

# FAIR LENDING AND CONSUMER “BEST PRACTICES” GUIDELINES

The undersigned acknowledges that NHTSA is a national secondary market intermediary strongly committed to making home mortgage loans to consumers on ethical, fair and reasonable terms. In connection with providing services to NHTSA, we agree to conduct our business in an ethical manner that reflects the highest standards of professionalism, integrity, competency, courtesy and diligence. The home loan industry has been challenged by allegations of unscrupulous practices described as equity stripping (making a series of loans that result in the borrower’s loss of equity and ultimately loss of the property), flipping (the practice of refinancing loans where the borrower receives little or no benefit and the lender charges unnecessary fees) and packing (the practice of including hidden fees and expenses). The purpose of these standards is to communicate to affiliates and the public alike that the undersigned does not and will not endorse such practices. The purpose in following the guidelines set forth below are meant to serve as guides to meet our business objectives within a context that is fair and equitable to all consumers. Accordingly, we subscribe to the following Best Practices Guidelines:

## General:

- **Laws and Regulations** – Comply with all applicable state and federal laws and regulations including, but not limited to, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Truth-in-Lending Act, and the Real Estate Settlement Procedures Act.
- **Confidentially** – Respect borrowers’ privacy rights by complying with federal and state privacy laws.
- **Equitable Treatment** – Maintain a work environment that encourages compliance with these fair lending and consumer best lending practices and facilitates the fair and equitable treatment of consumers.
- **Professionalism** – Endeavor to employ a workforce of talented, qualified individuals with diverse backgrounds in compliance with applicable laws.
- **Procedures and Training** – Establish internal compliance, fair lending, servicing, quality, audit and disciplinary procedures. Provide training to employees and communicate these procedures to company personnel and others with whom the company does business.
- **Compliance** – Establish internal procedures to promote compliance with these best practices and applicable law and to provide that senior management is promptly made aware of any significant problems or failures to comply as appropriate, and that management takes appropriate steps to rectify such problems.
- **Report Violations** – Encourage every employee to report to senior management violations of these best practices or questionable activities in accordance with company procedures, which provide that no employee will be subject to

disciplinary or retaliatory action for a good faith reporting of a suspected violation.

- **Internal Review** – Review, on a periodic basis, random samples of loan files to determine compliance with these Fair Lending and Consumer Best Practices Guidelines and applicable laws.
- **Customer Contact Employee Evaluation** – Evaluate the behaviors of “customer contact employees” through appropriate measurement tools.

## **Sales and Marketing:**

- **Licensing** – Exercise due diligence to determine that loan officers, correspondents and/or brokers are properly licensed, where applicable.
- **Equal Treatment** – Treat all consumers fairly with regard to loan pricing, underwriting and servicing regardless of race, color, age, gender, marital status, familial status, religion, disability or national origin.
- **Non-Discriminatory Pricing Guidelines** – Adopt and apply consistent “risk based” and “service based” loan pricing to consumers in a non-discriminatory manner with respect to rates, fees and terms.
- **Advertising** – Review advertising and marketing material to facilitate compliance with federal, state and local law. Adopt marketing practices that promote the offering of the broadest array of products to the broadest range of customers, as practicable, and avoid practices based upon inappropriate classifications.
- **Notices** – Provide training and review on a consistent and adequate basis to assure that all notices required by federal or state law are delivered to the borrower including, but not limited to, the federal “Notice of Right to Rescind,” where so required. Provide training and review to help assure that personnel understand the purpose of the notices provided.

## **Application and Underwriting:**

- **Underwriting Policies** – Implement and disclose sound and consistent underwriting policies and procedures.
- **Ability to Repay** – When making or negotiating a loan, make reasonable inquiry into the financial ability of the borrower to repay the loan and to determine whether the borrower could be reasonably expected to repay the loan in the time and manner provided for in the loan contract.
- **Refinancing** – Provide systems and procedures to review a proposed loan transaction seeking to refinance a loan within the first 12 months of its origination to help assure that such proposed transaction provides a benefit to the borrower.
- **Underwriting Exceptions** – Where appropriate, establish policies and procedures for granting underwriting exceptions and maintain clear exception explanations to promote fair lending.
- **Clear Documentation** – To the extent consistent with sound lending practices and legal requirements, draft documents in simple, clear and unambiguous

language as reasonably as possible and permitted by law. Provide disclosures in the native language of the borrower, if reasonably practicable and permitted by applicable law.

- **Disclosure** – Provide consumers with accurate and timely disclosures of terms, costs and fees, in accordance with all applicable laws.

### **Servicing and Collections:**

- **Collection Policies** – Establish and disclose reasonable and ethical debt collection practices in accordance with law.
- **Due Diligence** – Monitor delinquent accounts in an effort to determine promptly and to minimize serious default.
- **Compliant Resolution** – Provide training for personnel in handling disputes and promptly follow up all borrower complaints and inquires in a good faith attempt to obtain customer satisfaction.
- **Notices** – Provide borrowers with all notices within the timeframes as required by law.

### **Delinquency and Default:**

- **Loss Mitigation** – Seek to help borrowers in default and/or foreclosure by working with them and utilizing forbearance, reformation and other loss mitigation tools, when appropriate.
- **Training** – Train personnel to treat borrowers in default with respect.
- **Notices** – Provide borrowers in default with all notices within the timeframes as required by law.
- **Counseling** – Provide borrowers with the approved NeighborWorks® America sanctioned postpurchase counseling.
- **Due Diligence** – Maintain appropriate review of files in default to determine that all policies and procedures are being followed.

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NWO name

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Authorized Signature

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Date

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Typed Name