

Southwest Funding, LP Lock Desk Policies & Procedures

General Information:

Southwest Funding, LP pricing policies and procedures are designated for 1-4-unit Residential mortgage loans which meet the purchase requirements of FNMA, FHLMC, GNMA and/or private investors in the secondary market.

This policy will be reviewed at least annually by the Chief Strategy Officer – Managing Director of Secondary Marketing, Secondary Marketing Manager and compliance to ensure it is consistent with the Company’s financial objectives and that the procedures are adequate to protect the Company’s assets.

Southwest Funding, LP business lines include retail, wholesale and mini correspondent.

Lock Desk contact:

- secondarylocks@southwestfunding.com

Eligibility:

- Southwest Funding, LP hedged product is available on Conventional and Government fixed rate loans meeting internal guidelines.
- For all other product eligibility please refer to specific investor product guidelines

Standard Lock Times:

- Lock desk hours are between 9:30 AM- 5:00 PM CST.
- Lock requests are accepted via the pricing engine. In the event of technical impairment, notification will be released and locks will be accepted manually via email secondarylocks@southwestfunding.com

Rate Publication:

- Rate sheets are published by our investors between the hours of 9:00 AM and 10:00 AM CT each day.
- Rates will be published and available on www.swfundingtpo.com
- Rates and pricing are subject to change without notice and price changes are effective immediately upon publication.

Pricing:

- Pricing will be honored from the rate sheet that is effective at the time the lock request is received.
- Incomplete or inaccurate lock requests will not be honored and pricing will be determined when the information is received.
- Loans are locked by property address. Any changes to the address will result in forfeiture of the lock.

Lock Requests Procedures

- Locks must be requested through the pricing engine www.swfundingtpo.com
- Secondary will rely on the information on the LOCK REQUEST only
- **Information Required to request a lock** The accurate representation of the following information is required to lock a loan:
 - First Lien Amount
 - Second lien or HELOC balances and high credit limits
 - Purchase Price
 - Appraised Value
 - Loan Purpose
 - Cash-out amount
 - Impound (yes/no)
 - Borrower/Co-borrower full name
 - Middle/lower than lowest credit score
 - DTI
 - Citizenship
 - Occupancy
 - Property Type
 - Number of units
 - Property address including street address, city, state, zip, county
 - Interest Rate
 - Lock period
- Lock desk will base final pricing on the above information and lock the loan accordingly. Lock desk will rely on this information so it must be accurate.
- The Lock desk reserves the right to make necessary corrections on lock requests that do not reflect accurate pricing based on the most current rate sheet. Inaccurate /Incomplete lock request may result in the lock request being delayed or declined. Once a request is declined, it is removed from Lock desk queue and the lock request must be corrected and resubmitted through the pricing engine. **Locks that have not been confirmed due to inaccurate/incomplete information are subject to market fluctuation.**



Lock Desk Management

Lock Periods

- **15, 30, 45, 60 and 90 day locks are available.** Lock periods are reflected in the pricing engine. Longer lock periods are available on a case by case basis. Please contact Secondary Marketing if you need anything greater than 90 days.
- Lock requests with inaccurate lock periods can be fixed as long as it is requested by 5:00 PM CT the day the lock was initiated and the investor price code is still in effect. Lock period change request must be sent via email to be valid.

Lock Confirmations:

- Rate Locks will be confirmed by the Secondary Marketing Department via email to the loan officer within the same business day. Lock requests will not be accepted after 5pm CT, weekends or company holidays. Loan Officers should review the lock confirmation for accuracy and notify the Secondary Marketing Department for any discrepancies.

Loan Parameter Changes:

- Any changes to the following loan parameters in the active locked pipeline may warrant a reprice.

Note Rate:

Loan Amount:

Appraisal:

Sales Price:

LTV:

Loan Type (Fixed/ARM):

Loan Purpose:

Decision Fico:

Product:

DTI:

Occupancy:

Property Type:

Number of Units:

Property State:

AUSAPPROVE / ELIGIBLE(Y/N):

Amortization:

Investor changes:

- If an investor change is required due to ineligibility of a loan, pricing will be subject to worst case pricing between the original lock date and the date of change request.

Lock Cancellations:

- All lock cancellations must be sent to the Secondary Marketing Department via email.
- Early notification of lock cancellations is encouraged, and proper pipeline management is a requirement. Cancellation versus expiration will be monitored and pricing could be positively or negatively impacted.
- Underwriting will notify secondary marketing department immediately on loans that are recommended for denial or fail to meet the guidelines of the investor on the lock.
- Borrowers that are cancelled and relocked within 30 days under the same property address are subject to worst case pricing.

Lock Extensions:

- Locked loans may be extended a maximum of two times but no more than 30 days in total. Lock extension requests must be emailed to the Secondary Marketing Department on or before the date of lock expiration.
- 1-day extensions are available for < 5-day requests only

Lock Extension Costs:

1st Extension

- 1 day = 3 bps
- 5 day = 12.5 bps
- 15 days = 37.5 bps
- 30 days = 75 bps

2nd Extension

- 1 day = 6 bps
- 5 day = 25 bps
- 15 days = 50 bps

Relock Costs: Relocks are usually a set fee of .25 no matter the length of the lock

- 15 days = worse case + 12.5bps
- 30 days = worse case + 25bps
- 45 days = Case by Case only

Rate lock / Program Change requests

- Change in interest rate is allowed and pricing will be based on the rate sheet in effect at the time of the lock.

- Removal or addition of a borrower will be allowed as long as one borrower from the original lock remains on the loan.
- Change in loan amortization term will be allowed and will be based on worst case pricing.
- Change in loan type (from Fixed Rate Mortgage to ARM, or vice versa) will be considered a lock cancellation. Price of new loan will be based on worst case pricing and will require secondary approval.

Minimum Loan Amount

- The minimum total loan amount for in house products is \$50,000

Mortgage Loan Amount Changes

- Mortgage Loan Amount changes are allowed within the lesser of the following:
 1. Plus or Minus 10% of the original Mortgage Loan Amount, or
 2. Plus or Minus \$35,000
- A Net Mortgage Loan Amount change that breaches the allowed delivery variance will subject to worst case pricing.

Relock policy:

- Loans expired less than 30 days or previously cancelled loans requiring a relock will be subject to worst case pricing based on the original lock date and the date of the relock request. Worst case pricing is the lesser of the original price compared to the current market price. The original lock period will be used to determine worst case price.
- If a locked loan does not meet the underwriting guidelines, the TPO Customer must contact the Lock Desk to request a re-lock (See Investor changes). If the loan can be re-structured with the same investor or sold to another investor, the Lock desk will re-price the loan with the new program or investor.
 - Re-Locks with the new investor (or new loan program) are subject to worst case pricing. Worst case pricing will prevail unless an exception can be made to offer current market pricing or original rate sheet pricing on a case by case basis. All requests of this nature should be directed to the Secondary Marketing Department.



Early Payoff:

- An Early Payoff (EPO) exists when a Mortgage Loan is paid in full within 180 days of the date the loan was purchased.
- Early Payoff will be subject to our Private Investor's guidelines.