

Secondary 7001.B Policy Wholesale Rate Lock

EMM Wholesale Lending, a division of E Mortgage Management, LLC

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Secondary 7001.B – Policy, Wholesale Rate Lock

100.1 Lock Desk Hours

The lock desk is open Monday through Friday, except for holidays.

Lock desk hours are 10:30 am to 8:00 pm in the Broker's respective time-zone

Lock desk holiday closures announcements are published on the wholesale website announcements page.

Rate locks are requested through the Encompass Login link located on the wholesale website during lock desk hours.

After-hours locks and overnight rate protection are not available.

100.2 Rate Sheets and Pricing

EMM publishes rate sheets daily.

If there is a discrepancy between the rate sheet and the pricing through Encompass the Encompass price prevails. Links to historical rate sheets are available on the wholesale website.

100.3 Loan Registration

Loans must be registered through the wholesale website prior to rate lock.

100.4 Rate Locks

Rate locks are requested through the EMM pricing screen.

EMM pricing is accessed through the Encompass Login interface on the wholesale website.

100.5 Lock Periods

- Loans can be locked for 15,30,45 or 60 days through the EMM Price Engine.

Rate locks expiring on weekends or holidays automatically flow to the next business day.

Loans locked after underwriting will be returned to underwriting for a review of any changes to loan terms.

100.6 Lock Confirmations

Rate lock confirmations can be **viewed** in the doc center in Encompass shortly after the rate lock request is submitted through the EMM Price Engine. An email is sent with rate lock details, confirming that the rate lock has been accepted.

Lock confirmations are automatic and system driven, but are subject to further review by the lock desk and EMM secondary marketing. If a discrepancy is noted, the lock desk will contact the broker by email. Refer to the *Product Guidelines* and *Data Integrity* sections below.

If the confirmation is not received by the following business day contact lockdesk@emmlans.com to ensure that the rate lock was executed. Rate locks not confirmed might be subject to current market.

A rate lock is not a commitment to lend.

100.7 Compensation Plan

The EMM Price Engine provides base pricing. Brokers must confirm that the correct compensation plan is applied when pricing and rate locking loans.

Brokers can change their compensation plans as often as monthly by executing a new compensation agreement. Contact your account executive to discuss compensation plan changes.

Buy ups and buy downs are permitted with both borrower and lender paid compensation plans.

Loans that have been disclosed by us as borrower paid compensation **cannot** be changed to lender paid compensation.

A change from **lender paid to borrower paid** compensation might be considered

- The change must be requested by email to the account executive
 - Revised, fully executed *Broker Fee Agreement* must be attached
 - Revised *Broker Fee Agreement* must indicate borrower “will pay all Broker Fees directly” and be signed by the borrower, with the revised date
- Boxes 1 and 2 of the Good Faith Estimate (GFE) cannot change as a result of the change from lender paid to borrower paid compensation
 - No changed circumstance can result
- The account executive will forward the request to wholesale operations

- Wholesale operations will review the documentation and if the documentation is acceptable, will forward the request to lockdesk@emmlloans.com
- If the loan is locked, the price will be adjusted by the lock desk to add back the lender compensation percentage
- If there are other changed circumstance (CIC) changes pending, (such as an interest rate reduction, or float to lock) those changes will be processed as a separate transaction once the change from lender paid to borrower paid compensation is completed

100.8 Borrower Paid Compensation Maximum Price Paid

Maximum broker compensation is determined by the broker's agreement with EMM. Broker compensation can never exceed regulatory restrictions.

100.9 Product Guidelines

Loan scenarios in the EMM Price Engine identify general guidelines and price accordingly, **but might not identify all loan guidelines with eligibility impacts.**

The EMM Price Engine provides preliminary guideline review based on limited data points. Refer to EMM Guidelines on the wholesale website for additional guidelines and restrictions that might impact loan eligibility. Rate locks for loans not meeting EMM Guidelines are subject to cancellation.

100.10 Data Integrity

EMM accepts rates lock requests based upon the data input into the EMM Price Engine. Data input errors are corrected by contacting lockdesk@emmlloans.com or your account executive. Discrepancies might create a re-price event or result in an invalid rate lock.

100.11 Lock Extensions

Rate lock extensions are requested by submitting a request to lockdesk@emmlloans.com or your account executive. Rate locks extensions must be executed on or before the rate lock expiration date.

Extension Period*	Cost
1-30 days	.02 bps per day

*Loans can be extended for the lesser or two times or 30 total days.

For example- a loan that has been extended once for 15 days, can only be extended one additional time for either 7 or 15 days.

Additional extensions are requested by contacting lockdesk@emmlloans.com for consideration on a case-by-case basis. Provide detail in the request.

100.12 Relocks

Relocks of rate locks that expired within the past 30 days are subject to worst case pricing +.125 (12.5 basis points (bps)).

Expired locks can be re-locked at current market + .125 (12.5 basis points (bps)), 30 days after the original lock expiration date.

100.13 Price Changes and Re-disclosure

Changes to loan characteristics after a loan has been locked might result in re-price.

If a price change decreases lender credit to the borrower, or increases the discount being charged to the borrower, then the pricing change must be a valid changed circumstance. Valid change circumstances would include information becoming available that was not known at the time the GFE was provided (e. g. property value, borrower credit quality).

If the price change was due to a rate lock extension, the borrower cannot be charged for the extension unless the extension resulted from borrower actions, such as not providing documentation needed to make a credit decision or borrower request for change to loan terms. Documentation of the borrower action must be included in the loan file. Otherwise, the extension cost cannot be passed to the borrower.

EMM will confirm the valid changed circumstances and automatically re-disclose the loan.

Refer to the *Compensation Plan* section for changes from lender paid to borrower paid.

100.14 Borrower Name, Property Address, Loan Amount and Product Changes

Rate locks are associated with product type **and** property address **and** borrower name(s). Any material changes to those (or other critical fields) can invalidate the rate lock or make the transaction subject to re-price. Minor changes, such as street to avenue are subject to lock desk review. Documentation will be required prior to allowing the change.

Borrower Name and Property Address Changes

Locked as	Changed to	Requirement
125 Smith Street, Haddonfield, NJ	125 Smith Street, Haddon Township, NJ	Lock desk review
125 Smith Street, Haddonfield, NJ	135 Smith Avenue, Haddonfield, NJ	New lock required
Joseph and Mary Smith	Joe and Mary A. Smith	Lock desk review
Joe Smith and Mary Dyer	Joe Smith and Frank Dyer	Lock desk review
TBD (not permitted)	135 Smith Avenue, Haddonfield, NJ	Lock not permitted

Rate locks may not be requested with a "TBD" property address.

Product Changes

Locked As	Changed to	Requirement
Any FIXED conventional, FHA or VA	Any FIXED conventional or FHA or VA	Re-price off original lock date
Any FIXED conventional, FHA or VA	Any ARM or Jumbo	Relock, current market
Any ARM or Jumbo	Any FIXED conventional, FHA or VA	Relock, current market

Loan Amount Changes

Loan amount changes of >5% require relock at current market of the amount greater than 5% of the original loan amount.

Example-

Initial loan amount	\$200,000
New loan amount	\$300,000
Change =	\$100,000
5% of loan initial amount	\$ 10,000
Loan amount subject to re-price at current market rate =	\$ 90,000

100.15 Lock Cancellations and Loan Cancellations in Error

Rate locks are automatically cancelled as soon as there is an *underwriting cancelled* or *denied date* in Encompass.

Brokers should be pro-active in cancelling rate locks when it is known that the loan transaction will not proceed, in order to protect the brokers pull-through ratio tier. Refer to *Pull-Through*, below.

Rate locks for loans that are cancelled or denied in error might be re-instated by contacting lockdesk@emmloans.com on the same business day that the loan moves to cancelled or denied status and back to active status.

If lockdesk@emmloans.com does not receive the request in time to re-instate the rate lock before it is automatically cancelled, the rate lock might be lost and the loan subject to re-price and relock.

100.16 Pull-Through

Brokers are responsible for managing individual loans and their pipelines.

EMM secondary marketing monitors pull-through ratios. Cancelling loans out of the locked pipeline in a timely manner improves the overall pull-through rate.

100.17 Renegotiations

In the event of an interest rate market change, EMM might consider a rate lock renegotiation, on a case-by-case basis. Only one renegotiation is permitted per loan. Renegotiations must be requested prior to 5:00 pm eastern to be considered in that business day. The renegotiation request must be initiated by the borrower.

The market must move at least 100 basis points (bps) in price from original rate lock price and rate lock period. The renegotiation must result in a lower interest rate for the borrower.

Due to broker compensation limitations, all benefits of a renegotiation must be passed to the borrower.

Loans must be approved in underwriting prior to rate lock renegotiation requests.

Renegotiations can be a valid change circumstance requiring re-disclosure.

Only one renegotiation is permitted per loan.

100.18 Business Disruption

If the EMM Price Engine becomes unavailable during regular business hours rate locks can be requested by email from lockdesk@emmloans.com.

Rate locks request received during a business disruption are considered on a case-by-case basis if the secondary markets are available.

100.19 Pricing Exceptions

Contact your account executive with pricing exception requests. To be considered, pricing exceptions must provide a direct benefit to the borrower.

100.20 Rate Lock Training

Contact your account executive for rate lock and other EMM systems training.