



## STEARNS LENDING LOCK-IN POLICY – Effective 05/17/11

**Please Note that Effective with Locks taken after 12/31/10 – all new locks must be done through the SNAP Online system – faxed and e-mailed locks will no longer be accepted, relocks and extension requests must be e-mailed to [locks@stearns.com](mailto:locks@stearns.com) .**

### **Disclaimer:**

The interest rate market is subject to movements without advance notice. Locking in a rate protects you from the time that your lock is confirmed to the date that your lock period expires.

### **Lock-In Agreement:**

A lock is an agreement between an approved Broker and Stearns Lending. Brokers must be approved with Stearns prior to submitting a lock request. A lock agreement specifies the number of days for which a loan's interest rate is guaranteed on a specified program. Changes to the terms of the loan may change the terms of the lock agreement. Should interest rates rise during that period, Stearns Lending is obligated to honor the committed rate. Should interest rates fall during that period, the Broker must honor the lock. At times during the day when there is a price change, Stearns Lending will send out e-mail notification of changes specifying a specific time for the change. Any locks received after this initial notice time are subject to the new pricing unless you contact us not to lock your loan the same day.

### **Lock Periods:**

Locks will be taken between 7:30 AM and 3:00 PM PST. Rates are subject to change at anytime. Locks for 14 days can be done on purchases, refinances, streamlines, relocks and re-negotiations (float downs) but not until all PTD conditions have been signed off in the computer. Locks for 21 days are allowed on Approved loans. Locks for 30, 45 and 60 days are allowed for loans including Pre-locks however 45 and 60 day locks are not available on all programs. Check the pricing engine for the programs available. Locks will not be allowed on Denied loans. Loan files must be received in the Branch within the following schedule or the lock will be canceled:

- For 30 Day Locks 10 Calendar Days
- For 45 Day Locks 14 Calendar Days
- For 60 Day Locks 21 Calendar Days

If a lock has been cancelled for non-delivery, a reinstatement is possible upon receipt of the file providing there is a minimum of 10 calendar days remaining on the original lock. A late delivery fee of .125 pt will be charged if the pricing is the same or better for the remaining term of the lock. If the market is worse then pricing will go to current market pricing for the remaining term of the lock. Incomplete and/or inaccurate locks will not be processed. Any loan that has a lock that has been cancelled or the lock has expired but has not been extended, must wait 60 days to go to current market otherwise worse case pricing will occur if the current market is better than the original lock.

## Lock Changes:

If you are changing your program, in most cases we will go back to the original date of lock if there is sufficient time for funding. However if the program is changing from a Fixed to an ARM, or from Conforming to Jumbo, **the worse case scenario will be used.** If you have locked an ARM, Jumbo or Specialty Product, the following restrictions will apply:

- Conforming and Government ARM loans can be locked for a maximum of 30 days and a 7 calendar day extension will be granted, if requested, at no cost provided the request is made no earlier than 5 days **prior** to the lock expiring and prior to the 3:00 PST cutoff time. This is effective with locks as of 05/17/11 and forward, it does not apply to existing locks. This does not apply to Jumbo or Specialty Products.
- Additional extensions do not follow normal extension policy. Each extension will be determined on a case by case basis. There will be a cost for any extension granted.
- If you lock a loan on one of these programs and you cancel the lock at any time and then try to relock, pricing will be worse case scenario.
- Changes to the Loan Terms could invoke the worse case pricing scenario.

## Float Down Policy:

Float downs must lower the interest rate to the Borrower and Broker compensation cannot be increased regardless of whether the Broker is keeping it or passing it along to the Borrower. Loans may be relocked for a one-time maximum of 14 days. Loans must be ready to have docs drawn. Pricing will be renegotiated to current market minus .50 pt. with a cap of lowering the rate by .375% on Conventional loans and .50% on Government loans. Any requests beyond a rate reduction cap will be handled on a case-by-case basis. Float downs are not allowed on Jumbo, ARM or Specialty Product programs.

## Relock/Extension Policy:

Extensions are available for programs and rates currently posted on our rate sheet only. Requests for extensions on Jumbo loans, ARM loans or Specialty Products will be looked at on a case-by-case basis. Requests for extensions can be made no earlier than 5 days prior to the lock expiration but must be made before the lock expires. Requests for extensions after the lock expiration date will be subject to your original pricing or current market, whichever is worse.

Effective with locks on or after 05/17/11, for loans locked with an original term of 21 days, a 3 calendar day extension will be given, if requested, at no cost. For loans locked with an original term of 30, 45 or 60 days, a 7 calendar day extension will be given, if requested, at no cost within 5 days of expiration but no sooner. All requests for extensions must be made **prior** to the lock expiring and prior to the 3:00 PST cut-off time.

If the original locked price is worse than the current 14 day price, the maximum amount of days for a free extension will be 7 calendar days but cannot be requested until it is within 5 days of expiration. Anything over 7 days may be negotiated at a cost and will be decided on a case-by-case basis (extension costs that affect APR may have to be absorbed by the Broker to avoid re-disclosure on Borrower Paid Compensation or by the Borrower on Lender Paid Compensation). All requests for extensions must be made **prior** to the lock expiring and prior to the 3:00 PST cut-off time.

A maximum of 2 Short Term Extensions are allowed (short term extension costs that affect APR may have to be absorbed by the Broker to avoid re-disclosure on Borrower Paid Compensation or by the Borrower on Lender Paid Compensation). If the market is worse than the original lock, the first Short Term extension is as follows:

- 14 Calendar days +0.20 pt

A second Short Term extension will be allowed for a cost of +0.500 pt for up to 14 Calendar Days. There is no reduction of the fee for the second extension even if fewer days are required.

A Relock is available after the expiration of the lock, is for a maximum of 14 calendar days and will be the worse of the current market or original price. Relock requests for Jumbo and ARM programs will incur an extension fee regardless of the market conditions.

## Confirmations:

In all cases, you will be provided with a faxed or emailed confirmation of your lock-in within 24 hours of locking. If you do not receive a faxed or emailed confirmation in that time period, please email the Lock Desk immediately at [locks@stearns.com](mailto:locks@stearns.com) and include your proof of your original request. If you do not email within this time period, we cannot honor pricing if the market has moved. **If you have any questions concerning Stearns Lending Lock-In Policy or how to lock via the Stearns Website, please contact your Wholesale Account Executive.**

## Frequently Asked Questions:

### How do I extend my lock?

Extension requests should be sent by e-mail ([locks@stearns.com](mailto:locks@stearns.com)) and must be received by 3:00 PST. The extension request must also be received by the expiration date of the lock but no earlier than 5 days before. If the current market is worse than your lock, we cannot do a short term extension to extend a loan if it has expired and pricing will go to current market. If the current market is the same or better than your lock, we will extend for a maximum of 7 calendar days prior (depending on the original lock term) to the lock expiring at no cost but only one time. After the lock has expired a Relock for up to 14 days from the day of the extension request may be granted and the pricing will be based on the original lock or current market whichever is worse.

### Can I change my lock-in period after I lock my loan?

The lock-in period can only be changed the same day that the loan is locked and would have to be changed no later than 5:00 PST.

### Can I make requests to change my lock over the phone?

All requests for changes, extension, etc. must be received in writing. You can e-mail to [locks@stearns.com](mailto:locks@stearns.com). Please note that any request sent to e-mails other than [locks@stearns.com](mailto:locks@stearns.com) will not be completed.

### What happens if my lock expires?

Once a lock expires you can request a Relock and you will receive the worse case pricing for up to of 14 days. Worse case pricing means that we will look at the pricing on your original lock (including all adjustments) and compare it to the current day's 14 day pricing. Whichever is worse is what we will use for the relock regardless of how long the loan was originally locked for. If the current market pricing is better than the original lock, you will receive a one time "Free" extension for a maximum of 7 calendar days. The exception to this is in the case of Jumbo loans, ARM loans or Specialty Products where there is no "Free" extension. These will be negotiated

on a case-by-case basis. There is a 60 day waiting period from the expiration date of the old lock to be able to receive current market pricing if the current market is better than the original lock otherwise worse case pricing will occur.

### **Will you renegotiate my lock-in if the market has improved?**

Stearns will allow a one-time renegotiation of the lock (float down) for a maximum of 14 days under the following conditions:

- Loans must be ready to have docs drawn (all PTD's must be signed off).
- Interest Rate must be reduced to the Borrower.
- Pricing will be renegotiated to current market -0.500 pt. and a max rate reduction of 0.375% of Conventional Fixed or 0.500% for Government Fixed will be allowed.
- The amount of Broker compensation can not be increased regardless of whether the Broker is keeping it or passing it along to the Borrower.
- Renegotiations of Jumbo loans, ARM loans or Specialty Products are not allowed.

### **Can I call or e-mail pricing scenarios? Can I get pricing over the phone or can I lock over the phone?**

The Lock Desk will not be able to answer pricing scenarios, give pricing over the phone or accept a lock over the phone. There is a pricing engine on the Web Site at [stearnswholesale.com](http://stearnswholesale.com) called Snap (just click on the PriceIt button) and you can run your pricing scenarios through it. If you are unfamiliar with how to use Snap, you can contact your Account Executive for training or for pricing assistance.

### **Can I transfer my lock to another property?**

Locks are not transferable; the lock stays with the original property it was locked with. If a property falls out then the old lock should be cancelled and a new lock on the new property will need to be done. Stearns will only allow one lock per property active at any one time.

### **What if I change to another Company/Broker, can I keep my lock?**

Locks are not transferable; the lock stays with the original Broker/Company it was locked with and the old loan will have to be cancelled before the new loan is allowed to lock.