REMN WS FANNIE MAE HIGH LTV REFINANCE PRODUCT DESCRIPTION

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<table>
<tr><th colspan="2">HIGH LTV REFINANCE LOAN</th></tr>
<tr><td>Overview</td><td>» The high LTV refinance option is designed for Fannie Mae borrowers who are making their mortgage payments on time, but whose LTV ratios exceed the maximum allowed for standard limited cash-out refinance transactions. REMN WS is not required to evaluate borrower credit worthiness except for the requirements specifically stated in this section.
» REMN WS may not solicit Fannie Mae loans for refinancing except in accordance with standard requirements in Lender Solicitation for Refinancing found in Section B2-1.2-04 of Fannie Mae Selling Guide.</td></tr>
<tr><td>Covid_19 Temporary Flexibilities</td><td>» See pages 9 & 10 of the REMN WS FNMA Product Description to reference temporary flexibilities as a result of Covid_19 (i.e. Verbal VOE’s, Continuity of Income, Appraisals, etc.).</td></tr>
<tr><td>Existing Loan Requirements</td><td>» The existing loan must:
– Be a first lien, conventional mortgage loan owned or securitized by Fannie Mae
– Have a note date on or after October 1, 2017
– Have a seasoning of at least fifteen (15) months, meaning at least 15mos have passed from the Note date of the existing loan to the Note date of the new loan.
– NOTE: Loans that are part of a risk-sharing structure (for example, credit risk transfers) are eligible to be refinanced under the High LTV Refinance option.
» Conversely, the following loans are NOT eligible for refinance under the High LTV Refinance option:
– Existing DU Refi Plus or Refi Plus loans;
– Loans that are subject to outstanding repurchase demands; or
– Loans that are subject to recourse, repurchase agreement, indemnification, or another negotiated credit enhancement required at origination for eligibility purposes are not eligible unless:
• The new loan is also subject to a credit enhancement that meets eligibility requirements, or
• Such credit enhancement is not required for eligibility purposes on the new loan.</td></tr>
<tr><td>New Loan Requirements</td><td>» The new loans must:
– Have an application date on or after November 1, 2018
– Be either a Fixed Rate loan, or an ARM that refinances an existing ARM, with the new ARM having a minimum five (5) year fixed rate term
– Have a term not to exceed thirty (30) years
– Meet current general or high-balance loan limits, as applicable, at the time of loan delivery
– Have a newly executed Uniform Residential Loan Application (Form 1003/1003(S)) for the borrower(s) with all information completed, included borrower income, employment, and assets
– Provide a benefit to the borrower in the form of at least one of the following:
• A lower P&I payment
• A lower interest rate
• A shorter amortization term; or
• Movement to a more stable product (for example, from an ARM or step-rate modification to a fixed rate loan).
» The new loan cannot be originated to Section 50(a)(6) of Article XVI of the Texas Constitution (i.e. Texas Cash-Out Refi’s are not eligible).
» Temporary interest rate buydowns are NOT allowed.
» The standard limited cash-out refinance requirements are modified for high LTV loan transactions. The new loan amount is limited to:
– Payoff of UPB of existing first mortgage loan being refinanced (including accrued interest)
– Financing of closing costs, prepaid items, and points up to $5,000 total for the new loan; and
– Cash back to the borrower up to $250. Excess proceeds may be applied as a curtailment on the new loan.</td></tr>
</table>

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HIGH LTV REFINANCE LOAN

Borrower Eligibility

- Generally, the borrower(s) on the loan being refinanced (or the current borrower(s) if the existing loan was assumed) must be identical to the borrower(s) on the new loan. However, an existing borrower may be excluded from the new loan for either of the following:
  - The remaining borrower(s) meet the mortgage payment history requirements and provides evidence that they have been making the payments on the existing loan from their own funds for the most recent twelve (12) months prior to the application of the new loan, or
  - Due to the death of a borrower. Evidence of the deceased borrower's death must be documented in the loan file.
- New borrowers may not be added to the new loan refinanced via the high LTV refinance option.
- Borrowers who have applied for or received a modification are eligible for refinancing provided the following:
  - The borrower benefit provision is met using the prevailing payment, and
- The payment history requirement is met (see Credit Eligibility Requirements)

Property Eligibility

- All Fannie Mae-eligible property types are permitted for refinance under the high LTV refinance option.
- For properties in condo, co-op, or PUD projects, all project review requirements are waived with the exception that REMN WS must confirm the project is not a condo or co-op hotel or motel, houseboat project, timeshare, or segmented ownership project.
- REMN WS must obtain property and flood insurance in accordance with Fannie Mae guidelines.

LTV Ratio Requirements

- For the new loan to be eligible, the following table provides the minimum LTV ratio requirements for both fixed rate and ARM loans:

Occupancy Type	Units	Minimum LTV
Principle Residence	1	97.01%
	2	85.01%
	3-4	75.01%
Second Home	1	90.01%
Investment Property	1-4	75.01%

- The loan being refinanced and the new loan do not have to represent the same occupancy. The occupancy of the subject property may have changed by the time of the high LTV refinance transaction.
- **Maximum LTV/CLTV/HCLTV**:
  - Fixed Rate Loans – No Maximum
  - ARM Loans – 105% LTV maximum (no maximum CLTV or HCLTV)

Eligible Subordinate Financing

- New subordinate financing is only permitted if it replaces existing subordinate financing. In addition, the existing subordinate financing:
  - May not be satisfied with the proceeds of the new loan, but
  - May remain in place as long as it is resubordinated to the new loan, and
  - May be simultaneously refinanced as loan as the new subordinate lien loan amount does not exceed the existing UPB.
- Other subordinate financing requirements described in Subordinate Financing are not applicable.

  NOTE: Although standard Fannie Mae policy prohibits subordinate financing on co-op share loans, an exception is permitted for high LTV refinance loans as along as the existing subordinate lien is subordinate to the new co-op share loans.

Leasehold Estates Eligibility

- The term of the leasehold must run for at least five (5) years beyond the maturity date of the mortgage, unless fee simple title will vest at an earlier date in the borrower. REMN WS is not required to perform any additional review of the leasehold terms.

Multiple Financed Properties

- There are no limits on the number of financed properties the borrower may own. The additional eligibility requirements for borrowers with multiple financed in Multiple Properties Financed do not apply.

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<table>
<tr><th colspan="3">HIGH LTV REFINANCE LOAN</th></tr>
<tr><td rowspan="2">Underwriting Methods</td><td colspan="2"><u>Loans Underwritten in DU</u>
» When a limited cash-out refinance loan casefile that meets the minimum LTV requirement for a high LTV refinance loan is underwritten in DU, internal data will be used to determine if Fannie Mae owns the loan on the property, and if that loan is eligible to be refinanced using the high LTV refinance option.
» When DU finds a loan for the subject property address using either the address provided on the DU loan application or the standardized address, DU will then confirm the Social Security number(s) for the borrower(s) on the new loan casefile match those on the existing loan. The result of the Social Security number matching will be specified in a DU message.
» When none of the borrower Social Security numbers match, the loan casefile will not be underwritten as a high LTV refinance loan. DU will issue a message informing REMN WS that the Social Security number(s) does not match and remind REMN WS to confirm the property address.
» When there is a Social Security number match, DU will underwrite the loan casefile as a high LTV refinance loan. If the Social Security number for any of the borrowers on the loan casefile do not match using all nine (9) digits, DU will advise REMN WS:
– When a borrower Social Security number is matched using 7 or 8 digits of the 9-digit Social Security number, the DU message will specify that the Social Security numbers are one or two digits different and will require REMN WS to confirm the borrower on the existing loan are the same borrowers that will be on the new loan.
– When there are two borrowers on the new loan and two borrowers on the existing loan, but only one borrower's Social Security number matches, the DU message will specify that not all of the borrower Social Security numbers match and will require that REMN WS confirm the borrowers on the existing loan are the same borrowers that will be on the new loan.
– When one borrower is on the new loan casefile but more than one borrower is on the existing loan, the DU message will state that it appears that a borrower is being removed with transaction and refer REMN WS to the FNMA Selling Guide for additional requirements on removing a borrower with a high LTV refinance transaction.
– When there is more than one borrower on the new loan casefile but there is only one of the existing loan, the DU message will state that it appears that a borrower is being added with the high LTV refinance transaction, and if that is the case, the high LTV refinance loan is not eligible for delivery.</td></tr>
<tr><td colspan="2"><u>Manually Underwritten Loans</u> – not eligible (REMN WS Overlay)</td></tr>
<tr><td rowspan="6">Underwriting and Documentation Requirements</td><td>Payment History</td><td>To be eligible for the high LTV refinance option, the payment history for the existing loan for the most recent twelve (12) months must reflect:
– No delinquencies in the most recent six (6) months, and
– In months 7-12, no more than one (1), 30-day delinquency and no delinquency greater than 30 days.</td></tr>
<tr><td>DTI Ratio</td><td>There are no maximum DTI ratio requirements.</td></tr>
<tr><td>Credit Score</td><td>There is no minimum credit score requirement – determined by DU Approve/Eligible findings.</td></tr>
<tr><td>Property Status</td><td>REMN WS does not need to confirm the subject property is not currently listed for sale.</td></tr>
<tr><td>Request for Transcript of Tax Return</td><td>Each borrower must complete and sign a separate IRS Form 4506-T at or before closing.</td></tr>
<tr><td>Higher-Priced Loan Requirements</td><td>DU is unable to determine if a loan casefile is a higher-priced mortgage loan or higher-priced covered transaction under Reg Z.</td></tr>
<tr><td>Employment, Income, and Asset Verification</td><td colspan="2">» REMN WS must obtain one of the following for the new loan:
– A verbal verification of employment for employment or self-employment income for at least one borrower,
– Documentation of a non-employment income source, or
– Documentation of liquid financial reserves equal to twelve (12) months of the new monthly housing payment.
» REMN WS is not required to:
– Assess continuity of income,
– Verify income,
– Verify assets, or
– Calculate the DTI ratio.</td></tr>
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Valuation Requirements

- For certain loan casefiles, DU will offer an appraisal waiver – an option to deliver the loan to Fannie Mae without an appraisal. Otherwise, an appraisal with an interior and exterior inspection is required. If an appraisal is obtained, it must be used for valuation even if a waiver is offered by DU.
- REMN WS may only exercise the high LTV refinance appraisal waiver if
  - The final submission of the loan casefile to DU resulted in an appraisal waiver offer,
  - An appraisal is not obtained for the transaction, and
  - The appraisal waiver offer is not more than four (4) months old on the date of the note and the mortgage.
- REMN WS exercising the high LTV refinance appraisal waiver must deliver Special Feature Code 807
- When REMN WS is required by law to obtain an appraisal, REMN WS must comply with such requirements, but may still exercise the appraisal waiver.
- Repairs to a property damaged as the result of a disaster (as defined by Fannie Mae's Selling Guide) are not required prior to delivery as long as the loan meets the applicable property insurance requirements. REMN WS is not required to perform an additional inspection and/or new appraisal of the property after a disaster.

Representations and Warranties

- For high LTV refinance loans, REMN WS is responsible for the standard representation and warranties as described in Fannie Mae's Selling Guide, with a number of exceptions as noted below:

- For all High LTV Refinances
  - If REMN WS obtains an appraisal for the subject property, REMN WS is not responsible for the standard reps and warrants related to the marketability and condition of the property as reflected in the property valuation. REMN WS remains responsible for the appraisal as is pertains to the value.
  - For properties in a project, REMN is not responsible for the standard reps and warrants related to project eligibility. However, REMN must rep & warrant the property is not a condo or co-op hotel or motel, houseboat project, or a timeshare or segmented ownership project.

- Loans Underwritten in DU:
  - REMN WS is not responsible for any of the reps and warrants associated with the loan being refinanced.
  - REMN WS is relieved of the standard underwriting reps and warrants (eligibility, credit history, liabilities, income and asset assessment) with respect to the new mortgage loan if the following requirements are met:
    - All data in the loan casefile is complete, accurate and not fraudulent.
    - REMN WS follows the instructions in the DU Underwriting Findings report regarding income, employment, asset, and fieldwork documentation.
    - REMN WS complies with all other DU representation and warranty requirements as described in Fannie Mae Selling Guide.
  - When REMN exercises an appraisal waiver, Fannie Mae accepts the property value estimate as the market value for the subject property, and REMN is not required to make any representation or warranty as to the value, marketability, or condition of subject property.

Mortgage Insurance

If the loan being refinanced…	**Then…**
Doesn't have mortgage insurance	Mortgage insurance will not be required on the new loan.
Has existing mortgage insurance	The existing mortgage insurance must be continued on the new loan. To accomplish this, the insurer will modify the existing MI certificate and transfer it to the new loan. Such transfer may or may not include the assignment of a new MI certificate number. Check with the mortgage insurer for specific requirements.

- Existing loans with financed mortgage insurance are eligible for high LTV refinance loans. There should be no difference in how coverage is continued on the refinance of such loans versus existing loans that do not have financed mortgage insurance. The existing coverage can be continued on the new loan regardless of whether the financed premium on the existing loan was paid as a single premium or a split premium.
- Mortgage insurance coverage must extend for the life of the new loan, or until cancellation or termination of coverage as required by law or Fannie Mae guidelines. For example, even if a 15-year loan that is 3 years old is refinanced into a 30-year loan, the mortgage insurance coverage should be extended for the full life of the new loan.
- A mortgage insurance company may charge a reasonable fee to transfer the certificate. Fannie Mae allows such cost to be rolled into the UPB of the new loan as a closing cost as long as the loan will still comply with both Fannie Mae and mortgage insurer guidelines.