

Policy Name:	Wholesale Pricing and Lock Policy
Operational Area(s):	All
Date Updated:	October 14, 2020
Policy Administrator:	National Sales Director(s)

1.0 Purpose and Scope

The significance of developing a well-defined mortgage pricing strategy is instrumental in managing interest rate risk for loans in the pipeline and delivery into the secondary market. Besides setting and publishing daily loan pricing information, the Secondary Marketing department has established rules to assist the wholesale origination channels in managing their pipeline of loans.

This document outlines Impac Mortgage Corp.’s (“the Company’s”) policy established in order to comply with investor and/or agency requirements pertaining to secondary market requirements.

2.0 Policy Directives

Key factors for ensuring the different situations that can occur with locking loans are addressed. This policy covers the following topics:

- [Distribution of Daily Rate Sheets](#)
- [Price Changes](#)
- [Lock-In Agreement](#)
- [Lock Periods](#)
- [Lock Requests](#)
- [Pricing Exceptions](#)
- [Locking NOM loans](#)
- [Rate Lock Confirmation](#)
- [Changes in Critical Data on Rate Lock](#)
- [Rate Lock Extensions](#)
- [Re-Locks](#)

- [Lock Cancellations](#)
- [Worst Case Pricing](#)
- [Duplicate Lock / Submission](#)
- [Renegotiations / Float Downs](#)
- [Early Pay-Offs](#)

2.1 Distribution of Daily Rate Sheets

Daily Rate Sheets are typically uploaded to the [Impac Wholesale](#) website at approximately 8:00 AM PST.

Unforeseen conditions in the market can occasionally delay the distribution.

2.2 Price Changes

Fluctuating market conditions may cause Secondary Marketing to re-price, once or more times throughout the day. Notification of price changes will be distributed via email and are effective once they are posted on Optimal Blue. The ability to lock, extend or re-lock loans will be suspended until updated pricing has been reposted. All lock requests received after the re-pricing is posted are subject to the new pricing.

- Keeping current with pricing changes is the responsibility of the Broker.

2.3 Lock-In Agreement

A locked-in interest rate is an agreement between the Broker and the Company. The lock specifies the number of days the interest rate is guaranteed. Should interest rates rise during that period, the Company is obligated to honor the committed rate. Should interest rates fall during that period, the broker must honor the lock.

Locking in an interest rate and price does not guarantee eligibility or approval of the subject loan.

Locks are non-transferable; they are borrower, loan number, and property specific. No substitutions are allowed. If the borrower finds a new property, a new loan number must be issued and the loan must be locked as a new loan.

2.4 Lock Periods

Locks are available on a 15, 30, or 45-day basis as indicated on the daily rate sheets. Rate lock periods are subject to change. Eligible rate lock options and pricing associated with each interest rate are located on the daily rate sheets.

- NonQM loans must be Approved and Clear to Close to be eligible for a 15-day lock term. All other loan products must have full submission packages to be eligible for a 15-day lock term.

2.5 Lock Requests

Standard rate lock hours are Monday through Friday, 8:00 AM to 5:00 PM. The Company does not offer overnight protection or after hours locking.

Use [Impac Wholesale](#) for registering new lock requests. Submit a complete loan package using the *Loan Submission* form found on [Impac Wholesale](#) within 3 business days of the original lock date, or the loan will be subject to [cancellation](#).

All lock periods are based on calendar days. If the expiration date falls on a weekend or holiday, the initial lock will be extended to the next business day.

2.5.1 Pricing Exceptions

Pricing exceptions will be evaluated on a case by case basis.

2.5.2 Locking NQM loans

- Forward locking is not allowed on NQM loan products. Loans may be locked for a minimum of 30 days at submission. A review of the appraisal prior to locking the loan is not required.
- Rate Lock Confirmation

Secondary Marketing provides a Rate Lock Confirmation to the Broker via email confirming the lock request.

The Broker is responsible for contacting Secondary within 24 hours of the confirmation date on any discrepancies.

2.6 **Changes in Critical Data on Rate Lock**

Once a loan is locked, any changes made to the loan affecting pricing (e.g., LTV, FICO score, debt ratio) may change pricing adjustments. Worst case pricing will apply to changes in critical information, e.g., loan product changes, term changes from 360 to 180. The Broker is responsible for tracking any changes to the loan structure that affects pricing and notifying Secondary Marketing for validation.

2.7 **Rate Lock Extensions**

The Company allows a maximum extension term equal to the original lock term, not to exceed 30 days, with the pertinent cost structure applied. All extensions must be requested before 5:00 PMPST on the lock expiration date. The extension period is calculated starting from the current lock expiration date and must be extended to a valid business day. The extension term cost includes any extra days needed should the expiration date fall on a weekend or holiday.

Loans not closing prior to the revised expiration date will be subject to the policy for [Re-Locks](#). Extension term costs are **2 bps per day**.

2.8 **Re-Locks**

Re-locks allow a loan to be locked for a second time. A loan that does not fund by its lock expiration date and has not been extended may be subject to a 25 bps re-lock fee.

Note: Additional restrictions apply to ARM and Jumbo products and may not be eligible under these terms or subject to additional fees. Contact Secondary Marketing for information.

Aged Lock Cancellations: Lock cancellation requests must be received at least 5 days prior to the lock expiration date to be eligible for current market pricing in 30 days from the cancellation date.

Requirements:

- Loan must be approved and all prior to document conditions signed off before relocking.
- Only a 15 day re-lock period is available. If re-lock expires, loan must be re-locked using worst case pricing. A maximum of two (2) re-locks per loan are allowed.

- If a loan is re-locked within 60 days of the lock expiration date – or – 30 days from the lock cancellation date, the loan may be re-locked at worst case pricing based off the term of the original lock.
Example: Loan was locked for 30 days at 4.00% paying 101.25. The lock has expired and a re-lock has been requested.
- Current market is worse: 4.00% with a base of 101.00 for 30 days. Loan is relocked at current market for 15 days at 4.00% paying 101.00.
- Current market is better: 4.00% with a base of 101.375. Loan is re-locked at original terms less 25 bps fee – 4.00% for 15 days paying 101.125.
- If the loan is re-locked more than 60 days after the lock expiration date or 30 days from the lock cancellation date, loan may be re-locked at current market.
- Previous cost structure of the loan applies (e.g., original lock for 30 days priced at 30 days), including any extension fees already charged.
- Loan Level Pricing Adjustments (LLPAs) in effect at the time of the re-lock will be applied in calculating the new pricing structure of the re-lock.
- A 25 bps re-lock fee will apply in all situations where the current market is better than the original lock. (Refer to example above).

2.9 Lock Cancellations

Full submission packages not received within **3 business days** of the original lock date will be automatically cancelled. Three business days are allowed for the broker to provide necessary documents for Impac to issue appropriate disclosures. Loan packages not received within that time frame are canceled from the Company's system. The broker will be required to resubmit and relock the loan transaction when it is ready.

Re-lock options include:

- The loan is eligible to be re-locked at worst case pricing within 60 days of the lock cancellation date with a 25 bps re-lock fee.
- The loan may be re-locked with no additional cost 60 days after the lock cancellation date.

Same-Day Cancellations: Rate lock cancellations will be accepted from the Broker within the same day the loan is locked, and must be submitted before a new rate sheet is issued.

Rate lock cancellations received after a new rate has been issued will be subject to current pricing.

Aged Lock Cancellations: Lock cancellation requests must be received at least 5 days prior to the lock expiration date to be eligible for current market pricing in 30 days from the cancellation date – refer to [Re-Locks](#).

If a locked loan is declined by Underwriting, the lock will automatically be cancelled. Should the decision be reversed and the loan is Approved, the loan is subject to [Re-Locks](#) and [Worst Case Pricing](#).

2.10 Worst Case Pricing

Worst Case Pricing is calculated by comparing the base price from the original lock date to the current market base price, applying the lower price of the two.

2.11 Duplicate Lock / Submission

The original lock will be honored on a duplicate lock. If the original lock is expired or cancelled, and the duplicate lock is submitted within 60 days of the cancellation date, or within 60 days of the original lock expiration date, the loan will be subject to the policy for [Re-Locks](#).

2.12 Renegotiations / Float-Downs

The Company will evaluate renegotiation on a case by case basis subject to the following guidelines:

- Current market must be at least 1.00% better in price for as compared to the existing locked-in rate.
- Loan must be clear to close and ready for closing documents to be signed.
- Any improvement to the interest rate is limited to .25% from the current locked interest rate.
- Any improvement to the price is limited to half of the current market improvement.
- Lock term will be 15 days from the date of the renegotiation.
- Previous cost structure of the loan applies (e.g., original lock for 30 days priced at 30 days), including any extension fees.

- Renegotiated terms are not eligible for extensions. If the lock expires or the loan does not fund within the 15 days renegotiation lock term, the loan will be re-locked at worst case pricing of the original lock price and current market price.
- Loans with closing documents already prepared and released are *not* eligible for renegotiation.
- ARMs, NQM, and Jumbo programs are not eligible for renegotiation

2.13 Early Pay-Offs

An Early Pay-Off is defined as any mortgage loan paid in full within 120 days (4 months) of the date of loan closing. Should this occur, the Broker shall pay to the Company the excess of (a) any yield spread premium credited to the borrower less (b) the prepayment penalty, if any, collected by the Company under the terms of the loan. The Company will also collect back from the Broker all Lender Paid Compensation earned on the transaction.

3.0 Associated/Supplemental Documentation

Wholesale Pricing and Lock Procedure

4.0 Document Control

Changes to this document must meet the approval of the National Sales Director(s) and the SVP Capital Markets.

Author	Description of Changes	Date	Version	Reviewed/ Approved
R. Zimmerman	Updates including exceptions	10/14/2020	4	Rich Zimmerman
Lonna Smith	Updated AltQM to iQM, Price Changes, Lock Periods, Loan Requests, Locking iQM Loans, Rate Lock Extensions, and Lock Cancellations. Updated assigned role titles as required. This update includes the 2019 Annual Policy Certification.	05/15/2019	3	Ryan Carry / Javad Sorouri / Barbara Ramirez
Linda Klingbeil	Updated formatting, versioning, and minor updates to policy. Changed AltQM to iQM. Changed iQM pricing policy		2	Greg Austin, John Woodruff, Barbara Ramirez