



Wholesale Loan Lock Policy

Effective Date: 02/17/2020

Overview

The purpose of the lock policy is to outline the parameters surrounding the eligibility and guidelines of Wholesale interest rate “Lock” and change requests.

Policy Statement

This policy is set forth to provide clarity and managing interest rate locking risk and supporting all strategies listed below.

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Contact List

First Guaranty Mortgage Corporation Wholesale Division:

Contact wslocks@fgmc.com

Locking Loans

All Wholesale Brokers can submit locks online. Lock changes, extension and relock requests must be requested through online product and pricing within the Boost portal.

Standard Operating Procedure

Off sheet pricing requests, transactions requiring a manual lock request or locks done via FGMC extended lock option will need to be submitted using a manual lock form to wslocks@fgmc.com.

Wholesale Brokers can access online locking by logging into the Boost Portal www.fgmc.com/wholesale.

If you are having trouble with the Boost portal or locking, please contact brokersupport@fgmc.com.

FGMC Lock Desk is open until 8:00 p.m. CST for all products. Locks received after 8:00 p.m. CST will be processed with the following business day's pricing once pricing is made available. Pricing is made available every morning once Rate Sheets have been updated and sent. Pricing is updated between 8:45 a.m. and 9:30 a.m. CST every business day. Pricing may also be updated throughout the day as needed and new Rate Sheets will be sent out. FGMC does not offer overnight price protection.

BEST EFFORTS LOCKS

Via Wholesale Rate Sheets

Best Efforts Lock Definition

A Best Efforts Lock is an agreement between FGMC and the Wholesale Broker for delivery of specified eligible Mortgage loans by a specific date for a specific price. The Wholesale Broker commits to provide their best efforts to deliver the loan to FGMC. Best Efforts locks are borrower and property specific.

- For loans that do not close, Wholesale Brokers may cancel the lock without incurring a pair-off fee.
- For Re-Locks, Brokers are obligated to perform within the Re-Lock terms of this policy.

Loan Registration

All loans must be registered prior to requesting a lock. For more information please review our *How to Submit a Loan* located on the FGMC Boost Portal under Resources & Tools <http://www.fgmcwholesale.com/PageContent.aspx?PageID=101> or contact your Account Executive

Lock Confirmations

Lock confirmations are sent automatically via email to the Wholesale Broker upon FGMC confirming a lock that was requested via FGMC's online locking system. All lock confirmations

Standard Operating Procedure

will be sent to the email designated at time of lock request. If you do not receive a lock confirmation upon locking a loan online, please email wslocks@fgmc.com to ensure that your most recent contact email is on file.

In addition, all Lock Confirmations for loans that are locked online may be retrieved at any time after a loan is locked by the broker.

Lock confirmations for all manual requests will be sent via email by the wslocks within 24 hours of request.

Off sheet Pricing Request

Request for off sheet pricing must be submitted to wslock@fgmc.com via email no later than 3 p.m. CST and confirmed with FGMC no later than 4 p.m. CST.

Duplicate Locks

Wholesale Brokers must monitor their pipeline to prevent duplicate loans and double locks (same borrower, same property address, etc.).

A lock commitment is associated with one specific physical address. If a property address changes, a new lock is required and will not be considered a duplicate lock.

In the event that the Wholesale Broker locks a loan with the same property address more than once, the following procedures will apply:

If two loans are registered and locked with same borrower/property address and...	Then the...
Both loans have locks that are active,	Original loan will remain active and FGMC will apply worse case pricing between the two locks. The second loan will be canceled and will count against the Wholesale Broker's fallout percentage.
The original loan is canceled and a new loan, with the same property address is locked ≤ 30 days from the cancellation date,	Worse case pricing will apply, in addition to all previous extension fees. The second loan will be canceled and will count against the Wholesale Broker's fallout percentage.

Fallout

FGMC will monitor Wholesale Brokers fallout percentages. FGMC will contact

Standard Operating Procedure

Wholesale Brokers with excessive fallout percentages (typically over 20%) to determine the origin.

Lock Periods

The standard lock periods include 15, 30, 45, 60, 75 and 90 days. Extended locks are not available currently.

Non-QM lock periods include 30, 45, 60 & 75 days. Extended locks are not available currently.

Before a lock can be confirmed in FGMC's system, the loan must be registered in the FGMC Boost portal.

Additionally, for loans that are in the Approval milestone or later and not expired, one automatic free 5 day extension will be applied on the date of expiration.

Lock Expiration Date

When the initial lock expiration date falls on a weekend or holiday, the lock expiration date is automatically moved to the next business day.

Loans must be delivered in fundable condition (credit and closed loan package) on or before 11:59 PM CST one calendar day prior to the lock expiration date.

Loans delivered after the lock expiration date will be subject to FGMC Relock policies.

Lock Extensions

Wholesale Brokers may request an extension on or before the lock expiration date. If a lock is expired an extension may not be requested and the loan must be relocked. When requesting an extension before the lock expiration date, request may only be submitted and will only be granted by FGMC when the loan is within 15 days of lock expiration.

For example, if a loan is locked on the 1st of the month for 30 days then an extension can be submitted any day after the 16th of that same month.

The number of days selected for extension will be added to the expiration date. Lock extension days are available in 1-30 day increments at the extension price listed on the FGMC Wholesale Rate Sheet. See below for the maximum number of extensions and the total maximum of extension days.

Standard Operating Procedure

Extension Days	Extension Cost
1-5 Days (1 st Extension)	Free
6-30 Days	<i>(0.020) per day</i>

	Conforming	Non QM
Max extension requests	3	2
Max extension days	45	30

All extension requests done prior to FGMC Approval must be submitted online. FGMC will only accept email extension request for loans that were originally locked manually.

Relocks

Relocks may only be submitted on expired locks. If a loan has been expired for at least 30 days, then it is considered a new lock and pricing will be based on current market. Loans that have been expired for less than 30 days can be relocked for 15 or 30 days. Relocks for loans expired for less than 30 days are subject to worse case pricing plus previous extensions. Loans may only be relocked one time.

If at the time of Relock the rate has increased, the worst of pricing between existing price and current price on the new rate lock will apply.

If at the time of Relock the product is changed, the worst of pricing between the existing price on the original product and the current price on the new product will apply. The price may not improve regardless of product change.

Renegotiations

Wholesale Brokers may submit Renegotiation request from the time the first rate sheet is generated until 3 p.m. CST to wslocks@fgmc.com. Wholesale Brokers are responsible for calculating the Renegotiated gross price using the Renegotiated Price Calculation in this policy. The Renegotiation price is based on the FGMC Wholesale Rate Sheet that is in effect when the request is received. Request received after 3 p.m. CST will not be processed, and a new request must be submitted the next business day within the renegotiation hours listed in this policy.

Renegotiated rate must result in a minimum of 0.125 improvement in rate to the borrower. Only one renegotiation is permitted per loan and product changes are only permitted if requested at the same time of the renegotiation. The final pricing for the renegotiated product and/or rate cannot exceed the final pricing from the original product and rate. Relocked loans are NOT eligible for renegotiation.

Standard Operating Procedure

Conforming Renegotiation Price Calculation:

	Current 60 day Base Price
+	Renegotiation fee (-0.25)
+/-	Current day Price adjustments
-	<u>Prior extension fees</u>
=	Renegotiated Gross Price