



## **RATE LOCK POLICY & PROCEDURES**

Rate Sheets	Rate Sheets are distributed every day (a.m.) via fax and/or email to all offices [brokers, loan offices, email, web]. Rate sheet changes may occur during the business day. Rate sheets will again be distributed. Rate Sheets 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: 9:00 a.m. to 4:00 p.m. PST
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 only to “clear to close” status on Agency/FHA/VA only)</li><li>• 30 Day Lock</li><li>• 45 Day Lock</li><li>• Lock periods longer than 45 days are prohibited but the option to extend the lock at standard fees is available.</li></ul>
Lock Procedure	<p>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.</p> <p>Lock requests must be requested on-line (by authorized broker personnel) through the pricing engine. The broker office is responsible for managing new &amp; existing lock registrations. MCFI (operations &amp; sales) personnel are not responsible for managing a broker company’s pipeline.</p> <p>Complete loan application package must be received at MCFI no later than five (5) business days from registration.</p> <ul style="list-style-type: none"><li>• If a complete loan application package is not received by the 5<sup>th</sup> day of registration, the loan may/will be subject to cancellation.</li><li>• Loans with locks cancelled due to late delivery must be re-locked. Price will be set as described below.</li></ul>



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## 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 or 45 days upon successful registration (see page 5 for more details).

Successful registration requires a FNMA3.2 upload for program eligibility. Registered pre-locked loans are allowed up to **5 business days (w/ a 12pm cut-off on the 5<sup>th</sup> day)** 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 5<sup>th</sup> day.

Note that ALL locks are secured by borrower's (&/or co-borrower's) information (SS#) & NOT by the property address (i.e. In the event that a new application for the same borrower is registered in the system, the original lock will be applied & compared to current market for worst-case determination). The new lock will be dated upon time of registration.

## Lock Expirations

If a customer has a rate lock that has passed its lock expiration date or the lock was cancelled because the loan was not delivered by the required date and the customer wishes to initiate a new lock, the price is calculated as follows:

### AGENCY FIXED (FNMA/FHLMC) & FHA/VA PROGRAMS:

- Price will be set by comparing the immediate price on the day the loan was originally locked-in to the current day's price and taking the worst price for the same lock period, i.e. original lock = 30 days, re-lock = 30 days. The lock period may be upgraded [from 45 day to 30 day, or 30 day to 15 day (if "clear to close")] 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.

## 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).



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## 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 in period. Lock in 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

- 0.125- 5 business days
- 0.250- 10 business days

Extension requests must be received before 4 PM 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
- Maximum extension allowed on Agency, FHA, and VA programs is 10 business days.

## 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 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.



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## 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 by email.

- Price change is effective immediately upon pricing engine update.
- On-line lock requests will be suspended until rate & premiums are updated.
- 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.

## 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.
- Program changes from AGENCY FIXED/ARM to FHA (or vice-versa) will be subject to current market pricing. Resubmission may be required.
- Changes from Fixed to ARM or vice-versa will be subject to worst-case pricing (regardless of lock expiration)

## Lock Cancellation

Locked-in loans where MCFI has not received a complete loan application package within five (5) business days after the lock request, are subject to worst-case and/or cancellation.

## 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 canceling 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?	MINIMUM STATUS TO LOCK	LOCK CUT-OFF (PST)	EXTENSION FEES
<b>AGENCY FIXED &amp; ARM</b> (AGN, HB, CF, CFHB, AGNP, HBP, CONF, HR, HRHB, HP, SCHP, MAX, MAXHB, HLTVC, HLTVB, H1, MAXRN, AGNRN)	30 or 45 days @ "Registered"	15 day lock @ "CTC"	4 PM	0.125- 5 business days 0.250-10 business days (10 days max extension)
<b>GOVERNMENT</b> (FHA, VA)	30 or 45 days @ "Registered"	15 day lock @ "CTC"	4 PM	0.125- 5 business days 0.250- 10 business days (10 days max extension)
<b>PLATINUM JUMBO</b> (PJ, PJE)	x	45 day lock @ "In Underwriting" 30 day lock @ "CTC"	2 PM	0.125- 5 business days (30 days max extension)
<b>ELITE</b> (EZ, EZB, EZP, EZD, EZN)	x	45 day lock @ "In Underwriting"	4 PM	0.125- 5 business days

\*15 day locks exclusive to "Clear to Close" status on Agency/FHA/VA only.

\*\*45 day locks

- Agency Fixed/ARM- 0.250 hit to 30 day price
- FHA/VA- 0.125 hit to 30 day price
- Platinum Jumbo- see rate sheet for pricing