



## **SIERRA PACIFIC MORTGAGE COMPANY, INC.**

### **CORRESPONDENT RATE LOCK POLICY**

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## Table of Contents

Policy .....	3
Rate Locks .....	3
Lock Guidelines & Procedures .....	3
Definitions .....	3
Lock Extension Requirements/Eligibility .....	3
Lock Extension Rules .....	3
ReLocks Rules/Expired Locks .....	4
<b>Miscellaneous Notes</b> .....	4
Float Down Renegotiation Requirements/Eligibility .....	5
Renegotiation .....	5

# Policy

## Rate Locks

Sierra Pacific Mortgage originates residential loans and in conjunction with that origination process Sierra offers interest rate locks to customers. Guaranteeing an interest rate to a customer brings market risk to Sierra. In order to minimize the impact of the interest rate risk Sierra has developed guidelines and procedures relating to the time and cost of the rate locks.

# Lock Guidelines & Procedures

## Definitions

- Sierra's pricing and rate lock policy is based on risk factors of the loan and not on borrower specific variables.
- Sierra does not set a minimum loan amount for FHA loans.
- "Extension": adding extra days to a lock that has not yet expired.
- "ReLock": establishing new lock parameters after original lock has expired.
- "**Days**": **calendar days**. If a lock expires on a weekend or holiday, the lock will expire on the next business day.
- **Correspondent loans must be PURCHASED by the lock expiration date.** If not purchased and/or extended the loan will be subject to worse case pricing.

## Lock Extension Requirements/Eligibility

- Available only on loans with an Approved status.
- Lock cannot be expired (NOTE: a lock is considered "expired" beginning at 8:01 PM, Pacific Time on the day the lock expires).

## Lock Extension Rules

- **Sierra allows a total maximum lock extension period of 30 days.**
- **The maximum number of extensions allowed within the 30 day extension time frame is 3. If a lock is extended 3 times prior to reaching the 30 day maximum extension period, the loan must be relocked.**
- **The first extension will cost .025 per day**
- **The second extension will cost .05 per day**
- **The third extension will cost .05 per day**
- These fees are charged regardless of where current pricing is for the lock at that time. (Fees will be charged if current market is better or worse than lock price.)
- Extension Periods: The first day is calculated from the lock expiration date. Example: lock expires Aug. 2 a four-day extension would expire Aug. 6.

**NOTE: EXTENSIONS FOR NON-AGENCY JUMBO, NON-QM AND HFA(BOND LOANS) ARE SUBJECT TO INVESTOR REQUIREMENTS. SIERRA'S STANDARD EXTENSION POLICIES SHALL NOT APPLY.**

### ReLocks Rules/Expired Locks

- ReLocks are eligible if loan is approved and the property appraisal has been underwritten.
- Priced at current market or original lock price, whichever is worse plus a .125 point re-lock fee. This 15-day relock begins from the date of the relock request. (Example: original lock expires 8/15, request for re-lock is received on 8/20 the 15-day relock begins on 8/20).
- The pricing comparison is original base pricing less any extensions vs. current 15-day pricing. (Example: original lock had a base price of (1.00) and had been extended for 8 days at a cost of .025 per day. The base price minus the extension cost is (.80). This (.80) price is compared to current 15-day pricing).
- If a loan has been relocked, an extension within a re-lock period is not allowed.
- Post Relock Period: If lock has been extended for a cumulative 30 days and still has not closed by the expiration date, the loan will be priced to current market or original lock price whichever is worse and assessed a .125 point (12.5 basis points) charge.
- If the lock has been expired greater than 15 days, then the loan may be relocked at current market pricing. NOTE: This applies only to FNMA, FHLMC, FHA, VA and USDA loans. Jumbo, bond and non-QM loans are subject to investor requirements.
- **NOTE: RELOCKS FOR NON-AGENCY JUMBO A AND NON-QM AND HFA LOANS ARE SUBJECT TO INVESTOR REQUIRMENTS. SIERRA'S STANDARD EXTENSION AND RELOCK POLICIES SHALL NOT APPLY.**

### Miscellaneous Notes

- **For Hedged products(conventional and government loans) All Locks and lock extensions must be processed by 8:00 PM Pacific Time and Relock requests must be processed by 5:00PM, Pacific Time.**
- **For non-Hedged products(Jumbo A, and Non-QM) All Locks, Re-Locks and Extensions must be processed by 5:00 PM, Pacific Time.**
- Pricing is subject to change without notice due to changing market conditions.
- All locks must have a valid property address and social security number.
- 15 day locks are allowed on approved loans that are cleared for loan documents.
- Loans are locked using Sierra Pacific's online pricing engine.
- Suspended loans cannot be locked, relocked or extended.
- Customers are expected to deliver locked loans. Repeated failure to deliver locked loans may result in loss of locking privileges.

## Float Down Renegotiation Requirements/Eligibility

### Renegotiation

Sierra Pacific Mortgage allows a one-time float down renegotiation when the market has improved significantly. Renegotiations should be requested through the originators regional fulfillment center which request will then be forwarded to Sierra's lock desk. Sierra's lock desk will confirm and input the renegotiation adjustments. All renegotiation requests must be received during posted Sierra Pacific lock hours, but no later than 4:00 PM, Pacific Time. During volatile market conditions renegotiations may not be available, at the sole discretion of Sierra Pacific Mortgage.

- To be eligible the loan must close within the initial lock period, not have been extended or relocked, and must be a loan program eligible for the renegotiation policy. Eligible programs are FNMA, FHLMC, FHA, VA and USDA fixed rate programs.
- The original interest rate and lock period will be compared to the current rate sheet base price for the same lock period as the original lock, i.e. a 30 day lock will be compared to the 30 day price on the date of the renegotiation request. This comparison must show a minimum price improvement of 100 basis points.
- The loan must be in a status of clear to close or approved (approval requires the appraisal received and reviewed), and the loan must close the earlier of the existing lock expiration date or 15 days. At the time of the renegotiation request, if there are more than 15 days remaining on the lock, the lock period will be reduced to reflect 15 days remaining on the lock. If the loan does not fund by the "renegotiated" lock expiration date the renegotiated price will be reversed and the loan will be re-priced based on the original pricing and lock term.
- The renegotiation will only be to the benefit of the borrower. The interest rate must be lowered, a requested renegotiation will be priced 62.5 basis points worse than current rate sheet pricing, and in no case will the interest rate be reduced more than .25%, nor the price exceed the price of the original lock price.
- If there is a program/product change, an increase to rate, or a relock, the renegotiated price will be reversed and the loan will be re-priced based on the original pricing and lock term.
- Renegotiation pricing quotes are based on the current rate sheet and are valid only on the date of the renegotiated price quote.
- Non-agency jumbo and non-hedged loan programs are not eligible for renegotiation.