## Lock and Shop with Float-Down Option Instructions/Requirements



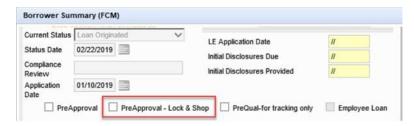


## **IMPORTANT Guidelines and Restrictions:**

- Property Address must be a TBD
- Standard Conventional and Government Fixed Rate Products Only, no Jumbo loans.
  - Should my loan amount increase over standard conforming and government loan limits, my loan will be repriced at the high balance/jumbo loan current market price.
- Credit, income, and asset underwriting pre-approval is required to qualify for the lock and shop pricing option.
- The lock and shop option may only be exercised one-time and is not valid until this agreement is signed by all parties.
- The borrower may choose to exercise their float-down option once a purchase contract/agreement has been signed and loan application has been received. 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.
- Only one 30-day extension will be offered at a cost of 2 basis points per day, to a maximum of 30 days. Upon expiration of the extension period, if the loan has not yet closed, the lock will be invalid and will require a new lock, subject to worse case pricing.
- The float-down option may not be transferred to another rate lock, borrower, property, or loan program.
- The renegotiated float-down rate will be based off current 60-day pricing less .500% in 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).
- Increasing my loan size by more than 10% of the original locked-in loan value, may result in market adjustment charges.
- Failure to follow any of the steps above may result in lock issues.

**STEP 1:** Business Partner requests a TBD Pre-approval and submits necessary documentation.

STEP 2: FCM Set-up checks the Pre-Approval- Lock and Shop check box on the Borrower Summary (FCM) in Encompass.



**STEP 3:** Once the Pre-Approval- Lock & Shop box is checked and the loan is saved, the milestone flow will change. Submit the loan to Underwriting following the current FCM Pre-approval process.

**STEP 4:** Business Partner downloads the Lock and Shop agreement from the Wholesale Knowledge Center, completes all fields, and send to the Borrower to sign.

**STEP 5:** Borrower signs and returns the executed agreement to the Business Partner (BP). BP emails the executed agreement to their Account Executive.

**STEP 6:** AE/Ops to email the agreement to **Lockdesk@fcmpartners.com**.

**STEP 7:** Once confirmed and signed by lockdesk, Ops is to upload a copy of the fully executed agreement to the Encompass eFolder under Rate Lock Agreement.

**STEP 8:** Once a purchase agreement has been signed and the BP has an application, BP/AE to contact <a href="lockdesk@fcmpartners.com">lockdesk@fcmpartners.com</a> regarding the float-down option.

**STEP 9:** BP to download and complete the Lock and Shop- Float Down Terms and Agreement, as applicable, and send to the Borrower to Sign.

**STEP 10:** Email fully executed Lock and Shop Float Down Terms and Agreement to <u>Lockdesk@fcmpartners.com</u>.

**STEP 11:** Upload fully executed Lock and Shop Rate Lock- Float Down Terms and Agreement to Encompass Efolder under rate lock confirmation.

**STEP 12:** If rate is lower than original lock and shop rate, complete CIC and redisclose.

**STEP 13:** Once loan has been pre-approved, originate and process loan as normal. (Do Not uncheck the Pre-approval-Lock and Shop box in Encompass-you will still have access to the loan and the standard milestone loan is applied after Preapproved Milestone is finished).

**STEP 14:** Close the loan within 30 days of exercising the float-down option.

