



## ESSEX MORTGAGE RATE LOCK POLICY

(Updated 09-01-2019)

### Lock Desk Hours:

**Monday – Friday 8:30 AM – 5:00 PM PST**

(Extended Lock Hours to 7PM PST with .25 Overnight Protection Fee)

*Reminder: All products can be locked through Broker Connect. However, loans requiring Manual Locks (which include all DPA programs) can be locked by emailing [locks@essexmortgage.com](mailto:locks@essexmortgage.com).*

### Standard Lock Policy

(Standard Conventional & Government Programs)

Standard Lock Periods:

- 15 Day Lock (Must be approved and PTD's are signed off)
  - 30 Day Lock
  - 45 Day Lock
- Longer lock period considered on a case-by-case basis. Contact Lock Desk.  
Same day lock – lock period change is allowed.

Same day lock cancellation is also allowed thereafter will be subject to a re-lock policy.

### Lock Extension Fee:

7 Day Lock Extension Fee	(0.200)
15 Day Lock Extension Fee	(0.350)
35 Day Lock Extension Fee	(0.550)

### Re-Lock Policy

(Standard Conventional & Government Program Expired Locks)

*If loan re-locked within 30 days of original lock expiration (including all extensions) ....*

- 15-day re-lock period = Worse-Case-Pricing + (0.350)
- 30-day re-lock period = Worse-Case-Pricing + (0.550)

*If loan relocked 30+ days after the original lock expiration (including all extensions) ....*

- Current Market Pricing

## Rate Renegotiation Policy

A rate renegotiation can be obtained in two different forms. *A one-time free extension or rate renegotiation option is allowed per loan.*

### 1) Free Rate Lock Extension

- If current market .50 better in fee than lock, loan is eligible for a 7-day free extension
- If current market .75 better in fee than lock, loan is eligible for a 15-day free extension

### 2) Rate Renegotiation

In an improving market, a minimum 1.00 price improvement is required to request a rate renegotiation (capped at 1 point). The price is calculated based on the difference of current market versus original lock divided by 2 (basically half the difference). As a general rule, the renegotiated price must result in an improved note rate. It is understood that there may be isolated situations in which transitioning to a lower note rate may not be an option (i.e. renegotiated price may not provide enough rebate to cover all closing costs, etc.). These situations will be considered on a case-by-case exception basis (allowing the same rate is maintained with greater rebate utilizing the same negotiated adjustment calculation).

See example of Standard Price Renegotiation Calculation below.

### **Example**

INITIAL PRICE CODE / LOCK	CURRENT PRICE CODE
4.50% @ 101.0 for 30 days	4.50% @ 102.0 for 30 days
Take the difference of 1.00 in fee and divide by 2 = 0.50 (the negotiated adjustment)	
<b>CURRENT PRICE CODE for new Renegotiated Rate</b>	
<b>Next Published Lower Note Rate 4.375%</b>	

4.375% @ 101.50 for 30 days

Current Price Code *minus* 0.50 Negotiated adjustments

4.375% @ 101.0 for 30 days\* Final Renegotiated Rate

*\*although price based on 30 day (or original term pricing of initial lock), expiration date of renegotiated price remains the same as original lock expiration. Rate renegotiated but lock term remains the same.*

**\*\*Note: Re-Lock Policy, Free Rate Lock Extension and Rate Renegotiations are not allowed on the following products:**

- ◆ CALHFA and DPA Loan Programs
- ◆ Non-Agency Jumbo
- ◆ Non-QM and Portfolio Loans
- ◆ Conventional Arm Loans
- ◆ FHA and VA Arm Loans
- ◆ FHA / VA 15Yr
- ◆ and VA High Balance