

POLICY & PROCEDURE

Credit Enhancement Policy & Procedure

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1. Policy Overview

NewRez LLC ("NewRez") adheres to all internal and external credit score evaluation guidelines, and underwrites and prices loans in a fair, equitable, and non-discriminatory manner consistent with its Fair Lending Policy, applicable fair lending laws and regulations, and its underwriting policy. NewRez offers credit enhancement services at no charge to applicants that may result in a credit rescore to benefit the borrower. The mission of the Credit Enhancement Program is twofold: to work in conjunction with the credit repository in order to educate the applicant on possible means to improve their credit scores, while simultaneously achieving a rescore that portrays a more accurate picture of the applicant's credit profile. **The program does not involve what are traditionally known as credit repair services, such as the strategic dispute of trade lines to temporarily increase a credit score and to mask the true credit profile of the subject.**

This policy ("the Policy") sets forth (1) the score range and credit profile required to pursue credit enhancement; and (2) documentation requirements and process for credit rescoring. All credit enhancement services shall be offered pursuant to the procedures set forth herein and may never be offered or withheld on the basis of race, color, religion, national origin, sex, marital status, age, disability, familial status, income derived from a public assistance program, or the exercise of rights under the Consumer Credit Protection Act.

2. Credit Enhancement Process

The credit enhancement process is centralized internally within the Credit Enhancement unit in partnership with NewRez's primary credit provider. No credit enhancement recommendations should be made to the borrower without specific direction from the Credit Enhancement unit. Loan officers and NewRez employees should not be directly contacting our credit provider for direction or advice. Loan officers and **NewRez employees should never contact outside parties ("credit repair companies") for direction and advice.** All credit enhancement requests must be emailed to creditenhancement@newrez.com.

2.1 Credit Profile Requirements for Credit Enhancement

To be eligible for credit enhancement services, a minimum tri-merge mid-score of 580 (550 for Call Center) must be achieved unless the credit profile contains a trade line credit that is erroneous and needs to be corrected. Credit corrections can be analyzed, recommended, and rescored. The minimum 580 (550 for Call Center) score applies to all applicants. There is a maximum target mid-score score increase of 50 points allowed on credit enhancement files. Other negative issues present on credit profile (such as the presence of > 3 trade line disputes) can also prohibit credit enhancement on any file.

Applicants for USDA loans or VA IRRRLS are NOT eligible for credit enhancement. Sales is responsible for ensuring that these products are not submitted for credit enhancement.

Applicants for **loans in the NewRez Jumbo Series, HELOC, High Balance Extra, Dream Big and Smart Series products are NOT eligible for credit enhancement due to representations and warranties extended to secondary market investors.** Sales is responsible for ensuring that loans in any of these products are not submitted for credit enhancement.

2.2 Submission for Credit Analysis and Recommendation for Enhancement

Credit Enhancement can be completed on files that require credit correction, removal of credit disputes, program minimum score attainment and rate/pricing benefit to borrower to help complete closing the loan. To obtain a score analysis simply **email the following info to creditenhancement@newrez.com**:

- Borrower(s) last name
- NewRez loan #
- Primary Credit Provider credit reference #
- Target score or goal desired (correct trade line, remove dispute, etc.)

Credit Enhancement unit will work with Credit Provider's dedicated credit experts to evaluate the request and supply recommendation within 24 hours of receipt (staff permitting). If the file is > 30 days or below minimum score requirement, a response will be provided with further direction. The recommendation supplied will give a concise summary of actions to be taken by the applicant to achieve the target score, etc. It is the responsibility of loan officer to work with borrower to get actions completed. If the CE recommendation includes pay down of existing debt by \$500.00 or greater, a credit education disclosure form (attached) must be completed and signed by the applicants. Loan officer is responsible to have this completed and file maintained.

By way of example, the following is a typical analysis/recommendation to achieve 640:

Borrower – Total estimated funds needed to pay down debt(s) – \$190
Possible Trans Union +28 (649) Equifax +37 (645) **RESCORE**

Target balance \$129 on CAP ONE #5178

Accounts must be paid to EXACT suggested balance.

2.3 Documentation and Credit Rescore

Once the recommended actions are completed, the documentation proof for credit corrections or rescues needs to be assembled by the loan officer and submitted to NewRez_Credit Enhancement, Retail01. The typical documentation could be a credit card statement showing the exact suggested balance, or a letter from creditor removing dispute or authorized borrower, or a letter from collection agency with account settlement, deletion, etc. Credit Enhancement then validates the documentation and submits to Credit Provider for rescore. The typical turn time is 5-7 business days. NewRez does not allow re-pulling credit for rescoring purposes. The credit enhancement process should be followed from start to finish.

Once the rescore (at the bureau level) has been completed by Credit Provider the new credit is available and communicated. If the applicant already qualified for the desired program with the credit reports in the file, a new file is not required. If the applicant did not qualify for the desired program with any of the credit reports in the file, this loan will have to be denied/withdrawn and new file created. The Credit Enhancement unit will note the file in Destiny and tag it for future analysis.

Credit Enhancement charges **cannot** be billed to an applicant either by NewRez or a broker.

3. Monitoring and Reporting

Credit Enhancement cases shall be monitored on a regular basis to determine whether they are being offered in a fair, non-discriminatory manner that is consistent with this Policy.

Credit Education Disclosure

NewRez LLC (NewRez) offers a service, free of charge, to assist applicants that do not meet certain loan program guidelines. This service helps educate borrowers of negative factors that could affect their credit profile. These factors are based on information reported to national credit repositories. Certain actions intended to improve an applicant's credit profile may require the use of personal funds or reserves.

Any actions taken as a result of the credit education program, including the use of your own personal funds, is voluntary on your behalf. NewRez cannot guarantee credit profile enhancement results. In addition, NewRez cannot guarantee loan qualification or loan approval from any credit education actions taken. If your credit scores do improve through the credit education program, a loan approval will be subject to the standard underwriting procedures followed by NewRez. The NewRez underwriting department will perform a complete review of your loan file including, but not limited to your loan application, income, credit, and appraisal. Participation in the NewRez credit education program does not constitute or guarantee the approval of a loan submission with NewRez.

This service is a simulation and does not guarantee any results.

Please sign below acknowledging your receipt and review of the information provided.

Borrower's Signature

Date

Co-Borrower's Signature

Date