

Lock Policy

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Pricing and Lock Policy

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A well-defined pricing strategy is critical in managing Interest Rate Risk for the organization. RPFC has established the following pricing policies to help our wholesale partners manage their locked pipeline of loans.

GENERAL LOCK POLICIES THAT APPLY TO ALL RPFC LOAN PRODUCTS

LOCK DESK HOURS AND CONTACTS

All lock, relock and extension requests should be processed online and can be accepted beginning with the morning price release (approximately 8:30 AM PST) through 4:30 PM PST. If you have any questions, you can contact your Account Executive or the lock desk can be reached via email at rplocks@royalpacificholding.com

LOCK-IN AGREEMENT

A lock is an agreement between the approved broker and RPFC. RPFC does not permit locks from brokers that are not approved and in good standing. The lock specifies the number of days the interest rate is guaranteed. Should interest rates rise during the lock-in period, RPFC is obligated to honor the committed rate. Should interest rates fall during that period, the broker must honor the lock. Locking an interest rate and price does not guarantee eligibility or approval for the subject loan. The broker should actively manage their locked pipeline and cancel any locked loans that have been withdrawn by the customer.

LOCK PERIODS

Locks are available on a 15, 30, or 45-day basis or as indicated on the daily rate sheet. Loans can be advance locked (N/A for Jumbo, Non-Agency Loans) for a lock period of 30 days or more. 15 day locks will only be accepted for loans that are in an APPROVED status or greater. Locks are not allowed on suspended, denied or cancelled loans.

FILE DELIVERY REQUIREMENTS

Once a loan is locked, the loan file must be submitted within the delivery requirements below or the lock will be cancelled.

- 30 Day Lock: File must be delivered within 10 calendar days of the lock date.
- 45 Day Lock: File must be delivered within 15 calendar days of the lock date.

Cancelled locks due to non-delivery are subject to the Re-Lock Policy.

LE REQUESTS

All advance locks require that the Loan Estimate (LE) is requested within 48 hours of the advance lock. If the LE request is not received within that 48-hour period, the lock is subject to cancellation and will be required to follow our re-lock policy.

RATE LOCK CONFIRMATIONS

Interest rate confirmations will be posted online immediately after the loan is locked, relocked or extended. It is the broker's responsibility to report any errors or inconsistencies to the lock desk within 24 hours of the confirmation date.

LOCK EXPIRATION DATE

The lock expiration date for all locks and relocks will be established from the date of the lock. All loans must be funded on or before the lock expiration date. Lock expiration dates that fall on a weekend or holiday will automatically rollover to the next business day. Locks expire at 4:30 PM PST.

DUPLICATE LOCKS

Only one active lock is permitted per property. If a duplicate lock for the same borrower and property address is locked, the original lock will be valid and the duplicate lock will be cancelled.

MAXIMUM PRICE/REBATE

Maximum net pricing is published on the daily rate sheets. The pricing adjustment to include Lender Fees in the pricing is outside of the maximum net rebate calculation. The maximum pricing cap adjustment cannot be used to pay for lock extension and/or relock fees.

LOAN DATA/STATUS CHANGES

Locks on denied loans will be cancelled at 4:30 PM PST on the next day of the denial. If a denied loan is later overturned and approved, the loan will be subject to the relock policy.

Any changes made to a locked loan (LTV, FICO, DTI, etc.) may require changes to pricing adjustments. The broker is responsible for tracking any changes to the loan structure that affects pricing and notifying the lock desk to update the pricing.

INTRA-DAY PRICE CHANGES

RPFC reserves the right to suspend locking and issue a price change at any time during the day without notice. When an intra-day price change occurs, the ability to lock loans will be disabled until the price change is completed. All lock requests received after the effective time of the price change will be subject to the new pricing. Monitoring current pricing changes is the responsibility of the broker.

CONFORMING AGENCY, HIGH BALANCE AND GOVERNMENT LOAN PROGRAMS

LOCK EXTENSIONS

Lock extensions are allowed on un-expired (current) locks only. There is no limit on the number of days a loan can be extended. All Lock extensions must be requested through the website and must be requested prior to 4:30 PM PST on or before the lock expiration date. Lock extension expiration dates that fall on a weekend or holiday will automatically roll over to the next business day.

- 7 Days at a cost of .15 bps
- 10 Days at a cost of .25 bps
- 15 Days at a cost of .30 bps

Expired loans cannot be extended.

RELOCKS

Relocks are allowed on expired locks only. The loan must be in an APPROVED status or greater to be eligible for a relock. The new pricing is based on the worse case between the original final pricing plus the relock fee of .25 bps. Original final pricing includes all prior extension and/or relock fees.

- Relocked loans are eligible for lock extensions per extension policy.
- If price adjustments and/or underwriting guideline changes have occurred since the initial lock, the loan will be subject to worse case price adjustments as well as subject to current guidelines.
- Multiple Relocks are not permitted.

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Previously locked loans can be relocked using current market pricing 45 days after lock expiration or lock cancellation date. These will be treated as a new lock and relock restrictions and fees will not apply.

RATE RENEGOTIATIONS / ROLL DOWN

When the market improves significantly, we will allow a one-time renegotiation. Rate renegotiations are designed to manage lock fallout in an improving interest rate market. A minimum of 100 bps improvement.

Guidelines:

- Renegotiations must be requested during normal lock hours
- The original interest rate and price will be compared to the current rate sheet base price for the same lock period as the original lock.
- The renegotiated price will be the current day price for the same lock period as the original lock plus a .625 renegotiation fee.
- The loan must be in an APPROVED or greater status to be renegotiated.
- The original lock expiration date will apply.
- The renegotiation must provide a benefit for the borrower in either a reduced rate, an increased lender credit or reduced discount points.
- Lock extensions are allowed per policy.
- Only one renegotiation is permitted per loan.

PROGRAM CHANGES

Product change requests from one product to another is permitted. If a previously locked loan changes programs, the loan will be required to be relocked at worse case pricing. If worse case pricing is the original market, the expiration date will remain the same. If a previously locked loan changes programs within the same product tier (regardless of market movement), pricing will be based on the original rate sheet with the existing lock expiration date. Any existing relock or extension fees still apply.

LOCK TRANSFERS

Requests for lock transfers from a previous loan (same subject property and same borrower) is allowed under the following circumstances:

- The lock on the previous loan must not be expired.

- All lock transfers must be approved by the RPFC Secondary Department.
- The lock must be transferred to the new loan prior to the old loan being cancelled.
- Contact your AE or the lock desk to facilitate the transfer.
- Cancelled or expired locks that are transferred will need to be re-locked per policy.

PROPERTY ADDRESS CHANGE

Locks are tied to the property address. If there is a property address change, the original lock is not transferable and the lock must be cancelled. The new loan will be priced using current market pricing and treated as a new lock. The original loan must be cancelled and a new loan will be created for the new lock at the current market.

For instances where the property address change is minor, the original lock terms will be honored.

JUMBO & NON-AGENCY LOAN PROGRAMS

LOCK EXTENSIONS

Lock extensions are allowed on un-expired (current) locks only. All lock extensions must be requested online through the pricing engine. If unable to process online, you must contact the lock desk before 4:30 PM PST. Lock extension expiration dates that fall on a weekend or holiday will automatically roll over to the next business day.

- o Extensions must be requested in increments of 15 or 30 days
- o A maximum of 2 rate lock extensions or 30 days' total allowed, whichever comes first

RELOCKS

Relocks are allowed on expired locks only. The new pricing is subject to worse case pricing using the same lock term with all previous extension fees. No relock fee.

- Relocked loans are eligible for lock extensions per extension policy.
- If price adjustments and/or underwriting guideline changes have occurred since the initial lock, the loan will be subject to worse case price adjustments as well as subject to current guidelines.
 - Multiple Relocks are not permitted.
 - Previously locked loans can be relocked using current market pricing 45 days after lock expiration or lock cancellation date.

PROGRAM CHANGES

Product change requests from one product to another is permitted within the same program Series. If a previously locked loan changes product series, the loan will be required to be relocked at worse case pricing per the original lock term.

MAXIMUM PRICE/REBATE

Maximum net pricing is published on the daily rate sheets. The pricing adjustment **does not** include Lender Fees in the pricing is outside of the maximum net rebate calculation. The maximum pricing cap adjustment cannot be used to pay for lock extension and/or relock fees.