



Wholesale Rate Lock Policy

Version 1.0

Effective Date 07/19/2018

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Purpose

The purpose of this policy is to establish guidelines for locking rates for loans throughout the loan origination process.

Scope

This policy applies to all members of JMAC staff and those who have a role and/or responsibility in requesting, executing, changing or modifying a rate lock in any way.

Definitions

1. **Third-Party Originator (TPO)** is for purposes of this policy, is a person or company who completely or partially originates, processes, underwrites, packages, or closes a mortgage on behalf of JMAC. JMAC considers brokers TPOs.
2. **Rate Lock** is when a particular rate is locked in and doesn't change regardless of market changes. The rate is guaranteed throughout the rate lock period.
3. **Rate Sheet** is a sheet detailing the interest rates and points that JMAC is using at the time the sheet is active.
4. **Relock** is a lock that occurs within 60 days of the expiration of the original lock.
5. **Pre-lock** is a lock that occurs prior to the underwriter's approval of a loan.

Regulations

1. JMAC prohibits locking suspended loans. Any suspended loan that was locked previously can not be extended or relocked until the suspended date is removed.
2. Pre-lock for Jumbo & Newport products have a min lock term of 45 days.
3. No pre-lock allowed on Venice, Sunset and Zuma Programs. Loan must be in approved status in order to lock.

Policy

JMAC issues rates and pricing for various product types and as financial markets are subject to volatility, JMAC understands the importance of providing the option to rate lock a loan.

A. Rate Locks

It is JMAC's policy that all rate lock requests are submitted online prior to 4:00pm, pacific standard time (PST). JMAC prices the rate locks according to the Rate Sheet effective at the time the Lock Desk receives the rate lock request.

After pricing a registered loan, the loan can have the rate locked by requesting to lock it in Lending QB. The ability to lock a loan is only available from the time the daily Rate Sheet is publicly available in the morning until close at 4:00pm (PST). After 4:00pm (PST), the option to register the loan is available, but the option to lock will not be available until rates are publicly released the following business day.

Any issues locking are directed to Client Support at 949-390-2671 or clientsupport@jmaclending.com or the Lock Desk at 949-390-2678 or lockdesk@jmaclending.com.

B. Rate Lock Confirmation

A rate lock confirmation is emailed within an hour of the online request. If there are any issues, the Lock Desk will re-confirm pricing prior to committing the lock. The confirmation is a guarantee of rate and price only. The confirmation does not guarantee that the loan meets published program guidelines.

C. Lock Term

JMAC sets the loan's lock term for 15, 21, 30, 35 or 45 days depending on its status.

A 15-day Lock will only be available for an "Approved" loan when the appraisal is completed and all the PTD conditions are uploaded.

A 21-day Lock will only be available for an "Approved" loan when the appraisal order date has been confirmed.

A 30, 35, and 45-day Lock will be locked for a pre-lock or "Approved" loan.

All 60-day locks are only available for Purchase Transactions.

D. Pre-Lock

JMAC restricts pre-locking to select products. All Pre-locks are locked for a minimum of 30 days and additional pre-lock fee may apply for brokers with below 70% pull thru (refer to Pull-Thru calculation part). The requirements for pre-locking prior to submission are that the loan package must be submitted within five (5) business days for a 30-day lock; within seven (7) business days for a 35 day lock; within ten business days for a 45 day lock or within 15 business days for a 60 day lock.

If not submitted within the required timeframe, the pre-lock will be cancelled. Once cancelled, the loan will be priced worse case if the loan needs to be relocked within 45 days from the lock cancellation date.

Once the file has been underwritten, all prices for pre-locks are subject to change if details of the loan change from when the lock request was originally submitted. If a pre-locked loan must be sold to a specific investor, the original lock may not be valid. JMAC requires that all discrepancies in the pricing are reported to the Lock Desk immediately to correct pricing.

In addition, TPOs are subject to internal performance review or Pull-Thru Ratio report. JMAC reserves the rights to not pre-lock any loans if the Pull-Thru Ratio doesn't meet our standard requirement. Pre-locks are allowed with the following provisions:

- TPOs with a pull-through below 50% will have the ability to lock their files at a cost of 0.25% to fee
- TPOs with a pull-through of 50.01% through 69.99% can pre-lock at a cost of 0.125% to fee
- TPOs with a pull-through of 70% and above can pre-lock with no additional cost ratios

Pull-through ratios are calculated monthly. TPOs can contact their Account Executives for their monthly pull-through ratios. JMAC Lending is unable to re-calculate pull-through ratios mid-month. Branch Managers will have to wait for the month-end report to be released.

E. Maximum Qualified Rate

Lock Requests are subject to maximum rates determined by the underwriter. If the requested rate exceeds the maximum rate allowed by the underwriter, lock-in is not guaranteed. Requests to increase maximum rates are made to underwriters prior to rate lock request, in order to avoid delays.

F. Extensions

A rate lock extension may be requested by the TPO five (5) days within the original rate lock expiration date. All rate locks extensions must be requested by e-mail before 4:00 pm (PST). A loan can be extended only 2 times with the maximum 30 days total for 2 times extension. Any extension request for more than 15 days will be subject to worse case pricing based on the current market.

1. Cost to Extend

The cost to extend will at 0.025% per day for all products. JMAC will allow a five (5) day extension at no additional cost on Conforming Fixed & FHA/VA Fixed if a loan meets the following criteria: (a) for a dry state, the loan must be in Docs-Out or higher status; or (b) for a wet state, the loan must be in CTC (Clear to Close) or higher status.

G. Relocks

A lock is considered a relock if it occurs within 45 days of the expiration of the original lock. In the event that the loan was canceled or denied, the 45 days will be count from either canceled date or denied date. All relock requests must be done by e-mail before 4:00 pm PST.

2. Relock Fees:

Conforming Fixed & FHA/VA Fixed:

- 15 day relock: Worse case pricing and 0.125 to price
- 30 day relock: Worse case pricing and 0.250 to price

Conforming ARMs & FHA/VA ARMs & USDA, Jumbo & NonQM Products:

- 15 day relock: Worse case pricing and 0.375 to price
- 30 day relock: Worse case pricing and 0.500 to price

All Jumbo & NonQM Products:

- 15 day relock: Worse case pricing and 0.375 to price
- 30 day relock: Worse case pricing and 0.500 to price

JMAC allows two (2) max relocks and the relock fees are cumulative. If a loan needs to relock for another time, an additional relock fee will apply and the loan must be in CTC status.

H. Re-Negotiation or Float Down Requirements

JMAC will allow TPOs to renegotiate a lock or one-time float down. The method to float down is to use current market pricing and reduce it by 0.500 in price. To float down or renegotiate the terms on an existing lock, email a completed [Float Down Request Form \(Appendix A\)](#) to the Lock Desk. Missing, inaccurate, or illegible information on this request could jeopardize your price protection.

Float downs must meet the following criteria:

- The original lock expiration has not expired yet
- Negotiated rate must be lower than original locked rate by at least 0.125.
- The new rebate cannot exceed original rebate Or if the loan was locked at cost the new cost must be more or equal to original cost.
- Extended or Relocked loans are not eligible for float down
- Loan must be ready for docs within 24 hours after negotiation
- Loans that have "Docs Out" are no longer eligible for float down
- Loan must fund within 8 days from the renegotiated or float-down date
- The cost to float down will be current pricing minus 0.500 to price minus original add-ons
- ARMs, Jumbo and Non-QM loans are not eligible for float down

If the original lock has expired for over 45 days, the loan is eligible for current market pricing.

I. Program Changes

- From Conforming/FHA Fixed to Conforming/FHA ARMs – Current pricing
- From Conforming/FHA Fixed to Conforming/FHA Fixed – Original locked date's pricing
- From Conforming/FHA ARMs to Conforming/FHA Fixed – Current pricing
- From Conforming/FHA ARMs to Conforming/FHA ARMs – Subject to investor's program change policy. Broker must check with secondary marketing team for options.
- From Jumbo/NonQM/USDA to different Jumbo/NonQM/USDA – Subject to investor's program change policy. Broker must check with secondary marketing team for options.

J. TPO Responsibilities

Within an hour of submitting an online lock request, a lock confirmation will be sent via email. The TPO is responsible for checking the information and immediately notifying JMAC's Lock Desk of any discrepancies or non-receipt of the confirmation within the same day before 5:00pm (PST).

K. Jumbo and Non-QM programs:

The following steps must be done by the TPO before requesting a lock on-line:

- The TPO needs to register and upload credit report prior to 3:00pm (PST) to insure same day lock and pricing. JMAC will not be responsible for any pricing movement during this reviewing process.
- The TPO to email the lock desk to request for pre-lock prior to 3:00pm (PST).
- The Lock Desk team will review and decide whether or not to permit a pre-lock.
- If permitted by the Lock Desk team, the TPO needs to request the lock online.

L. Pre-lock Restrictions on Jumbo Products

JMAC has established specific requirements for each Jumbo loan product, including whether pre-locking is allowed, and which additional qualifications must be met. Pre-locking is not allowed on the Venice, Sunset and Zuma programs.

JMAC allows the Malibu, Manhattan, Newport, and Laguna programs to pre-lock, but the programs have additional requirements. For the Manhattan program and the Malibu program, the pre-lock is allowed, but requires a minimum lock term of 30 days or more.

JMAC's Laguna program requires a 45 day or more pre-lock term and it is only allowed on delegated loans, excluding:

- Two (2) – four (4) unit properties
- Condos
- Investment properties
- Cash-Out transactions on second home
- Business use of funds

- DTI > 40%
- Loan amount > \$1.5Million
- Restricted Stock income

JMAC's Newport program requires a 45 day or more pre-lock term and it is only allowed on delegated loans, excluding:

- Fico below 680
- LTV greater than 80%
- Loan amount more than 1.5M
- DTI greater than 43%
- Investment properties & Second Home
- Grade A

Appendix A



Float Down Request Form

Email the form to lockdesk@jmaclending.com

This form is used to renegotiate an existing locked loan. Please print clearly since missing, inaccurate or illegible information could jeopardize your price protection.

Company Name: _____

Client Contact: _____

Phone #: _____

Fax #: _____

Email: _____

Loan Number: _____

Borrower Name: _____

Property Address: _____

Request Rate to renegotiate: _____

Final all in Price (+ Cost / - Rebate)*: _____

**Renegotiation fees are subject to change without notice.*

Please be sure that:

- Renegotiation must benefit the borrower (at least 0.125 in rate)
- The cost of the initial renegotiation is current market, less 0.500, *capped at original price*
- Rebate will not exceed original rebate.
- Cost will not be less than original cost.
- **Please refer to rate lock policy for additional restrictions that may apply**