

Lock and Shop Agreement with Float-Down Option



first community mortgage



Lock and Shop Definition

A lock and shop interest rate lock period must be locked for a minimum of 60 days and allows the Borrower(s) to lock their interest rate on a mortgage loan for a period of time while shopping for a home. A lock and shop rate lock offers a one-time float-down option, per the fee structure and restrictions below, and is only allowed for purchase loans on standard conforming and government fixed rates of 15, 20, and 30-year terms.

How to Price a lock and shop rate lock with Float-Down option

A lock and shop interest rate lock is priced on the current 60-day pricing. Loans must be locked for a minimum of 60-days and only one 30-day extension will be offered, at a cost of 2 basis points (2bps) per day of the extension period, to a max of 30 days.

Lock and Shop Rate 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 at 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.
- 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:	
Lock Term:	
Lock Expiration:	
Float-Down Option Expiration:	

Loan #: _____

Borrower Name: _____

Subject Property Address: _____

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 lock and shop rate lock with float down option and terms.

Borrower Signature: _____

Date: _____

Co-Borrower Signature: _____

Date: _____

AMB AE/Ops Manager: _____

Date: _____

FCM Lock Desk: _____

Date: _____