



## RATE LOCK POLICY

### Introduction

**USA DIRECT FUNDING (USA)** considers rate locks to be a commitment between USA, the Broker, and the borrower. This policy will establish the framework for that commitment. Rate locks will be accepted from 9:00 am to 4:30 pm PST on each business day. Any rate lock received outside of that time frame will not be considered valid. This policy will apply to all products, unless specifically stated otherwise. Rate Locks are borrower and property specific; that is, if **either** of those items change completely, your lock will be considered broken.

**Submission and Confirmation of Rate Lock Request** Rate Lock requests may be submitted via *one* of the following options:

- Completion of the rate lock request screen in Freedom
- Or completion of the rate lock request form emailed to the lock desk @ [lockdesk@usadirectfunding.com](mailto:lockdesk@usadirectfunding.com)

Rate Lock requests may only be submitted on loan files **already received** by USA.

The Lock Desk will provide a confirmation of the rate lock and the pricing within 24 hours of receipt of the lock request. The confirmation will be emailed back to you.

### Lock Periods, Pricing, Price Adjustments

Lock periods, pricing, and price adjustments are found on the USA rate sheet and are subject to change without notice. USA may from time to time, close the lock desk due to market volatility. Lock Desk closure will be announced via email. Once that announcement has been made, *no* lock requests will be honored until the lock desk has been re-opened. USA will do its utmost to minimize lock desk closure.

### Changing Loan Programs after Locking

A rate lock commits not only any interest rate and a period of time, **but** a specific loan program as well. Should a borrower want to change loan programs after they have locked, this change may be considered on a **case by case basis**. The lock expiration date will **not** change upon the program change.

Tuesday, November 24, 2009

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Locally Owned. Locally Operated. Locally Trusted.



USA Direct Funding (OR/ID/CA) NMLS-3240 (WA) CL-3240. This information is intended for Mortgage Professionals only. Adequate disclosures for consumers are not provided. Information deemed reliable but subject to change without notice/ This is not a commitment to lend. Thank you.



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Wholesale Lending: Simplified.™

### Changing Interest Rates within the same Program after Locking

Changing interest rates within the same loan program is allowed. Pricing will be determined by pricing the day of the initial lock. The lock expiration date will not change.

### Lock Extensions

USA considers it the Brokers responsibility to advise their borrowers on the best loan programs and lock in terms, including the length of the lock. From time to time, an active file may not close prior to the lock expiration date and may need to be extended. USA offers the following lock extension options **available on or before the expiration date of the borrowers lock**. Please note, rate locks may only be extended **one time**.

- 7 day extension for a cost of .250%
- 14 day extension for a cost of .375%
- 28 day extension for a cost of .625%

Lock Extension Requests should be submitted using the Request Form on the USA website. The Lock Desk will provide an updated confirmation (including the extension cost) within 24 hours.

**SHOULD YOU NOT EXTEND ON OR BEFORE THE LOCK EXPIRATION DATE, YOUR LOCK WILL BE CONSIDERED EXPIRED.**

### Expired Locks

Should you **not** extend your lock prior to its expiration date; your lock will become expired. Expired locks may be relocked at the worse of either current market pricing, or your original lock price **plus a .25% expired lock fee**. Should your lock become expired for at least 60 days, it will no longer be considered an active file and may be relocked at current market pricing **but you will still be assessed a .25% expired lock fee**.

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### Rate Renegotiations

USA recognizes that from time to time, market pricing may drop significantly and customers may look to cancel their loan to get a better rate elsewhere. USA will consider rate renegotiations on a **case by case basis**. Any rate renegotiation must purely benefit

the borrower and not the Broker. At best, renegotiation will result in a price in between market and the current locked price. Requests for renegotiation must be made to the

Lock Desk and must be approved by the VP of Secondary, President, or Chairman of USA.

### Lock Management

USA considers it the Brokers responsibility to adequately manage their loan locks to produce a reasonable level of pull-through. Pull-through is defined by the number of loans locked-in that close during the lock expiration period relative to the total number of loans where the locks were expiring in the same period. Extending a lock **does not**

impact the pull-through as long as that lock is delivered during that extension period. An expired lock, even though it may be delivered, **will have** a negative impact on the pull through. USA will evaluate pull-through on a monthly basis, reviewing a rolling 90 day period of time. Should USA see a continued pattern of poor pull-through it will take action to correct that pull-through including assessing a monetary penalty for the Secondary Market cost of non-delivery.

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