



Lock Policy and Procedures

Rate sheets give indications only, as market conditions may cause intra-day changes to pricing. It is the Loan Officer's responsibility to keep abreast of price changes. 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.

RATE LOCKS

A lock is an agreement between the Borrower and Allied. It specifies the number of days for which a loan's interest rate is guaranteed. If interest rates rise during that period, Allied is obligated to honor the committed rate. Likewise, if interest rates fall during that period, the Borrower must also honor the lock. Locking in a rate and price does not guarantee eligibility or approval of the subject loan. Locks are also not transferable. Every effort should be made to close all loans locked with Allied. It is also requested that locked pipelines are actively managed and be sure to cancel any locked loan that has been withdrawn by the customer.

LOCK DESK INFO

The lock desk can be reached at LockDesk@alliedmg.com

Allied accepts locks from 10 AM to 5 PM ET. Locks after 5pm will be priced to the next business day.

Rates should be emailed by approximately 10:00am EST each day. Please be aware that market movements may delay rate sheet distribution and may cause multiple rates changes in a day.

There will be notification of rate changes by distribution of an updated rate sheet. Any rate lock that is received by Allied after a rate change is subject to the updated rates.

Maximum price is stated on the daily rate sheet.

All locks must be submitted through the product pricing engine. Phone and faxed lock requests will not be accepted.

Pricing questions, loan revisions and lock extension requests should be emailed to LockDesk@alliedmg.com. Be sure to reference borrower name & loan number in the subject line.

RATE LOCK CONFIRMATION

The Rate Lock Confirmation is evidence of the lock agreement entered into by Allied. Any inconsistency must be reported to Allied's Lock Desk within 24 hours of the Confirmation Date. If the Lock Desk agrees with the report of inconsistencies given within that period, Allied's Lock Desk will forward an amended Confirmation detailing the changes.



INCOMPLETE LOCKS

An incomplete Lock Request will be returned and will be subject to current market pricing. The loan will not be locked until the Lock Desk receives a complete and correct Lock Request.

LOCK PERIOD

All loans have one of the following lock periods: 15 days, 30 days and 45 days. Lock periods that end on a weekend or holiday will roll back to the previous business day.

Note: Business days are considered Monday – Friday excluding holidays.

Loans may close up until the expiration date, including refinances with a rescission period. Rescission periods are not included in the lock days.

LOCK EXTENSIONS

If a lock needs to be extended, it must be extended on or before the expiration date. The cost to extend is 2.5 bps per day with a 5 day minimum. A lock may be extended multiple times but the cumulative maximum of all extensions is 30 days.

RELOCKS

A re-lock is a request to lock a loan for a second time. A loan that does not close by its Lock Expiration Date and is not extended may be subject to a re-Lock Fee

- Locks that have expired or been extended for the maximum 30 days can be relocked. If the relock date is within 45 days of expiration, the loan will be repriced worse case + .125 recommit fee.
- Loans may be relocked at current market after 45 days have lapsed since expiration. Loans must be approved prior to relock and the max relock period allowed is 15 days.

LOAN PROGRAM AND ADDRESS CHANGES

Program changes will also result in worse case pricing. "Worst case pricing" is defined as comparing the current pricing to the original pricing and applying the lower of the two.

The new program's pricing will be compared between the original lock date and current market. The original expiration date would also remain on the program change relock.



Exceptions: Program changes within product type and program group will not result in a worse case relock. Please see examples below. The Lock Desk should be notified if there are any questions on when worse case pricing would apply.

- 30 Yr Conforming to a 25 Yr Conforming will NOT result in a worse case relock.
- 30 Yr FHA to 30 Yr VA will NOT result in a worse case relock
- 30 Yr Conforming to a 15 Yr Conforming WILL result in a worse case relock

All locks are “address specific”. If the borrower(s) are seeking financing on a new property, current market pricing will apply regardless of market movement. If the property address requires revisions and is not a new property, the existing lock would remain.

LOAN SUBMISSIONS

Loans may be locked prior to submission.

Loans that are in the following stages will not be locked:

- Suspended
- Cancelled
- Denied

Loans must be submitted within 10 business days from lock date. Failure to submit within this time frame will result in lock being cancelled. Subsequent submission of cancelled lock will cause a worse case reprice on relock.

LOCK PULL THROUGH

Lock conversion ratios are calculated once a quarter. Expected lock conversion is at least 75%. A loan that is locked and does not close is considered fall-out. Loans that are locked and require a subsequent relock will count as 2 locks. Originators who do not meet pull thru requirements:

1. 1st offense will result in a warning
2. 2nd offense will require loans to be U/W Approved before a lock will be accepted
3. 3rd offense will require loans be clear to close before a lock will be accepted

FLOAT-TO-CURRENT EXCEPTION

When the market improves significantly, Allied may allow a one-time renegotiation under the following policy guidelines

- Float-to-Current is not a standard option, and is treated on an exception basis by the Lock Desk.



- To exercise this option, the market must have changed significantly since lock date.
- Float downs are not eligible on ARM products.
- The Lock Desk has the ability to float to current market to benefit the borrower only
- Any float down request must be approved by the Lock Desk.
- Current market pricing at the lower note rate must be pricing greater than or equal to the higher note rate the borrower locked at from the original lock date.
- To lower the rate, Secondary may take advantage of current pricing if interest rates improve. (I.e. lowering rate from 5.25%-5% at original premium).