



**Extended Rate Lock with Float-Down
Option Agreement**

Extended Rate Lock Definition: A mortgage interest rate lock greater than the lock periods offered within FCM's pricing engine. This lock option offers a one-time float-down option per the fee structure below, and is only allowed for new home construction purposes on conforming and government fixed rates of 15, 20, 25 and 30 year terms.

Borrower Advantage: This option offers the borrower the option to lock the interest rate in for an extended amount of time, as well as the flexibility of lowering their interest rate to current market pricing. If rates become more favorable within the initial lock period, this option is available.

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

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	0.250%
180 days	0.50% of the loan amount	0.500%

How to exercise a float-down option and restrictions:

- The business partner may choose to exercise their float-down option any time within 30 days of the closing date.
- 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 is not valid until this agreement is signed by all parties.
- The float-down option may not be transferred to another rate lock, borrower, property or loan program.

- The rate lock may be extended subject to the FCM extension policy.
 - Extensions beyond the policy will result in **forfeiture of the Up Front Fee.**
- The float-down option may only be exercised once.
- To be eligible for float-down: Current market rates must have improved by 100 Bps in price based on the current 60 day lock price compared to the 60 day price on the original lock date.
- The renegotiated float-down rate will then be based off the current 60 day pricing.
 - Rate must decrease.
 - Pricing may not increase.

- If the lock expires or is not closed within 30 days of float down it will be subject to worst case pricing upon relock.
- FCM will only improve pricing by improvements to the interest rate. All lender credits will remain the same throughout the lock process.
- The upfront fee % is required within 3 days of the initial lock per the above chart. This fee is due within 3 days of the lock in order to secure the float-down option. If the Up Front Fee is not received within 3 days, the lock will be cancelled and subject to worst case pricing.
- This fee is non-refundable, but will apply towards closing cost if the loan closes within the rate lock period with FCM.

Send signed agreement and checks to:

First Community Mortgage, Inc.
ATTN: Steven Hage / Extended Lock
262 Robert Rose Drive, Ste. 200
Murfreesboro, TN 37129



LOCK IN TERMS:

LOAN NUMBER: _____
 BUSINESS PARTNER: _____
 PROPERTY ADDRESS: _____

Loan Parameter	Lock Parameter
Interest Rate:	
Discount Points:	
Origination Points:	
Loan Program:	
Loan Amount:	
Up-front Fee:	
Lock Term:	
Lock Expiration:	

I acknowledge, understand and agree to the extended Lock In and Float-Down terms. This lock in 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 market conditions, investor guidelines and/or your financial condition, warrant.

Business Partner Signature: _____ Date: _____

AVP Wholesale/VP Operations: _____ Date: _____

FCM Lock Desk: _____ Date: _____

FLOAT-DOWN TERMS:

(to be filled out when Float-Down is being exercised)

Loan Parameters:	Float-Down
Interest Rate:	
Discount Points:	
Origination Points:	
Float-Down Option Exercised Date:	
Float-Down Expiration Date:	

I acknowledge, understand and agree to the terms of the exercised float-down option. 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 market conditions, investor guidelines and/or your financial condition, warrant.

Business Partner Signature: _____ Date: _____

AVP Wholesale/VP Operations: _____ Date: _____

FCM Lock Desk: _____ Date: _____

FCM INTERNAL USE ONLY:

LOAN CLOSING DATE: _____

INTEREST RATE LOCK EXPIRATION: _____

UP FRONT FEE COLLECTED: _____

UP FRONT FEE CREDITED @ CLOSING: _____