



## IMPORTANT ANNOUNCEMENT

TO: Approved Homestar Rural Housing Originators

DATE: March 9, 2010

FROM: HOMESTAR WHOLESAL

RE: **New Lock Term Price Adjustments and Extension Fees**

**Introduction**

Effective with rate sheets delivered on Wednesday, March 10, 2010, our lock term adjustments are changing from .125% to .188% on our 15, 45, 60 and 75-day lock periods for all USDA Guaranteed Rural Housing loans. The lock term adjustment for a 15-day lock period is improving by .063% and there is no change for the 30-day lock period.

The cost to extend a loan has improved and our extension fees are being revised as outlined below.

**Locks Not Expired**

The parameters for extensions on locks not expired are defined in the table below:

**NOTE: The one-day extension at no charge is only available for the first extension request after a loan has been locked.**

Topic	Policy	
Cost to Extend	Regardless of current market conditions, the following fees will be applied each time the expiration date is extended:	
	<b>Extension Term</b>	<b>New Price Adjustment/Cost</b>
	1 Day	No Charge
	7 Days	0.0938
	15 Days	0.1875
	30 Days	0.3750
	45 Days	0.5625
60 Days	0.7500	
When can loans be extended?	Loan extension requests must be submitted prior to the lock expiration date. As always, please email your request to <b>rdlocks@homestarfc.com</b> or fax to <b>(678) 677-8004</b> .	
Maximum number of extensions	Loans may be extended a maximum of two times. Each request for an extension counts towards the maximum of two extensions, including 1-day extension requests. Reminder - One day extensions are only available on the first extension request.	
Maximum number of days locks can be extended	Loans may be extended for a maximum of 60 days per extension or a combined total of 120 days in the case of two extensions.	

*Continued on next page*



Continued...

**Expired Locks**

In the case of expired locks, our current expired lock policy is described in the table below:

Loans with locks expired	Policy										
<b>30 days or less</b>	Subject to the higher of (“worse-case”): <ul style="list-style-type: none"> <li>• The existing locked price, or the current market price</li> <li>• plus the extension fee outlined below.</li> </ul> <table border="1" data-bbox="748 978 1479 1139"> <thead> <tr> <th>Number of Days</th> <th>New Price Adjustment/Cost</th> </tr> </thead> <tbody> <tr> <td>15</td> <td>0.1875</td> </tr> <tr> <td>30</td> <td>0.3750</td> </tr> <tr> <td>45</td> <td>0.5625</td> </tr> <tr> <td>60</td> <td>0.7500</td> </tr> </tbody> </table> <p><b>NOTE: 7-day relocks are not available</b></p>	Number of Days	New Price Adjustment/Cost	15	0.1875	30	0.3750	45	0.5625	60	0.7500
Number of Days	New Price Adjustment/Cost										
15	0.1875										
30	0.3750										
45	0.5625										
60	0.7500										
<b>More than 30 days</b>	Subject to the current market price. No extension fee will be charged.										

**Improving Markets**

If market conditions improve (or decline), the standard extension fees apply. In all cases, loans with expired lock dates may not be “relocked” at worst case pricing without a fee, unless 30 or more days have passed since the lock expiration.

<b>Confirmations</b>	As is the case with all rate locks, you will receive a confirmation of your extension within 24 hours from the time of your request. Please contact your Account Executive should you not receive a confirmation of your rate lock or extension request within 24 hours.
----------------------	--

**Additional Information**

As always, we appreciate your support in this much-needed affordable housing program. If you have questions or need additional information please feel free to contact your Homestar Rural Housing Account Executive.