

NORCOM MORTGAGE RATE LOCK POLICY

Brittany McCrary	Rob Hyder	Sheli Fieger
Secondary Market Analyst	Secondary Market Manager	VP, Capital Markets
Phone: 860-609-8115 brittany.mccrary@norcom-usa.com	Phone: 860-470-6114 rob.hyder@norcom-usa.com	Phone: 860-899-3780 sheli@norcom-usa.com

****PLEASE USE: lockdesk@norcom-usa.com for ALL Secondary correspondences****

- **All lock requests must be submitted through Optimal Blue via Encompass**
- **Lock requests sent to any email address or left in voicemail will not be accepted**

Rate Lock Hours

- Secondary will generate pricing each day at approximately 10:30 a.m. (EST), although initial pricing may be delayed due to market volatility or other unforeseen circumstances.
- An email will be sent to our sales staff each day informing them when new pricing has been generated.
- Secondary reserves the right to modify pricing based upon intra-day market movement, occasionally multiple times per day. Notification of a reprice will be sent once pricing has been updated.
- All standard lock requests must be submitted by 12:00 a.m. (EST), Monday through Friday.
- All Non-QM, Non-Agency, Mass Housing and other State Bond Programs lock requests must be submitted by 4:00 p.m. (EST), Monday through Friday.
- Norcom100 (Chenoa) lock requests must be submitted by 3:00 p.m. (EST), Monday through Friday.
- There is no overnight protection beyond 12:00 a.m. (EST).

Rate Lock Requests

- All lock requests must be submitted via Optimal Blue. The Lock Desk cannot accept lock requests submitted in any other form, unless specified otherwise.
- At the time of lock request, a Loan Officer will have the ability to generate a confirmation of submission via Optimal Blue. A Lock Desk representative will also email the Loan Officer and note each file when a lock has been confirmed and Encompass has been updated accordingly. Similarly, if a lock request is not accepted, the Loan Officer will receive an email notification of lock request denial.
- Rate lock requests of 30, 45 and 60 days will only be accepted if the file has been received.

- Rate lock requests for 15 days will ONLY be accepted if the file has an underwriting approved status.
- Term of locks (number of days) can only be amended on the same day as the original lock request and must be submitted to the Lock Desk via email no later than 5:00 p.m. (EST).
- Rate lock cancellation requests must be submitted via email.
- It is the LO's responsibility to verify the lock information and to notify the Lock Desk if they did not receive a confirmation within 24 hours.

Extension Requests

Prior to the issuance of the initial CD:

- All extension requests must be submitted through Optimal Blue via Encompass.
 - If receiving an error while processing an extension request in Optimal Blue, please email the extension request to the Lock Desk and include a screenshot of the error.
- Extension requests must be received by the Lock Desk no later than 5:00 p.m. (EST) on the date of expiration.
- The Lock Desk reserves the right to charge an additional fee of 10 bps for all extension requests received after 5:00 p.m. on the date of expiration.
- Extensions are permitted for a cumulative maximum of 30 days.
 - Please contact the Lock Desk for approval if an extension beyond 30 days is required.
- A minimum extension of 5 days is required on loans NOT fully approved or scheduled to close.
- If a loan is fully approved or has a closing date scheduled, an extension of less than 5 days is permissible.
- A record of each extension request will be input into the notes in Encompass for future reference.

Extension fees will be charged as follows:

<u>Extension</u>	<u>Fees</u>
Per Day	-0.020
7 Days	-0.125
15 Days	-0.250
21 Days	-0.375
30 Days	-0.500

***Please be aware that investor-specific locks will be subject to each individual investor's costs and policies regarding extensions, relocks or special circumstances and not Norcom's policy. For example, this includes, but is not limited to, Mass Housing, CHFA, Jumbo and Non-QM products.**

Relock Policy

- A loan may only be relocked one time and is not eligible for an extension thereafter. If a loan needs to be relocked more than one time, please contact the Lock Desk for approval and updated pricing.
- A maximum relock period of 15 days will be granted for an original lock of 15 days and a maximum relock period of 30 days will be granted for all other lock periods.
- All relock requests must be submitted through Optimal Blue via Encompass or TPO Portal (wholesale and correspondent).
- Cost to relock an expired loan:
 - 15 Days → .25
 - 30 Days → .40
- If a rate lock has expired, a relock is subject to worst-case pricing (WCP), plus a relock fee (outlined above). WCP is determined by comparing current market pricing versus the pricing from the original rate lock date (like rate lock periods are compared when determining worst-case pricing), whichever is worse. The relock fee will be added to the worst-case price.
- All previous extension fees and other applicable LLPAs will remain when a loan has been relocked.
- A record of the relock will be input into the notes in Encompass for future reference.

Cooling Period for New Locks

- After a rate lock has either been cancelled or has expired, a new rate lock at current market cannot be issued before the expiration of a 30-day cooling period (assuming all loan characteristics are the same as the original rate lock).
- If a loan is relocked at current market after the 30-day cooling period, all previous extension fees will be removed.

Change of Rate Lock

- All changes to existing locks must be submitted as a profile change in Optimal Blue via Encompass.
- If a lock is expired and a change is required, a Change of Circumstance should be emailed to the Lock Desk to manually edit Encompass.
- A record of all changes will be input into the notes in Encompass for future reference.

NOTE: If a float down, a pricing concession, a negotiated price or a negotiated rate (collectively, a “Quote”) is offered, the offer is valid only until 5:00 p.m. (EST) on the day it is offered. If there is a mid-day reprice before 5:00 p.m. (EST) on the day the Quote is offered, the Quote is no longer valid and must be renegotiated.

Special Circumstances

- **Change of Property:** Change of property will be considered a new registration and is subject to current market pricing.
- **Change of Borrower:** Change of borrower is permitted provided that at least one of the original borrowers remains the same. However, if all the original borrowers change, it will be considered a new registration and is subject to current market pricing.
- **Change of Loan Program:** A change in loan program will be handled on a case-by-case basis. Secondary should be contacted to discuss.
- **Denied/Withdrawn Loans:** Once a loan is denied or withdrawn, any rate lock is deemed null and void. **However**, if the loan is reinstated at the same time as the withdrawal, the Lock Desk must be contacted by email (lockdesk@norcom-usa.com) and we will determine if the existing lock will be transferred or if a new lock is required.

Pricing Freeze

- In the event of abnormal or dramatic changes in the market, Secondary has the discretion to freeze interest rates for a period of time to allow the market to stabilize.
- Norcom reserves the right to adjust interest rates and prices on any loan program at any time throughout the day without advanced notice. In the event of mid-day price changes, the new pricing will become effective immediately. Secondary will send a courtesy email notifying of the change in pricing. However, it is the Loan Officer's or Broker's responsibility to verify correct pricing, especially during volatile periods.

Float Down Policy

- A float down option is offered on eligible rate locks where the interest rate can be decreased by .125% or more. To calculate a float down, 62.5 bps should be deducted from the 15-day price of the lower note rate (based on the current rate sheet) for the same product as the existing rate lock.
- ARMs, Non-Conforming Jumbos and specialty products (ex: MASS Housing) are ineligible.
- The All-In lock price cannot be better than original All-In lock price.
- The loan must be in *UW Approved* status.
- Renegotiated rate terms are not eligible for extensions. If a rate lock expires or the loan does not fund within 15 days, the loan will be relocked at either the original rate lock price or current market rate lock price, whichever is worse.
- Rate lock cannot be expired.
- Float down price will include any rate lock extension costs previously accrued.
- New rate lock expiration date will be recalculated based on a 15-day lock from the date of the float down or using the current rate lock expiration, whichever is less.

- A float down request must be submitted to lockdesk@norcom-usa.com with a valid change of circumstances before 5:00 p.m. (EST) on the day the float down is priced. If the market deteriorates before the float down approval is submitted, new pricing will be calculated and may result in the previous approval being withdrawn.

NOTE: If a float down, a pricing concession, a negotiated price or a negotiated rate (collectively, a “Quote”) is offered, the offer is valid only until 5:00 p.m. (EST) on the day it is offered. If there is a mid-day reprice before 5:00 p.m. (EST) on the day the Quote is offered, the Quote is no longer valid and must be renegotiated.

Lock Transfer Policy

- Rather than transfer locks manually, a new lock request must be submitted in the new loan number to maintain functionality in Optimal Blue throughout the life of the loan.
 - The Loan Officer must email the Lock Desk as notification of the lock transfer request.
 - The Lock Desk will update the pricing and lock expiration in the new loan number to match the original lock before confirming the lock transfer.
- Please ensure the original loan is not withdrawn/declined until the new loan has been confirmed.
 - When the original loan is withdrawn/declined before the new loan is confirmed, it is no longer a part of our active pipeline and no longer hedged.
 - If the original loan is withdrawn/declined before the lock transfer request, the new loan is subject to worst-case pricing.

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