

Posted 11/14/11

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NOTES

Policies

Overview

The policies and requirements within this section of the Capital Market Policies specifically applies to:

- Agency/Conventional Products
 - FHA Products
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Pricing

- ✓ Pricing is subject to change without notice due to market conditions or technical issues. We will notify all users when pricing has been suspended and subsequently when pricing has been reactivated and an updated rate sheet has been posted to our website.
 - ✓ Our Rate Lock Desk hours may change or our Rate Lock Desk may be closed due to Holiday market conditions. When that situation occurs we will notify all Brokers in advance of the change in Rate Lock Desk hours and dates the Rate Lock Desk will be closed.
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0-15 day Locks

To be eligible for 10 or 15 day lock, the file must be at minimum in an Underwriting Status of "Approved with Conditions".

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Policies, Continued

Rate Lock Procedures

- ✓ CPF offers lock terms of 15, 30, 45 and 60 days. No extended lock terms are offered at this time. Please note loans locked for terms of 30 days or higher and the file is not submitted within 14 calendar days of the rate lock will be canceled.
- ✓ All rate locks must have a valid property address and social security number.
- ✓ Lock Expiration Date is published on the rate lock confirmation issued by ClearPoint Funding. A loan must fund by the Lock Expiration Date. If the Lock Expiration Date falls on a non-business day the Lock Expiration Date will roll forward to the next business day.
 - For Dry Funding States, the expiration period must cover through the recording date.
- ✓ Once a rate lock is confirmed by the rate lock desk a Lock Confirmation will be sent to the Broker and the Broker has 24 hours from receipt of that confirmation to review it and notify ClearPoint Funding of any discrepancies. You may notify the Rate Lock Desk at ratelock@clearpointfunding.com of any discrepancies. If ClearPoint Funding is not notified within the 24 hours of receipt of the lock confirmation of any discrepancies the rate lock commitment is subject to market movement.
- ✓ CPF only accepts rate locks that conform to published program guidelines or that have an approved written exception to the guidelines. The CPF Program Guidelines, including all updates, must be used to determine if a loan conforms to program guidelines. Loans that are not within the guidelines require a written exception prior to lock-in. Brokers should contact their Account Executive for assistance in obtaining a single-loan exception.
- ✓ If it is determined that a loan does not conform to CPF program guidelines or to a previously approved exception that is in effect on the date of the original rate lock, all rate lock protection becomes null and void and the rate lock may be canceled at the discretion of the Rate Lock Desk.

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Policies, Continued

Rate Lock Extensions

- ✓ Rate Lock extensions must be requested prior to the expiration of the rate lock and may be requested by emailing us at ratelock@clearpointfunding.com
- ✓ Maximum number of extensions is 2 for no more than 30 days in total.
- ✓ The following table lists the extension fees that will be applicable to a rate lock extension:

Extension Price Adjustment Matrix (see <i>improving interest rate exception on next page</i>)	
Extension in Days	Adjustments
1 to 5	0.030 per day*
6 to 10	0.250
11 to 15	0.350
16 to 20	0.500
21 to 25	0.625
26 to 30	0.750
<small>*For example, 1 day extension will cost 0.030; 5 day extension will cost 0.150. Not applicable to ARMs or Jumbo products.</small>	

For Fixed Rate, Agency Loan Amounts, the below policy will apply:

- ✓ Expired rate locks may be re-locked and will be subject to worse case pricing plus extension fees unless the worse case pricing is worse than the current market by 25 bps, a 10 day extension on the new lock will be granted with no additional fees.
- ✓ Worse case pricing will be determined by comparing the current market price for the rate lock period of the original rate lock to the original rate lock price and taking the worse of those two prices.
- ✓ If the previously locked-in rate or program is no longer offered, extensions will be considered by the Rate Lock Desk on a case-by-case basis. CPF is under no obligation to extend a lock-in expiration date.
- ✓ Loan file must be in "Approved with Condition" status or higher.

NOTE: The above policy will apply to all loans that have been expired or cancelled.

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Policies, Continued

Rate Lock Extension – Improving Market

- ✓ The current published base price for the applicable product, note rate, and lock period is at least .375 pts greater (better) than the base price at the time of the original rate lock including any subsequent change(s) to the original rate lock.
- ✓ The first 15 days of any rate lock extension will be granted at **no cost, excluding Adjustable Rate Mortgages (ARM loans)**.

IMPORTANT: To be eligible for a no cost extension:

- The loan must be in (any) Underwriting Approved status, at minimum; and
- The lock must be within 10 calendar days of the original expiration date.

Renegotiation - Improving Rate Market

CPF is sensitive that significant market improvements (100 bps+ based on the note rate that the borrower is renegotiating too) may create a borrower-driven circumstance that may require a renegotiation of the existing rate lock. Should this situation occur, contact Capital Markets directly.

NOTE: While CPF cannot guarantee the ability to meet the borrower(s) request, CPF will do everything possible to negotiate to a successful close. The improvement must be for the borrowers benefit only, and the loan must be Underwriting Approved.

- Excluding Adjustable Rate Mortgages (ARM Loans)

IMPORTANT: To be considered, renegotiation request must be received no later than an hour PRIOR to local lock desk closing.

Loan Change

- ✓ When changing from one FRM product to another FRM product or a change in note rate under the original FRM product the applicable pricing for that change will be based on the pricing at the time the rate lock was originally locked-in. There will be no change to the expiration date due to the change.
- ✓ When changing from an ARM product to a FRM product (or vice versa) the applicable pricing for that change will be based on current market pricing. There will be no change to the expiration date due to the change.
- ✓ The rate lock is tied to the property, so if the property changes a new rate lock will be obtained at the current pricing available.

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Policies, Continued

Re-Lock of a Canceled Rate Lock

- ✓ If a rate lock is canceled within the rate lock period due to an underwriting denial or for any other reason on the part of CPF and the re-lock request is submitted within 30 calendar days of the cancellation date, the pricing for the re-lock will be worse case pricing.
 - ✓ If the request for re-lock occurs more than 30 calendar days after the cancellation date the pricing for the re-lock will be current market.
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Other

- ✓ Maximum YSP paid is a percentage of the loan amount as disclosed on the daily rate sheet. All loans are subject to state and national high cost tests.
 - ✓ Duplicate Loan Registration. If a loan has been registered twice CPF reserves the right to choose which registration will be canceled.
 - ✓ Floating applications should be registered with CPF only for the purpose of obtaining a loan number for underwriting purposes. The Broker must use the CPF loan number assigned at the time of registration when requesting a rate lock.
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Jumbo – Special Instructions

The following steps are required when submitting and locking a Jumbo product to make adjustments, if applicable, for properties located in declining markets:

- ✓ Completion of the CPF – Jumbo Eligibility Request Form is required for all loans; form must be emailed CPF’s Help Desk at UWHELP@clearpointfunding.com to determine the property’s declining market status and possible associated LTV/CLTV/HCLTV reductions.
 - ✓ Additional loan level price adjustments may be applied based on property’s market grade and requested LTV/CLTV parameters
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Policies, Continued

Loan cancellations

- ✓ In all instances, it is always the responsibility of the broker to notify CPF immediately when a loan requires a cancellation for any reason.
 - ✓ CPF will cancel a loan for the following reasons:
 - Floating loans will be cancelled 90 days after registration date in the event they are not locked.
 - Underwritten loans will be cancelled if conditions are not met within 14 calendar days of decision date. An additional 7 day grace period may be given on an exception basis.
 - "Clear to Close" refinance loans must close with 14 calendar days or lock expiration which ever comes first.
 - Locked loans will be cancelled 30 days after lock expiration date in the event they are not closed or extended. Locked loans are subject to cancellation if not received based on the following:
 - 15 day locks if not received within 7 calendar days of rate lock,
 - 30 day and greater terms if not received within 14 calendar days of rate lock
 - All loans with outstanding conditions not received by CPF within 14 calendar days of approval will be cancelled. An additional 7 day grace period may be given on an exception basis.
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Pull Through Policy

In order to operate within acceptable Pull Through levels, each customer must fully understand how CPF defines and measures "Fallout". Fallout is "defined" as any loan locked (price committed) with CPF that does not fund prior to expiration date for any reason. Fallout is "measured" by the dollar volume of locks that fund divided by the dollar volume of locks with expiration dates in the given period. At CPF sole discretion, if a constant trend reveals unacceptable fallout, CPF may take the following actions:

- Refuse to extend existing rate lock commitments.
 - Cancel locks on files not received within 10 days of the initial rate lock date.
 - Not allow locks until the loan is in underwriting.
 - Not allow locks until a loan has received a "clear to close"
 - Worse base pricing for new locks
 - Require a lock-in fee upfront prior to accepting any locks
 - Suspend or terminate selling privileges
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Policies, Continued

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**Agency and
FHA ARM Lock
Policy
Variance**

The above rate lock policy for Fixed Rate Agency and FHA products is applicable for Agency and FHA ARM products except for the following variances:

- ✓ Lock Terms will be 10, 25, 40, and 55 days.
 - Only 25 and 40 days for True Jumbo products.
- ✓ If the Lock Expiration Date falls on a non-business day the Lock Expiration Date will roll back to the previous business day. **Note this applies to True Jumbo products as well.**
- ✓ Maximum YSP is disclosed on the daily rate sheet.
- ✓ When changing from one ARM product to another ARM product the applicable pricing for that change will be based on worse case pricing. When there is a change in the note rate, under the original ARM product, the applicable pricing for that change will be based on the pricing at the time the rate lock was originally locked-in. There will be no change to the expiration date due to the change.
- ✓ A re-lock of an expired rate lock will be at worse case pricing plus any applicable extension fees if re-lock is within 40 days of the expiration date. If re-locked after 40 days of the expiration date, the pricing will be at current market plus any applicable extension fees. The re-lock term will be limited to 10 days.

**Rate lock Desk
Contact
Information**

- ✓ Telephone: (508) 471-1097 Fax: (508) 854-8597
- ✓ Email: ratelock@clearpointfunding.com
- ✓ Lock Desk Hours:

Rate Lock Desk Hours				
Monday - Thursday	East / EST	Central / CST	Mountain / MNT	Pacific / PST
Local Time for Closure	6:30 pm	6:30 pm	6:30 pm	5:30 pm
Friday	East / EST	Central / CST	Mountain / MNT	Pacific / PST
Local Time for Closure	6:30 pm	6:30 pm	5:30 pm	4:30 pm