

# 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.

The screenshot shows the 'Borrower Summary (FCM)' form. It includes fields for 'Current Status' (Loan Originated), 'Status Date' (02/22/2019), 'Compliance Review', 'Application Date' (01/10/2019), 'LE Application Date', 'Initial Disclosures Due', and 'Initial Disclosures Provided'. At the bottom, there are four checkboxes: 'PreApproval', 'PreApproval - Lock & Shop' (which is highlighted with a red box), 'PreQual-for tracking only', and 'Employee Loan'.

**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](mailto: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 [lockdesk@fcmpartners.com](mailto:lockdesk@fcmpartners.com) 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 [Lockdesk@fcmpartners.com](mailto:Lockdesk@fcmpartners.com).

**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.