

2018

Correspondent Seller Lock Policies

Secondary Marketing Department

The Secondary Marketing Department is responsible for the daily updates and distribution of OCMBC, Inc's internal Rate Sheet and the Company Lock Desk.



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100. INTRODUCTION

The purpose of this policy addresses Correspondent Seller pricing and lock requirements including rate lock and delivery options for Best Effort commitments. OCMBC, INC. delivers a Best Effort Rate Sheet on a daily basis to approve correspondent Sellers.

200. OVERVIEW

Pricing reflected on OCMBC, INC.'s Best Effort Rate Sheet is indicative of specific market conditions and is subject to changes throughout the business day without prior notice. Rates are valid until 5:00 PM PST on the same day.

Certain changes to a locked loan may result in a change in price. The Correspondent is responsible for requesting changes by email to lockdesk@ismortgage.com of the changes to the loan.

Correspondent Warranty that the loan is fully marketable and free of deficiencies. If, after purchase, it is discovered that the loan is not marketable or is deficient, the Correspondent is expected to cooperate fully to correct the loan to make it fully marketable to the end investor. If the Correspondent does not cure the deficiency in the stated timeframes, as requested, OCMBC, INC maintains the right to request repurchase of the loan

OCMBC will not accept loans in states where the Correspondent is not properly licensed to conduct business. In the event that OCMBC does not have a Correspondent's current license or exemption on record, loan registrations or locks cannot be accepted. If any Correspondent license issues are under review when a registration/lock request is submitted, the Correspondent's loan will be rejected. To remove the loans from rejected status the Correspondent must take the following steps:

- Correspondent must update all state licensing information by emailing state licensing and exemption information directly to OCMBC at Corraproval@ismortgage.com
- Once this information is received and the system has been updated to reflect the appropriate approval, the Correspondent must request a new lock by sending a request to lockdesk@ismortgage.com. Rates effective on the original request will not be honored.

300. LOCK POLICY AND PROCESS

All closed loans with complete Collateral package must be delivered five (5) calendar days before the lock expiration and be in a purchasable condition with no outstanding due diligence items.

Rate sheets are emailed to the correspondent seller on a daily basis.

OCMBC currently offers "Best Efforts" lock commitments.

OCMBC Lock Desk is available Monday through Friday, until 5:00 PM (Pacific Standard Time) in OCMBC's corporate office in Irvine, California. The lock desk adheres to OCMBC's posted holiday schedule.

400. SECONDARY MARKETING DEPARTMENT

It is the objective of OCMBC's Secondary Marketing Department, to provide the widest range of products needed at the most competitive prices possible while maintaining "user friendly" systems, policies and procedures.

401 - RATE LOCK POLICY

A. BEST EFFORT COMMITMENTS

Correspondent seller commits to deliver an individual mortgage loan of a specified principal amount and quality to OCMBC, INC. The correspondent seller makes a best effort to deliver the loan to OCMBC, INC five calendar days prior to the commitment expiration date.

OCMBC will provide a Lock in Confirmation for each lock to the correspondent seller.

Not available for loans aged more than 30 days; aged loans must be reviewed with all conditions cleared before being priced.

Loans are subject to a 100% due diligence review.

Lock for an individual loan are available for a period of 30 days. Individual loan details are required at the time of the lock.

Incomplete and/or inaccurate locks will not be processed.

Lock will only be accepted for loan that are at Conditional Approved milestone.

Final audits are conducted to ensure loans are funded as expected. Correspondent sellers are notified of any pricing adjustments needed at time of loan purchase if pricing is not correct.

Closed loans should reflect terms of original commitment.

For best efforts lock, Correspondent seller has no obligation to deliver the loan to OCMBC, Inc. until the loan has closed. Once closed, the lock becomes a mandatory lock to the company and if the loan is not purchased by OCMBC, Inc., Correspondent seller may be subject to pair off charges. Refer to the Pair-Off Fee section of this policy for more information.

Correspondent seller is not required to deliver the loan when entering into a Best Efforts commitment, OCMBC, INC. will track the percentage of the locks that do not purchase. An above target fall-out may result in the loss of approval to sell loan to OCMBC, Inc. or an adjustment to pricing on future locks.

B. RELOCK POLICY

Correspondent seller has the option to re-establish a lock after expiration date on Best Effort commitments only. A re-lock is available to lock a loan for a second time. A loan that does not fund by its lock expiration date and is not extended is subject to worst case pricing at a 0.25% re-lock fee.

Worst case pricing is calculated by comparing the base price from the original lock date to the current market base price and using the lower price.

Loan may be relocked at the current market pricing when at least 30 days have passed from the current lock expiration date. This will be considered a new lock and is not subject to relock fees and/or requirements.

Loan Level Rate Adjustments (LLRAs) applied to the pricing when loan was relocked will be used to calculate the new pricing structure of the re-lock.

Loan received that have expired locks are considered an automatic request to re-lock. OCMBC, Inc. will automatically re-lock the loan for 30 days using the Re-Lock policy.

If a loan has been relocked once and requires a second relock, the file must be approved for purchase.

Loans that have been relocked are not eligible for a lock extension. The file must be relocked again, subject to worse case pricing and an additional relock fee.

If loans are due on or before the rate commitment expiration date. It is imperative that all OCMBC staff allows adequate time during the lock period, for closing and funding. OCMBC is under **NO** obligation to fund loans after the rate lock expiration date.

C. PAIR-OFF FEES

Failure to deliver a closed loan locked on a Best Efforts or Rate Sheet Forward basis will result in a pair-off fee of 0.25%

If the loan has been delivered for review and the lock is canceled or withdrawn, a pair-off will be charged.

OCMBC, Inc. will automatically pair-off the **delivered but not purchased** loan with the effective date of the first day following the lock expiration date or the date the loan is canceled/withdrawn, whichever occurs first.

OCMBC, Inc. will communicate the pair-off fee amount to the correspondent seller: this amount is due and payable immediately upon receipt.

D. WITHDRAWING OR CANCELLING

A loan officer or broker may request to cancel or withdraw a loan. Once cancelled or withdrawn for any reason, the loan immediately ceases to be priced. In order to ensure OCMBC ability to comply with HMDA regulation, all loans underwritten by OCMBC, that

result in a declination, may be cancelled, if the Loan remains in a declined status for more than 30 calendar days, regardless of lock expiration.

Re-submissions after the cancellation date, will require a new registration and underwriting submission. The new loan will be subject to worse case pricing review, if locked within 30 days after the cancellation has been processed (regardless of when the loan was actually declined).

402 - CORRESPONDENT SELLER PURCHASE EXPIRATION DATE

When a Correspondent loan is delivered to OCMBC, Inc. by the Delivery Expiration Date, OCMBC, Inc. Secondary Marketing will add 5 calendar days to the original lock expiration. This new date is OCMBC, Inc.'s Purchase Expiration Date. OCMBC, Inc. must purchase the loan by the Purchase Expiration Date or the loan may be extended at a cost. Refer to the Lock Extension Policy for details.

A. LOCK CONFIRMATION

Secondary Marketing personnel will input the details of the lock and loan transaction into the Encompass system and create a computer generated "Lock Confirmation".

After the loan has been locked, a secondary marketing representative will email the Lock-in Confirmation to the following parties:

- Correspondent Seller, Sales Associates and Account Executive

The secondary marketing representative merge the Lock Confirmation into the Encompass eFolder. The commitment expiration date is the date by which the loan must purchase. OCMBC must receive all outstanding conditions by this date or else a lock extension will be required.

B. RATE LOCK EXTENSIONS

A loan must be delivered to OCMBC, Inc. in purchasable condition prior to the expiration of the lock. If needed, it is responsibility of the Correspondent seller to request a lock extension prior to the expiration of the lock. The loan will be reviewed by OCMBC, Inc. for purchase and, if needed, conditioned for additional information. If conditioned, the Correspondent seller will have until the later of:

- 5 calendar days from the date the loan was conditioned for purchase, or
- The lock expiration date

To resolve the conditions and have the loan purchased by OCMBC, Inc. or for loans past the lock expiration date, Correspondent seller may be charged 0.02% per day, starting on the 5th day after the loan was conditioned for purchase, until the loan is purchased. Refer to Calendar Days Requested Extension Fee table.

All loans received by OCMBC, Inc. after the lock expiration date will be automatically re-locked and are subject to the price changes and fees outlined in the Re-Lock Policy.

Request for extensions must be made before 5:00 PM PST on or before the lock expiration date.

Extension periods are calculated starting from the current lock expiration date.

C. CALENDAR DAYS REQUESTED EXTENSION FEE

Calendar Days	Extension Fee
1-30	0.020 per day
*Maximum of 5 total extensions or 30 days' worth of extensions	

D. INTRA-DAY PRICE CHANGES

Due to the volatility that exists in the marketplace, our pricing is subject to change at any time and without notice, OCMBC reserves the right to determine the cutoff time for intra-day pricing changes.

All changes, and other time-sensitive requests will be honored if they are received by the Lock Desk before the established rate change and are deemed complete. Pricing for loan changes or locks received after the price change has started will be subject to pricing as of the next available rate sheet.

403 - PRICE CHANGES AND EXPIRED COMMITMENTS

A. LOCK MODIFICATIONS

Locks changes can be made within the same product, amortization and term category. Loans changing product, amortization or term are subject to worse case pricing.

B. DUPLICATE LOCKS

If the original lock has expired or is cancelled (submitted within 30 days from the expiration or cancellation date), the loan will be re-locked applying worst case pricing. If the original lock is expired or cancelled (submitted more than 30 days from the expiration or cancellation date), the loan will be re-locked applying current market pricing.

C. HOLIDAY OR WEEKEND LOCK EXPIRATIONS

As a courtesy, if a rate lock expires on a weekend or an OCMBC observed holiday, Correspondent seller may request to extend the rate lock during standard hours until 5:00 PM PT on the business day prior to the initial lock expiration date.

D. EXPIRED COMMITMENTS

If a re-lock is requested within 30 days of the Rate Lock Expiration Date the Loan will be re-locked subject to worst case pricing comparison and the applicable re-lock fee as identified in Subsection, "Re-lock Fees and Terms".

If the loan is cancelled prior to the lock expiration date then re-established as a new loan, the same re-lock fee structure noted below, will be applied based on the

cancellation date rather than lock expiration. If the lock was never cancelled, the lock will remain, subject to worse case pricing and re-lock fees, for 30 days after cancellation.

If the re-lock is requested more than 30 days after the lock expiration, or cancellation, whichever applies, the loan will be priced at current market.

A re-lock request may be subject to additional risk for secondary market illiquidity, and OCMBC, Inc. may not accept the original locked rate. OCMBC, Inc. may deny the original locked rate on expired locks due to market illiquidity. Rates not listed on the current rate sheet, are illiquid rates and loan officer may not be able to re-lock them.

Loans that are re-locked must meet all current product eligibility guidelines. Loans that have expired and have been re-locked more than once may be subject to additional fees or may become ineligible for re-lock. If a lock has been expired more than 30 days, the loan can be re-locked at current market with no market comparison and is no longer subject to the cost of previous extensions.

E. FLOAT DOWN

OCMBC does not currently offer Float Down's.

500. ESCROW WAIVERS

When the Correspondent seller elects to waive escrows for property tax and/or hazard insurance, wind, earthquake, flood, and HO-6 on a loan, certain restriction and price adjustments will apply. To be eligible to waive the property tax and/or homeowner's insurance escrow, the loan must meet program eligibility guidelines and qualifications. Check the current rate sheet for state specific information and adjustments that may apply. Property tax exemptions will be subject to all applicable price adjustments for non-escrowed loans.

Effective for loans closed on or after January 1, 2016, OCMBC will require that flood insurance premiums be escrowed, in compliance with the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters).

Escrows for flood insurance will not be required for loans secured by property that is part of a condominium, cooperative, or other project development, if the property is covered by flood insurance provided by and paid for, as a common expense, by the condominium association, cooperative, homeowners association, or other applicable group.

Loan with a closing date on or after January 1, 2016 where flood insurance is required, and no flood escrow has been established will not allow.

600. CHANGE OF CIRCUMSTANCE

601. PROGRAM CHANGES

When requesting a program change on a locked loan, it may be subject to worse case pricing. Program change request can be submitted by emailing to

lockdesk@ismortgage.com with the loan number, the program the loan is switching from the program the loan is switching to.

Example 1: The original lock date is worse case.

Loan is subject to the pricing from the original lock date and the original lock expiration date will apply.

Example 2: The current pricing is worse case.

The loan is subject to the current day's pricing. The lock expiration date will be based on the date of the program change. If the original lock was for 30 days, the new lock will be for 30 days.

602. CHANGE OF PROPERTY

When it is request that a property address is changed on a locked loan, the loan will be relocked using the current market price. This situation will be treated like a brand new lock with a new lock expiration date based on the date the address changed. The original lock will be cancelled and a new loan will be created for the new lock at current market.

603. CHANGE OF BORROWER

Change of borrower is acceptable as long as one of the original borrowers remains the same. If the original borrower(s) changes, it will be considered a new lock.

700. CORRESPONDENT SELLER RESPONSIBILITY

701. CORRESPONDENT SELLER COMMITMENT MANAGEMENT

The correspondent seller is solely responsible to ensure only authorized persons enter into commitments with OCMBC, Inc.

Note: Lists of authorized employees for the correspondent seller are not maintained by OCMBC, Inc.

OCMBC, Inc. relies on the correspondent seller to provide accurate data with all commitment requests. Loans locked with inaccurate information are subject to a pair-off fee if the loan cannot be purchased by OCMBC, Inc.

702. RIGHTS OF OCMBC, INC.

OCMBC, Inc. maintains the right to perform certain pre-purchase, funding, quality, and salability audits for each loan delivered for purchase. If it is determined that significant discrepancies exist in the loan documentation during the pre-purchase audit, OCMBC, Inc. retains the right to refuse to purchase that loan regardless of commitment and subject to pair-off fee policy.

Excessive cancellations, fallout, or pair-offs will be grounds for review and reconsideration of correspondent seller approval. OCMBC, Inc. will research cancelled Best Effort Commitments: Should OCMBC, Inc. determine the loan did close, the correspondent seller will be assessed a pair-off fee for the delivery commitment amount.

OCMBC, Inc. reserves the right to charge an upfront fee for delivery commitments to correspondent sellers with excessive fall-out. Confirmed double Best Effort commitments will be subject to a pair-off fee.

703. SEASONED LOANS

Seasoned loans are defined as loan not delivered to OCMBC, Inc. within 30 days of the note date or, loans not locked with OCMBC, Inc. within 30 days of the note or, loans not purchased by OCMBC, Inc. within 45 days of the note date.

OCMBC, Inc. will consider purchasing seasoned loans however, pricing is subject to approval by the OCMBC, Inc. SVP Capital Markets and may be different than the currently posted pricing for non-seasoned loans.

Pricing is subject to change for any seasoned loan attempting to lock to purchase. OCMBC, Inc. reserves the right to adjust the pricing as needed or refuse pricing on a seasoned loan prior to purchase. Correspondent seller is responsible for knowing the age of the note in the loan process.

704. SRP PREMIUM RECAPTURE

OCMBC, Inc. will invoice the Correspondent seller for the SRP paid on the transaction. The SRP is embedded in the purchase price paid to the Correspondent seller. The Correspondent seller is expected to remit the SRP recapture fee no later than 10 days from receipt of invoice. Failure to pay the invoice may result in the suspension of the Correspondent relationship.

OCMBC, Inc. in its sole discretion, elects to waive this recapture fee, such waiver should not be deemed a waiver of OCMBC, Inc.'s right to enforce this provision. Refer to Correspondent Seller agreement for additional details.

705. LOAN LEVEL RATE ADJUSTMENT (LLRA)

Rate adjustments added/deducted to the published base rate at time of purchase/funding. If known at commitment, the commitment confirmation publishes the applicable loan-level rate adjustments (LLRA)

Loan Level Rate Adjustments Notes:

- OCMBC, Inc. reserves the right to invoice Correspondent seller for LLRA, if discovered after loan purchase.
- Correspondent seller is responsible to properly identify the loan and all characteristics that may incur a LLRA at time of loan registration/commitment or delivery.

800. CONCLUSION AND MANAGEMENT AUTHORIZATION

There are substantial penalties and risk for failure to adequately comply with the Company's Secondary Marketing Procedures, from loss of income on individual transactions to loss of loan when the procedures are late or inaccurate and the pricing is adversely affected.

 SENIOR MANAGEMENT APPROVAL

I have approved the Policies and Procedures of this program as reasonably designed to achieve and monitor the Company's ongoing compliance with the requirements of the Bureau of the Consumer Financial Protection, Fair Lending Policies, and the implementation of the regulations under it.

Signed: _____

Date: _____

Name: Madelina L. Colon

Title: President

OCMBC, Inc.