



Extended Rate Lock with Float-Down Option Agreement

Extended Rate Lock Definition

An extended mortgage interest rate lock period greater than the standard lock periods offered within FCM’s pricing engine. An extended rate lock offers a one-time float-down option, per the fee structure and restrictions below, and is only allowed for new home construction purposes on conforming and government fixed rates of 15, 20, and 30-year terms.

Borrower Advantage

An extended rate lock offers our borrower the option to lock their interest rate in for an extended amount of time, as well as the flexibility of lowering their interest rate to current market pricing within 30 days of closing.

How to Price an extended interest rate lock with Float-Down option

Extended Lock Period	Up-Front Fee	60-day price plus % below in rate
90 days	0.50 % of the loan amount	0.125%
120 days	0.50% of the loan amount	0.25%
180 days	0.50% of the loan amount	0.50%

Extended Rate Guidelines and Restrictions:

- The business partner is responsible for contacting the FCM Lockdesk and Account Executive to exercise the float-down option prior to the expiration of the option period.
- The float-down option may only be exercised one-time and is not valid until this agreement is signed by all parties.
- The upfront fee %, per the chart above, is required to be paid within 3 days of the initial lock to secure the float-down option. If the Up-Front Fee is not received within 3 days of the initial lock, the lock will be cancelled and subject to worst case pricing.
- This fee is non-refundable and will be applied to eligible down payment, closing costs, and prepaids, so long as the loan closes within the extended rate lock period with FCM.
- If the lock is cancelled, for any reason, the rate lock funds are non-refundable.
- The business partner may choose to exercise their float-down option any time within 30 days of the closing date. If the lock expires or is not closed within 30 days from the time of the float-down, it will be subject to worse case pricing upon relock.
- If the rate lock is extended, subject to the FCM extension policy, the Up-Front Fee will be forfeited.
- The float-down option may not be transferred to another rate lock, borrower, property, or loan program.
- The renegotiated float-down rate will then be based off current 60-day pricing. To be eligible for the float-down option, current market rates must have improved in price (*current 60-day lock price compared to the 60-day price on the original lock date*).
- As applicable, Lender pricing credits do not apply and FCM will only improve pricing by improvements to the interest rate at the time of the float-down option.

Lock Terms and Acknowledgement

Lock Details	
Interest Rate:	
Discount Points:	
Origination Points:	
Loan Program:	
Loan Amount:	
Up-front Fee:	
Lock Term:	
Lock Expiration:	
Float-Down Option Expiration:	

Loan #: _____

Borrower Name: _____

Subject Property Address: _____

Send signed agreement and checks to:

First Community Mortgage, Inc.
Attn: Accounting Department
262 Robert Rose Drive, Ste. 200
Murfreesboro, TN 37129

This agreement is based upon current guidelines as of the day of the rate lock and does not constitute a commitment to make a mortgage loan. Closure of this loan is subject to final underwriting loan approval. This lock may be withdrawn and voided without notice, and at the sole discretion of First Community Mortgage Inc., in the event of changes in circumstances, including but not limited to, loan program, investor guideline, and/or your financial condition changes.

By signing below, I acknowledge, understand, and agree to the extended rate lock and float down option and terms.

Business Partner Signature: _____ Date: _____

AVP Wholesale/VP Operations: _____ Date: _____

FCM Lock Desk: _____ Date: _____

