

General Government Lending Rate Lock Policy

Background:

The purpose of the policy is to establish guidelines for the administration of rate locks on M&I Home Lending Solutions' Government Loan Programs.

Rate Lock Policy:

- 1) Rate Lock Requests cannot be processed until a complete application package has been submitted to and entered on M&I's loan origination system and the "Application Update" is sent to the Broker. Applications that are incomplete, declined or not yet entered on M&I's loan origination system cannot be locked.
- 2) A request to lock a rate must be faxed to the M&I Rate Desk on the appropriate M&I Government Loan Rate Lock Request Form. The M&I Rate Desk fax number is 515-281-2837. Requests faxed to a department other than the M&I Rate Desk or submitted via eMagic® will not be valid.
- 3) The loan rate will float until a Rate Lock Request Form has been received by the M&I Rate Desk. All Government Loans must have the rate locked prior to scheduling a closing. **USDA applications must be locked before HLS will submit the application to the local USDA Office for their Conditional Commitment.**
- 4) The M&I Rate Desk is generally available during the hours of 9:00 a.m. CT to 4:00 p.m. CT, Monday through Friday (excluding holidays). The desk may close at any time without notice to adjust rates.
- 5) The rate sheet code used for the rate lock will be based on the rate sheet in effect the latter of the:
 - Distribution of M&I's "Application Update" to the Broker (indicating a completed application) or
 - Receipt of the Rate Lock Request Form

The date and time of distribution of M&I's "Application Update" is based on the date and time stamp on M&I's fax machine. The date and time of receipt of the Rate Lock Request Form will be determined by the date and time stamp indicated by M&I Home Lending Solutions' Rate Desk fax machine.
- 6) If a Rate Lock Request Form is received while the desk is closed (i.e. for intraday rate adjustments or during non-business hours), the rate will be locked with the next effective rate sheet unless the "Do not lock this loan when the Rate Desk reopens" option is selected on the Rate Lock Request Form. If the "Do not lock this loan when the Rate Desk reopens" option is selected on the Rate Lock Request Form, the rate will continue to float and a new Rate Lock Request Form must be submitted when the new rate lock is desired.
- 7) The Rate Lock Request Form is used to lock a Rate Sheet Code to the loan. Once the loan is locked, the rate can only change due to a qualified Changed Circumstance, i.e. borrower request. Mortgage Brokers must properly submit a Changed Circumstance Notification Form. Do not use the Rate Lock Request Form to change a borrower's rate and corresponding price. Remember, the broker's compensation cannot increase unless the loan amount changes and part of the broker's compensation is related to a percentage of loan amount, i.e. lender paid broker premium.
- 8) The M&I Rate Desk will confirm a completed rate lock by faxing a Rate Lock Confirmation to the broker. Please note: The price listed on the Rate Lock Confirmation may be adjusted to comply with the disclosed YSP on the initial GFE.
- 9) If the Rate Lock Expiration Date does not fall on an M&I business day, the expiration date will be adjusted to the next business day.
- 10) For the purpose of this policy, as it relates to rate lock expiration date, a loan must close (documents signed by borrowers) within the rate lock period. If a closing did not occur as planned by the last day of the rate lock, extension price adjustments will apply. Refer to Rate Lock Extension Policy.
- 11) If the property address is changed after the rate is locked, the lock will become void and a new Rate Lock Request Form will be required.

Rate Lock Extension and Relock Policy

Background:

M&I recognizes that there are various circumstances that may result in the inability for a loan to close within the rate lock period originally selected. This policy provides guidelines for extending the rate/price lock, while compensating M&I for the cost associated with the loan not closing within the original rate lock period.

Rate Lock Extension Policy:

- 1) Rate Locks may be extended no more than three times with a corresponding price adjustment. Refer to the M&I HLS Government Loan Rate Sheet for permissible extension periods with corresponding adjustments to price.
- 2) A request to extend a rate lock must be faxed to and received by the M&I Rate Desk on the appropriate M&I Rate Lock Extension Request Form by 4:00 PM CT on the expiration date. The M&I Rate Desk fax number is 515-281-2837. Requests faxed to a department other than the M&I Rate Desk or submitted via eMagic will not be valid.
- 3) A new Rate Lock expiration date will be calculated and a Rate Lock Confirmation will be faxed to the broker. If an extension expiration date does not fall on an M&I business day, then the previous business day will be used or a longer extension term may be requested (if applicable).
- 4) The program must be currently active to complete a rate lock extension. If the program is not available, rate extension requests can be denied. M&I reserves the right to not offer a rate extension for programs which have been discontinued.

Relock Policy:

This policy applies when a rate lock has expired. Relocking at original pricing is available when no more than 15 days has elapsed from the original rate lock expiration date.

When within 15 days of the rate lock expiration date:

- 1) Fax the Rate Lock Extension / Relock Request Form to the M&I Rate Desk at 515-281-2837.
- 2) Original pricing plus standard price adjustments may apply. Refer to the M&I HLS Government Loan Rate Sheet for relock adjustment to price.
- 3) M&I reserves the right to refuse a relock on any loan.

When within 16 – 45 days of the rate lock expiration date:

- 1) Call the M&I Rate Desk at 515-281-2840 for relock pricing options.

When greater than 45 days of the rate lock expiration date:

- 1) Current pricing applies – if available.

For more information, please contact your M&I account executive or the M&I Rate Desk.

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