

NEW YORK INTEREST RATE LOCK COMMITMENT

THE USE OF THIS FORM IS OPTIONAL. If you use this form properly without alteration, you may assume that you are in compliance with New York State Banking Department disclosure requirements as set forth in Part 38.4(a) of the General Regulations of the Banking Board as in effect on April 1, 2003. However, use of this form does not constitute a guarantee against civil or criminal liability.

Each page must contain the Company Name, the title of the form and be numbered. **Each page must contain either the initials or signature of the applicant(s).**

Instructions are enclosed in brackets, are preceded by the word "**INSTRUCTION**", and are in italics. The instructions are for your benefit and should not be included in your New York Interest Rate Lock Commitment.

COMPANY NAME

Company Address
Telephone
Fax

NEW YORK INTEREST RATE LOCK COMMITMENT

[INSTRUCTION: Use this form only where the proceeds will be used to finance the acquisition of a dwelling or where a fee other than an application fee, property appraisal fee or credit report fee is taken prior to closing.]

(Items are checked if applicable.)

DATE: _____

BORROWER(S): _____

PROPERTY ADDRESS: _____

TYPE OF MORTGAGE: **Purchase** _____ **Refinance** _____
 Fixed Rate _____ **Adjustable** _____

We are pleased to advise you that your application for a mortgage loan on the above-captioned property has been approved subject to the following terms and conditions:

1. LOAN AMOUNT: \$ _____ **TERM:** _____ **years**

[INSTRUCTION: Check only if applicable.]

____ Your loan has a balloon payment.

2. INTEREST RATE: _____ (If this is an adjustable rate mortgage, this is your initial interest rate.)

ADJUSTABLE RATE MORTGAGES ONLY:

Adjustment period: _____ Caps: per adjustment _____ Lifetime _____
Negative Amortization: _____ Yes _____ No

Margin: _____ Index: _____ Index Source: _____

3a. **ORIGINATION FEE:** The origination fee is \$ _____ (_____ % of the loan amount).

3b. **DISCOUNT POINTS:** The discount points are \$ _____ (_____ % of the loan amount).

4. **TOTAL POINTS:** _____%. These points are to be paid by _____.
(date)

5. **COMMITMENT FEE:** The commitment fee is \$ _____ (_____ % of the loan amount). This fee _____ is _____ is not included in the Origination Fee or Discount Points or the Total Points stated above.

6. **MONTHLY PAYMENT OF PRINCIPAL AND INTEREST:** The monthly payment of principal and interest is \$ _____. (If this is an adjustable rate mortgage, this is your initial monthly payment of principal and interest.)

7. **EXPIRATION DATE:**

The above rate and points are guaranteed until _____ which is the expiration date of this commitment. If your loan does not close by this date, we have no obligation to honor the terms of this agreement.

[INSTRUCTION - See the additional information on the Expiration Date in the commentary immediately following this form.]

8. **MORTGAGE BROKER FEE:**

As compensation for its services, your Mortgage Broker will be paid as checked below:

_____ We will pay your mortgage broker a fee of _____% of the loan amount or \$ _____. The compensation your mortgage broker will receive from us for its services is included in the rate, points, fees and terms of the loan as quoted by us in this commitment. The maximum points paid, including any premium pricing payable by us to your mortgage broker shall not exceed _____ () points. The basis for the premium pricing payment, if any, is _____.

_____ You will pay your mortgage broker, upon your signed acceptance of this

commitment _____ or at closing _____, a fee of _____% of the loan amount or \$_____.

[INSTRUCTION: If you offer a bonus to the mortgage broker, you must give the borrower a description of this bonus as soon as you know what it will be. Do not confuse this bonus with premium pricing. Check only as applicable.]

_____ Your mortgage broker _____ is _____ may be eligible to receive a lender-paid bonus (cash or non-cash). The basis for such lender-paid bonus, if any, is _____.

() This bonus consists of _____

() You will be notified if this occurs.

9. MORTGAGE BROKER FEE ACKNOWLEDGEMENT:

You acknowledge that a mortgage broker fee will be paid to your mortgage broker. You further acknowledge that there is no other mortgage broker fee agreement between you and your mortgage broker.

10. HAZARD INSURANCE: Prior to closing, you shall furnish this office with an original hazard insurance policy or a binder agreement satisfactory to us. Hazard Insurance coverage must be for \$_____ or contain a "Guaranteed Home Replacement Cost Endorsement", whichever is lower. We cannot require you to obtain a policy which exceeds the guaranteed replacement cost of the improvements securing the loan.

11. FLOOD INSURANCE: **[INSTRUCTION: Check only if applicable.]**

_____ Flood insurance will be required as a condition of this loan.

12. PRIVATE MORTGAGE INSURANCE ("PMI"): PMI _____ Is _____ Is not required as a condition of making this loan.

[INSTRUCTION: If Private Mortgage Insurance is required, state the condition(s) under which such insurance would no longer be required.]

13. REAL ESTATE TAX AND HAZARD INSURANCE ESCROWS:

[INSTRUCTION: Check only if applicable.]

_____ At closing, an escrow impound account will be established and an initial escrow deposit will be required in accordance with RESPA.

14. **ASSUMPTION:** Someone buying your house:

_____ MAY NOT ASSUME YOUR LOAN.
_____ MAY ASSUME YOUR LOAN UNDER THE
_____ FOLLOWING CONDITIONS:

15. **NO ORAL MODIFICATION:** This agreement cannot be changed orally.

16. **REFUNDABILITY:**

Your Commitment Fee and/or points are non-refundable, except for the following conditions:

- A) If this commitment is conditioned on the approval of a third-party investor or mortgage insurance company and that party rejects the loan.
- B) If this commitment is conditioned upon the property appraisal report and said report is not favorable for the loan for which the commitment was issued.
- C) If this commitment is conditioned upon an initial credit report and said report is not favorable for the loan for which the commitment was issued.

17. **DOCUMENTATION:**

The following is a list of information and conditions that we may require you to produce and/or satisfy prior to closing your loan:

[INSTRUCTION: *If the mortgage loan is related to a one to four owner occupied dwelling or a condominium you must use this paragraph.*]

Title report and insurance, property survey, copy of Certificate of Occupancy for use, satisfactory final inspection (if new construction), evidence of appropriate hazard insurance, evidence of flood insurance as appropriate, master policy insurance certificate (if applicable in the case of condominiums), termite inspection report, radon test, well water test report and septic inspection report.

[INSTRUCTION - *If the mortgage loan is related to a cooperative housing unit, you must use this paragraph.*]

Proprietary lease, recognition agreement, pledge of shares of stock, warranty and representation that no outstanding claims against the proprietary lease or

stock will exist at closing and a copy of certificate of occupancy and title policy for the entire building if conversion has occurred within the last six (6) months.

18. OTHER CONDITIONS:

[INSTRUCTION: *If there are other conditions to the commitment they can be included in the body of the commitment or on an attached rider.*)]

19. PREPAYMENT PENALTY:

[INSTRUCTION: *Complete this item only if the mortgage product contains a prepayment penalty.*]

This mortgage contains a prepayment penalty. The amount of, or the formula for calculating, the prepayment penalty is _____. The terms of the prepayment are _____.

20. ACCEPTANCE OF COMMITMENT:

[INSTRUCTION: *The Commitment must be irrevocable for at least seven calendar days from the date of commitment or the date of mailing, whichever is later.*]

Please indicate your acceptance of this Commitment by signing it and returning it to us with the Commitment Fee of \$ _____ by _____ (date).

BY _____ **DATE:** _____
(Lender's Signature)

If you sign this commitment, and you do not close this loan in accordance with the described terms, you may lose some or all of the fees or charges you have paid.

I/We hereby accept this Commitment and all conditions set forth therein and agree to proceed with the closing of the loan. I/We have received a duplicate original of this document.

Date

Borrower

Date

Borrower

Date

Borrower

Date

Borrower

COMMENTARY ON NEW YORK INTEREST RATE LOCK COMMITMENT

EXPIRATION DATE - RIGHT OF RESCISSION

While transactions subject to the right of rescission may result in timing differences between the closing date of a mortgage loan and the funding date (i.e. disbursement of funds) of a mortgage loan, most lenders honor the commitment with interest rate lock if the loan closes by the expiration date. The Banking Department believes that consumers benefit most from this approach since consumers usually do not draw a distinction between the closing and the funding of a loan. However, the Department recognizes that some lenders have a policy of requiring the actual funding to occur prior to the expiration date in order to cover the rescission period. Lenders that have such a policy must ensure that consumers are aware of this distinction by providing a clearly worded explanation in the commitment agreement. In the absence of such an explanation, the Department will expect lenders to honor the locked interest rate if the loan closes by the expiration date.

[INSTRUCTION - *If you are a lender that will only honor the interest rate lock commitment agreement if the loan closes and is funded prior to the expiration date, you must delete the standard expiration clause contained in the model form and insert the following clause.*]

“If this loan is for the refinance of your primary residence you will not receive the loan proceeds on the date of your closing. Therefore, your loan must close at least (3) three business days prior to the expiration date stated above or the Lender has no obligation to honor the terms of this agreement and this may result in a higher rate or more points being charged on your loan.”