



Rate Lock Policy and Procedures

Loan Registration and Rate Lock Requests

Floating Loans

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

Best Effort Rate Locks

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

If a Correspondent closes a loan locked under a Best Efforts commitment, delivery to Michigan Mutual Inc. is mandatory, regardless of whether the commitment has expired. Under a Best Efforts lock, Michigan Mutual Inc. will charge Pair-Off Fees in the event or discovery that the Broker failed to deliver a purchasable loan rate locked with Michigan Mutual Inc.

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 the closings from those locked loans. The Michigan Mutual Inc. benchmark for pull-through is a minimum of 75%.

A Best Efforts lock requires the broker to lock the loan in good faith and with the intent to deliver. If a broker consistently performs below the Michigan Mutual Inc. pull-through benchmark of 75%, an escalation plan will be implemented that will

give Michigan Mutual Inc. 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.

Rate Lock Procedures

Loans **MUST** be locked via our web site at www.michiganmutual.com

To rate lock a loan with Michigan Mutual, log into our web site using the credentials provided by the client relations department. Click "Rates" on the upper right side of the screen (grey box) and choose the appropriate rate sheet (Lender Paid Compensation or Borrower Paid Compensation). Once your loan has been registered, submitted, and/or underwritten you must use the loan number assigned when locking the loan.

In the event our web site is not functioning we will accept a fax or e-mail of the completed Broker Registration/Lock Form that can be found within the forms section on our website and sent to:

Email secondary@michiganmutual.com
Fax **(248) 485-0117**

To register a loan with Michigan Mutual, Inc. via the web, upload your 1003 data directly to our website through the 1003 Import feature located in the Broker Tools section of the website. Michigan Mutual, Inc. requires the use of Fannie Mae's standard DU 3.2 flat file format. You **MUST** register the loan prior to requesting a rate lock.

Rate Lock Confirmations

The broker will receive a rate lock confirmation from Michigan Mutual, Inc. within 24 hours. It is the broker's responsibility to contact Michigan Mutual, Inc. 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 Michigan Mutual, Inc. 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, Michigan Mutual, Inc. reserves the right to retain the loan number containing worse case pricing terms.

Pricing

Rate Sheet

Rate sheets are available on our web site at approximately 11:00am EST each day. Michigan Mutual, Inc. reserves the right to change prices 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 Michigan Mutual, Inc. via our website by 12:00am EST the same business day.

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 Michigan Mutual, Inc. must close and disburse by the lock expiration date.

The rate lock expirations on all Michigan Mutual Correspondent loans must be valid through the disbursement date for all loans. Michigan Mutual will allow 5 business days (at no additional cost) from the disbursement date to receive the closing documents, original note, and bailee letter. In addition all post-closing conditions must be cleared for purchase within these 5 days.

If the loan cannot be purchased due to any delays of the items stated above Michigan Mutual will extend the loan at a cost of 2.50 bps (basis points) per day retroactive to the date the file disbursed through the day the loan is funded by Michigan Mutual. This extension fee will be calculated at funding. If any outstanding items are not delivered within 30 days the loan will be re-priced at worst case pricing.

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.

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 web site. All extensions must be requested in writing through the MiMutual web site or by emailing secondary@mimutual.com.

Loans can be extended at a cost of 2.5bps (basis points) per day.

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 2nd extension.

Rate changes during lock period are based on pricing from the original lock date.

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. Additional relocks can be negotiated 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.

Loan Term Changes

Product change requests, from one product to another, will be priced to the original rate sheet. A change of property for the same borrower constitutes a new loan and a new rate lock. Rate locks are tied to collateral therefore loans without valid sales contracts (properties to be determined – TBD'S) cannot be locked. 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.

Change Requests

Loan program changes must be requested on our web site via the Program Change Request form (found under the resource tab on the web site).

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

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 web site 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 (Private Mortgage Insurance must be escrowed). Escrow waiver fees are a .250 deduction in price (.125 for Jumbo loans). Escrow waivers should be requested at the time of lock-in. They may also be requested later by contacting secondary marketing. The cost for a hazard insurance waiver is the same as an escrow waiver (.250).

Maximum Price/Rate

The maximum allowable compensation is 105.000, which includes a combination of Lender Compensation + Borrower Credit (maximum lender compensation is 102.750). A base price above 105.000 may be offered and used, but only if the amount over 105.000 is used towards price adjustments. All loans with an application date and/or a case number date after January 9, 2014 must pass all appropriate compliance tests regardless of the price/compensation amount.

Michigan Mutual, Inc. may set a maximum rate for any program at the discretion of the Secondary Marketing department.