Mutual of Omaha REVERSE MORTGAGE

# Expected Interest Rate (EIR) Lock & Re-Lock Policy

## Effective for adjustable rate (ARM) Home Equity Conversion Mortgage (HECM) with a case number issued *on or after April 29, 2024*.

| Previous Policy | New Policy – Effective Case Numbers Issued on or after 4/29/24 |
|---|---|
| Only the index is locked and will be re-locked or float down in any subsequent week where the index is lower than currently locked. | The margin ***must*** be locked in simultaneously with the index.<br><br>***Any*** changes to the margin—up or down—require a new lock-in agreement to be executed. |
| All adjustable rate (ARM) transactions that were HECM's were subject to the Expected Interest Rate Lock. | The Expected Interest Rate Lock & Re-Lock is ***optional*** and requires the borrower(s) to acknowledge and authorize Mutual via signing the Expected Rate Lock & Re-Lock Agreement. |
| Expected Interest Rate Lock does not apply to Fixed Rate HECM products. | No Change. |
| Expected Rate is not locked until a completed application package (signed by the borrower(s)) is submitted to Intake. | The Expected Rate is not locked until a completed application package with the borrower's executed "Expected Rate Lock & Re-Lock Agreement" is received. |
| Lock based on Application Printed date – or RV's RESPA Application Date. | Lock based on Application Printed date:<br>• RV: RESPA Application Date<br>• QR: Application Taken Date |
| Able to float down to the best available index throughout the loan process – which will be evaluated *at each* redisclosure point as well as Closing. | There is no longer a "float down" or continuum that looks back at the indices each week. |
| Borrower gets the absolute best expected index rate. | For any HECM with an executed Expected Rate Lock and Re-Lock Agreement where the margin has not changed (either up or down), the borrower(s) will get the most advantageous expected rate – either from Initial Lock, a subsequent Re-Lock or at Closing. |
| Expected Rate Lock is good for 120 calendar days from Case Assignment Date to Actual Closing Date. | Expected Rate Lock timing:<br>1. 120 calendar days from the Case Assignment Date to Actual Closing Date.<br>2. 240 calendar days from the Case Assignment Date to Actual Closing Date where the Expected Rate has been extended, the case number remains with Mutual of Omaha, and the margin has not changed. |
| Any file with an Expected Rate Lock must Close by the expiration date (120 days from case assignment.) | Any file with an Expected Rate Lock must Close by the expiration date or receive an extension.<br><br>Loans do not need to fund within the timeframe. |

**Please reach out to your Account Executive with any questions.**

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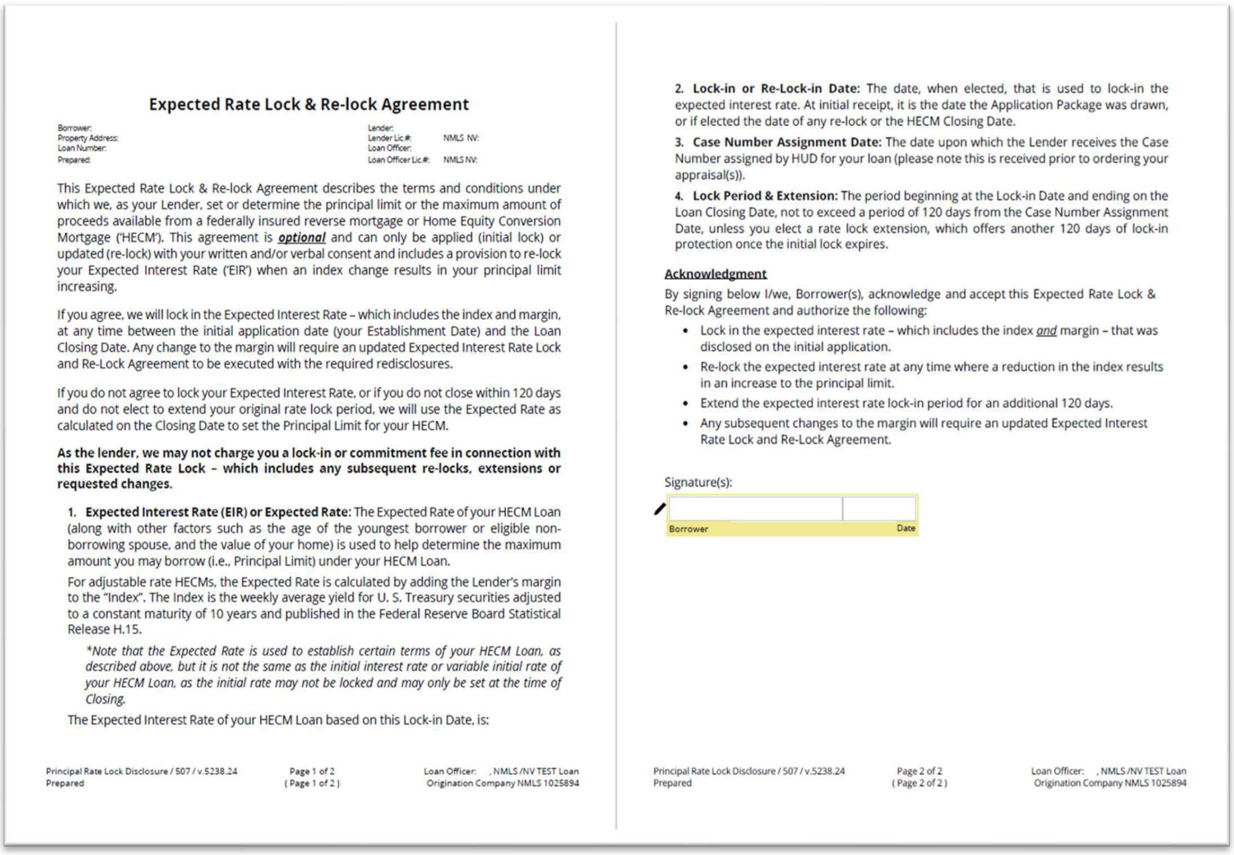
## Expected Rate Lock and Re-lock Agreement Disclosure (First Look):



### Expected Rate Lock & Re-lock Agreement

| | | | |
|---|---|---|---|
| Borrower: | | Lender: | |
| Property Address: | | Lender Lic.#: | NMLS NV: |
| Loan Number: | | Loan Officer: | |
| Prepared: | | Loan Officer Lic.#: | NMLS NV: |

This Expected Rate Lock & Re-lock Agreement describes the terms and conditions under which we, as your Lender, set or determine the principal limit or the maximum amount of proceeds available from a federally insured reverse mortgage or Home Equity Conversion Mortgage ('HECM'). This agreement is ***optional*** and can only be applied (initial lock) or updated (re-lock) with your written and/or verbal consent and includes a provision to re-lock your Expected Interest Rate ('EIR') when an index change results in your principal limit increasing.

If you agree, we will lock in the Expected Interest Rate – which includes the index and margin, at any time between the initial application date (your Establishment Date) and the Loan Closing Date. Any change to the margin will require an updated Expected Interest Rate Lock and Re-Lock Agreement to be executed with the required redisclosures.

If you do not agree to lock your Expected Interest Rate, or if you do not close within 120 days and do not elect to extend your original rate lock period, we will use the Expected Rate as calculated on the Closing Date to set the Principal Limit for your HECM.

**As the lender, we may not charge you a lock-in or commitment fee in connection with this Expected Rate Lock – which includes any subsequent re-locks, extensions or requested changes.**

1. **Expected Interest Rate (EIR) or Expected Rate:** The Expected Rate of your HECM Loan (along with other factors such as the age of the youngest borrower or eligible non-borrowing spouse, and the value of your home) is used to help determine the maximum amount you may borrow (i.e., Principal Limit) under your HECM Loan.

   For adjustable rate HECMs, the Expected Rate is calculated by adding the Lender's margin to the "Index". The Index is the weekly average yield for U. S. Treasury securities adjusted to a constant maturity of 10 years and published in the Federal Reserve Board Statistical Release H.15.

   **Note that the Expected Rate is used to establish certain terms of your HECM Loan, as described above, but it is not the same as the initial interest rate or variable initial rate of your HECM Loan, as the initial rate may not be locked and may only be set at the time of Closing.*

   The Expected Interest Rate of your HECM Loan based on this Lock-in Date, is:

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2. **Lock-in or Re-Lock-in Date:** The date, when elected, that is used to lock-in the expected interest rate. At initial receipt, it is the date the Application Package was drawn, or if elected the date of any re-lock or the HECM Closing Date.
3. **Case Number Assignment Date:** The date upon which the Lender receives the Case Number assigned by HUD for your loan (please note this is received prior to ordering your appraisal(s)).
4. **Lock Period & Extension:** The period beginning at the Lock-in Date and ending on the Loan Closing Date, not to exceed a period of 120 days from the Case Number Assignment Date, unless you elect a rate lock extension, which offers another 120 days of lock-in protection once the initial lock expires.

**Acknowledgment**

By signing below I/we, Borrower(s), acknowledge and accept this Expected Rate Lock & Re-lock Agreement and authorize the following:

- Lock in the expected interest rate – which includes the index *and* margin – that was disclosed on the initial application.
- Re-lock the expected interest rate at any time where a reduction in the index results in an increase to the principal limit.
- Extend the expected interest rate lock-in period for an additional 120 days.
- Any subsequent changes to the margin will require an updated Expected Interest Rate Lock and Re-Lock Agreement.

Signature(s):

Borrower Date

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## Summary –

- The Expected Interest Rate Lock policy applies only if borrower(s) have returned the fully executed Expected Rate Lock and Re-Lock Agreement to Mutual prior to CTC.
  - If a borrower does not execute the Agreement, the expected rate will be set at closing.
- Expected interest rate locks ***must*** include the margin and the index.
- Any time a margin is changed, either up or down, the loan must be relocked, and the expected rate will be set based on rates currently in effect.
- Extensions, we will extend as long as there are no changes to the margin under the same lock in agreement.