ResMac

Table of Contents

ResMac

Rate Lock Policy

This Rate Lock Policy document formalizes the parameters that ResMac's Secondary Marketing Department employs in managing its day-to-day operations.

Overview

ResMac offers a variety of loan products and lock options to home buyers and refinance applicants. Once a rate lock is extended to the applicant, ResMac accepts the interest rate risk. The Secondary Marketing department manages this risk in one of two ways:

1. Sell the loan on a best efforts basis, thereby transferring the interest rate risk to the loan buyer.
2. Manage the interest rate risk internally.

Daily Rate Sheets

The Secondary Marketing department prepares daily rate sheets each morning and publishes them on the company website or distributes them via email to all applicable parties. Email rate sheets and notifications can be requested to ratelocks@resmac.com.

ResMac reserves the right to suspend pricing and issue a revised rate sheet at any time during the day, without notice. Revised rate sheets are published online or sent via email, as applicable.

Loan Level Price Adjustments

Daily rate sheets include price quotes for all standard products. Additional Loan Level Price Adjustments (LLPAs) may apply to loans with characteristics not anticipated in general daily pricing. All loans are subject to the LLPAs in effect at the time of the rate lock request. Similar to the rate sheets, all LLPAs are subject to change at any time, without notice.

Registration and Rate Lock Procedures

Registration and Rate Lock procedures are subject to the following conditions:

- ✓ All loans must be registered when the loan application is received
- ✓ All loans must be registered in order to submit a rate lock request
- ✓ Rate lock requests must be completed via Marti
- ✓ In case of system issues, the rate lock request must be sent via email
- ✓ Rate lock requests are not permitted on loans in "suspended" status

All questions regarding rate lock issues, pricing issues, price renegotiations, extensions or relocks, should be emailed to ratelocks@resmac.com. Rate lock requests made in error must be reported via email before 6:00 pm EST the same day. In case of market movement, ResMac reserves the right not to cancel a rate lock request if the email has not been sent timely.

Rate Lock Confirmations

If a rate lock is requested via Marti, the lock confirmation will be generated automatically once approved by the lock desk personnel. If a rate lock is requested via email, the lock confirmation will be generated within 24 hours of receipt of the email request.

Rate Lock Request Cutoffs

A rate lock request can be processed via Marti until 3:00 am Eastern (EST) time. Any rate lock request received after 3:00 am EST will be subject to next business day pricing. All loans must be locked no later than five (5) business days prior to closing. Failure to do so may result in closing delays.

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Rate Lock Terms

Rate lock periods are offered for 10, 30, 45, and 60 days. Extended rate lock terms may be available for certain loan products. These products may be subject to upfront fees and additional restrictions or guidelines. 10 day lock requests are only permitted on loans that have received underwriting approval status.

Rate Lock Expiration

Rate lock expiration date is determined based on the lock request date and the term of the lock. The expiration date calculation includes the day of the lock.

Rate Lock Extensions

Lock extensions must be requested directly via Marti. The new lock expiration date and the final price of the lock will automatically update once the extension is applied.

Rate lock extensions are subject to the following conditions:

- ✓ Lock extension terms are between 1 and 15 days at a cost of 2.5 bps (0.025) per day
- ✓ Lock extensions are allowed only to loans that are currently locked
- ✓ Lock extensions must be applied no later than the actual expiration date
- ✓ Maximum two (2) extensions are permitted per lock
- ✓ Lock extensions are not permitted on relocked loans
- ✓ Rate lock extensions are permitted for calendar days only
- ✓ Rate lock extensions cannot expire over the weekend
  - ➢ For example, if a rate lock expires on Friday, March 31, 2017, in order to extend the lock to Monday, April 3, 2017, 3 day extension will be applied to the lock

Extension requests made in error must be reported via email the same day before 6:00 pm EST. Requests for changes after this time will not be permitted. Extension fees are subject to change without notice.

Weekend or Holiday Lock Expiration

If the initial rate lock expires on a weekend or ResMac observed holiday, the lock expiration will be automatically rolled to the next business day. Any subsequent extensions or relocks that will expire on a weekend or observed holiday will NOT roll to the next business day.

ResMac observed holiday schedule is available at http://www.resmacb2b.com/training.html> B2B Center > Training and Manuals.

Example:

If the initial rate lock expires on Saturday, March 11, 2017, the rate lock expiration will be automatically rolled to Monday, March 13, 2017. If the rate lock is extended for 5 days, the new lock expiration will fall on Saturday, March 18, 2017 and the lock expiration will not be rolled to the following Monday.

Relock Fees and Terms

All expired locks are subject to relock price. Relocking is subject to the following conditions:

- ✓ Relocking is only permitted for 10 or 30 days
- ✓ Relocking cannot be done for a period longer than the initial lock
- ✓ Relocking is based on worse case pricing plus a relock fee as outlined below:
  - ➢ 10 day relock fee is 25 bps (0.25)

> ➢ 30 day relock fee is 37.5 bps (0.375)
- ✓ All accumulated extension and relock fees will be applied to the relock
- ✓ Extensions are not permitted on relocked loans
- ✓ Current market price will be allowed on rate locks expired for more than 30 days

Worse case pricing is calculated between the price of the initial lock and the price of the current market, for the same product and interest rate, plus the relock fee mentioned above.

<u>Example 1- Initial Price worse case</u>

Initial lock price: 102.000

Current market price: 102.500

Relock term: 30 days

Initial price is worse case; thus, the relock price will be calculated based on the initial market price minus the relock fee. The relock price will be 101.625

<u>Example 2- Current Market Price worse case</u>

Initial lock price: 102.500

Current market price: 102.000

Relock term: 30 days

Current market price is worse case; thus, the relock price will be calculated based on the current market price minus the relock fee. The relock price will be 101.625

Loan Product Changes
If the loan product changes subsequent to a rate lock, worse case pricing will apply. ResMac may allow initial lock pricing on certain products.

Renegotiations
Due to market volatility in interest rates, it may be necessary to renegotiate a borrower's rate lock. Rate lock renegotiations are considered under the following terms:

- ✓ The current market price for the same rate and loan product must show at least 100 bps (1.000) improvement in price
- ✓ The renegotiation will be granted with the purpose to benefit the borrower, by either increasing lender credit or reducing interest rate
- ✓ Renegotiation will only be considered on loans that will fund within 15 days
- ✓ Renegotiation terms will be calculated on a case by case basis

All renegotiation requests must be requested via email at ratelocks@resmac.com.