

Delegated Correspondent Lock Guidelines

Introduction	All questions for locking, price quotes, expiring locks, off sheet pricing, etc. should all be directed to our Secondary Marketing Department.
Lock Desk Hours	Lock desk opens when the morning rate sheet is distributed which is usually before 10am. Loans can be locked until 11:59p.m. ET Monday – Friday.
Contacts	<p>You may contact our Rate Lock Help Desk with any questions:</p> <p>Monday - Friday until 6:00p.m. ET by emailing secondary@townemortgage.com or calling (248) 247-1800, Ext. 1407.</p>
Rate Sheet Distribution	The target time for rate sheet distribution is 10:00a.m. ET. In times of market volatility caused by economic indicators and other factors, distribution may occasionally be delayed. Towne Mortgage Correspondent (TMC) strives to provide rates as early as is reasonably practical.
Rate Sheet Price Changes	Pricing is subject to change without notice due to market conditions or unforeseen issues, technical or otherwise. We will notify all users when pricing has been suspended, and subsequently when pricing has been reactivated. An updated rate sheet will then be distributed and loaded into our pricing engine.
Best Efforts and Mandatory Flow Rate Locks	All Locks are completed following the lock link on line at http://tpo.townemortgage.com . If you do not have a log-in or do not know how to lock online, please contact your Account Executive.
Lock-in process (Rate sheet - Best Efforts and Mandatory flow)	<p>All rate locks must be processed through the TPO Connect lock request function. After the lock is requested, an email should be used to communicate if the loan is to be locked on a mandatory basis, or if the loan is seasoned (a loan is considered seasoned after 60 days from funding) These pricing adjustments are not applied to the lock automatically, but will be added before the loan is purchased. Once the lock has been accepted, a final rate lock confirmation will be available on TPO connect.</p> <p>If there are any differences between the pricing engine and the rate sheet the rate sheet will always prevail.</p> <p>TMC cannot honor any request that does not meet appropriate agency guidelines or TMC overlays as listed in the product guidelines matrix. Each loan must have a valid property address to qualify for the lock. The price and rate are not guaranteed until a complete and accurate request is received and the confirmation is issued.</p>
Rate Lock Confirmations	Rates lock confirmations are available on TPO connect after loans go from a 'Lock Requested' to 'Locked' status. The expiration date and price of the rate lock will be included. It is the Correspondent's responsibility to track rate lock expirations to ensure they do not expire. If a loan does not go into a 'Locked' status, there is no guarantee that your loan has been locked, and therefore your lock may not be honored. Please email the lock desk if this occurs.

Lock Terms	TMC offers 15, 30, 45, 60, 90, 120, 180, 270 and 360 days (please read our long-term lock policies for loans locked greater than 90 days).
Rate Lock Expires On Weekends or Holiday	In the event a rate lock expiration falls on a weekend or holiday, TMC will extend the expiration date to the next business day.
Pull Through	TMC will review Correspondent's pull through at the end of every month. Pull through must be maintained at an acceptable level. Pull through is measured by the amount of fallout a Correspondent has. Fallout is defined as any loan locked with TMC, but not purchased by TMC. At the sole discretion of TMC, if there is a trend of unacceptable pull through, there could be negative ramifications to the Correspondent, including a lower level of pricing or even termination of the Correspondent.
Lock Extension	<p>The lock extension fees for all loan programs are:</p> <p>1 Day Extension = 2bps 7 Day Extension= 12.5bps 15 Day Extension = 25bps 30 Day Extension = 50bps</p> <p>A lock can be extended at any time as long as it is not expired. A lock can be extended only 3 times or a maximum of 30 days. If Correspondent desires additional lock times, please email to request an exception.</p> <p>IMPORTANT: Extensions are not automatic. Correspondent must request an extension through TPO Connect.</p>
Renegotiations	<p>Rate Renegotiation for best effort loans only will be considered under the following condition:</p> <ol style="list-style-type: none"> 1) Renegotiation requests must be emailed with the following information to Secondary@townemortgage.com <ol style="list-style-type: none"> a. Loan number b. Product c. Lock date/expiration d. Current interest rate and price e. Desired interest rate and price 2) A request must be received by 4pm ET and are reviewed on a case by case basis 3) For a renegotiation to be considered the minimum improvement to the borrower must be 0.25% in rate 4) The price will be calculated at current Market 60 day price, less .50% (capped at the original price) 5) A renegotiation may be exercised only once per loan. 6) The renegotiated price is based on the rate sheet, LLPAs, and SRPs that are in effect when the request is received less any prior accumulated extension, relock or other fees 7) Loan program changes are ineligible without a prior Lock Desk review and approval 8) No additional concessions can be granted once the renegotiation is complete

<p>Relock Policies and Procedures</p>	<p><u>Expired loan less than 30 days Re-Lock:(After 30 days loan is considered a new lock)</u> When a rate lock expires, TMC will re-price the loan based on the WORST CASE of the following:</p> <ul style="list-style-type: none"> • Pricing from original lock date, less retroactively accrued extension fees; or • Pricing from the current day, using the same lock day period as the original. <p>If the loan is to be re-locked under a new program, that program’s pricing is what is compared in both of the above scenarios.</p> <p>Although different lock day terms may be used for worse case comparison purposes, all re-locks are for 15 days.</p> <p><u>If program, term, rate or any other loan parameters change on a non-expired rate lock, the pricing will be updated using the original day’s rate sheet.</u></p> <p>** NOTE: Loan must meet current guidelines under the NEW term or rate to re-lock.</p> <p><u>An address change would result in a loan cancellation.</u></p>
<p>Loan Package Delivery/ Purchase</p>	<p>All loans must be delivered to TMC no later than the lock expiration date to avoid extension fees. If the Correspondent cannot make the delivery time frame, they must have the lock extended, or be subject to re-lock fees (see above policy). After the loan is delivered to TMC, the Correspondent has 7 calendar days from the date that TMC initially requests conditions from the Correspondent to get the loan cleared for purchase by TMC. If the loan is not cleared within the 7 calendar days, the Correspondent will be subject to extension fees at 2bps a day until the last condition is delivered. If a loan is not purchased by the 30th day, the loan may be cancelled at sole discretion of TMC.</p>
<p>Closed Loans Not Delivered (Best Efforts)</p>	<p>The Seller is obligated to sell loans to TMC that are locked as Best Efforts with TMC and closed by the Seller or any of the Seller’s affiliates. If the Seller closes a loan that has been locked with TMC (regardless of whether or not the lock is expired), but does not deliver the loan to TMC, the Correspondent is subject to pair off fees.</p>
<p>Mandatory Flow Commitments</p>	<p>Correspondents must be approved to deliver Mandatory Flow commitments through the TPO Connect eligibility system. The mandatory election must be made when the loan is initially locked by sending an email to secondary@townemortgage.com. At no other time can a best efforts locked loan be converted to a mandatory lock. If a mandatory loan is not delivered, the Correspondent will be subject to pair-off fees.</p>
<p>Mandatory Bulk Commitments</p>	<p>Correspondents must be approved to do bulk trades. Approval is based on Correspondent’s experience or if the Correspondent is working with a recognized hedging company. Correspondent can request pricing on a bulk basis by sending a bid tape to bids@Townemortgage.com. All trades are completed based on delivery date. All files must be delivered by the delivery date, or Correspondent will be subject to</p>

	<p>pair-off fees. Settlement date will be 7 calendar days after initial conditions are requested on each loan. If the loans are not cleared for purchase by the 7th day, the Correspondent will be subject to roll fees of 2bps per day until the last condition is delivered. If a loan is not cleared by the 30th day the loan(s) may be cancelled at sole discretion of TMC and subject to pair-off fees.</p>															
Loan Cancellations	<p>It is the responsibility of the Correspondent to immediately notify the lock desk if any loan is not going to be delivered (for any reason). If the loan was locked in as a Mandatory Commitment, the Correspondent can substitute a similar loan, or the Correspondent will be subject to pair-off fees.</p> <p>If a loan is going to be cancelled, and TMC is notified, benefit will accrue to the Correspondent in the pull through calculation.</p>															
Extended Lock Program	<p>Overview</p> <p>The Extended Lock Program will allow customers to lock in current interest rates for up to 12 months. Loan applications for permanent new construction financing that will not close within 90 days of the application date are eligible for the program. All loans submitted under the Extended Lock Program are subject to a refundable Rate Lock fee.</p> <p>Available Loan Products</p> <p>The Extended Lock Program is not available to pre-approval applications. Only transactions in which a property has been identified are eligible.</p> <p>Conforming Conventional - Fixed Rate Conforming FHA - Fixed Rate Conforming VA - Fixed Rate</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th>Term</th> <th>Rate Lock Fee</th> <th>Rate Add-On</th> </tr> </thead> <tbody> <tr> <td>120 Day</td> <td>.25% of Loan Amount</td> <td>60 Day Rate + .25% rate increase</td> </tr> <tr> <td>180 Day</td> <td>.50% of Loan Amount</td> <td>60 Day Rate + .50% rate increase</td> </tr> <tr> <td>270 Day</td> <td>.50% of Loan Amount</td> <td>60 Day Rate + .625% rate increase</td> </tr> <tr> <td>360 Day</td> <td>.75% of Loan Amount</td> <td>60 Day Rate + .75% rate increase</td> </tr> </tbody> </table>	Term	Rate Lock Fee	Rate Add-On	120 Day	.25% of Loan Amount	60 Day Rate + .25% rate increase	180 Day	.50% of Loan Amount	60 Day Rate + .50% rate increase	270 Day	.50% of Loan Amount	60 Day Rate + .625% rate increase	360 Day	.75% of Loan Amount	60 Day Rate + .75% rate increase
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Extended Lock Program

Pricing

All loans are subject to current published pricing adjustments at time of rate lock or float down and adherence to the published Par Pricing Policy is required.

Rate lock extensions and re-locks are based on the current Secondary Marketing extension policy.

Float Down Options

A single float down is allowed within 30 days of the expected close date or original rate lock period expiration date whichever is sooner.

If the float down option is exercised, the new rate lock expiration will be the lesser of 30 days or the original remaining rate lock period. Float down pricing is based off the current 60-day rate and the applicable term based rate adjustment.

The float down option is NOT available after a lock extension or lock expiration has occurred.

Changes to the interest rate are NOT allowed after the float down has been used.

Using this option must result in a lower interest rate for the borrower and the adjusted net pricing cannot exceed that of the original rate lock.

To use the float down option, contact Secondary Marketing (Secondary@TowneMortgage.com).

Rate Lock Fee

A one-time fee is required on all rates locked under the Extended Rate Lock program. The fee is due within 14 days of the rate lock and/or received within 7 days of the initial underwriting approval of a locked loan. If payment is not remitted within this period, the locked loan is subject to cancellation and will be subject to re-locked at current market pricing.

The Rate Lock fee CANNOT be collected before the borrower has signed an Intent to Proceed.

<p>Extended Lock Program</p>	<p>Payments for this fee can be made by personal check, certified funds check or wire.</p> <ul style="list-style-type: none"> • Personal checks and certified funds checks should be made payable to Towne Mortgage Company and sent directly to the accounting department. <ul style="list-style-type: none"> • The borrower’s last name, loan number and “Extended Rate Lock Fee” should be included with your submission. • All wired funds should adhere to the following instructions: <ul style="list-style-type: none"> • Comerica Bank <p>Towne Mortgage Manual Account Account #1840136624 Routing #072000096 Attn: Account Dept. / Ref: {Borrower Last Name} {Loan Number}</p> <p>Rate Lock Fee Disclosure</p> <p>The Rate Lock Fee that charged to the borrower should be disclosed as a “Rate Lock Fee” in Section A of the Loan Estimate. The Rate Lock Agreement is to be generated in Encompass and sent to the Applicant(s) along with the initial package.</p> <p>If the Rate Lock fee is being refunded to the borrower, based upon the terms of the Rate Lock Agreement, the refund is to be disclosed as an Adjustment in Section L of the Closing Disclosure. The decision of whether to refund or retain the Rate Lock Fee is not discretionary. Strict adherence to the terms of the program is required.</p> <p>Application of Rate Lock Fee</p> <p>Fee will be refunded if:</p> <ul style="list-style-type: none"> • If, during the initial underwriting of the loan transaction, the borrower does not qualify for the loan product, the Rate Lock Fee will be refunded to the borrower. • If the loan closes under the terms of the Extended Rate Lock Agreement, the Rate Lock Fee will be refunded to the borrower in the form of an adjustment on the Closing Disclosure (see Rate Lock Fee Disclosure Section above). • In all other instances, the Rate Lock Fee is not refundable to the borrower and will be retained by Towne. <p>Rate Lock Agreement</p> <p>A Rate Lock Agreement Disclosure must accompany all loans locked under this program. All borrowers must complete the disclosure.</p>
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Extended Lock Program

Example of Rate Lock

Rate Sheet on day of lock: 4.25% pays 100.25

Rate add-on to the 60-day rate for 180-day lock: .50%

Final Rate: 4.75% at a base price of 100.25 (4.25 initial rate + .50% adj. for extended lock)

30/25/20 Year FHA FRM				
Rate	15 Day	30 Day	45 Day	60 Day
5.250	103.000	102.750	102.625	102.500
5.125	102.875	102.625	102.500	102.375
5.000	102.625	102.375	102.250	102.125
4.875	102.375	102.125	102.000	101.875
4.750	102.000	101.750	101.625	101.500
4.625	101.625	101.375	101.250	101.125
4.500	101.500	101.250	101.125	101.000
4.375	101.250	101.000	100.875	100.750
4.250	100.750	100.500	100.375	100.250
4.125	100.500	100.250	100.125	100.000
4.000	100.250	100.000	99.875	99.750
3.875	99.875	99.625	99.500	99.375
3.750	99.375	99.125	99.000	98.875
3.625	98.500	98.250	98.125	98.000
3.500	98.125	97.875	97.750	97.625
3.375	97.625	97.375	97.250	97.125

Extended Lock Program

Example of Float Down

Rate sheet on day of Float Down Lock: 3.5% pays 100.375

Rate add on to the 60-day rate for 180-day lock: .25%

Final rate: 3.75% at a base price of 100.25 (3.50% initial rate+ .25% adj. for extended lock)

Max price cannot exceed original price to borrower.

30/25/20 Year FHA FRM				
Rate	15 Day	30 Day	45 Day	60 Day
5.250	105.750	105.500	105.375	105.250
5.125	105.625	105.375	105.250	105.125
5.000	105.375	105.125	105.000	104.875
4.875	105.125	104.875	104.750	104.625
4.750	104.750	104.500	104.375	104.250
4.625	104.375	104.125	104.000	103.875
4.500	104.250	104.000	103.875	103.750
4.375	104.000	103.750	103.625	103.500
4.250	103.500	103.250	103.125	103.000
4.125	103.250	103.000	102.875	102.750
4.000	103.000	102.750	102.625	102.500
3.875	102.625	102.375	102.250	102.125
3.750	102.125	101.875	101.750	101.625
3.625	101.250	101.000	100.875	100.750
3.500	100.875	100.625	100.500	100.375
3.375	100.375	100.125	100.000	100.000
3.250	99.750	99.500	99.375	99.250