



## **Secondary Marketing Lock Desk Policies & Procedures**

Objective is to ensure that all loans are purchased or closed at fair market prices that minimize market risk for First Heritage Mortgage Services.

All policies are subject to change and will be reviewed annually by Senior Management and compliance to ensure it is consistent with the Company's financial objectives and that the procedures are adequate to protect the Company's assets.

First Heritage's business lines include existing Partnerships (CUSO), Retail and Wholesale any differences in policies will be noted.

### **Lock Desk contact:**

- lockdesk@firstheritage.org
- Phone- 800-808-2662

### **Eligibility:**

- First Heritage's hedged product is available on Conventional fixed rate loans meeting internal guidelines.
- For all other product eligibility please refer to specific investor product guidelines

### **Standard Lock Times:**

- Lock desk hours are between 9:30 AM- 4:30 PM EST.
- Lock requests are accepted via Byte. In the event of technical impairment, notification will be released and locks will be accepted manually via email lockdesk@firstheritage.org.

### **Rate Publication:**

- Investor Rate sheets are published between the hours of 8:30 AM and 11:30 AM each day.
- Rates will be published and available on [www.optimalblue.com](http://www.optimalblue.com), access to OB will be through Byte.

- Rates and pricing are subject to change without notice and price changes are effective immediately upon publication.

### **Pricing:**

- Pricing will be honored from the rate sheet that is effective at the time the lock request is received.
- Incomplete or inaccurate lock requests will not be honored and pricing will be determined when the information is received.
- Loans are locked by property address. Any changes to the address will result in forfeiture of the lock and result in worst case pricing.

### **Lock Requests Procedures**

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#### **Retail Byte**

- Locks must be requested through optimal blue (enhanced) via Byte.
- Secondary will rely on the information on the LOCK REQUEST only. Secondary will not review the Byte data for discrepancies.
- **Information Required to request a lock** The accurate representation of the following information is required to **Lock a Loan** lock a loan:
  - First Lien Amount
  - Second lien or Heloc balances and high credit limits
  - Purchase Price
  - Appraised Value
  - Loan Purpose
  - Cash-out amount
  - Escrow (yes/no)
  - Borrower/Co-borrower full name
  - Middle/lower than lowest credit score
  - DTI
  - Citizenship
  - Occupancy
  - Property Type
  - Number of units
  - Property address including street address, city, state, zip, county
  - Interest Rate
  - Lock period
- Lock desk will base final pricing on the above information and lock the loan accordingly. Lock desk will rely on this information so it must be accurate.
- The Lock desk reserves the right to make necessary corrections on lock requests that do not reflect accurate pricing based on the most current ratesheet. Inaccurate /Incomplete

lock request may result in the lock request being delayed or declined. Once a request is declined, it is removed from Lock desk queue and the lock request must be corrected and resubmitted through Byte. **Locks that have not been confirmed due to inaccurate/incomplete information are subject to market fluctuation.**

## **Lock Desk Management**

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### **Lock Periods**

- **15, 30, 45, and 60 day locks are available.** Lock periods are reflected in optimal blue.
- **15 Day locks are only available for loans that are in a Byte status of "Approved with conditions".**
- Standard Lock period is **60 days** for all Refinance Transactions.
- Lock requests with inaccurate lock periods can be fixed as long as it is requested by 4:30 PM the day the lock was initiated and the investor price code is still in effect. Lock period change request must be sent via email to be valid. If lock desk is not notified, extension fees will be applied per policy.

### **Lock Confirmations:**

- Rate Locks will be confirmed by the Secondary Marketing Department via email to the loan officer within the same business day. Loan Officers should review the lock confirmation for accuracy and notify the Secondary Marketing Department.

### **Extended Lock Periods:**

- Lock periods in excess of 60 days are available and will be subject to investor specific up-front fees and a rate caps. Please contact Secondary for all applicable policies and fees. If there are Up-front fees they are due within 3 calendar days of lock initiation or the lock will be cancelled.

### **Investor changes:**

- Secondary Marketing will not allow LO's to switch investors on locked loans to improve terms. Once a loan is locked, it must stay with that investor as long as the loan is eligible for sale to that investor. Rate renegotiations are available and must follow the policy contained in this document.
- If an investor change is required due to ineligibility of a loan, pricing will be subject to worst case pricing between the original lock date and the date of change request.

### **Lock Cancellations:**

- All lock cancellations must be sent to the Secondary Marketing Department via email.

- Early notification of lock cancellations are encouraged and proper pipeline management is a requirement of First Heritage MLO's. Cancellation versus expiration will be monitored and MLO pricing could be positively or negatively impacted.
- Processing should notify secondary marketing department immediately on loans that are denied due to the guidelines of the investor on the lock.
- For CUSO originated loans, Processing will notify Secondary should the loan be locked and the Partner elects to retain the servicing in portfolio.

### **Lock Extensions:**

- Locked loans may be extended a maximum of two times but no more than 30 days in total. Lock extension requests must be emailed to the Secondary Marketing Department on or before the date of lock expiration.
- Minimum 5 day extension

### **Lock Extension Costs:**

- 1-3 Days= Free (1st extensions only)
- 4-5 days = .125 bps
- 6-10 days = .25 bps
- 11-15 days = .375 bps
- 16-20 days= .5 bps
- 21-30 days = .75 bps

Some Investor lock policies differ, please email secondary for any questions regarding investor extension policies.

### **Rate lock / Program Change requests**

- Change in interest rate is allowed and pricing will be based on the ratesheet in effect at the time of the lock.
- Change in property address will require a new lock and will be based on worst case pricing. In some cases, Secondary may approve an address change on the Sample hedged product line for purchase transactions. The lock expiration date cannot be changed and any extensions must be applied at time of property change request.
- Removal or addition of a borrower will be allowed as long as one borrower from the original lock remains on the loan.
- Change in loan amortization term will be allowed and will be based on worst case pricing.
- Change in loan type (from Fixed Rate Mortgage to ARM, or vice versa) will be considered a lock cancellation. Price of new loan will be based on worst case pricing and will require secondary approval.

**Relock policy:**

- Loans expired less than 30 days or previously cancelled loans requiring a relock will be subject to worst case pricing based on the original lock date and the date of the relock request. Worst case pricing is the lesser of the original price compared to the current market price. The original lock period will be used to determine worst case price.
- If a locked loan does not meet the underwriting guidelines, the Loan Officer must contact the Lock Desk to request a re-lock (See Investor changes). If the loan can be re-structured with the same investor or sold to another investor, the Lock desk will re-price the loan with the new program or investor.
- Re-Locks with the new investor (or new loan program) are subject to worst case pricing. Worst case pricing will prevail unless an exception can be made to offer current market pricing or original ratesheet pricing on a case by case basis. All requests of this nature should be directed to the Secondary Marketing Department.

**Rate renegotiation:**

- FNMA Rate locks are subject to the following rate lock renegotiation will be allowed and will be based on the following:
  - The improvement in loan level pricing must be 100 bps.
  - The interest rate must be to the benefit of the borrower by at least .125%
  - First Heritage must be in receipt of the borrower's loan documents
  - The loan must be within 30 days of closing
  - The final price of the new lock will be calculated at current market .50% and the loan rebate is capped at the original lock price
  - Float down is available one-time only
- Investor Float down policies will vary, please refer to the specific investor policies for specific information.

**Additional Policies for Wholesale clients:**

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**Pipeline Management**

- MLOs and Brokers must actively manage their locked pipeline to ensure that any hedged loan will close. If the MLO/Broker is aware that the file is no longer being processed to achieve closing, action should be immediately taken to cancel the rate lock and remove it from the pipeline. An MLO/Broker must maintain a 70% pull through rate in order to maintain approval.

**Refinance Restrictions**

- Any loan sold to First Heritage and paid off within 6 months of the funding date, will require yield spread recapture. Payment is due within 7 business days of notification

### **Broker Compensation: Limit on Total Broker Compensation**

- As used below, “total Broker compensation” is the sum of all fees paid by the Borrower to the Broker and any fees paid by the Lender to the Broker in accordance with 12 CFR 226.36(d)(2) which states that if a loan originator receives compensation directly from a consumer, the loan originator shall not receive compensation from any person other than the consumer.
- Loans closed with First Heritage will require a capped compensation that cannot exceed the following:
  - Maximum 2.25% on borrower paid brokered transactions provided that the closing costs meet or exceed the credit from First Heritage to the borrower also known as Box A-2 on the LE . If closing costs to borrower do not meet or exceed the amount of closing costs, the rate lock must be renegotiated to the benefit of the borrower.
  - Maximum 3% on Lender paid transactions subject to change quarterly provided the broker executes a new Broker Compensation Election Form. No other fees outside of the lender paid compensation can be collected by the broker other than legitimate third party fees such as a credit report fee. Sample must receive an invoice from the third party with the exact amount due to be reimbursed.