

Sage Home Loans Corporation

Secondary Marketing Lock Policies

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2.0 General Information

2.1 Rate Sheets

- **Rates are published daily** and distributed via email by 9:00 am PST Monday through Friday. Rates can also be accessed via the Sage Wholesale website at: www.sagetpo.com.

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, email the lock desk at lockdesk@sagehomeloans.com
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2.2.1 Lock Desk hours are from 9:00am PST to 5:30 pm PST.

- Lock cutoff is 3:30 PM PST for Arm, Jumbo and Non-QM programs and
- 5:30 PM for all other programs.

NOTE:

- 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 through the Sage Wholesale Broker Connection at www.sagetpo.com , Lock extensions and changes to locked loans must be emailed to the lock desk at lockdesk@sagehomeloans.com
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Pre-Locks / Forward Locks

- To pre-lock a loan, the broker will need to create a loan by importing a complete FNMA MISMO 3.4. Next, the broker will register the correct program and then request the lock.
- After the loan is pre-locked, the Broker has 48 hours from the lock date to upload the Broker fee sheets and an unsigned 1003. On the second business day following the pre-lock, Sage Wholesale will send email notification to the Broker and Account Executive requesting the required documents (typically the fee sheet and unsigned, undated 1003) . The broker must upload the required documents into the loan on the E-doc page. The lock will be cancelled if the items are not received within those 48 hours. This will allow Sage Wholesale to disclose the initial locked Loan Estimate and remain compliant. The broker has 5 calendar days to upload the full submission package. Failure to meet the submission deadline will result in either the lock cancellation or worst-case pricing as determined by current market after the 5th day.
- Refer to Program Chart for Details on lock periods for pre-locks.

2.2.2.1 Lock Confirmations

- Once the loan is locked by submitting the lock in Sage Wholesale Broker Connection, 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 Sage Wholesale Broker Connection, the loan must be registered on an eligible loan program in the pricing screen to lock. Loans locked prior to submission (see pre-lock policy above) are eligible. Once a loan is pre-locked, the submission file must be uploaded within 5 calendar days as outlined above or the lock will be subject to cancellation.

3.1.1 All Sage products require a Rate Lock prior to docs.

- TBD loans will be allowed to be registered but will not be able to be locked until a property has been found and the file has been updated with this information.

3.1.2 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.
- 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.

3.1.3 Lock Confirmations

- Confirmations will be emailed to the Broker on all new rate locks and changes to the lock. Sage Wholesale Broker Connection 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@sagehomeloans.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 at lockdesk@sagehomeloans.com (include last name & Sage 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. and Account Manager.

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.

3.1.6.4a Changes to Program

- Refer to exhibit A Program Change Chart

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 Borrower.

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 loan estimate will be re-issued to the borrower(s).

3.1.7 Relock Policy

If a lock is expired and the loan is relocked within 30 days of the lock expiration (or loan cancellation date), the loan will be subject to worst of market pricing plus a relock fee.

We allow a 15 or a 30 day relock:

- 15-day relock= .125 relock fee
- 30-day relock= .25 relock fee

The relock fee is applicable regardless of the movement in market.

NOTE: No further extensions will be eligible on a relocked loan without an exception from the lock desk. Any concessions that were applied to a loan will be invalidated and must be re-submitted for approval.

Worst of Market is determined by the base price of the original locked rate for the same lock period, plus any extensions that were applied to the loan. This value is compared to the current market base price for the same rate and lock period to determine which is worse. Whichever is worse, will be used upon relock, with the corresponding relock fee added on to the price. For assistance in determining worse case pricing, please email lockdesk@sagehomeloans.com.

NOTE: the above relock policy applies to hedged loans only. Jumbo, Arms and Non QM loans are subject to investor policies, please email the lock desk for assistance.

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 5, 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 at lockdesk@sagehomeloans.com).
- Extension request deadline is 4:30 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.**
- Lock extensions use calendar days not business days..
- Jumbo and Non-QM programs are subject to investor lock policies, email lock desk at lockdesk@sagehomeloans.com for extensions on these programs.
- 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).

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.

NOTE:

Renegotiation Policy – ***Does not apply*** to Jumbo, Non-QM and / or ARM programs.

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”**.

4.0 LOANS PAYING OFF EARLY

4.1 Sage 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 Sage Home Loans by or through another broker or lender, or from a non-brokered refinance by Sage Home Loans 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.

5.0 Lock Chart

LOCK CHART				
LOAN PROGRAM	PRELOCK?	MINIMUM STATUS TO LOCK	LOCK CUT OFF TIME	EXTENSION FEES
<u>Conventional</u> Conforming DU/LP High Balance DU/LP HomeReady Home Possible RefiNow Refi Possible	30 or 45 days Minimum Status: “Registered”	30 day pricing minimum	5:30 PM (PST)	.125 - 5 days .15 - 7 days .25 - 15 days 30 days max extensions
<u>Government</u> FHA FHA Streamline VA VA IRRRL	30 or 45 days Minimum Status: “Registered”	30 day minimum pricing	5:30 PM (PST)	.125 - 5 days .15 - 7 days .25 - 15 days 30 days max extensions
<u>JUMBO</u> Sapphire Jade Ruby AUS Opal AUS Topaz AUS A Series Jumbo	Not allowed	30 days at “Approved” status	3:30 PM (PST)	Contact lock desk for details. 15 day max extension available.

<u>MVP</u> MVP Prime MVP Standard MVP DSCR MVP Foreign National	Not allowed	30 days at "Approved" status	3:30 PM (PST)	Contact lock desk for details.
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6.0 Exhibits:

A. Product Switches – Major Product Groups

Use the following chart to determine the pricing and lock expiration for switching products on locked loans:

All scenarios assume vice versa		
Switch From	Switch To	Pricing
Conventional 30 Year Fixed	Conventional 25 or 20 Year Fixed	Pricing from Original lock date
Conventional 30 /25/20 Year Fixed	Conventional 15 or 10 Year Fixed	Worst Case Pricing
Conventional Fixed all	Government Fixed all	Worst Case Pricing
LP	DU	Pricing from Original lock date
Conventional or Gov Fixed	Conventional Arm or Gov Arms	Worst Case Pricing
Conforming Fixed	High Balance Fixed	Pricing from Original lock date
Conforming Fixed	High Balance Arm	Worse Case
Fast Trac	Conventional	Pricing from original lock date as long as term does not change.
Agency programs	Non Agency (Jumbo & Non QM)	Worst Case
Jumbo & Non QM	Other Jumbo or Non QM Programs	Email lock desk for pricing.

NOTE: Any program switch / scenarios not listed, please email the lock desk to determine pricing.