



IMPORTANT ANNOUNCEMENT: HTL's Coronavirus (COVID-19) Response & Business Continuity Plan

3/23/2020

Updates From Your Management Team

Effective Monday 3/23/20, much of our Operations team will be working remotely. These are unprecedented times and your HTL staff remains available and dedicated to move the loans through the pipeline. As our response to the ongoing spread of the virus evolves, we will continue to monitor the situation and notify you when we need to implement additional protocols and processes.

IMPACT:

Funding VOE's:

Effective 3/23/20: FannieMae has come out with guidance during these unstable times. Due to the fact that we are experiencing delays with employers trying to verify employment as well as ensuring that borrowers are still gainfully employed, HTL will be requiring that a VOE is obtained on or up to 1-day Prior to Docs and on or up to 1-day PTF as follows:

Written VOE Flexibility:

An email directly from the employer's work email address that identifies the name and title of the verifier and the borrower's name and current employment status may be used in lieu of a verbal VOE. HTL will be requiring these be obtained both PTD and PTF.

Verbal VOE's: obtained PTD and PTF are still allowable and must ensure the employer states the borrower is still Gainfully Employed.

Self Employed: HTL must verify that the borrower's business is operational PTD & PTF. These will be handled as a case by case basis depending upon the borrower's self-employment type.

Non-QM:

Effective today 3/23/20: HTL has been notified by its partners that they will not be Locking nor Funding Non-QM loans at this time. As a result, all Non-QM loans currently in the pipeline are on hold until further notice.

Jumbo Loans:

Effective today 3/23/20: We are on alert that regular Jumbo loans (that are not part of Non-QM) are also being negatively impacted and may experience delays in Locks and / or Funding. We will keep you posted as we hear. In the meantime, we are reviewing our Jumbo pipelines and will be reaching out to you loan by loan.

Appraisals:

Effective today 3/23/20: FannieMae is allowing temporary flexibilities to our appraisal inspection and reporting requirements. Appraisal Requirements, when an interior inspection is not feasible because of COVID-19 concerns. We will allow either a desktop appraisal or an exterior-only inspection appraisal in lieu of the interior and exterior inspection appraisal (i.e., traditional appraisal). If a traditional appraisal is not obtained and there is insufficient information about the property for an appraiser to be able to complete an appraisal assignment with a desktop or exterior-only inspection appraisal, the loan will not be eligible for funding. Please see attached Grid for eligibility.

Turn-Times:

With employees working remote effective 3/23/20, we may experience delays in turn times by department. However, each Manager will be working with their department employees to bring to light any concerns that may affect turn times & closings. Rest assured that we All remain fully committed to ensuring your pipelines move forward as efficiently as possible.

Notaries for Closing Docs:

We are in constant communication with our Escrow / Title / Closing Agent partners to address the lack of Notaries who are willing to visit borrowers for signings during this time. Please note that all States have different guidelines for notarizing documents. For example, in the State of CA, a virtual notary is Not allowable as a thumbprint must be obtained by the borrower. We are working through this with our partners in each State. We ask for your patience and understanding as this will affect loan signings.

County Recorder Offices:

Due to the inability for several counties (noted below) to e-Record, HTL will be unable to fund loans where the counties do not participate in e-Recordings. Currently the following counties being affected by recording delays **Or** inability to record are as follows. We will continue to keep in touch with our Escrow / Title partners on a loan by loan basis:

➤ **Alameda / Contra Costa / Marin / Santa Cruz / San Francisco / San Mateo / Santa Clara**

Locks:

We are working with our investors to see if there will be any issues with respect to Lock Extensions and we will do the very best we can to protect your locks. We strongly encourage you to lock your loans for a **much** longer period of time. There are several factors that will have a negative effect on locks, such as appraisal turn times that need to be taken into consideration. Short term locks are highly discouraged and may cause serious reputational risk.

Property Inspection Waiver (PIW):

Due to the recent increases in Appraisal turn-times, please ensure you are reviewing your DU's for PIW's. If Your DU Approves a PIW, you will Not need to order an Appraisal. This can save Time & Money. The PIW can be seen under DU Section "Property and Appraisal Information".

Appraisal Guidance:

Loan purpose	LTV ratio	Occupancy	Ownership of loan being refinanced	Permissible appraisals (in order of preference)
Purchase*	Per <i>Eligibility Matrix</i>	Principal residence	N/A	Traditional appraisal Desktop appraisal Exterior-only appraisal
	≤ 85%	Second home Investment		Traditional appraisal Desktop appraisal Exterior-only appraisal
	> 85%	Second home		Traditional appraisal
Limited cash-out refinance	Per <i>Eligibility Matrix</i>	All	Fannie Mae-owned	Traditional appraisal Exterior-only appraisal
			Not Fannie Mae-owned	Traditional appraisal
Cash-out refinance			Fannie Mae or not Fannie Mae-owned	Traditional appraisal

*Excludes new construction and construction-to-permanent loans.