bulletin boards daily, so they are aware of new announcements. The bulletin boards are for posting company related material only and anyone wishing to post notices must receive authorization from Human Resources prior to posting.

5-4. Employee Relations and Problem Solving

The relationship between you and your supervisor is the basic link in Highlands's communication effort. Supervisors should frequently discuss job-related matters with employees. In addition to informal day to day contact, employees may also have discussions regarding the planning of work, performance, personal objectives, and pay. Employees are encouraged to openly discuss these matters with your Supervisor.

In addition, employees are encouraged to discuss any work problems, concerns, complaints, ideas, questions or suggestions openly with their Supervisor. The Company fully supports an "open door" policy where employees are free to discuss matters with any member of management or Human Resources. Be assured that all discussions will be handled in a professional and, to the extent possible, confidential manner. Employees will not be retaliated against for voicing their concerns or complaints.



5-5. DEI Policy

At Highlands Mortgage, we are committed to fostering an inclusive and equitable workplace where all employees feel valued, respected, and supported. We believe that diversity is a strength and that all individuals, regardless of their race, gender, ethnicity, age, religion, sexual orientation, or disability, should be treated with dignity and respect.

To achieve our commitment to diversity, equity, and inclusion, we will:

1. Provide equal employment opportunities: We are committed to providing equal employment opportunities to all employees and applicants for employment. We will not discriminate against any employee or applicant for employment on the basis of their race, color, religion, gender, gender identity or expression, sexual orientation, national origin, age, disability, or any other legally protected status.
2. Ensure a safe and respectful workplace: We are committed to creating a safe and respectful workplace where all employees can work without fear of harassment, discrimination, or retaliation. We will not tolerate any behavior that is discriminatory, harassing, or offensive, and we will take appropriate steps to address any complaints or concerns.
3. Provide training and resources: We are committed to providing training and resources to all employees to help them understand and embrace our commitment to diversity, equity, and inclusion.
4. Engage with diverse communities: We are committed to engaging with diverse communities and supporting causes that promote diversity, equity, and inclusion. We will seek out opportunities to partner with organizations that share our values and contribute to making a positive impact in the communities we serve.

We believe that our commitment to diversity, equity, and inclusion is consistent with our Christian values and our mission to serve our customers and communities with excellence and integrity. We are committed to upholding these values and to continuously improving our policies and practices to ensure that we are creating a workplace where all employees can thrive.

5-6. Punctuality and Absenteeism

Employees are hired to perform important functions at Highlands. As with any group effort, operating effectively takes cooperation and commitment from everyone. Therefore, attendance and punctuality are very important. Unnecessary absences and lateness are expensive, disruptive and place an unfair burden on fellow employees and Supervisors. We expect excellent attendance from all employees. Excessive tardiness may result in disciplinary action up to and including discharge.

“Absence” is defined as the failure of an employee to report work when they are scheduled to work. Some absences from work may be unavoidable; however, it is expected that absences will be infrequent. When circumstances cause you to be late or absent, the following procedures should be observed:

- You must personally notify your Supervisor prior to your starting time. Do not have others call-in for you.
- If you are physically unable to call-in yourself, you must have someone else who knows the circumstances notify your Supervisor. This should occur only in extreme situations.
- This procedure should be followed for each day of absence unless you are able to specify the number of days you will be absent.
- If your Supervisor is not available, you must notify your supervisor’s supervisor (or above) until someone is available.



Planned absences should be cleared with your Supervisor, allowing as much notice as possible. Being absent without proper notification or without an acceptable reason will not be permitted. Chronic absenteeism will be treated as a serious matter. This type of improper conduct may affect your pay as well as opportunities for advancement. It may also affect your continued employment. We are willing to work individually with any employee experiencing absences which may be caused by special circumstances if the employee agrees to make a concerted effort to correct the circumstances. Excessive absenteeism may result in disciplinary action up to and including discharge.

5-7. Use of Communications and Computer Systems

Highlands's communication and computer systems are intended primarily for business purposes; however limited personal usage is permitted if it does not hinder performance of job duties or violate any other Company policy. This includes but is not limited to, computers, software, internal and external communication networks (internet, HUB, commercial online services, bulletin board systems, social networking, blogging sites, facsimiles and e-mail systems), voice mail and telephones (standard or cell). Users have no legitimate expectation of privacy regarding use of Highlands systems.

Highlands may access the voice mail and e-mail systems and obtain the communications within the systems, including past voice mail and e-mail messages, without notice to users of the system, in the ordinary course of business when the Company deems it appropriate to do so. The reasons for which the Company may obtain such access include, but are not limited to: maintaining the system; preventing or investigating allegations of system abuse or misuse; assuring compliance with software copyright laws; complying with legal and regulatory requests for information; and ensuring that Company operations continue appropriately during an employee's absence.

Further, Highlands may review Internet usage to ensure that such use with Company property, or communications sent via the Internet with Company property, are appropriate. The reasons for which the Company may review employees' use of the Internet with Company property include, but are not limited to: maintaining the system; preventing or investigating allegations of system abuse or misuse; assuring compliance with software copyright laws; complying with legal and regulatory requests for information; and ensuring that Company operations continue appropriately during an employee's absence.

The Company may store electronic communications for a period of time after the communication is created. From time to time, copies of communications may be deleted.

The Company's policies prohibiting harassment, in their entirety, apply to the use of Company's communication and computer systems. No one may use any communication or computer system in a manner that may be construed by others as harassing or offensive based on race, national origin, sex, sexual orientation, age, disability, religious beliefs or any other characteristic protected by federal, state or local law.

Personal Email Accounts

Electronic email is pervasively used in almost all industry verticals and is often the primary Communication and awareness method within an organization. At the same time, misuse of email can post many legal, privacy and security risks. Thus, it's important for Highlands employees to understand the appropriate use of electronic communications as it relates to use of personal email accounts for business.

Employees are prohibited from automatically forwarding Highlands email to a third-party email system. Individual messages which are forwarded by the user must not contain Highlands confidential information including but not limited to borrower information and/or documents.

Users are prohibited from using third-party email systems and storage servers such as Google, Yahoo, and MSN Hotmail, etc. to conduct business, to create or memorialize any binding transactions, or to store or retain email on behalf of Highlands. Such communications and transactions must be conducted through proper channels using Highlands-approved documentation.



The Highlands' Compliance team in conjunction with IT will verify compliance to this policy through various methods, including but not limited to, internal and external audits, which includes accessing and reviewing the entirety of the employees work email account.

User IDs and passwords are unique to employees and these computer key codes are equal to an employee's handwritten signature. Employees shall not disclose or reveal their user ID and passwords for information systems to any unauthorized person. Employees shall never post user IDs or passwords, leave a signed-on terminal/PC unattended or share a signed-on terminal/PC with others. Although electronic communication systems are not private, an unauthorized attempt to gain access to another employee's e-mail, voice mail, or computer files is a violation of this policy, regardless of whether the attempt is successful or whether the messages accessed involve personal information. Further, since the Company's communication and computer systems are intended for business use, all employees, upon request, must inform management of any private access codes or passwords.

Password Requirements

- Minimum Password Length - All passwords must have at least 10 characters and this length must always be checked automatically at the time that users construct or select their password.
- Password Complexity - All standard user-chosen passwords must contain at least 3 of the 4-character types, i.e. capital, lower case, numeric, and/or special character.
- Administrator Accounts - All system administrator or elevated privilege accounts' passwords must have at least 12 characters and contain all 4-character types.
- Null Passwords Always Prohibited - At no time, may any Systems Administrator or Security Administrator enable any user ID that permits password length to be zero (a null or blank password).
- Password Change Requirements - All users must be automatically required to change their passwords at least once every 60 days.
- Password History - On all multi-user Highlands Residential Mortgage computers, system software or locally developed software must be used to maintain an encrypted history of previously chosen fixed passwords. This history must contain at least the previous twenty-four passwords for each user ID.

Clean Desk Policy

Unattended Information - Employees are required to ensure that all secret, confidential, and private information in hardcopy or electronic form is secure in their work area at the end of the day and when they are expected to be gone for an extended period.

- Shutdown Workstations - Computer workstations must be shut completely down at the end of the workday unless requested by the IT department for system maintenance.
- Secret/Confidential/Private Information - Any secret, confidential, and private information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the workday.
- File Cabinets - File cabinets containing secret, confidential, and private information must be kept closed and locked when not in use or when not attended.
- Key Security - Keys used for access to secret, confidential, and private information must not be left at an unattended desk.
- Physical Password Security - Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location.
- Printouts - Printouts containing secret, confidential, or private information should be immediately removed from the printer, copier, or fax machine. This helps ensure that sensitive documents are not left in printer trays for the wrong person to pick up.
- Secure Disposal - Upon disposal secret, confidential, or private documents should be shredded in the official shredder bins or placed in the lock confidential disposal bins.
- Whiteboards - Whiteboards containing secret, confidential, and private information should be erased.



Data is to be transferred only via business provided secure transfer mechanisms. Any information being transferred on a portable device, e.g. mass storage device or laptop, outside Highlands Residential Mortgage or across a public network must be encrypted in line with industry best practices and applicable law and regulations. Unauthorized duplication of copyrighted computer software violates the law and is strictly prohibited.

All employees must complete a mandatory information security training course and pass a corresponding test on an annual basis. Employees may be subject to complete and pass additional security education courses in a timely manner based on performance during random simulated and/or non-simulated cyber-attacks.

The first line of defense in information security is the individual users of Highlands Residential Mortgage. Highlands Residential Mortgage users are responsible for the security of all sensitive data received by them, regardless of the data's format. Therefore, all Highlands Residential Mortgage staff and others granted use of Highlands Residential Mortgage information are expected to adhere to Highlands Residential Mortgage's Acceptable Use Policy.

No employee may access, or attempt to obtain access to, another employee's computer systems without appropriate authorization.

Company electronic communication systems, including facsimiles, e-mail, and computer systems, shall not be used for solicitations of any kind that are unrelated to Company business.

Employees who violate this policy or use electronic systems for improper purposes are subject to disciplinary action, up to and including termination. Your Supervisor or IT Manager may also restrict or rescind access to either internal or external communication resources.

5-8. Use of Social Media

At Highlands, we recognize the Internet provides unique opportunities to participate in interactive discussions and share information using a wide variety of social media. However, use of social media also presents certain risks and carries with it certain responsibilities. To minimize risks to the Company, employees are expected to follow our guidelines for appropriate use of social media. This policy applies to all regular and temporary employees who work for Highlands.

For purposes of this policy, social media includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log or blog, journal or diary, personal website, social networking or affinity website, web bulletin board or a chat room, whether associated or affiliated with the Company, as well as any other form of electronic communication.

Highlands principles, guidelines, and policies apply to online activities just as they apply to other areas of work. Ultimately, you are solely responsible for what you communicate in social media. Any conduct that is impermissible under the law if expressed in any other form or forum is impermissible if expressed through a blog, web page, social networking, Twitter or similar site. For example, posted material that is discriminatory, obscene, defamatory, libelous or violent is forbidden. Company policies apply equally to employee social media usage. You may be personally responsible for any litigation that may arise should you make unlawful defamatory, slanderous, or libelous statements against any customer, supervisor, owner, or employees of the Company.

Highlands respects the right of any employee to maintain a blog or web page or to participate in a social networking, Twitter or similar site, including but not limited to Facebook and LinkedIn. However, to protect Company interests and ensure employees focus on their job duties, employees may not post on a blog or web page or participate on a social networking platform, such as Twitter or similar site, during work time or at any time with Company equipment or property.



All rules regarding confidential and proprietary business information apply in full to blogs, web pages and social networking platforms, such as Twitter, Facebook, LinkedIn or similar sites. Any information that cannot be disclosed through a conversation, a note or an e-mail also cannot be disclosed in a blog, web page or social networking site. Whether an employee is posting something on his or her own blog, web page, social networking, Twitter or similar site or on someone else's, if the employee mentions the Company and also expresses either a political opinion or an opinion regarding the Company's actions that could pose an actual or potential conflict of interest with the Company, the poster must include a disclaimer. The poster should specifically state that the opinion expressed is their personal opinion and not the Company's position. This is necessary to preserve the Company's good will in the marketplace.

Highlands encourages all employees to keep in mind the speed and manner in which information posted on a blog, web page, and/or social networking site is received and often misunderstood by readers. Employees must use their best judgment. Employees with any questions should review the guidelines above and/or consult with their Supervisor. Failure to follow these guidelines may result in discipline, up to and including discharge.

Nothing in this policy is designed to interfere with, restrain, or prevent employees from communications regarding wages, hours or other conditions of employment, or to restrain employees in exercising any other right protected by law.

5-9. Inspections

Highlands reserves the right to require employees while on Company property, or on client property, to agree to the inspection of their persons, personal possessions and property, personal vehicles parked on Company or client property, and work areas. This includes lockers, vehicles, desks, cabinets, workstations, packages, handbags, briefcases and other personal possessions or places of concealment, as well as personal mail sent to the Company or to its clients. Inspections may be conducted at the Company's discretion at any time without advance notice. Searches will be confined to those instances where the Company has a business interest in conducting the search or the Company has a suspicion of the existence of inappropriate activity. Employees are expected to cooperate in the conduct of any search or inspection.

5-10. Tobacco Free and Smoke Free Workplace

It is the policy of Highlands to prohibit the use of any and all tobacco products on Company premises and in all Company vehicles. The Company is committed to promoting healthy lifestyles, and to providing a healthy, pleasant and safe environment for clients and employees.

Tobacco products are defined as cigars, cigarettes, smokeless tobacco, pipes, roll-your-own, stuff and/or chew, e-cigarettes and vaping and are not permitted at any point during a workday while on Company business. Smoking is allowed only during break times as designated by your Supervisor, and in the designated smoking area.

Because the company may be subject to criminal and civil penalties for violations of applicable smoking laws, we insist on strict adherence to this policy. Employees smoking in any no smoking area may be subject to disciplinary action up to and including termination. In accordance with applicable law, designated outside areas exist for employees who choose to smoke during breaks or lunch periods. This policy applies equally to all.

5-11. Personal Visits and Telephone Calls

Disruptions during work time can lead to errors and delays. Therefore, we ask that personal telephone calls be kept to a minimum, and only be made or received after working time, or during lunch or break time.

For safety and security reasons, employees are prohibited from having personal guests visit or accompany them anywhere in our facilities other than the reception areas.



5-12. Solicitation and Distribution

To avoid distractions, solicitation by an employee of another employee is prohibited while either employee is on work time. "Work time" is defined as the time an employee is engaged, or should be engaged, in performing their work tasks for Highlands. Solicitation of any kind by non-employees on Company premises is always prohibited. Distribution of advertising material, handbills, printed or written literature of any kind in working areas of the Company is always prohibited. Distribution of literature by non-employees on Company premises is always prohibited.

5-13. Confidentiality

During the course of work, an employee may become aware of confidential information about Highlands's business, including but not limited to information regarding Company finances, pricing, products and new product development, software and computer programs, marketing strategies, suppliers and customers, and potential customers. An employee also may become aware of similar confidential information belonging to the Company's clients. It is extremely important that all such information remain confidential, and particularly not be disclosed to our competitors. Any employee who improperly copies, removes (whether physically or electronically), uses or discloses confidential information to anyone outside of the Company may be subject to disciplinary action up to and including termination. Employees should limit discussions concerning a client to those individuals that must have the information to do their required job.

Unless there is a written contract to the contrary, any work produced during your employment with this Company is considered "work for hire" and the rights to such work belong to the Company. If you should leave the Company and wish to retain samples of your own work, specific permission must be obtained from management.

All client information and events are to be kept confidential. This means not discussing data with outsiders, other retailers etc. All confidential information must be shred or put in shredder bins, not torn up in the trash can. Any paper hard copies containing customer information should not be left unattended at your desk and should be locked up at the end of the workday, including items on printers and fax machine.

Violation of this commitment to confidentiality may lead to discipline, including possible termination and/or legal action.

5-14. Conflict of Interest / Business Ethics

It is Highlands' policy that all employees avoid any conflicts of interest that create actual or potential job-related concerns, especially in the areas of confidentiality, customer relations, safety, security, and morale. The purpose of this policy is to ensure that the Company's honesty and integrity, and therefore its reputation, are not compromised. The fundamental principle guiding this policy is that no employee should have, or appear to have, personal interests or relationships that actually or potentially conflict with the best interests of the Company.

It is not possible to give an exhaustive list of situations that might involve violations of this policy. However, the situations that would constitute a conflict in most cases include but are not limited to:

1. holding an interest in or accepting free or discounted goods from any organization that does, or is seeking to do, business with the Company, by any employee who is in a position to directly or indirectly influence either the Company's decision to do business, or the terms upon which business would be done with such organization;
2. holding any interest in an organization that competes with the Company;
3. being employed by (including as a consultant) or serving on the board of any organization which does, or is seeking to do, business with the Company or which competes with the Company; and/or
4. profiting personally, e.g., through commissions, loans, expense reimbursements or other payments, from any organization seeking to do business with the Company.



A conflict of interest may also exist when a member of an employee's immediate family is involved in situations such as those above. It is your responsibility to report any actual or potential conflict that may exist between you (and your immediate family) and the Company.

Outside Employment

In general, the Company does not limit an employee's activities during non-working hours unless those activities interfere, or are in conflict, with the performance of his or her job, or create a conflict of interest. However, federal law explicitly prohibits outside employment in the case of persons in most production and operational job roles. Any Job (paid or unpaid) in the financial services or real estate industries – very broadly defined – is a violation of law and is prohibited by Highlands. Further, holding an active license (Realtor or Appraisal, for example) is prohibited during your employment at the company. Jobs clearly outside of these categories are generally permissible. For example, an employee could hold a retail sales position after work hours.

Under no circumstance, however, is it permissible to conduct business for any other organization on this Company's time. In addition, it is also prohibited to work for a competitor of Highlands', regardless of the role.

Any questions about employment conflicts should be directed to Human Resources.

5-15. Whistle-Blowing Policy

A whistleblower as defined by this policy is an employee of Highlands who reports an activity that they consider to be illegal or dishonest to one or more of the parties specified in this Policy. The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

Examples of illegal or dishonest activities are violations of federal, state or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting.

If an employee has knowledge of or a concern of illegal or dishonest fraudulent activity, the employee is to contact their immediate Supervisor, Human Resources, the CEO, or the President. The employee must exercise sound judgment to avoid baseless allegations. Any person who intentionally files a false report of wrongdoing will be subject to discipline including but not limited to termination, and/or legal action to the fullest extent of the law regardless of your employment status with Highlands.

Whistleblower protections are provided in two important areas -- confidentiality and against retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. The Company will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes they are being retaliated against must contact Human Resources, the CEO or the President immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

All reports of illegal and dishonest activities will be promptly submitted to CEO or the President who are responsible for investigating and coordinating corrective action.

Employees with any questions regarding this policy should contact Human Resources.

5-16. Use of Facilities, Equipment and Property, Including Intellectual Property

Equipment essential in accomplishing job duties is often expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards and guidelines.



Employees should notify their Supervisor if any equipment, machines, or tools appear to be damaged, defective, or in need of repair. Prompt reporting of loss, damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. The Supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment used on the job.

Employees also are prohibited from any unauthorized use of the Company's intellectual property, such as audio and video tapes, print materials and software.

Improper, careless, negligent, destructive, or unsafe use or operation of equipment can result in discipline, up to and including discharge.

Further, the Company is not responsible for any damage to employees' personal belongings unless the employee's Supervisor provided advance approval for the employee to bring the personal property to work.

5-17. Health and Safety

The health and safety of employees and others on Company property are of critical concern to Highlands. The Company intends to comply with all health and safety laws applicable to our business. To this end, we must rely upon employees to ensure that work areas are kept safe and free of hazardous conditions. It is also expected that each Highlands employee has primary responsibility for their own safety.

Simply stated, all Highlands employees must:

- Know and abide by the safety rules and follow all procedures.
- Actively participate in the Safety Program.
- Report all incidents, unsafe conditions, or unsafe practices immediately.

Highlands may use video and audio surveillance as permitted by law for security purposes.

Employees are required to be conscientious about workplace safety, including proper operating methods, and recognize dangerous conditions or hazards. Any unsafe conditions or potential hazards should be reported to management immediately, even if the problem appears to be corrected. Any suspicion of a concealed danger present on the Company's premises, or in a product, facility, piece of equipment, process or business practice for which the Company is responsible should be brought to the attention of management immediately.

Periodically, the Company may issue rules and guidelines governing workplace safety and health. The Company may also issue rules and guidelines regarding the handling and disposal of hazardous substances and waste. All employees should familiarize themselves with these rules and guidelines, as strict compliance will be expected.

Any workplace injury, accident, or illness must be reported to the employee's Supervisor as soon as possible, regardless of the severity of the injury or accident. Failure to report an incident or injury may result in disciplinary action up to and including termination.

Remember, should you have any concerns about safety, you should feel free at any time to bring these to the attention of any member of management.

5-18. Pandemic Policy

Highlands acknowledges that there is no one, single pandemic scenario. Our planning needs to be pragmatic and provide options for our business to respond to a range of scenarios.



A pandemic can affect our business, employees and customers, just how much will depend on the severity of the pandemic, and the information that comes from the WHO (World Health Organization) and the CDC (Centers for Disease Control).

It remains our mission to continue to provide our customers the highest level of service during a pandemic, while acknowledging that our staff, suppliers and supporting vendors may have to deal with their own or others' serious illness at that time.

In the event that State or Federal Authorities declare a Pandemic, management will contact you to discuss work plans, remote access, and telephone access.

In a Pandemic situation, a big risk (and therefore, the thing to try and eliminate, isolate or minimize as much as possible) is close contact between people. Good health and safety practices provide the best framework for helping all of us respond to the risk of infection and giving assurance to people that all practicable steps are being taken. If you are sick, please do not come into the office. But notify your immediate Supervisor by telephone and email if possible.

It may be possible for a modified shift-schedule to be implemented to limit the number of people in the office at any one time. The management team must read and review the U.S. Department of Labor's Guidance on Preparing Workplaces for an Influenza Pandemic (OSHA 337-02N 2007) located on the OSHA website here: http://www.osha.gov/Publications/influenza_pandemic.html.

5-19. Housekeeping

Our product demands a clean environment. A significant requirement of our jobs involves keeping our work areas clean and orderly. Your Supervisor will instruct you in any special methods or housekeeping procedures that relate to your job.

Keeping fire protection equipment and doors free from clutter will assist in keeping you and your co-workers safe in the event of an emergency. Do not block exit doors at any time. Keep combustibles (i.e. paper, cardboard and wood pallets) away from heat producing equipment such as electrical cabinets and transformers.

All chemical spills must be reported, no matter how small, to your supervisor. Waste chemicals are to be placed in the appropriate containers for proper disposal. Absolutely no chemical substance is to be allowed down a drain, outside on the ground, or in a waterway. Any person found to have violated this requirement is subject to immediate termination.

5-20. Security

All employees are responsible for helping to make Highlands Mortgage a secure work environment. Upon leaving work, lock all desks, lockers, and doors protecting valuable or sensitive material in your work area and report any lost or stolen keys, passes, or similar devices to your Supervisors immediately. Refrain from discussing specifics regarding Company security systems, alarms, passwords, etc. with those outside of the Company.

Immediately advise your Supervisors of any known or potential security risks and/or suspicious conduct of employees, customers, or guests of the Company. Safety and security is the responsibility of all employees and we rely on you to help us keep our premises secure.

Failure to follow these procedures responsibly may lead to disciplinary action, up to and including termination.



5-21. Operation of Vehicles

All employees authorized to drive personal vehicles in conducting Company business must possess a current, valid driver's license and an acceptable driving record. Any change in license status or driving record must be reported to management immediately.

An employee must have a valid driver's license in his or her possession while operating a vehicle off or on Company property. It is the responsibility of every employee to drive safely and obey all traffic, vehicle safety, and parking laws or regulations. Drivers must demonstrate safe driving habits at all times.

Portable Communication Device Use While Driving

Employees who drive on Company business must abide by state and federal law, which generally prohibits portable communication device (PCD) use, including cell phones or smart phone devices, while driving. "Use" includes, but is not limited to, talking or listening to another person or sending an electronic or text message via the PCD.

Employees should proceed to a safe location off the road and safely stop the vehicle before placing or accepting a call. Under no circumstances should employees feel that they need to place themselves at risk to fulfill business needs.

Since this policy does not require any employee to use a PCD while driving, employees who are charged with traffic violations resulting from the use of their PCDs while driving will be solely responsible for all liabilities that result from such actions.

5-22. Supplies and Equipment

You should make every effort to conserve Highlands materials, printed forms and other supplies. Highlands equipment, such as computers and calculators, should be used with care. No property, except laptops, may be removed from the premises without the proper authorization from management.

Company equipment is not available for personal use. If you lose, break or damage any property, please report it to your Supervisor immediately. Misuse and/or destruction of company property may be cause for disciplinary action.

5-23. Hiring Relatives / Employee Relationships

A familial relationship among employees can create an actual or at least a potential conflict of interest in the employment setting, especially where one relative supervises another relative. To avoid this problem, Highlands may refuse to hire or place a relative in a position where the potential for favoritism or conflict may exist.

In other cases, such as personal relationships where a conflict or the potential for conflict arises, even if there is no supervisory relationship involved, the parties may be separated by reassignment or discharged from employment, at the discretion of the Company. Accordingly, all parties to any type of intimate personal relationship must inform management.

If two employees marry, become related, or enter into an intimate relationship, they may not remain in a reporting relationship or in positions where one individual may affect the compensation or other terms or conditions of employment of the other individual. The Company generally will attempt to identify other available positions, but if no alternate position is available, the Company retains the right to decide which employee will remain with the Company.

For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.



5-24. Employee Dress and Personal Appearance

Your personal appearance reflects on the reputation, integrity, and public image of Highlands. The Company's dress policy is business casual however, the attire should still portray a professional image. All employees are required to report to work neatly groomed and dressed. You are expected to maintain personal hygiene habits that are generally accepted in the community, including clean clothing, good grooming and personal hygiene, and appropriate attire for the workplace and the work being performed.

Use common sense and good judgment in determining what to wear to work. Very casual, tight fitting or otherwise suggestive clothes will never be considered appropriate work attire and may result in appropriate disciplinary action. The following list provides examples of inappropriate attire; it is not all-inclusive:

- T-shirts
- Sweatshirts with logos (other than Company logos)
- Sweat suits or sweatpants
- Transparent or sheer clothing
- Leggings without a top to cover the hip area
- Torn or ripped clothing, or clothing with holes
- Tank tops, spaghetti strap tops and sundresses
- Denim clothing (except on designated causal days)
- Rubber, plastic or foam flip-flops
- Athletic (tennis) shoes (except on designated causal days)

When you have a business meeting or professional function, you should ensure that your attire is appropriate business attire, which may include suits and ties. Obviously, a professional appearance is especially important for those of us who at a time meet with clients and/or potential customers. Please use good judgment and good taste, remembering that rightly or wrongly, people do judge us as an organization, based in part on our appearance.

Fragrant products, including but not limited to perfumes, colognes, and scented body lotions or hair products, should be used in moderation out of concern for others with sensitivities or allergies.

The Company, in accordance with applicable law, will reasonably accommodate employees with disabilities or religious beliefs that make it difficult for them to comply fully with the personal appearance policy unless doing so would impose an undue hardship on the Company. Contact your Supervisors to request a reasonable accommodation.

If your attire is considered inappropriate, Highlands reserves the right to send you home to change. This time will be unpaid for non-exempt employees. Failure to comply with the personal appearance standards may result in being sent home to groom or change clothes. Frequent violations may result in disciplinary action, up to and including termination of employment.

5-25. Business Expense Reimbursement

Employees will be reimbursed for reasonable approved expenses incurred in the course of business. These expenses include but are not limited to airfare and/or hotel, business meals/entertainment, advertising/marketing, office supplies, and miscellaneous expenses on behalf of the borrower.

Expenses that are non-reimbursable without prior approval include, but are not limited to closing gifts, coaching, mortgage leads, cell phones, home phone, Internet bills, mileage reimbursement to go to closings, alcohol or bar tabs, meals for employees, etc.

Original itemized receipts are required for reimbursement of all expenses within 60 days. Itemized receipts must be accompanied by a summary which outlines (1) the nature of the expense; (2) the name and titles of the individuals involved; and (3) the purpose for the expense. Acceptable forms of proof of payment can be a credit



card statement, bank statement, cleared check copy or invoices marked 'paid in full' or a copy of the invoice with proof of payment.

Employees are expected to exercise restraint and good judgment when incurring expenses. Employees should contact their Supervisor in advance if they have any questions about whether an expense will be reimbursed.

5-26. Business Travel Expense Reimbursement

Highlands will reimburse employees for reasonable valid business travel expenses incurred. All business travel must be approved in advance by management.

Generally, Highlands encourages employees to use their own automobiles when short trips are required in the course of performing their Highlands duties. Mileage expenses incurred driving to and from a client site are reimbursable at the current IRS mileage rate, in addition to any related parking costs, provided a properly completed and approved expense report is submitted. Mileage driven from or to your home and the office are not reimbursable under federal law. Expenses related to vehicular violations, including speeding, parking tickets, are not reimbursable.

When approved, the actual costs of travel (tolls, parking, airfares, lodging, meals and other expenses directly related to accomplishing business travel objectives) that are not paid through corporate charge cards when traveling on behalf of Highlands will be considered reimbursable when appropriate documentation is submitted. Employees are encouraged to fly coach class with the lowest available airfare for nonstop travel. If a car rental is required, employees are requested to rent mid-sized or compact vehicles. Employees will be reimbursed for the fuel costs associated with renting a vehicle.

Abuse of this business travel expenses policy, including falsifying expense reports to reflect costs not incurred by the employee, can be grounds for disciplinary action, up to and including termination of employment.

5-27. Expense Report Guidelines

Expense reports should be approved by the branch/department manager.

- For Corporate Staff: Once approved by department manager it should then be submitted to the appropriate Executive Manager for final approval.
- For Production Staff: Once approved by branch manager, it should then be submitted to Danny Deaton, cc: Candace Locklear.

Expense reports will be reimbursed through Payroll on the 15th and the last day of the month. In the event that the 15th or the last day of the month falls on the weekend, reports are due the Friday before.

- The 1st through the 15th is to be turned in by the end of the month and will be reimbursed on the paycheck the 15th of the following month.
- The 16th through the end of the month is to be turned in by the 15th of the following month and will be reimbursed on the last day of the month.

EX: 7/1 – 7/15 is due by 7/31 to be reimbursed on the 8/15 paycheck.

7/16 – 7/31 is due by 8/15 to be reimbursed on the 8/31 paycheck.

Transactions that occurred more than 60 days prior to the date of the expense report may not be accepted.

Expenses that are submitted off the non-reimbursable list, that require approval prior to 'purchase', must be accompanied by the approval. Loan related expenses must have a loan number listed on the expense report or the invoice. Expenses submitted without adequate back up and/or proof of payment will not be processed.

Any questions related to the content of this policy or its interpretation should be directed to the AVP Payables Manager or the SVP Controller.



5-28. Gifts and Entertainment

No gifts should be accepted which in any way creates a sense of obligation. This applies to gifts in any form including entertainment, merchandise, payment, loans, gift certificates and other special favors from anyone doing business with or soliciting business from the Company. The only exception to this would be commercial souvenirs of nominal value (under \$25) or social invitations customary and proper under the circumstances and which are in complete accord with established business ethics. If there is any doubt as to the propriety of a gift, discuss it with your Supervisor before acceptance.

5-29. References

Highlands will respond to reference requests through Human Resources. The Company will provide general information concerning the employee such as date of hire, date of discharge, and positions held. Requests for reference information must be in writing, and responses will be in writing.

5-30. Media Inquiries

From time to time, as an employee of Highlands, you may receive inquiries from the media (e.g. newspapers, television stations, radio stations, magazines, or other periodicals). To ensure that Highlands maintains the appropriate public image and that communications to the media are accurate and in line with applicable Company policy, if you are contacted by the media, we request that you refer the individual making the inquiry to Highlands' Marketing Manager. If the Marketing Manager is not available, please contact the President who will ensure the call is routed to the appropriate person.

5-31. If you Must Leave Us

Should an employee decide to leave the Company, we ask that they provide a Supervisor with at least two (2) weeks advance notice of departure. Thoughtfulness will be appreciated. All Company property including, but not limited to, keys, security cards, parking passes, laptop computers, fax machines, uniforms, etc., must be returned at separation. Employees also must return all the Company's Confidential Information upon separation. To the extent permitted by law, employees will be required to repay the Company, (through payroll deduction, if lawful) for any lost or damaged Company property. As noted previously, all employees are employed at-will and nothing in this handbook changes that status.

5-32. A Few Closing Words

This handbook is intended to give employees a broad summary of things they should know about Highlands. The information in this handbook is general in nature and, should questions arise, any member of management should be consulted for complete details. While we intend to continue the policies, rules and benefits described in this handbook, Highlands, in its sole discretion, may always amend, add to, delete from or modify the provisions of this handbook and/or change its interpretation of any provision set forth in this handbook. Employees should not hesitate to speak to management if they have any questions about the Company or its personnel policies and practices.



Acknowledgment of Receipt and Review

By signing below, I acknowledge that I have received a copy of the Highlands Employee Handbook (handbook) and that I have read it, understand it, and agree to comply with it. I understand that the Company has the maximum discretion permitted by law to interpret, administer, change, modify, or delete the rules, regulations, procedures, and benefits contained in the handbook at any time with or without notice. No statement or representation by a Supervisor, manager, or any other employee, whether oral or written, can supplement or modify this handbook. Changes can only be made if approved in writing by the CEO or the President of the Company. I also understand that any delay or failure by the Company to enforce any rule, regulation, or procedure contained in the handbook does not constitute a waiver on behalf of the Company or affect the right of the Company to enforce such rule, regulation, or procedure in the future.

I understand that neither this handbook nor any other communication by a management representative or other, whether oral or written, is intended in any way to create a contract of employment. I further understand that, unless I have a written employment agreement signed by an authorized Company representative, I am employed "at-will" (to the extent permitted by law) and this handbook does not modify my "at-will" employment status.

If I am covered by a written employment agreement (signed by an authorized Company representative) or a collective-bargaining agreement that conflicts with the terms of this handbook, I understand that the terms of the employment agreement or collective-bargaining agreement will control.

This handbook is not intended to preclude or dissuade employees from engaging in legally protected activities under the National Labor Relations Act (NLRA).

This handbook supersedes any previous handbook or policy statements, whether written or oral, issued by Highlands.

If I have any questions about the content or interpretation of this handbook, I will contact my Supervisor or Human Resources.

Signature

Date

Print Name