



## **Rate Lock Policy and Procedures**

### **Floating Loans**

Loans registered without being locked are referred to as “floating.” When a loan is floating the broker is assuming the product, guidelines, and price risk. Product parameters and pricing may be different at the time of lock request.

### **Best Effort Rate Locks**

MiMutual Mortgage commits to fund a loan at a specific rate and price, as long as the broker adheres to all product, pricing, delivery requirements, and all obligations within the broker agreement. Having executed a best effort rate lock, the broker commits to using its best efforts to deliver the loan, regardless of market conditions. Once the loan closes with the correspondent/broker, delivery of the file is mandatory.

Because MiMutual Mortgage assumes inherent market risk in best effort commitments, it is imperative that the broker not cancel a loan with MiMutual Mortgage in order to obtain a better price elsewhere. Your relationship with MiMutual Mortgage may be jeopardized under the before mentioned circumstance or if you do not maintain a satisfactory pull through rate with MiMutual Mortgage.

Pull through is calculated by dividing the value of your best efforts locked loans for a rolling period of time, less any of those loans still active in the pipeline, into closings from those locked loans. The MiMutual Mortgage benchmark for pull-through is a minimum of 75%.

A best effort lock requires the broker to lock the loan in good faith and with the intent to deliver. If a broker consistently performs below the MiMutual Mortgage pull-through benchmark of 75% an escalation plan will be implemented that will give MiMutual Mortgage the right to outline specific actions that may be taken to correct the poor performance. Actions could include possible suspension of overall registration/funding status or termination. Action plans will be delivered and monitored by your account executive to work with the broker to restore performance within expectations.

If a Correspondent closes a loan locked under a best effort commitment, delivery to MiMutual Mortgage is mandatory, regardless of whether the commitment has expired. Under a best effort lock, MiMutual Mortgage will charge Pair-Off Fees in the event of discovery that the Correspondent failed to deliver a purchasable loan rate locked with MiMutual Mortgage.

## **Rate Lock Procedures**

Loans **MUST** be locked via our web site at [www.michiganmutual.com](http://www.michiganmutual.com)

You **MUST** go through the New Loan Registration process prior to requesting a rate lock. Please follow the New Loan Registration process located in the Broker Tools section of the website. MiMutual Mortgage requires the use of Fannie Mae's standard DU 3.2 file format.

To lock a loan with MiMutual Mortgage that is already registered, log into our website using the credentials provided by the client relations department. Click on the green "Lock Rate" icon. Follow the data entry, anything with an asterisk must be completed. Click on the green "Lock" button at the bottom of the page the request will be submitted to our Secondary Marketing Department.

## **Rate Lock Confirmations**

The broker will receive a rate lock confirmation from MiMutual Mortgage within 24 hours. It is the broker's responsibility to contact MiMutual Mortgage within 24 hours if a confirmation contains errors or has not been received. When locking a loan please print the confirmation page that your rate lock was submitted. In the event of a price change the confirmation page can be used as proof (time & date) of a lock submission.

Refer to the MiMutual Mortgage loan number on the rate lock confirmation when making inquiries regarding a loan.

The rate lock confirmation is not to be construed as a loan approval nor does it guarantee that the lock meets program guidelines. The confirmation only reflects pricing terms, not program parameters.

## **Duplicate Rate Locks**

If a loan is determined to have been locked more than once, having more than one loan number, MiMutual Mortgage reserves the right to retain the loan number containing worse case pricing terms.

## **Pricing**

### **Rate Sheet**

Rate sheets are available on our website at approximately 11:00am EST each day. MiMutual Mortgage reserves the right to change pricing at any time without notice. Rate lock requests received after a price change are subject to the new pricing.

## **After Hours Rate Protection**

Rate locks from the active rate sheet must be submitted to MiMutual Mortgage via our website by 12:00am EST the same business day. Jumbo locks need to be submitted by 5:00pm EST.

Loans that are eligible for after hour's rate protection must be locked via our website between the hours of 7:00pm and 12:00am EST. After hours protection is limited to \$1,000,000 per company. If the online rate lock does not contain accurate information the rate lock may be considered void.

## **Lock Expirations**

Brokered loans funded by MiMutual Mortgage must close and disburse by the lock expiration date.

Correspondent loans must be delivered to MiMutual Mortgage by the rate lock expiration date. MiMutual Mortgage will allow 5 business days from the date we receive the closing documents to receive the original Note and Bailee Letter. If the Note, Bailee letter, and all post closing conditions are not delivered within 5 business days we will automatically extend the loan per the first extension adjustments chart. The extension fee will be calculated at funding. If the outstanding items are not delivered within 30 days the loan will be re-priced at worse case price.

Initial rate locks expiring on a weekend or holiday will be moved to the next business day at no cost. Extensions must include the total number of days required to extend the loan through the next business day.

## **Change Requests**

Loan program changes must be requested on our website via the Change of Circumstance tab under the "Actions" button in the pipeline.

An updated confirmation will be emailed once the change has been approved and completed.

## **Loan Term Changes**

Product change requests, from one product to another, will be subject to worse-case pricing. Loans that are subject to worse-case pricing will receive a new expiration date. A change of address for the same borrower constitutes a new loan and a new rate lock. All prior lock terms are nullified.

Net pricing on a loan may be corrected to reflect changes in loan parameters. These may consist of but are not limited to loan amount, LTV, CLTV, occupancy, purpose, etc. as stated by underwriting.

**All product, rate, term or amount changes on a loan already underwritten require re-submission to the underwriting department for approval.**

Once a loan has been submitted to underwriting or underwritten the secondary marketing department cannot make changes to the loan amount, sales price, or appraised value without approval from the underwriter.

### **Declined Loans**

If a loan has been declined by underwriting and the loan returns with updated information to overturn the denial the loan will be subject to worse case pricing and will require a new loan submission, loan number, rate lock, etc. The original rate lock will no longer be valid.

### **Loan Level Price Adjustments**

Attention should be paid to price and rate adjustments on the rate sheet. All price and rate adjustments are cumulative. More than one adjustment may apply. Please refer to the rate sheet or pricing tool on the website when pricing your loan.

### **Escrow Waiver**

Escrows may be waived on Conventional loans if the LTV is 80% or less and Private Mortgage Insurance is not required. Escrow waivers may be granted with an 89.99% LTV in the state of California. They may also be requested later by completing the Change of Circumstance via the website under the "Actions" button in the pipeline.

### **Maximum Price/Rate**

The maximum allowable compensation is 105.000 which includes a combination of Lender Paid Compensation + Borrower Credit (maximum lender paid compensation is 102.750). A base price above 105.000 is used towards price adjustments. All loans must pass all appropriate compliance tests regardless of the price/compensation amount.

MiMutual Mortgage may set maximum rate for any program at the discretion of the Secondary Marketing Department.

### **Lock Extensions**

Lock extensions must be requested no later than 7:00pm EST the day of lock expiration. To request an extension complete the extension request on our website. All extensions must be requested through the MiMutual Mortgage website. Click on "Rates" to access the "Tools" and then click on "Relock/Extend."

A maximum of two rate lock extensions or 30 days will be granted per loan. Additional extensions may be granted on a case-by-case basis depending on market conditions. Additional rate lock extensions are not available for the Jumbo loan programs. Jumbo loans will be subject to worse case pricing after the 2<sup>nd</sup> extension plus the cost of the extension. Rate changes during the lock period are based on pricing from the original lock date.

#### First Extension Adjustments

|          |        |
|----------|--------|
| 1 – Day  | 0.060% |
| 2 – Day  | 0.125% |
| 5 – Day  | 0.200% |
| 7 – Day  | 0.250% |
| 15 – Day | 0.375% |
| 30 – Day | 0.625% |

#### Second Extension Adjustments

|          |        |
|----------|--------|
| 1 – Day  | 0.120% |
| 2 – Day  | 0.250% |
| 5 – Day  | 0.400% |
| 7 – Day  | 0.500% |
| 15 – Day | 0.750% |
| 30 – Day | 1.250% |

#### Rate Relocks

Expired loans may be relocked for a maximum of 30 days. Pricing will reflect the lower of the original or current price, whichever is worse, for that loan program plus a fee of 0.100%. Additional relocks can be negotiated on a case-by-case basis. Jumbo relocks available on a case-by-case basis. In the event a loan has been expired for 30+ days the loan will be priced off of the current market. All relocks must be requested through the MiMutual Mortgage website. Click on “Rates” to access the “Tools” and then click on “Relock/Extend.”