

## ATTACHMENT A

# Broker Price Guaranty Policy

As of 06/16/2023

## PURPOSE

The broad latitude of options which are described in this section is designed to provide a consistent, flexible, and competitively favorable pricing policy for MassHousing's brokers. These policies apply to all loans purchased by MassHousing from their brokers.

## REQUIREMENTS

1. In all instances, brokers are required to utilize this Price Guaranty Policy in an ethical and honest manner and under no circumstances can brokers utilize these procedures in any way to achieve underserved gain for themselves or customers or cause MassHousing to suffer unnecessary losses.
2. A price guarantee is made on the basis of a loan registration and a specific property. In the event a loan application falls through because of the buyer or property, the commitment becomes null and void. If a change of applicants or property occurs, the subsequent registration would be treated as a new loan registration for price guaranty purposes and would have the same options available as any new registration. In addition, a new loan number would be assigned to the new registration.
3. Brokers shall lock any mortgage loans it intends to sell to MassHousing after the broker has satisfactorily completed the credit underwriting of the mortgage loan through an approved AUS, in accordance with the underwriting guidelines of each product.
4. Having executed a best effort rate lock, the broker commits to using "best efforts" to deliver the loan regardless of the market conditions.
5. All published rates and prices are subject to change without notice. Once brokers are notified that the rate sheet prices are being changed, no loans can be locked in at the previous rate and price.
6. The loan must be closed and delivered to MassHousing by the expiration date of the lock.
7. If the initial lock expiration expires on a Saturday, Sunday, or legal holiday, the lock commitment will roll to the next business day at no cost.
8. MassHousing expects brokers to ensure that the AUS findings and the data input to eMassHousing are consistent (i.e. property address, note rate, borrower names, etc) at the time of registration. At time of funding, MassHousing expects the broker to verify the information in DU is consistent with the information which is in eMassHousing. A check will be completed by MassHousing and the loan will not be funded until all information is consistent.
9. Escrow waivers are not allowed on loans regardless of loan to value.
10. MassHousing limits combined origination charges and discount points on its products to 2% of the loan principal.

## PRICE GUARANTY COMMITMENTS

The lock commitment will be valid for the term of the lock-in (chosen from the options listed on the daily price sheet) counted in consecutive calendar days, including weekends and holidays. The commitment is effective on the date the loan is locked until 11:59 p.m. on the expiration date. The commitment may be issued on the day of the application or at any subsequent date prior to loan closing. Any changes to the loan parameters including loan amount must be updated in emasshousing.

### PRICE GUARANTY OPTIONS

1. New rates will be posted at approximately 10:00 AM daily. Rates are subject to change without notice. Market conditions may dictate that rates and prices change more than once a day without notice.
2. Lock registrations can only be accepted through [MassHousing's broker portal](#).
3. Locks will be accepted between the hours of 10:00 AM and 10:00 PM Monday through Friday except holidays. MassHousing will notify brokers through emasshousing of their holiday schedule.
4. MassHousing will notify brokers of rate and price changes in advance when possible, however, there are circumstances in the market when the secondary marketing department must close the ability to make lock registrations immediately.
5. Confirmation Process: MassHousing provides a downloadable lock form in eMassHousing after the lock is accepted.

### LOCK OPTIONS

1. Lock-in terms may vary by product, however, generally MassHousing will offer lock-in terms of 15, 30, 45, 60, and 75.
2. Non-DPA 2<sup>nd</sup> loans are locked for a 180 day period.
3. The price is established by the actual term of the lock.
4. A lock-in will establish the buy price and the terms of the loan, subject to the terms and conditions of the Master Purchase Agreement and Selling Guide.
5. Best effort delivery is expected on all locked loans. The broker must make every effort to close the loan according to the terms of the lock.

### LOAN LEVEL PRICE ADJUSTMENTS (LLPAs)

1. Various products may have different LLPAs based on loan level characteristics if applicable.
2. Each issued rate sheet will have the most current applicable LLPAs that may be charged or credited to a lock's pricing.

## PROCEDURES FOR EXERCISING PRICE GUARANTY OPTIONS

Once a loan is locked, changes to a confirmed lock may be made through MassHousing's extranet at [www.emasshousing.com](http://www.emasshousing.com). The user may make many types of changes through this portal. In the case the broker extranet will not accept your change, a modification may be requested to

Secondary via the broker extranet. Changes to a confirmed lock registration may result in a different price or a fee charge at the time the loan is purchased. Fees are cumulative.

1. Interest Rate and Product Changes: Any loan in MassHousing's pipeline that is covered by a price guaranty commitment may be converted to another interest rate or product within the lock period. The buy price for a new rate will be based on the priced in effect for that interest rate on the day of the original lock whether better or worse than current market. Changes to the confirmed lock reservation may be made through MassHousing's broker extranet at [eMassHousing](#).
2. Extension Policy: Request to extend the lock period should be made prior to the expiration date of the lock. Extension fees are as follows:

**Initial 3 Days at no cost**  
**2bps / Day after initial 3 days taken.**

Extension days are cumulative. There is no limit to extension days taken.  
Non-DPA 2<sup>nd</sup> loans are extended at no cost.

3. For locks that have been expired or withdrawn, the lock will be subject to a relock policy. Relocks must wait a period of 10 calendar days from the sooner of lock withdrawal date or expiration date before they can be relocked at current market. A loan may be relocked at any time during the 10 day period but will be subject to worse case pricing.
4. Float Policy: Unlocked loan files will be able to be stored for 90 days.

#### PIPELINE INTEGRITY

It is the brokers responsibility to maintain pipeline integrity. Any changes to the loans must be updated immediately in [www.emasshousing.com](http://www.emasshousing.com). This includes cancellations, changes in estimated close date, loan status, or lock extensions.

MassHousing's ability to offer competitive pricing is directly affected by our brokers ability to manage their fallout ratio. Fallout occurs when a loan is not delivered according to the lock terms. A loan is considered a fallout loan when one of the following occurs:

- The lock expires prior to the loan delivery
- The loan is denied
- The loan is withdrawn

Brokers are responsible to withdraw the lock within 1 business day if a loan falls out due to denial or withdrawal.

On a monthly basis, MassHousing will compute the pull-through rate of brokers. The pull-through rate of the broker is measured by the number and by the dollar amount of mortgage loans purchased by MassHousing divided by the number and dollar amount of mortgage loans registered during a period of ninety days.