



NMLS# 3304

# WesLend Financial

## Secondary Marketing Lock Policies



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# Lock Policies

## 2.0 GENERAL INFORMATION

### 2.1 Rate Sheets

Rates are published daily and distributed via email by 7:30 am PST Monday through Friday. Rates can also be accessed via the WesLend Wholesale website at:

[www.weslendwholesale.com](http://www.weslendwholesale.com). The user is now required to log-in in order to access rates.

#### 2.1.1 Intra-Day Price Changes

Rates are subject to change for the worse or better at any time based on market fluctuation without prior notice.

### 2.2 Lock Desk

For questions, the Lock Desk can be reached at 1-888-945-4145 ext. 2202.

#### 2.2.1 Lock Desk hours are from rates out in the morning to 4:30 pm PST.

All requests received after cutoff will be priced to the next day's rate sheet.

#### 2.2.2 New rate lock requests, lock extensions and changes to locked loans

New lock requests should be submitted and locked through Broker Connection 2.0, WesLend's online Pricer and Eligibility Engine, at [www.weslendwholesale.com](http://www.weslendwholesale.com), Lock extensions and changes to locked loans must be emailed to the lock desk at [lockdesk@weslend.com](mailto:lockdesk@weslend.com).

#### ▶ Submitting your lock through the eligibility engine in Broker Connection 2.0

The loan can be submitted through the Eligibility Engine as a lock or float. Please see Broker Connection 2.0 Quick Pricer User Guide at [www.weslendwholesale.com](http://www.weslendwholesale.com) for complete details.

### Launch Quick Pricer

Portal Mode: **Broker** Manage Users My Profile Log Off

Loans | Conditions | Tasks

Search

Loan Number	Conditions	Tasks	Last Name	First Name	Loan Amount	Loan Status	Status Date	Lock Status	Lock Exp Date	Loan Officer	Processor
WCL4120319 TEST	4 Conditions	2 Tasks	TEST CASE	DAVID	\$120,000	Pre-Doc QC	1/5/2015	Approved	12/18/2014	Broker Loan Officer	Broker Processor
WCL4120320 TEST	1 Condition	2 Tasks	KENZY	JOHN	\$192,000	Approved				Broker Loan Officer	Broker Loan Officer

- ▶ When locking a loan via Broker Connection 2.0, the loan must be submitted and receive an “Eligible Loan Program” status in order to lock. The user needs to consent to the Agreement and click “Confirm”.
- ▶ Until the loan is processed and accepted by the Lock Desk, your pipeline status in Broker Connection 2.0 will reflect “Lock Request”
- ▶ Once the lock is accepted by the lock desk, the loan will show “Locked” on the online pipeline status in Broker Connection 2.0 and a formal lock confirmation will be emailed to the user.

#### ▶ Pre-Locks / Forward Locks

The QuickPricer allows the user to manually create the loan with minimal data input. The complete FNMA 3.2 file upload can then be performed at a later time. When an acceptable pricing scenario has been established in the QuickPricer, the Broker clicks on the “Create Loan” button and the loan number is assigned. The pricing request must be completed again and the Broker clicks on “Request Lock”.

For all pre-locks/forward locks, Weslend Financial will produce the locked Loan Estimate (LE) in our name and re-disclose to the borrower. WesLend will not accept a locked LE from the Broker and the initial LE must be submitted with Lender in blank.

# Lock Policies

After a loan has been pre-locked, the Broker then has 48 hours from the lock date to submit the initial LE with Lender in blank and the broker signed 1003. On the second business day following pre-lock/forward lock, WesLend Financial will send email notification to the Broker and Account Executive requesting the initial LE and the broker signed 1003. The lock will be cancelled if the initial LE and the broker signed 1003 has not been received within 48 hours. This allows WesLend one business day to produce the locked LE based on the new lock terms and remain compliant.

The initial LE and the broker signed 1003 must be submitted to [disclosuresdesk@weslend.com](mailto:disclosuresdesk@weslend.com). This process will eliminate significant risk to our broker partners regarding incorrect fees or disclosure.

Lock terms for pre-locks are limited to 30 or greater as follows:

- ▶ Purchase and Refinance transactions: Minimum lock term of 30 days
  - Broker has 5 calendar days to submit the full submission package
- ▶ 15 day locks are not eligible for pre-locks

## 2.2.2.1 Lock Confirmations

Once the loan is locked by submitting the lock in Broker Connection 2.0, the lock will be processed by the lock desk and a formal written confirmation of the pricing terms will be sent to the broker via email within 24 hours. A copy of the lock confirmation will also be forwarded to the Wholesale Account Executive and the Account Manager. Any discrepancies on the confirmation must be reported within 24 hours.

## 2.2.2.2 Incomplete Lock Information

Lock requests containing incomplete information or product criteria outside lenders lending parameters will not be considered “Received” and locked. The lock desk will contact the broker for further clarification. Once complete, the lock will be considered “Received” and priced based on the newly received date and time.

## 3.0 RATE LOCK POLICIES

### 3.1 Rate Lock & Registration Policy

When locking a loan via Broker Connection 2.0, the loan must receive “Eligible Loan Program” in the Quick Pricer display in order to lock. Loans locked prior to submission (see pre-lock policy above) are eligible, however, once the loan is pre-locked, the file must be submitted within 5 or 7 calendar days as outlined above or the lock will be cancelled.

#### 3.1.1 All WesLend products require a Rate Lock prior to docs.

**All locked loans must have a valid loan application.** The definition of a valid loan application for lock purposes is:

- Signed & dated loan application,
- Letter of Intent signed and received from the borrower,
- Credit report pulled,
- Initial disclosures generated.

##### 3.1.1.1 Failing QM Test

For any loan that receives a compliance QM risk factor of “fail” at the time of lock, the loan cannot be locked. The lock desk will notify the Broker and Account Executive of the compliance risk factor “fail” and let them know that the lock is denied. The lock desk does not interpret what modifications to pricing are necessary to pass the QM Test.



# Lock Policies

For any other QM rating other than “fail”, the loan can be locked.

QM compliance risk category ratings below:

- QM Fail – loan cannot be locked
- Minimal Risk – No Action Required
- Moderate/Significant Risk – lock desk will email the broker notifying them of potential QM issue. Broker must evaluate the required lock modifications to receive a pass rating and notify the lock desk accordingly as soon as possible.

3.1.2 **Loans must be approved in order to lock with short term locks, i.e. 10 or 15- days.**

3.1.3 **Lock Confirmations**

- Confirmations will be emailed to the Broker on all new rate locks and changes to the lock. Broker Connection 2.0 will also reflect that the loan is locked in the pipeline status. A copy will also be forwarded to the Wholesale Account Executive and Account Manager. The Lock Confirmation must match the Loan Approval.

3.1.3.1 **Lock Pricing**

- Pricing on the Lock-in Confirmation is expressed in points.
  - ▷ Rebate Pricing – negative #
  - ▷ Discount Pricing – positive #

3.1.4 **Canceling Locks**

Maintaining a clean locked pipeline with Secondary Marketing is essential. Loans that withdraw or are inactive need to be cancelled with the Lock Desk on a weekly basis. Email the cancellation notice to the lock desk at [Lockdesk@weslend.com](mailto:Lockdesk@weslend.com).

3.1.5 **Expired Locks**

Prior to the lock expiring, it is the broker’s responsibility to extend or relock the loan if the loan is still active. Once the lock has expired, the loan will revert to a float status until a decision has been made to cancel or relock the loan (*extensions are not granted on expired locks*). Expired locks are subject to worse case pricing if relocked within 30 days from expiration. (see relock policy section 3.1.7)

3.1.6 **Requesting Changes to Rate Locks**

3.1.6.1 **Loans Not In Underwriting**

- If locked terms change prior to underwriting, the Broker is responsible for notifying the Lock Desk.
- Email changes to the Lock Desk (include last name & WesLend loan #)

3.1.6.2 **Loans Already in Underwriting**

If there is a change in underwriting, it is the Underwriter’s responsibility to add a “prior to doc” PTD condition #806 for Lock Desk to approve specific change. Example – “Lock Desk to approve change in terms: L/A \$300,000, LTV 85%.”

- Changes after a loan has been underwritten must be approved and conditioned by the Underwriter before Secondary will amend the rate lock.
- Once approved by the Underwriter, the Underwriter will notify the Lock Desk to amend the rate lock.
- The lock Desk will email a revised Lock Confirmation to the Broker with a copy to the Wholesale Account Executive.



# Lock Policies

## 3.1.6.3 Change in Loan Amount

Generally plus/minus 5% are allowed on same day rate sheet. Email the Lock Desk on a case-by-case basis.

## 3.1.6.4 Change in Interest Rate

Loan will be priced at the appropriate discount or premium for the equivalent rate on the original date of lock, if available. If the original rate was not available, email the Lock Desk on a case-by-case basis.

## 3.1.6.5 Changes to Loan Terms not Reported to the Lock Desk

Changes to loan terms not reported to the Lock Desk that result in a change in lock price may be charged to the Broker.

## 3.1.6.6 Change in Subject Property

A change in subject property is treated as a new transaction. Contact the Lock Desk.

## 3.1.6.7 Changes to Rate Lock Considered a “Changed Circumstance”

If there is a change made to the loan that impacts pricing, which is considered a “Changed Circumstance”, the GFE will be re-issued to the borrower(s). A new letter of intent to proceed is not required.

## 3.1.7 Relock Policy

- **Full Term Relock: Worse of current market or original lock plus .125% relock fee**
  - ▷ The relock fee is applicable regardless of the movement in the market.
- Fixed Rate Programs - relocking with a different fixed program is subject to worse case pricing if within 30 days of lock expiration.
- ARM Programs – relocking with a different ARM program is subject to worse case pricing if within 60 days of lock expiration
- If changing from fixed to ARM or ARM to fixed program, please contact lock desk.

## 3.1.8 General Lock Extension Policy

- In the event a loan cannot be delivered within the original lock term but a full relock is not required, extensions of the original lock term may be granted ***only on or before the date of the lock expiration***. Extensions are subject to review based on the current market environment and are not guaranteed.
- **Extension Policy – loans may be extended for either 7, 10 or 15 days. If less time to close is needed, a per diem charge can be applied of .025% per day– see daily rate sheet for pricing as extension cost may vary by product and over time.**
- The Broker is responsible for requesting lock extensions (by emailing the Lock Desk – [lockdesk@weslend.com](mailto:lockdesk@weslend.com)).
- Extension request deadline is 4:00 pm of the expiration date or earlier. There is no need to wait if you know you need more time in advance.
- **Up to two lock extensions will be granted (any combination). Any additional time needed will be considered a relock at worse case pricing.**
- Locks expiring on a weekend or Holiday will roll to the next business day if there have been no lock extensions.
- Locks that have been extended are not eligible for rollover from the weekend or Holiday and need to be extended to the next business day.
- Extensions start from the exact calendar day of the original lock expiration plus the extension days.
- Expired locks will be considered a relock (see relock policy above).
- The Broker is responsible for ensuring there is adequate time on the lock to fund.
- The cost of the extension may be considered a changed circumstance if charged to the borrower (see Section 3.1.6.7).



# Lock Policies

## 3.1.9 Pricing with Impounds/Escrow Account

- Improved pricing with impounds requires both taxes and hazard insurance (not all products are eligible for improved pricing – refer to current rate sheet).
- Impounding taxes only or insurance only is optional but not eligible for improved pricing (if applicable).
- If the loan requires MI and/or flood, then impounds are also required.
- Earthquake insurance is not required to be impounded.

## 3.1.10 Rate Protection For Locked Loans Declined in Underwriting

- Locked loans declined in Underwriting are automatically cancelled in the system.
- Rate protection on the original locked program is available if a rebuttal is going to be submitted to Underwriting.
- Notify the Lock Desk by email the same day of declination to transfer the lock to a new loan # to preserve the original rate lock.

## 3.1.11 Renegotiation Policy

In an improved market, renegotiations of pricing *may be considered* on a case-by-case basis, however, the following loan status must be adhered to for Secondary to discuss a possible renegotiation. Contact the lock desk.

- At least 1.00% improvement in price. No Exceptions!
- One-time renegotiation after loan approval.
- Loan must be ready for final docs.
- Rate lock term will be reset to the earlier of the original lock expiration or 10 days from the date of the renegotiation. Any additional time needed will incur an extension cost.
- If the market improves by 1.0% or greater in price, the renegotiation of either price or rate will be based on a “split the difference” methodology. Example – if the difference in price is:
  - ▷ 1.00%, the improvement to the lock price will be .50%
  - ▷ 1.50%, the improvement to the lock price will be 75%;
- If a lower rate is requested, the new pricing will be based on a “split the difference” methodology of the price at that rate on the original lock date versus the new rate based on current market utilizing the same lock term.

Once the renegotiated rate/pricing has been approved by Secondary, the “changed circumstance” guidelines will be followed – see *Section 3.1.6.7 Changes to Rate Lock Considered a “Changed Circumstance”*.

## 4 LOANS PAYING OFF EARLY

### 4.1 Lenox Early Payoff Policy

The EPO Policy shall come into effect whenever a loan resulting from loan application package it received from Broker is sold to or funded by Lender and that loan pays off or the principal balance is paid down by more than 20% of the original principal balance within one hundred and ninety-five (195) days of funding, regardless of whether that pay off or pay down is from a refinance by or through Lender as the result of another loan application package submitted by Broker, or from a refinance on a loan application package submitted to WesLend by or through another broker or lender, or from a non-brokered refinance by WesLend or any other lender. On all mortgage loans falling within the EPO Policy, Lender may require Broker to repay to Lender all monies paid to Broker by Lender, including any premium or service release premium.

