



## RATE LOCK POLICY & PROCEDURES

Rate Sheets	Rate Sheets are distributed every day (a.m.) via email to all offices [brokers, loan offices, email, web] by approximately 8:30 AM PST. In volatile markets, pricing may be released later. Rate sheets are also available in the broker portal. Intra-day price changes may occur at any time without prior notice. Rate sheets will again be distributed. Rate Sheets and applicable price/rate adjustments are subject to change without notice based on market fluctuation and loan scenario changes.
Lock Hours	Loans may be locked Monday through Friday at the following times: 8:30 a.m. to 6:00 p.m. PST (please see page 6 for program specific lock cut-offs)
Lock Periods	MCFI will offer lock-in protection for its customers for the following time periods: <ul style="list-style-type: none"><li>• 15 Day Lock (limited to “Final Underwriting” or “Clear to Close” status on Agency/Government only)</li><li>• 30 Day Lock</li><li>• 45 Day Lock</li><li>• 60 Day Lock- Not available on all programs. Please see rate sheet for details.</li></ul>
Midday Price Change	Volatility in the mortgage-backed securities market may require Secondary Marketing/Capital Markets to issue revised pricing (up or down) during the day. Lock Desk will notify its brokers of a midday price change via newsletter distribution. <ul style="list-style-type: none"><li>• Price change is effective immediately upon pricing engine update.</li><li>• On-line lock requests will be suspended until rate &amp; premiums are updated.</li><li>• It is incumbent upon the Loan Officers/Account Executives to stay up to date with current market conditions and posted rates and prices, especially prior to any consultation with a potential borrower.</li><li>• Incomplete lock requests that require further information and/or clarification from the loan originator are considered “pending” and are not protected in the case of a price change.</li><li>• Any lock request received after pricing has been disabled will be subject to the new pricing.</li></ul>



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## Lock Procedure

MCFI's Submission Policy prohibits Loan Officers/Processors from committing to a rate and point guarantee and not completing the submission package for that particular application. An incomplete submission increases MCFI's exposure to interest rate risk and may result in extensive losses to MCFI. A Loan Officer/processor's failure to complete their submission package does not excuse him/her from honoring a commitment if rates increase, nor delivering at the original rate and points if rates decrease.

Lock requests must be requested on-line (by authorized broker personnel) through the pricing engine. The broker office is responsible for managing new & existing lock registrations. MCFI (operations & sales) personnel are not responsible for managing a broker company's pipeline.

## Pre-lock Procedure

Generally, MCFI requires a complete submission prior to securing a locked rate. However, select programs are allowed the opportunity to PRE-LOCK for 30, 45, or 60 days upon successful registration (see page 6 for more details).

Successful registration requires a FNMA3.2 upload for program eligibility. Registered pre-locked loans are allowed up to 7 **business days** to complete their submission package. Failure to meet the submission deadline will result in either the lock cancellation or worst-case pricing as determined by current market after the 7<sup>th</sup> day.

Note that ALL locks are secured by the property address. In the event that the same borrower(s) submits a new loan with a different property address, it will be treated as a new transaction\*

\*Conventional Agency and Government programs only. Please contact lock desk for Jumbo/Non-QM

## Lock Confirmation

A copy of the lock confirmation will be emailed to the broker and can also be accessed through the EDocs in the broker portal. It is the broker's responsibility to report any inconsistencies (regarding expected price, broker compensation, rate, etc.) to the lock desk within 24 hours.

## Loan Attribute Changes

The broker is responsible for tracking any changes to the structure of the loan that may affect pricing and providing proper notification to Mega Capital. Any changes to the structure of the loan that affect pricing will be validated and updated by the lock desk. A new confirmation will be emailed and uploaded to the EDocs.

## TBD Properties

Locks on TBD properties are not permitted.



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## Lock Expirations

**Locks are required to be valid through the funding date. For correspondent, locks are required to be valid through the loan purchase date.** Automatic extensions are not given at any point. It is the broker's responsibility to manage their locked pipeline and expirations.

## Lock Extensions

It is MCFI's policy to close loans prior to their lock expiration dates, with the understanding that for a variety of reasons, loans will not always close during the original lock period. Lock extensions, or re-locks on loans that have expired, are granted to curb the cost associated with fallout. Extensions and re-locks cost MCFI money and every step should be taken to limit their use. When requesting an extension or re-lock, proper procedures must be followed.

### Standard Extension Fees (Agency & Government)

- 0.03- 1 business day
- 0.150- 7 calendar days
- 0.300- 14 calendar days

\*Fees apply for the first two extensions on a lock. Higher fees apply for any additional extensions (see page 6 for more details).

Jumbo/Non-QM extension fees vary per program. Please refer to page 6 for more details.

Extension requests must be received before 5 PM PST or the lock cut-off (whichever is earlier) on the day of expiration.

All lock extension requests must be submitted via e-mail to [lock@mcfunding.com](mailto:lock@mcfunding.com).

*Lock extensions are not available when the lock has expired.*

### Maximum Extension Periods:

- Once the lock has been extended for the maximum allowed extension days, the lock becomes subject to relock at worst case pricing
- Please see page 6 for details on maximum extension periods.

**Dry funding states (ex. CA, NV, WA, etc.) require a minimum of three (3) business days remaining on the original lock in order to release docs. If less than 3 business days remain on the lock, or if the rescission period ends after the lock expiration, an extension will be required prior to docs out.**

**Wet funding states require the lock to be valid through the rescission and/or closing date.**



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## Re-Lock Process

Locked loans that have passed their lock expiration dates or loans with locks cancelled because the loan application package was not delivered by the required date, may be re-locked by e-mailing [lock@mcfunding.com](mailto:lock@mcfunding.com). All relock requests must be received prior to 5 PM PST.

Relock pricing is calculated as follows:

### AGENCY FIXED (FNMA/FHLMC) & GOVERNMENT PROGRAMS:

- For locks that have been expired for less than 30 days, price will be set by comparing the original locked price (including all LLPAs and extension/relock fees) and current market price (including all LLPAs) and taking the worse price for the same lock period, i.e. original lock = 30 days, re-lock = 30 days. The lock period may only be upgraded [from 45 day to 30 day, or 30 day to 15 day] once the lock has been expired for a minimum of 30 days.
- If the lock has been expired for at least 30 days, the loan will be re-locked at the current market.

### JUMBO/NON-QM/2<sup>ND</sup> PROGRAMS:

- Non-Owner/2<sup>nd</sup> Home Expanded (ANX), Platinum Jumbo, Silver Jumbo, Expanded DSCR/No Ratio/Simple MVP
  - Not eligible for relock. If lock expires, 60 days must pass before starting a new lock at current market pricing.
- MVP/MVP DSCR
  - For locks that have been expired for less than 30 days, relock at worst case pricing + 0.250 relock fee. Previously applied extension fees will remain on the lock. Relock period must match the original lock period.
  - If the lock has been expired for at least 30 days, the loan will be re-locked at current market without a relock fee.
- MHELOCFIX/XHELOC/Sapphire Jumbo/Simple Elite
  - For locks that have been expired for less than 45 days, relock at worst case pricing + 0.250 relock fee. Previously applied extension fees will remain on the lock. Relock period must match the original lock period.
  - If the lock has been expired for at least 45 days, the loan will be re-locked at current market without a relock fee.
- Closed End 2<sup>nd</sup>
  - For locks that have been expired for less than 45 days, relock at worst case pricing + 0.250 relock fee. Previously applied extension fees will remain on the lock. Only a 15 day relock period will be available and will not be permitted unless status is at least Clear To Close.
  - If the lock has been expired for at least 45 days, the loan will be re-locked at current market (for any lock period) without a relock fee.
- Only one relock will be permitted per loan. Exceptions for additional relocks may be requested by email to [lock@mcfunding.com](mailto:lock@mcfunding.com), but may not be granted



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## Lock Renegotiations

Lock renegotiations must meet the following criteria:

1. Broker's commission may not increase from original locked in price.
2. Loan must be approved and/or READY for DOCS. Any others would be on a case by case with a certainty of closing based on credit.
3. Rate renegotiations are not automatically applied & must be requested via e-mail to [lock@mcfunding.com](mailto:lock@mcfunding.com).
4. Similar to lock requests, only brokers & their authorized personnel are permitted to send rate-renegotiation requests.
5. Renegotiations are subject to a 0.500 relock fee. An additional redraw fee may apply if docs have already gone out.
6. Renegotiations are not accepted on files that already have docs back.
7. Renegotiations are limited only to AGENCY FIXED (FNMA/FHLMC) and FHA/USDA/VA FIXED products.
8. A renegotiation does not change the existing lock expiration date. Additional extension(s) may be subject to standard extension fees.

If a lock renegotiation request qualifies by meeting above described requirements and is approved by the lock desk, MCFI will allow the Borrower to execute a new lock at current market at the original lock period. All renegotiation requests must be received prior to 5 PM PST.

## Program Changes

When a customer wishes to change loan programs after the loan has been locked-in, the following applies:

- All loan program changes must be re-locked with Secondary Marketing.
- DU & LP program changes w/ the same type & term will retain pricing from the original lock date.
  - Ex: MAX30 to AGN30; AGN30 to HB30
- Program changes from AGENCY FIXED/ARM to FHA/VA/USDA (or vice-versa) will be subject to current market pricing. Resubmission may be required.
- Program changes to, from, or between Jumbo or Non-QM programs may be subject to worst case or current market pricing. Resubmission may be required.
  - Changes between MVP and MVPX will trigger worst case pricing
- Changes from Fixed to ARM or vice-versa will be subject to worst-case pricing (regardless of lock expiration)

## Lock Period Changes

Changes to the lock period are permitted only on the lock date. After the lock date, the lock period cannot be changed, and additional extensions will be subject to standard extension fees. Requests to adjust the lock period should be emailed to [lock@mcfunding.com](mailto:lock@mcfunding.com) before the lock cut-off (depending on the program).

## Lock Cancellation

Lock cancellation requests must be received by the lock cut-off (depending on the program) on the initial lock date. Requests should be emailed to [lock@mcfunding.com](mailto:lock@mcfunding.com). Locks cancelled after the lock date will become subject to worst case pricing.



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### Lock Transfer

Lock transfers are available when system issues or restraints prevent the original loan from being funded in its current state. Lock transfers will be based on the original loan locked rate sheet. Any differences in loan attributes from the original loan to the new loan will be reviewed and pricing updated accordingly. All extensions and relock fees will be carried over to the new loan. A lock transfer does not reset the lock period and the expiration on the new loan will match that of the original loan. Any loan that is cancelled or has a suspended or expired lock on a date prior to the date of the lock transfer request is subject to worst case pricing and/or current market pricing, as determined by the lock desk.

### Cancellations

Exposure to interest rate risk is unacceptable on cancelled loans. The integrity of MCFI's pipeline is extremely important in controlling MCFI's interest rate risk and as a tool for pricing competitively. Proper management of MCFI's position can only be done if our pricing desk has accurate information about the amount of loans with guaranteed rate and points. Each Account manager is responsible for the regular review of loans in process, the cancelling of loans that have been declined, or withdrawn. The pipeline should be reviewed daily and inactive loans purged from the system immediately.



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LOAN PROGRAM	PRE-LOCKS?	STATUS TO LOCK	LOCK CUT-OFF (PST)	EXTENSION FEES
<b>AGENCY FIXED &amp; ARM</b> (AGN, HB, AGNP, HBP, CONF, HR, HRHB, HP, SCHP, MAX, MAXHB, H1, MAXRN, AGNRN, AGNRP, MAXRP, 21BD, 21HBD)	30, 45, or 60 days @ "Registered"	15 day lock @ "Final Underwriting"	6 PM	0.03 per business day 0.150- 7 calendar days (max 3 extensions not to exceed 28 calendar days total. *3 <sup>rd</sup> extension applied at .05 cost per business day)
<b>GOVERNMENT</b> (FHA, VA, USDA, FHA+, VA+)	30, 45, or 60 days @ "Registered"	15 day lock @ "Final Underwriting"	6 PM	0.03 per business day 0.150- 7 calendar days (max 3 extensions not to exceed 28 calendar days total. *3 <sup>rd</sup> extension applied at .05 cost per business day)
<b>AGENCY NON-OWNER EXPANDED</b> (ANX, ANXHB)	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	5 PM	0.150- 7 calendar days (max 2 extensions not to exceed 14 calendar days)
<b>PLATINUM JUMBO<sup>1</sup></b> (PJ, PJE)	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	4 PM	0.150- 7 calendar days (30 days max extension)
<b>SILVER JUMBO (SJ)</b>	45 or 60 days @ "Registered"	30 day lock @ "In Underwriting"	4 PM	0.150- 7 calendar days (75 day max lock period- including original lock)
<b>SAPPHIRE JUMBO (SPJ)</b>	45 or 60 days @ "Registered"	30 day lock @ "In Underwriting"	4 PM	0.150- 7 calendar days (Max 2 extensions not to exceed 30 calendar days)
<b>MVP DSCR</b>	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	5 PM	0.250- 7 calendar days (14 days max extension)
<b>SIMPLE ELITE (SEZ)</b>	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	5 PM	0.250- 7 calendar days (14 days max extension)
<b>EXPANDED DSCR (XDSCR)</b>	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	5 PM	0.250-7 calendar days (14 days max extension)
<b>MVP</b>	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	5 PM	0.250-7 calendar days (14 days max extension)
<b>SIMPLE MVP (SMVP)</b>	30 or 45 day lock @ "Registered"	30 or 45 day lock @ "Registered"	5 PM	0.250- 7 calendar days (14 days max extension)
<b>CLOSED-END SECOND</b>	x	30 or 45 day lock @ "Approved"	2 PM	0.250- 7 calendar days (14 days max extension)
<b>MHELOCFIX+</b>	x	30 or 45 day lock @ "Approved"	2 PM	0.250- 7 calendar days (14 days max extension)
<b>XHELOC</b>	x	30 or 45 day lock @ "Approved"	2 PM	0.250- 7 calendar days (14 days max extension)

\*15 day locks exclusive to "Clear to Close" status on Agency/FHA/VA/USDA only- (0.050) credit to 30 day price

\*\*45 day locks- see rate sheet for pricing

\*\*60 day locks

- Agency Fixed/ARM/FHA/VA/USDA- 0.25 hit to 45 day price
- Silver Jumbo- 0.250 hit to 45 day price