

# **MLB SECONDARY LOCK RETAIL POLICY**

## **WHOLESALE AND MINI CORRESPONDENT**

LAST UPDATED 02-17-2025 BY G. LAMPARELLO

The goal of the MLB Mortgage (MLB) pricing policy is: (1) to regulate loan price offering to achieve ethical fair lending to all applicants and (2) incent the procurement of quality affordable loan originations while maintaining profitability.

Point of Sale: Each MLO/Broker/Min Correspondent (Mini Corr) is directed to price loan accordingly on our on-line pricing engine, currently Optimal Blue (OB). OB will typically eliminate guideline misinterpretation that can lead to mispricing. OB will produce a unique price to each file scenario to incorporate industry standard file characteristic (i.e. Fico, DTI, Units, LTV, County, and Loan Size) to correctly risk base price each loan. The result is fair, uniformed, non-influenced price to consumer base. This pricing is delivered as a basis or Par or 100% of Par to MLO/Broker. Each Broker is responsible to deliver a loan at Par (100 price).

If a bona fide discount option is chosen by applicant; at time of lock Broker/Mini Corr is presented with a lock confirmation available on the MLB Portal that clearly illustrates the cost of for rate chosen versus paying no discount at the higher rate if applicable. These discount points have no benefit to MLB and are optional to allow the client to pay down their interest rate.

### **Lock Policy**

#### **General Information:**

MLB Residential Lending's pricing policies and procedures are designated for 1-4-unit residential mortgage loans which meet the purchase requirements of FNMA, FHLMC, GNMA and/or private investors in the secondary market.

This policy will be reviewed at least annually by the Director of Secondary Marketing and compliance to ensure it is consistent with the Company's financial objectives and that the procedures are adequate to protect the Company's assets.

#### **Lock Desk contact:**

- [loanlock@mlbmortgage.com](mailto:loanlock@mlbmortgage.com)
- Direct Lines: 908.774.8720
- Main Officer Number: 732.243.0140 (ask for the lock desk)

**Eligibility:**

Each loan will have a maximum qualifying rate set by underwriting. No loan may be locked at a higher rate than the maximum qualifying rate.

**Standard Lock Times:**

Lock Desk hours are between 10:30 AM- 6:00 PM EST.

Lock requests are accepted via MLB Online Portal utilizing the Optimal Blue Pricing Engine unless otherwise specified by the MLB Lock Desk. In the event of technical impairment, notification will be released, and all locks will be accepted manually via email at [loanlock@mlbmortgage.com](mailto:loanlock@mlbmortgage.com).

The Lock Desk will be closed on all Federal Bank Holidays declared by the Federal Reserve Bank of the United State. See Link <https://www.federalreserve.gov/aboutthefed/k8.htm>. In addition, the MLB Lock Desk may be closed on other days the US Bond Market is closed such as Good Friday and Black Friday.

**Rate Publication:**

The MLB Lock Desk will compile all available and eligible pricing daily to produce MLB Direct pricing by 10:30 AM EST each day.

Occasionally it may take longer to release rates and pricing due to investor delays. If pricing is to be released later than 11:30 AM EST, the MLB Lock Desk will notify everyone via email.

Rates and pricing are subject to change without notice and price changes are effective immediately upon publication.

**Pricing:**

Pricing will be registered from the rate sheet that is effective at the time the lock request is received.

If pricing changes between the time a rate lock request and the time such request is reviewed the following policy will take effect. Should the difference in the current market price and the requested price be 15 bps or less, the Broker will receive the requested price. If there is a difference greater than 15 bps, the MLB lock desk will communicate that difference and confirm the acceptance with the locking Broker.

The Lock Desk reserves the right to make necessary corrections on lock requests that do not reflect accurate pricing based on the most current rate sheet. Inaccurate /Incomplete lock request may result in the lock request being delayed or declined. Once a request is declined, it is removed from Lock Desk queue and the lock request must be corrected and resubmitted through Optimal Blue,

our third-party pricing engine software. Locks that have not been confirmed due to inaccurate/incomplete information are subject to market fluctuation.

All lock requests should be locked with the parameters stated within the registered loan file with in the MLB Portal. Any changes to this information needs to be clearly stated in the lock notes or an email to the MLB Lock Desk to expedite the changes and prevent a denial or change of the lock.

Loans are locked by property address. Any changes to the address will result in forfeiture of the lock.

### **Information Required to request a lock**

The accurate representation of the following information is required to lock a loan:

First Lien Amount, Second Lien or HELOC balances and high credit limits, Purchase Price, Appraised Value, Loan Purpose, Cash-out amount, impounds (yes/no), Borrower/Co-borrower full name, Middle/lower than lowest credit score, DTI, Citizenship, Occupancy, Property Type, Number of units, Property address including street address, city, state, zip, county, Interest Rate, and Lock period.

Program: Lock Request must have their program match what exists in Encompass/Online Portal. If the Broker/Mini Corr is requesting a change of either, it must be clearly stated in the lock notes of the request through Optimal Blue. Any mismatch of program or investor without proper notification or explanation to the Lock Desk will result in the denial of the lock request.

**Non-QM Loans** may not be locked until an underwritten approval has been issued by MLB. Exceptions to this rule must be sent to the MLB Lock Desk and be approved by the Director of Secondary prior to requesting the lock.

**Off Sheet Pricing:** If MLB's pricing engine does not provide par pricing for a product, a written request shall be submitted to the lock desk to determine if such pricing is available. All requests should be sent to the MLB Lock Desk.

Procedurally: to request off sheet pricing, you must request lock at the closest rate to Par; simultaneously (in note section of lock request) note your requested exception pricing with reasoning for secondary consideration. Note: off-sheet pricing availability depends on market conditions and could take up to 24 hours. In addition, should off-sheet pricing not be available, loan will be locked at rate closest to Par that is available

## **Lock Periods**

15, 30, 45, and 60-day locks are available. Occasionally and depending on the loan program 75 day locks will be available. Lock periods are reflected in Optimal Blue. If you require more days for lock than available in the pricing engine, please contact the lock desk for options.

Lock requests with inaccurate lock periods can be fixed if it is requested by 6:00 PM EST the day the lock was initiated, and the investor price code is still in effect. Lock period change requests must be sent via email to [loanlock@mlbmortgage.com](mailto:loanlock@mlbmortgage.com) to be valid. If lock desk is not notified, extension fees will be applied per policy.

Rate Lock Availability – Rate lock request will only be accepted if the status of a loans current milestone is at or past the following for the number of days requested.

- Prior to Initial Disclosures being Issued  $\geq$  30-day lock
- Initial Disclosures Sent to Client  $\geq$  15-day lock

## **Extended Lock Periods:**

Lock periods more than 60 days are available and may be subject to investor specific up-front fees and a rate caps. Up-front fees are due within 3 calendar days of lock initiation or the lock will be cancelled.

For MLB Direct Extended Locks the up-front costs are listed below. This fee is due within 7 calendar days of the initial lock request. Should they fee not be paid with in the 7 calendar days the rate lock will be cancelled and loan will require re-lock pricing as defined in this lock policy.

- 90 Day Lock: 0.5% of the loan amount
- 120 Day Lock: 0.75% of the loan amount
- 150 Day Lock: 1.0% of the loan amount
- 180 Day Lock: 1.25% of the loan amount

All extended lock payments should be made out to MLB Mortgage (Attn: Accounting Department) and mailed to 841 Mountain Ave, Suite 400, Springfield, NJ 08812. Alternatively, the accounting department can be contacted to make payment via phone at 732.243.0140.

## **Lock Confirmations:**

Rate Locks will be confirmed by the Secondary Marketing Department and made available to the Broker within the same business day. Broker should review the lock confirmation for accuracy and notify the Secondary Marketing Department of any discrepancies immediately.

Rate Lock Confirmations will always be available in the Documents Section of the file within the MLB Online Portal with the in the Lock Confirmation Document.

### **Disclosures of Rate Locks**

To comply with regulatory requirements of TRID (TILA-RESPA Integrated Disclosure), MLB must send disclosures within 3 days of receiving an initial application or change of circumstance on a file. MLB will have all disclosures sent within 48 hours of the changes occurring and will always have disclosures sent within the 3-day required period.

Should a loan that has yet to be initially disclosed receive a rate lock, it will start the 3-day period for disclosures to be issued to the borrower. To assure TRID compliance, any file with a rate lock fulfilled prior to Application Completed and Initial Disclosures being issued will have initial disclosures sent within 3 business days of the lock request being received.

### **Lock Cancellations:**

All lock cancellations must be sent to the Secondary Marketing Department via email to [loanlock@mlbmortgage.com](mailto:loanlock@mlbmortgage.com)

Early notification of lock cancellation is encouraged, and proper pipeline management is a requirement of MLB's Brokers and Mini Correspondents. Cancellation versus expiration will be monitored and Broker's pricing could be positively or negatively impacted.

Locks may be cancelled per request of the Broker/Mini Correspondent at any time. Any loan with a cancelled lock-will receive worse case pricing. If a lock is cancelled same day as it is requested and before the Lock Desk closes, worse case pricing will no longer apply if the relock occurs after 1 week of the original lock date.

Underwriting and processing should notify secondary marketing department immediately on loans that are recommended for denial or fail to meet the guidelines of the investor on the lock.

Any locked loan whose borrower withdraws their application from MLB will have its lock rejected by Secondary within a reasonable amount of time from notice.

### **Lock Extensions:**

Locked loans may be extended a maximum of four times but no more than 30 days in total. Lock extension requests must be submitted to the Secondary Marketing Department on or before the date of lock expiration by 6 PM EST.

Extension can be requested via the MLB Online Portal via Optimal Blue.

**Non-QM, and other Non-Agency** products cannot be extended more than 15 days or no more than 2 times.

Minimum extension is for 3 days

**Lock Extension Costs:**

- 3 days = 6.5 bps
- 7 day = 12.5 bps
- 14 days = 25 bps
- 30 days = 50 bps

The cost of all lock extensions will be passed on to the borrower in the form of a discount point. Optionally, the extension cost may be relayed to the borrower in the form of a rate increase should the Broker or Mini Corr Lender communicate this to Secondary with the extension request. Mini Corr Lenders may choose not to have discount points added to the loan upon extension providing they send in writing to the MLB Lock Desk this desire.

Any extension requested that is not for 3, 7, or 14 days will be rounded up to the next available extension term.

**Mini Correspondent:** For Mini Correspondent loans, after the loan closes, the Mini Correspondent has 7 days to get MLB the original signed note. After 7 days has passed, the loan will be automatically extended 7 days for a max up to 3 times max. After the maximum number of extensions has been reached, the loan will be susceptible to worse case relock pricing.

**Rate Lock / Program Change Requests**

Change in interest rate is allowed and pricing will be based on the rate sheet in effect at the time of the lock.

Change in property address will require a new lock and will be based on current market pricing. In some cases, Secondary may approve an address change on purchase transactions. The lock expiration date cannot be changes and any extensions must be applied at time of property changed request.

Removal or addition of a borrower will be allowed if one borrower from the original lock remains on the loan.

Change in loan amortization term will be allowed and will be based on original market pricing.

Change in loan type (from Fixed Rate Mortgage to ARM, or vice versa) will be considered a lock cancellation. Price of new loan will be based on worst case pricing and will require secondary approval.

Change in the program type (i.e. FNMA to FHA or FHLMC to VA) will receive worst case market pricing and will follow Re-Lock Pricing Procedures.

Any change that reflects a difference in price will result in a rate increase/decrease to cover the cost/credit associated with the change. Alternatively, a discount/credit may be applied to cover the difference in pricing.

### **Relock Policy:**

Loans with locks that expired less than 30 days ago or previously cancelled loans requiring a relock will be subject to worst case pricing based on the original lock date and the date of the relock request. Worst case pricing is the lesser of the original price compared to the current market price. The original lock period will be used to determine worse case price. The Broker may request a shorter or longer lock term on the relock.

Relocks will receive a fee of .25 pts plus market differential.

Any loans that have been relocked and expired require upper management before being allowed to be relocked again.

Upper Management approval can come from the: Executive Team, Director of Operations, Operations Manager, Director of Secondary, or Underwriting Manager.

### **Rate Renegotiation/Float Down:**

A Float Down allows the Broker to renegotiate their clients rate on a locked loan when the market conditions improve to better the circumstance of the borrower. A rate lock renegotiation will be allowed and will be based on the following:

- The improvement in loan level pricing must be 50 bps.
- The interest rate must benefit of the borrower by at least .250%
- The loan must be approved by Underwriting already.
- The final price of the new lock will be calculated at current market of the current investor/program minus a 375 bps Float Down Fee (minimum)
- The lock price is capped at the original lock price.
- Float down is available one-time only.

- Float down must be reviewed and approved by Secondary. Not all Float Downs will be automatically granted, and approval is up to the discretion of MLB's Director of Secondary.
- Pricing will be based off same term as original lock.

### **Common Sense**

Although our Product and Pricing Engine (Optimal Blue) has a high degree of accuracy, errors occur from time to time. In the event a price seems too good to be true, the Broker should report the error immediately to the MLB Lock Desk. In the event the Lock Desk discovers a material error in the system, the lock request may be denied or adjusted to reflect the correct pricing.

### **Changes to MLB Rate Lock Policy**

Changes to this policy may be made at any time authorized by the MLB Executive Team. Any changes will be posted for all Brokers to access on MLB's internal website within 5 business days of its release and approval.