



## EXTENDED LOCK PROGRAM FACT SHEET – WHOLESALE

### What is the Extended Lock Program?

The Extended Lock Program allows the borrower(s) to lock in an interest rate for a period of 120 or 180 days with a one-time float down option. This lock program requires an upfront refundable fee at the time of rate lock.

- **Eligible Products:**

- Conventional Fixed Rate – Fannie Mae & Freddie Mac
- Government Fixed Rate – FHA, VA and USDA

- **Eligibility:**

- New Construction ONLY
- Refinance loans where the loan proceeds are going to pay-off an interim construction loans permitted.
- Not available in the following states:
  - New York
  - Missouri
  - Massachusetts

### Upfront Refundable Fees

An upfront refundable lock fee of 1.00% of the loan amount is required at time of lock.

- **The upfront fee is refundable at closing or if the loan is denied**

- **The upfront fee is not refundable if:**

- Withdrawn
- Cancelled
- Changed to a product that is not eligible under the Extended Lock Program

## Lock Periods, Rate Adjustments & Pricing

To price the initial extended lock, pricing is based on a 60 day price plus a rate adjustment for the applicable lock period (below).

Lock Period	Rate Adjustment
120 Days	.125%
180 Days	.250%

Extended lock products and pricing are available in DRIVER\*

\*Extended Lock Programs/Pricing will only be viewable if your company has gone through the Extended Lock Program training AND indicate the property is New Construction inside of DRIVER.

## Float Down Option

The borrower may exercise a **one-time float down option** within 30-days of closing. The float down rate/price is calculated based on current 60-day price plus a .125% rate adjustment. Current loan level price adjustments apply.

When exercising the float down option, the lock expiration date will be updated to the lessor of 30 days or the existing expiration date, whichever expires first. Please note that exercising the float down option does not extend the lock period.

## Float Down Option Example:

Initial Lock		Float Down	
Initial Lock:	180 Days	Float Down:	Within 30 days from Closing
Lock Date:	10/8/2020	Float Down Date:	3/19/2021
Lock Exp Date:	4/6/2021	New Lock Exp Date:	4/6/2021
60 Day Base Rate:	3.375%	60 day Base Rate:	3.000%
Extended Lock Adj:	0.250%	Float Down Adj:	0.125%
Final Rate:	3.625%	Final Float Down Rate:	3.125%

## Lock Extensions

Lock extensions are permitted up to a maximum of 30 days on either the initial lock or float down option. The borrower is responsible for any applicable lock extension fees. The lock extension request must be made prior to the lock expiration. If the lock extension is requested after the expiration date, then the loan will be subject to a relock at “worst case” pricing.

Extensions are not allowed once the loan has been relocked.

## Relocks

Relocks are permitted based on “worst case” pricing.

- For relocks on the initial lock, the worst-case pricing is based on the original price, lock term, and product; compared to current market pricing for the same lock term and product.
- For relocks on float downs, the worst-case pricing is based on the original float down price, compared to the current market float down price.

The relock term is for a period of 30 days regardless of the original lock period. Any subsequent relocks are based on worst case pricing, as above.

## Product Changes

- Product changes to an eligible product under the Extended Lock Program are priced based on the pricing in effect as of the original lock date for that product.
- Changes to an ineligible product under the Extended Lock Program are priced based on the current market.
  - The upfront fee will not be refunded if changed to an ineligible product.
- Product changes for the purposes of improving pricing are not allowed.

## Appraisal Expirations on Government Loans

- **FHA** – Appraisal expiration is 120 days from the effective date of the appraisal report. A DE Underwriter must review and issue the HUD Conditional Commitment and may extend the expiration of the appraisal to 150 days to facilitate loan closing. If closing does not occur within 150 days, an appraisal update with the original FHA Appraiser is required to extend the expiration of the report to 240 days.
- **VA** – Appraisal expiration is after six months as noted in the VA Notice of Value (NOV).
- **USDA** – Appraisal expiration is after 150 days from the effective date of the appraisal. If closing does not occur within 150 days, an appraisal update is required to extend the expiration of the report to 240 days.

## Participation in the Extended Lock Program

- Your company must go through training to participate in this program
- Pull-through under this product must remain at acceptable levels
- Failure to maintain acceptable pull-through rates may lose access to the program

**Contact your Fairway Wholesale sales representative  
for questions on the Extended Lock Program and Process.**

## EXTENDED LOCK PROCESS FLOW & CHECKLIST

- An initial floating Loan Estimate reflecting the 1.00% refundable Extended Rate Lock Fee must be disclosed within 3 days of the application date; or re-disclosed on a floating Loan Estimate
- The intent to proceed (either written or verbal) must be provided before the collection of fee's or obtaining the borrower(s) credit card information
  - If the intent to proceed was based upon a Loan Estimate that did not include the Extended Lock Fee, a new intent to proceed is required
- AUS Findings resulting in an approve recommendation must be provided to Fairway Wholesale Lending
- Credit Card information must be provided to Fairway Wholesale Lending
  - Fairway will initiate the collection of the credit card information once the above steps have been completed
- The loan is now eligible to be locked in DRIVER. The credit card is charged once the lock is requested

**NOTE:** If a lock is requested in DRIVER without the above steps being completed, the lock will be not be processed and have to be re-submitted once all steps are complete and loan will be subject to current pricing at the time of the request.

- Fairway Wholesale will re-disclose the locked Loan Estimate within 3 business days of the lock.
  - Fairway will prepare and disclose the Extended Lock Confirmation Agreement.