



## Rate Lock Policies and Procedures

### Disclaimer:

Rate sheets give indications only, as market conditions may cause intra-day changes to pricing. It is the Client's responsibility to keep abreast of price changes. The Company reserves the right not to honor the rate sheet price regardless of prior published indications provided the Client is contacted in a timely manner. Intraday price changes may occur, due to fluctuating market conditions, and all lock requests received by Lock Desk after the re-price notice will be subject to the new pricing.

### Lock-in Agreement:

A lock is an agreement between the Client and the Company. It specifies the number of days for which a loan's interest rate is guaranteed. Should interest rates rise during that period, the Company is obligated to honor the committed rate. Should interest rates fall during that period, the Client must honor the lock. Locking in a rate and price does not guarantee eligibility or approval of the subject loan. Locks are not transferable.

### Lock Periods:

Locks are available on a 15, 30, 45 or 60-day basis. The loan package must be submitted and approved by the Company in order to secure a 15-day lock. A 30, 45 or 60-day lock is available for loans that do not have an approval.

Jumbo loans  $\geq$ \$1M require Sr. Management Approval prior to locking;

Jumbo loans  $<$ \$1M must have underwriter conditional approval before locking for any applicable term.

### Lock Requests:

Pre-locks are not accepted. The loan must be submitted with an assigned loan number in order to be locked. Locks can be emailed directly to [lockdesk@iconresidential.com](mailto:lockdesk@iconresidential.com) M-F 8:00 am to 3:00pm, or locked online through IconIQ M-F 8:00am to 4:00pm. Lock Desk does not accept fax requests. The Company requests a complete Lock Request Form with specific information concerning the loan transaction to secure a lock. An incomplete Lock Request Form will be returned to the Client and is subject to current market pricing. The loan will not be locked until the Lock Desk receives a complete and correct Lock Request.

### Rate Lock Confirmation:

The Client is responsible for printing their Confirmation as evidence of the agreement entered into by the Company and the Client. It is the Client's responsibility to report any inconsistencies with the Client's understanding of the loan to the Company within 24 hours of the Confirmation Date. If the Company agrees with the Client's report of inconsistencies given within that period, the Company will forward the Broker an amended Confirmation detailing the changes.

### Changes in Critical Information:

The Client is responsible for tracking any changes to the structure of the loan that affect pricing, and providing proper notification to the Company. Any changes to the structure of the loan that affect pricing will be validated by the Lock Desk; however, we are unable to send revised confirmations for all changes. The Company must be notified immediately if the Client makes any changes to the mortgage loan that differ from the confirmed pricing structure. Mortgage loans delivered for closing must meet the terms of the latest Confirmation. The Company and the Client are bound by the lowest price when multiple confirmations are issued on the same loan. Changes in critical information (including product/program changes) will be priced off the original lock day, excluding Jumbo product changes.



**Invalid Locks:**

Once a loan is locked, any changes made to the loan that may affect pricing (e.g. LTV, property address, debt ratio, etc.) will invalidate the lock. Please email the Lock Desk to validate the lock to reflect the new terms of the loan.

**Lock Cancellation Policy:**

A full submission package must be received within 10 calendar days of the lock date on 30 day locks, 15 days on 45 day locks and 20 days on 60 day locks. For any locked loan in which a full submission package is not received within the respective time period following the lock date, the lock will be automatically cancelled. The loan is eligible to be re-locked at worse case pricing within 30 days of the lock cancellation date. Re-lock fees apply. Subsequent to 30 days after the lock cancellation date, the loan may be re-locked at market with no additional cost. Rate-lock cancellations will be accepted from the Client within the same day the rate is locked. Cancellation of a rate-lock must be submitted before a new rate sheet has been issued. Any requests to cancel a rate lock that occurs after a new rate sheet has been issued will be subject to worse case pricing.

For any locked loan that receives a declined decision in underwriting, the lock will automatically be cancelled. If the decision is reversed, the loan will need to be locked at current market, and is not subject to the Re-Lock Policy.

**Worse Case Pricing:**

Worse case pricing is calculated by comparing the original base price to the current market base price, applying the lower price of the two.

**Duplicate Lock/Submission:**

The original lock will be honored if there is a duplicate lock. If the original lock is expired or cancelled, and the duplicate lock is submitted within 30 days of the original lock expiration date, the loan will be subject to the re-lock policy.

**Max Rebates:**

Max YSP, after all adjustments are applied, for all products excluding Jumbo is <6.000>. Max ysp is applied prior to broker compensation levels.

Max YSP, after all adjustments are applied, for Jumbo is <= \$1,000,000 = <1.00>, \$1,000,000-\$1,500,000 = <.75>, >\$1,500,000 = <.50>. Max YSP is applied prior to broker compensation levels.

**Rate Lock Extensions:**

The Company will allow a max of 15 days in extensions, with the applicable cost structure applied. All extension requests must be made before 3pm PST on the lock expiration date. If the loan does not close prior to the revised expiration date, the loan is subject to the re-lock policy detailed below. Extension periods are calculated starting from the current lock expiration date.

**Locks Expiring on Weekends / Holidays**

All Lock Periods are based on calendar days. If the expiration date falls on a weekend or holiday, the lock will be extended to the next business day at no additional cost.



### **Re-lock Policy:**

A re-lock is a request to lock a loan for a second time. A loan that does not fund by its Lock Expiration Date and is not extended may be subject to a re-Lock Fee (Please note: Additional restrictions apply to Jumbo products and may not be eligible under these terms or subject to additional fees, please see the Lock Desk for further details.):

- Loan must be approved and all PTD conditions have been signed off in order to re-lock.
- The re-lock will be good for a 15 day lock period only. If the re-lock expires, it must be re-locked and will be subject to worst case pricing. Max 2 re-locks per loan.
- If a loan is re-locked within 30 days of the lock expiration or lock cancellation date, the loan may be re-locked at worse case pricing, at the term of the original lock. For example (a) Current Market Pricing or (b) initial Lock Pricing plus 0.25% re-lock fee.
  - EXAMPLE: Loan was locked for 30 days at 5.0% paying 101.25.
    - Current market is worse, 5.0% is paying 101.00 (30-day). Loan is re-locked at current market for 15 days 5.0% paying 101.00.
    - Current market is better. Loan is re-locked at original terms less 0.25 fee, 5.0% @ 101.00 for 15 days.
- If the loan is re-locked more than 30 days after the lock expiration or lock cancellation date, it may be re-locked at current market.

### **Renegotiation/Float down Policy:**

When the market improves significantly, The Company will allow the broker a one-time renegotiation under the following policy guidelines (Please note: Additional restrictions apply to Jumbo products and may not be eligible under these terms or subject to additional fees, please see the Lock Desk for further details.):

- Renegotiations must lower the rate to the borrower.
- Loan must be clear to close.
- Negotiated all in price can not be better than original all in lock price by more than 25bps.
- Any Client improvement to income is limited at .250% over original price. YSP cannot improve by more than .250 over current YSP.
- The Company will honor a ONE-TIME renegotiation at current market less 50 bps.
- Lock term will be extended 15 days from the date of the renegotiation.
- Previous cost structure of the loan applies (e.g. original lock for 30 days priced at 30 days), including any extension fees.
- Renegotiated terms are not eligible for extensions. If the lock expires or the loan does not fund within the 15 days included with the renegotiation, the loan will be re-locked at worse case pricing of the original lock price and current market.
- Loans with docs out will be charged a re-draw fee.
- ARMS are not eligible for renegotiation.

### **Broker Compensation Selection Changes**

Changes to broker compensation selection type (lender paid vs borrower paid) may change at any time prior to locking. Changes after the loan has been locked will only be allowed after an original, signed letter from the borrower has been received requesting the change and detailing the reason for the change.

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### Lock Action Cost Structure:

Action	Cost
5 day extension	.15
10 day extension	.30
15 day extension	.45
Re-Lock	.25
Renegotiation	.50

### Loan/Commitment Fees:

#### Loan Fees

Flood Cert	\$10
Tax Service	\$78
Re-Draw	\$150
Partial Re-Draw	\$75
CA Funding Fee*	\$199

\*funding fee not applicable for govt loans

#### Commitment Fees

Conventional	\$895
FHA/VA	\$895
Streamline	\$299
VA/VA IRRRLS	\$299
Jumbo	\$895