

August 11, 2023

Neighborli, Inc.  
5050 47th Street S.  
Suite 100  
South Fargo, ND 58104

Re: Neighborli, Inc. Fraud Score

Ladies and Gentlemen:

We have acted as counsel to Neighborli, Inc. a Delaware corporation (the “Company” or “Neighborli”) and in such capacity, we have been requested by the Company to render our opinion regarding the treatment under the Fair Credit Reporting Act (15 U.S.C. § 1681 *et. seq.*), its implementing Regulation V, and applicable federal case law (collectively, the “FCRA”) of the Company’s proposed creation, maintenance, and distribution of certain consumer fraud scores. We call your attention to the fact that, although we represent the Company for certain purposes, we are not the general counsel to the Company and our engagement has been limited to specific matters as to which we have been consulted by the Company.

This Opinion has been prepared and is to be construed in accordance with the Third-Party Legal Opinion Customary Practice in Florida Report of the Legal Opinions Standards Committee of The Florida Bar Business Law Section and the Legal Opinions Committee of The Florida Bar Real Property, Probate and Trust Law Section dated December 3, 2011, (the “Report”). The Report is incorporated by reference into this Opinion.

In connection with this Opinion, we have reviewed the business model as provided by the Company (a summary of which is provided in Exhibit A attached hereto) and the FCRA.

In pertinent part, the FCRA provides (emphasis added) that:

The term “consumer report” means any written, oral, or other communication of *any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer’s eligibility for*—

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- (A) *credit or insurance to be used primarily for personal, family, or household purposes;*
- (B) employment purposes; or
- (C) any other purpose authorized under section 1681b of this title. 15. U.S.C. § 1681a(d)(1).

The term “consumer reporting agency” means any person which, for *monetary fees*, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part *in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties*, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing *consumer reports*. 15 U.S.C. § 1681a(f).

Furnisher means an entity that furnishes information relating to consumers to one or more consumer reporting agencies for inclusion in a consumer report. An entity is not a furnisher when it:

- (1) Provides information to a consumer reporting agency solely to obtain a consumer report in accordance with sections 604(a) and (f) of the FCRA;
- (2) Is acting as a “consumer reporting agency” as defined in section 603(f) of the FCRA;
- (3) Is a consumer to whom the furnished information pertains; or
- (4) Is a neighbor, friend, or associate of the consumer, or another individual with whom the consumer is acquainted or who may have knowledge about the consumer, and who provides information about the consumer's character, general reputation, personal characteristics, or mode of living in response to a specific request from a consumer reporting agency. 12 C.F.R § 1022.41(c).

The term “consumer” means an individual. 15 U.S.C. § 1681a(c).

Based solely upon the FCRA, the information contained at Exhibit A, and subject in all respects to the assumptions, qualifications and limitations herein provided, it is our opinion that:

A. The Scores (as defined in Exhibit A) that (1) would be created, maintained, and distributed to users across the United States of America, (2) bear on the consumer's character and general reputation as related to fraud, and (3) may be used in establishing a consumer's

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eligibility for personal, family, or household related credit, are Consumer Reports as defined by the FCRA. Thus, the Scores will be subject to the FCRA.

Such regulation includes, but is not limited to: Section 1681c(a) of Title 15 of the United States Code, which limits the information which may be contained in calculating the Score, and certain disclosure requirements provided in the FCRA, including but not limited to, 15 U.S.C. § 1681m(h) and 12 C.F.R. § 1022.70 *et. seq.* (regarding risk-based pricing disclosures) and 15 U.S.C. § 1681g(f) (regarding disclosures of credit scores).

B. Neighborli, which creates, maintains, and distributes the Scores to users for a monetary fee, is a Consumer Reporting Agency as defined by the FCRA. Thus, Neighborli is and will be subject to regulation thereunder and subject to the oversight and enforcement by the Consumer Financial Protection Bureau.

Because both the Scores and the Company are subject to regulatory oversight, Neighborli will be subject to regulatory standards requiring, among other things, that (1) the Score not be based on discriminatory characteristics, and (2) there be confidentiality and security for consumer non-public personal information.

C. Contributors of Data (as defined in Exhibit A) are “Furnishers” as defined by the FCRA and, therefore, subject to the responsibilities of Furnishers as provided in the FCRA. Such responsibilities include, but are not limited to, those included at the Notice of Furnisher Responsibilities set forth at Appendix M to Regulation V (providing for accuracy guidelines, duty to correct and update information, duties upon notice of dispute from the consumer, etc.).

D. Third parties obtaining the Scores from the Company are “Users” as that term is used in the FCRA and, therefore, will be subject to the responsibilities of Users as provided in the FCRA. Such responsibilities include, but are not limited to, those set forth in the Notice of User Responsibilities included at Appendix N to Regulation V (requiring a permissible purpose, requiring certification regarding use of report, requiring notification to consumers when adverse action are taken, etc.).

The foregoing is not, and is not intended to be, an exhaustive list of the implications of the FCRA on the Company, the Furnishers, the Users, the consumers, or the Scores, but rather is intended to provide a general framework of applicability of the FCRA with respect to the business model described at Exhibit A.

For the purposes of this Opinion, we have, with your permission, assumed the facts contained in Exhibit A and that:

1. There have been no undisclosed modifications to the information contained in Exhibit A.

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2. That all statutes, judicial and administrative decisions, and rules and regulations of governmental agencies constituting the law for which opining counsel is assuming responsibility are published (e.g., reported court decisions) or otherwise generally accessible (e.g., LEXIS or WESTLAW) in each case in a manner generally available (i.e., in terms of access and distribution following publication) to lawyers practicing in opining counsel's judicial circuit.

3. The constitutionality and validity of all relevant laws, regulations and agency actions is not in issue unless a reported case has otherwise held or widespread concern has been expressed by commentators as reflected in materials which lawyers routinely consult.

The opinions provided herein are limited in all respects by the following qualification:

This Opinion is expressed as of the date hereof and we undertake no obligation to inform you of any change in law or fact which may come to our attention after the date hereof which might impact the opinions herein set forth. Our opinions as expressed herein solely relate to the FCRA. Our opinions are not binding upon any courts of law and there is no assurance that the applicable laws or interpretations thereof will not change, nor do we undertake any obligation to inform you of any changes which may come to our attention after the date hereof and which might impact the opinions herein set forth.

We have not attended any meetings of the shareholders, directors or members of the Company, nor have we inspected any corporate books or records (including, without limitation, bylaws, minutes, actions or proceedings) of the Company, and we undertake no obligation to do so or advise you of any adverse impact that any such attendance or inspection might have on the opinions otherwise provided herein.

Our opinions are given as of the date of this letter only, and we specifically disclaim any responsibility to advise you or any party of any matters arising after the date hereof. This letter is provided as a legal opinion only and does not constitute, and shall not be deemed to constitute, a guaranty, warranty or surety of the matters addressed or the documents referred to herein, and no opinion may be inferred or implied beyond the opinions expressly rendered herein. This Opinion is furnished to you by us as your counsel and is rendered solely in connection with your assessment of the applicability FCRA and you are hereby authorized and entitled to rely upon this Opinion in connection therewith, and no other person or entity is entitled to rely hereon. No opinion is implied or may be inferred beyond the matters expressly stated herein.

Very truly yours,



Christi A. Lawson

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Exhibit A

Neighborli, Inc. is a corporation organized on November 9, 2022, under the laws of the state of Delaware. Neighborli was organized to develop a model to utilize across the financial services industry in an effort to mitigate fraud and thereby protecting consumers, banks, and Fin Tech's utilizing the Neighborli services.

Neighborli will solicit from contributors in the financial services industry certain transactional and historical data (“Data”) related to consumers and create a database therewith. Neighborli will use machine learning/artificial intelligence that, when applied to the Data, will result in a score-based solution (the “Score”) that predicts the likelihood that the purported consumer is attempting to perpetrate a fraud on the user of the Score.

Users of the Score, across the United States of America, will pay a fee to Neighborli to obtain the Score when determining a consumer’s eligibility for credit to be used for personal, family, or household purposes and, as noted previously, will use the Score to predict the likelihood that the purported consumer is attempting to perpetrate a fraud.