

Eagle Funding

BROKER MEMO

Date: April 21, 2011

Subject: Guidance for completing the GFE and Lock-In forms

It has come to our attention that there may still be some confusion regarding the completion of the GFE and the Lock-In forms in a manner that will be acceptable to Eagle Funding. We recognize you may receive different instructions from other sources, so we are providing some examples below to assist you.

For the purposes of making these examples, I have assumed the following:

1. Purchase price of \$200,000
2. Loan amount of \$150,000 (75 LTV)
3. Decision credit score of 700
4. Subject property is a stick-built, single-family residence
5. Broker selected a Lender Paid Compensation tier of 200 bps

For the following GFE / Lock-In examples please refer to the pricing and add-on grids that appear below:

30 Fixed Conforming Pricing

Rate	10 Day	30 Day	45 Day
5.500	(3.875)	(3.625)	(3.375)
5.375	(3.875)	(3.625)	(3.375)
5.250	(3.125)	(2.875)	(2.625)
5.125	(2.375)	(2.125)	(1.875)
5.000	(1.875)	(1.625)	(1.375)
4.875	(1.375)	(1.125)	(0.875)
4.750	(0.375)	(0.125)	0.125

Risk-Based Add-Ons

LTV	<= 60%	60.01 - 70%	70.01 - 75%	75.01-80%
>=740	(0.250)	0.000	0.000	0.250
720-739	(0.250)	0.000	0.250	0.500
700-719	(0.250)	0.500	0.750	1.000
680-699	0.000	0.500	1.250	1.750

EXAMPLE #1

Using today's rate sheet, a 30 year fixed conforming rate of 5.25% shows a base, 30-day price of (2.875%) rebate. There is one applicable add-on (LTV / FICO) of 0.75%.

As indicated in previous guidance, Box 1 of your GFE must include ONLY the dollar amount of your Lender Paid Compensation PLUS the Eagle fee of \$895. No other items can be included in Box 1. So, Box 1 of your GFE should read \$3,895.00... which is the loan amount of \$150,000 multiplied by your Lender Paid Compensation tier of 200bps PLUS \$895.00.

Box 2 of your GFE should reflect the base rate sheet price plus / minus any applicable add-ons or credits. In this case Box 2 should show a rebate of (\$3,187.50)... which is the loan amount of \$150,000 multiplied by the base rate sheet price of (2.125%) rebate (2.875 less the 0.75 add-on). Lender Paid Compensation DOES NOT appear in Box 2.

Your GFE should look like this:

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$ 3,895.00
2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of _____ % is included in "Our origination charge." (See item 1 above.) <input checked="" type="checkbox"/> You receive a credit of \$ 3,187.50 for this interest rate of 5.250 %. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of _____ %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	\$ (3,187.50)
A Your Adjusted Origination Charges	\$ 707.50

The Lock-In form will be completed exactly as you have always completed them – with one exception. A hard-coded entry has been added to the adjustments section of the form to accommodate the percentage add-on associated with your Lender Paid Compensation tier

Your Lock-In should look like this:

<input type="checkbox"/> Borrower Paid Compensation	Base Rate: (enter base rate here first) <u>5.250</u> %
	Rate add-on for: _____ %
	Rate add-on for: _____ %
	Rate add-on for: _____ %
	Rate add-on for: _____ %
<input checked="" type="checkbox"/> Lender Paid Compensation	FINAL RATE REQUESTED: (not fillable) <u>5.250</u> %
	<input type="checkbox"/> Par <input checked="" type="checkbox"/> Rebate of: (<u>2.875</u>) %
	<input type="checkbox"/> Discount of: _____ %

RATE SHEET SHOWS:	
ADJUSTMENTS	
<input type="checkbox"/> ALT 97: _____ %	<input type="checkbox"/> NOO: _____ %
<input type="checkbox"/> VA: _____ %	<input type="checkbox"/> < \$60,000 _____ %
<input type="checkbox"/> Escrow Waiver: _____ %	
<input checked="" type="checkbox"/> Lender Paid Tier (if applicable)	<u>2.000</u> %
<input checked="" type="checkbox"/> Other: 700 FICO / 75 LTV	<u>0.750</u> %
<input type="checkbox"/> Other: _____	_____ %
<input type="checkbox"/> Other: _____	_____ %
<input type="checkbox"/> Other: _____	_____ %
<input type="checkbox"/> Other: _____	_____ %
<input type="checkbox"/> Other: _____	_____ %
<input type="checkbox"/> Other: _____	_____ %
<input type="checkbox"/> Other: _____	_____ %
	Total Adjustments: <u>2.750</u> %
	NET PRICE: <u>-0.125</u> %

EXAMPLE #2

Using today's rate sheet, a 30 year fixed conforming rate of 4.875% shows a base, 30-day price of (1.125%) rebate. There is one applicable add-on (LTV / FICO) of 0.75%.

As indicated in previous guidance, Box 1 of your GFE must include ONLY the dollar amount of your Lender Paid Compensation PLUS the Eagle fee of \$895. No other items can be included in Box 1. So, Box 1 of your GFE should read \$3,895.00... which is the loan amount of \$150,000 multiplied by your Lender Paid Compensation tier of 200bps PLUS \$895.00. **Please note this is exactly the same as Example #1.**

Box 2 of your GFE should reflect the base rate sheet price plus / minus any applicable add-ons or credits. In this case Box 2 should show a rebate of (\$562.50)... which is the loan amount of \$150,000 multiplied by the base rate sheet price of (0.375%) rebate (1.125 less the 0.75 add-on). Lender Paid Compensation DOES NOT appear in Box 2.

Your GFE should look like this:

Your Adjusted Origination Charges	
1. Our origination charge This charge is for getting this loan for you.	\$ 3,895.00
2. Your credit or charge (points) for the specific interest rate chosen <input type="checkbox"/> The credit or charge for the interest rate of _____ % is included in "Our origination charge." (See item 1 above.) <input checked="" type="checkbox"/> You receive a credit of \$ 562.50 for this interest rate of 4.875 %. This credit reduces your settlement charges. <input type="checkbox"/> You pay a charge of \$ _____ for this interest rate of _____ %. This charge (points) increases your total settlement charges. The tradeoff table on page 3 shows that you can change your total settlement charges by choosing a different interest rate for this loan.	\$ (562.50)
A Your Adjusted Origination Charges	\$ 3,332.50

Your Lock-In should look like this:

<input type="checkbox"/> Borrower Paid Compensation	Base Rate: (enter base rate here first) <u>4.875</u> %
	Rate add-on for: _____ %
	Rate add-on for: _____ %
	Rate add-on for: _____ %
<input checked="" type="checkbox"/> Lender Paid Compensation	Rate add-on for: _____ %
	FINAL RATE REQUESTED: (not fillable) <u>4.875</u> %

RATE SHEET SHOWS:		<input type="checkbox"/> Par	<input checked="" type="checkbox"/> Rebate of: (<u>1.125</u>) %
ADJUSTMENTS		<input type="checkbox"/> Discount of: _____ %	
<input type="checkbox"/> ALT 97: _____ %	<input type="checkbox"/> NOO: _____ %		
<input type="checkbox"/> VA: _____ %	<input type="checkbox"/> < \$60,000 _____ %		
<input type="checkbox"/> Escrow Waiver: _____ %			
<input checked="" type="checkbox"/> Lender Paid Tier (if applicable)	<u>2.000</u> %		
<input checked="" type="checkbox"/> Other: 700 FICO / 75 LTV	<u>0.750</u> %		
<input type="checkbox"/> Other: _____	_____ %		
<input type="checkbox"/> Other: _____	_____ %		
<input type="checkbox"/> Other: _____	_____ %		
<input type="checkbox"/> Other: _____	_____ %		
<input type="checkbox"/> Other: _____	_____ %		
<input type="checkbox"/> Other: _____	_____ %		
		Total Adjustments:	<u>2.750</u> %
		NET PRICE:	<u>1.625</u> %

You will notice that in both examples that the dollar amount of the net price indicated on the lock form – PLUS \$895.00 – matches exactly the figure indicated in Block A – Your Adjusted Origination Charges on the corresponding GFE. You should find this to be the case every time.

If you have any questions, please contact your Account Executive. Thank you for your business.

David Baker
VP - Wholesale