

## Delegated Correspondent Lock Policy & Procedures

<b>Introduction</b>	All questions for locking, price quotes, expiring locks, off sheet pricing, etc. should all be directed to our Secondary Marketing Department.
<b>Lock Desk Hours</b>	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.
<b>Contacts</b>	<p>You may contact our <a href="#">Rate Lock Help Desk</a> with any questions:</p> <p>Monday - Friday until 6:00p.m. ET by emailing <a href="mailto:secondary@townemortgage.com">secondary@townemortgage.com</a> or calling (248) 247-1800, Ext. 1407.</p>
<b>Rate Sheet Distribution</b>	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.
<b>Rate Sheet Price Changes</b>	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.
<b>Best Efforts and Mandatory Flow Rate Locks</b>	All Locks are completed following the lock link on line at <a href="http://tpo.townemortgage.com">http://tpo.townemortgage.com</a> . If you do not have a log-in or do not know how to lock online, please contact your Account Executive.
<b>Lock-in process (Rate sheet - Best Efforts and Mandatory flow)</b>	<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><b>If there are any differences between the pricing engine and the rate sheet the rate sheet will always prevail.</b></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>
<b>Rate Lock Confirmations</b>	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.
<b>Lock Terms</b>	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).
<b>Rate Lock Expires On Weekends or Holiday</b>	In the event a rate lock expiration falls on a weekend or holiday, TMC will extend the expiration date to the next business day.
<b>Pull Through</b>	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.
<b>Lock Extension</b>	<p><b>The lock extension fees for all loan programs are:</b></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 2 times or a maximum of 30 days. If Correspondent desires additional lock times, please email to request an exception.</p> <p><b>IMPORTANT: Extensions are not automatic. Correspondent must request an extension through TPO Connect.</b></p>
<b>Renegotiations</b>	<p><b>Rate Renegotiation for best effort loans only will be considered under the following condition:</b></p> <ol style="list-style-type: none"> <li>1) Renegotiation requests must be emailed with the following information to <a href="mailto:Secondary@townemortgage.com">Secondary@townemortgage.com</a> <ol style="list-style-type: none"> <li>a. Loan number</li> <li>b. Product</li> <li>c. Lock date/expiration</li> <li>d. Current interest rate and price</li> <li>e. Desired interest rate and price</li> </ol> </li> <li>2) A request must be received by 4pm ET and are reviewed on a case by case basis</li> <li>3) For a renegotiation to be considered the minimum improvement to the borrower must be 0.25% in rate</li> <li>4) The price will be calculated at current Market 60 day price, less .50% (capped at the original price)</li> <li>5) A renegotiation may be exercised only once per loan.</li> <li>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</li> <li>7) Loan program changes are ineligible without a prior Lock Desk review and approval</li> </ol>

	8) No additional concessions can be granted once the renegotiation is complete
<b>Relock Policies and Procedures</b>	<p><b><u>Expired loan less than 30 days Re-Lock:(After 30 days loan is considered a new lock)</u></b></p> <p>When a rate lock expires, TMC will re-price the loan based on the <b>WORST CASE</b> of the following:</p> <ul style="list-style-type: none"> <li>• <b>Pricing from original lock date, less retroactively accrued extension fees; or</b></li> <li>• <b>Pricing from the current day, using the same lock day period as the original.</b></li> </ul> <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><b><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></b></p> <p><b>** NOTE:</b> Loan must meet current guidelines under the NEW term or rate to re-lock.</p> <p><b><u>An address change would result in a loan cancellation.</u></b></p>
<b>Loan Package Delivery/ Purchase</b>	<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, <b>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.</b> 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>
<b>Closed Loans Not Delivered (Best Efforts)</b>	<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>
<b>Mandatory Flow Commitments</b>	<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 <a href="mailto:secondary@townemortgage.com">secondary@townemortgage.com</a>. 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><b>Mandatory Bulk Commitments</b></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 <a href="mailto:bids@Townemortgage.com">bids@Townemortgage.com</a>. All trades are completed based on delivery date. All files must be delivered by the delivery date, or Correspondent will be subject to 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 7<sup>th</sup> 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>
<p><b>Loan Cancellations</b></p>	<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>