

# EXTENDED LOCK PROGRAM

## Overview

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.

## Available Loan Products

The Extended Lock Program is not available to pre-approval applications. Only transactions in which a property has been identified are eligible.

Conforming Conventional - Fixed Rate

Conforming FHA - Fixed Rate

Conforming VA - Fixed Rate

Term	Rate Lock Fee	Rate Add-On	Float Down Rate Add-On
120 Day	.25% of Loan Amount	60 Day Rate + .25% rate increase	60 Day Rate + .125% rate increase
180 Day	.50% of Loan Amount	60 Day Rate + .50% rate increase	60 Day Rate + .25% rate increase
270 Day	.50% of Loan Amount	60 Day Rate + .625% rate increase	60 Day Rate + .25% rate increase
360 Day	.75% of Loan Amount	60 Day Rate + .75% rate increase	60 Day Rate + .25% rate increase

## 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 of the current 60 day rate plus 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 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 the 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 but must be received within 7 days of the initial underwriting approval of a locked loan. If payment is not remitted within this time frame, the locked loan is subject to cancellation and will be re-locked at current market pricing.

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

Payments for this fee can be made by personal check, certified funds check or wire.

- Personal checks and certified funds checks should be made payable to:

**Towne Mortgage Company**  
**Attn: Accounting Department**  
**2170 E. Big Beaver Road Suite A**  
**Troy, MI 48083**

- 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:
  - o Comerica Bank

Towne Mortgage Manual Account  
Account #1840136624  
Routing #072000096  
Ref: {Borrower Last Name}{Loan Number}

## Rate Lock Fee Disclosure

The Rate Lock Fee that is being 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.

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.

## Application of Rate Lock Fee

Fee will be refunded if:

- 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.

## Rate Lock Agreement

A Rate Lock Agreement Disclosure must accompany all loans locked under this program. The disclosure must be completed by all borrowers.

## 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

## Example of Float Down

Rate sheet on day of 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 can NOT 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