

Policies and Procedures

DMC generally provides rate lock periods of 12, 30, and 60 days. However, other rate lock periods may apply for specific loan programs.

1. Rate lock expirations:
Loans must be closed and funded by the rate lock expiration date. Loans not closed and funded by the expiration date are subject to re-pricing. Rate locks will expire at 5:00 p.m. Mountain Time Zone, on the lock expiration date.
2. Best Effort locks:
All locks with DMC are on a best-effort basis. Once the loan is locked with DMC, it is expected that the loan will be delivered for funding. Direct Mortgage does not offer a Mandatory lock option.
3. Rate lock cutoff time:
Loans may be locked in DirectWare at the current day's price until 1:00 a.m. Mountain time, the following day. Lock registrations received after the cutoff times will be priced on the following day's prices.
4. Rate Lock Confirmation:
Rate Locks must be requested on-line through DMC web site – using the on-line rate lock request functionality (DirectWare). Once the loan has been locked the Lock Confirmation is immediately available on-line. Rate Locks are not valid and will not be honored without a Rate Lock confirmation.

Rate Lock confirmations are subject to change at any time, based upon changes made to the loan application and will be honored at the sole discretion of DMC.

Loan Officers and Brokers may access lock confirmations online by logging in to DirectWare. Account Executives are available to help Brokers with their User ID and Passwords.

5. Procedure for locking rates:
Loans are locked on-line by entering DirectWare and selecting Loan Choices, and then utilizing the "Lock" option.
6. One-Time Float Down:
A one-time float down option may be available for locks in which the price has improved, and are subject to the following conditions:
 - a. To be eligible for the Float Down, the Loan must be within 10 days of funding. (If the lock expiration is not within 10 days, a float down may be granted and the lock expiration will be moved to 10 days from the date of the float down.)
 - b. Loan program and term must be the same as the original loan program and term at time of lock
 - c. Price will be improved to current market price plus a float down adjustment, for pricing of the same lock period as the original lock period. For example, if the loan

Policies and Procedures

was originally locked on a 30 day price, the current 30 day price will be used to determine the price after the float down option has been exercised. The float down adjustment may vary by loan program. If a loan has been previously extended, the extension cost will be added to the new price.

- d. Loan Program Changes are allowed after the float down option has been exercised, and the price will be determined by our current policy for changing loan programs (see section 2(l)). If a loan has been previously extended, the extension cost and the float down adjustment will be added to the new price.
- e. Lock Extensions are allowed after the loan has been floated down as long as the loan has not been previously extended. Only one extension per loan is allowed.
- f. Exceptions to the above conditions may be considered by the price desk. Exception requests should be submitted in writing, by the Loan Officer through the Account Executive assigned to your account. (DMC reserves the right to withhold the Float Down program from some unique, niche loan programs.)

7. One time Lock Extension – prior to rate lock expiration:

A one-time lock extension may be granted for periods up to 60 days, when necessary. Lock extension must be completed prior to the original rate lock expiration date.

Lock extensions may be requested on-line. Loans not funded by the extended lock expiration date will be subject to re-pricing at the worst of “current price” or “original price (plus extension cost)”. The extension costs are available online, when selecting lock extensions, and are subject to change.

8. Re-lock after rate lock expiration:

a. Agency loan programs (Conforming & Government)

If loan is relocked within 30 days of the lock expiration, the loan is subject to the worst of “current price” or “original price” plus an additional relock fee. The loan must be locked for the same lock period as the original lock, i.e. – if original loan was locked for 30 days, must compare prices using “current” or “original” 30 day pricing.

If the loan is relocked 31 days or more after the lock expiration, the loan may be relocked at current pricing for any lock period.

b. Non-Agency loan programs (Non-Conform/Jumbo/ALT-A, Sub-prime, etc)

If loan is relocked within 30 days of the lock expiration, the loan is subject to the worst of “current price” or “original price” plus an additional relock fee. The loan must be locked for the same lock period as the original lock, i.e. – if original loan was locked for 30 days, must compare prices using “current” or “original” 30 day pricing.

If the loan is relocked 31 days or more after the lock expiration, the loan may be relocked at current pricing for any lock period.

9. Change Interest Rate of existing lock:

Requests to change the interest rate of a current lock may be granted at the price in effect at the time of the original lock, when available. If the requested rate was not available at

Policies and Procedures

the time of the original lock, the request may be granted with an additional market adjustment taken for market changes.

10. Change Program of existing lock:

Requests to change the loan program of a current lock may be granted at the worst of the original lock price or current lock price, when available. As market conditions dictate, an additional market adjustment may be charged.