

2018

Rate Lock Policy

Secondary Marketing Department

The Secondary Marketing Department is responsible for the daily updates and distribution of OCMBC, Inc's internal Rate Sheet and the Company Lock Desk.



TABLE OF CONTENTS

100.	INTRODUCTION	3
200.	OVERVIEW	3
300.	LOCK POLICIES AND PROCEDURES	3
400.	SECONDARY MARKETING DEPARTMENT	4
401.	RATE LOCK POLICY	
402.	RATE LOCK	
403.	PRICE CHANGES AND EXPIRED COMMITMENTS	
500.	ESCROW WAIVERS	7
600.	CHANGE OF CIRCUMSTANCE	8
601.	CREDIT SCORE AND/OR LOAN PROGRAM	
602.	CHANGE OF PROPERTY	
603.	CHANGE OF BORROWER	
700.	COMPLIANCE AND INTERNAL CONTROLS	8
701.	IDENTIFYING TRAINING NEEDS	
702.	COMMITMENT TRACKING	
703.	LOCK PIPELINE ACTIVITY	
704.	IDENTIFYING KEY REGISTRATION DATA FIELDS	
705.	INCOMPLETE REGISTRATION (PENDING STATUS)	
800.	CONCLUSION AND MANAGEMENT AUTHORIZATION	9

100. INTRODUCTION

The purpose of the Registrations and Pricing section is to explain how to Register and/or Lock loans or Commitments with OCMBC. The section also contains detailed information about OCMBC's pricing programs and policies.

200. OVERVIEW

All Mortgage Loan Originators (MLO) employed by OCMBC have fixed compensation contracts that will not permit commission irregularities. The commission schedule of Mortgage Loan Originators may vary from MLO to MLO but their commission schedule will not vary from loan to loan. It is the policy of OCMBC to absorb all pricing irregularities, whether negative or positive.

An overage occurs when a lender encourages or permits a loan officer to impose a higher number of points or a higher interest rate on a loan to certain borrowers than is imposed for the same product offered to other borrowers. In designing and the implementation of OCMBC internal Policies and Procedures, OCMBC will not permit Mortgage Loan Originators to have a financial stake in overages and are constrained by effective disincentives from engaging in discriminatory pricing or practices. (Please refer to OCMBC's Fair Lending Policy dated 01.2017).

OCMBC will not accept loans in states where the Broker is not properly licensed to conduct business. In the event that OCMBC does not have a Broker's current license or exemption on record, loan registrations or locks cannot be accepted. If any Broker license issues are under review when a registration/lock request is submitted, the Broker's loan will be rejected. To remove the loans from rejected status the Broker must take the following steps:

- Broker must update all state licensing information by emailing state licensing and exemption information directly to OCMBC at brokerapproval@ismortgage.com
- Once this information is received and the system has been updated to reflected the appropriate approval, the Broker must submit a new lock request through the pricing portal at the prevailing loan rate. Rates effective on the original request will not be honored.

300. LOCK POLICY AND PROCESS

A lock commitment is a rate lock for a specific borrower(s) with a specific property. It is the responsibility of the broker/MLO to make sure the file closes by the commitment expiration date.

An approved Broker or licensed MLO may lock a single loan via OCMBC's online portal as soon as the daily rate sheet is available via the online.

OCMBC Lock Desk is available Monday through Friday, until 5:00 PM (Pacific Standard Time) in OCMBC's corporate office in Irvine, California. The lock desk adheres to OCMBC's posted holiday schedule.

400. SECONDARY MARKETING DEPARTMENT

It is the objective of OCMBC's Secondary Marketing Department, to provide the widest range of products needed at the most competitive prices possible while maintaining "user friendly" systems, policies and procedures.

401 - RATE LOCK POLICY

A. LOCK-IN REQUEST SUBMISSION PROCEDURES

Due to market volatility, a prime loan will be locked on the same day it was received before the 5:00 P.M. (PST) cut-off. The rate lock request will be Date & Time stamped to ensure restitution should the loan not be locked for any reason.

B. LOCK-IN PROCEDURES

Prior to submission of a lock request to the Secondary Marketing Department, please review Encompass to ensure that all of the information in the system matches the lock request. Any locks that do not match the information in Encompass, (Loan Amount, Interest Rate, Origination Fee, or any other aspects of the loan), will be rejected. Upon receipt of the appropriate lock-in request, a secondary marketing department representative will lock-in the information in the Encompass system and confirm the accuracy of the information. Once all necessary information is obtained and all discrepancies are cleared, the secondary marketing representative will then proceed to lock the loan terms.

C. FUNDING REQUIREMENTS

All loans are due on or before the rate commitment expiration date. It is imperative that all OCMBC staff allows adequate time during the lock period, for closing and funding. OCMBC is under **NO** obligation to fund loans after the rate lock expiration date.

D. WITHDRAWING OR CANCELLING

A loan officer or broker may request to cancel or withdraw a loan. Once cancelled or withdrawn for any reason, the loan immediately ceases to be priced. In order to ensure OCMBC ability to comply with HMDA regulation, all loans underwritten by OCMBC, that result in a declination, may be cancelled, if the Loan remains in a declined status for more than 30 calendar days, regardless of lock expiration.

Re-submissions after the cancellation date, will require a new registration and underwriting submission. The new loan will be subject to worse case pricing review, if locked within 30 days after the cancellation has been processed (regardless of when the loan was actually declined).

402 - RATE LOCKS

Once a rate is locked-in, the terms of that lock are fixed for the duration of the lock period. Each lock is considered final. OCMBC offers rate lock terms of 15, 30, and 45 days.

A. LOCK CONFIRMATION

Secondary Marketing personnel will input the details of the lock and loan transaction into the Encompass system and create a computer generated "Lock Confirmation".

After the loan has been locked, a secondary marketing representative will email the Lock-in Confirmation to the following parties:

- Retail: Loan Officer, Underwriter and Loan Processor.
- Wholesale: Broker, Account Manager and Account Executive

The secondary marketing representative merge the Lock Confirmation into the Encompass eFolder. The commitment expiration date is the date by which the loan must fund. OCMBC must receive all outstanding conditions by this date or else a lock extension will be required.

The underwriter and funder should always review the Lock Confirmation to determine whether there are any changes they were not aware of. If a discrepancy is found between the approval, the doc order form and the Lock Confirmation, the file must be flagged for compliance issues. If discrepancies are found, the underwriter or funder must immediately contact the Broker, Account Executive, Loan Officer or Loan Processor for correction.

B. RATE LOCK EXTENSIONS

Loan Officers or Broker must send all lock extension requests to the lock desk. The lock extension request must be submitted through Encompass or Portal to the Secondary Marketing Department. The Rate Lock Expiration is the expiration of OCMBC's Commitment to honor a locked loan at a particular interest rate. All loans must be closed and funded by the Lock Expiration Date. Any extension must be made on or before the rate lock expiration date, and requests received after this date would be subject to re-lock at worst-case pricing.

OCMBC may grant individual lock extensions up to 30 days on or before the lock expiration date. Extension requests beyond 30 days from the original lock expiration will only be considered on a case-by-case basis. Any and all free extensions are at the discretion of the Secondary Marketing department and will be reviewed on a case-by-case basis. *Free extensions are not permitted on loans with initial lock periods < 30 days without upper management's approval.*

Upfront fees or higher extension fee charges may be required for any exceptions to our standard extension policy.

All rate lock extensions are calculated in continuous calendar days. Extension fees and policies are at the discretion of OCMBC and are subject to change without notice. OCMBC has the right to refuse and/or permit extensions on individual loans or products at any time for a variety of reasons including but not limited to current market conditions or changes in product eligibility/guidelines. OCMBC currently adjusts the price and expiration date based on the schedule below. (Note: The schedule is subject to change as market condition change).

C. CALENDAR DAYS REQUESTED EXTENSION FEE

Calendar Days	Extension Fee
1-30	0.020 per day
*Maximum of 5 total extensions or 30 days' worth of extensions	

D. INTRA-DAY PRICE CHANGES

Due to the volatility that exists in the marketplace, our pricing is subject to change at any time and without notice, OCMBC reserves the right to determine the cutoff time for intra-day pricing changes.

All changes, and other time-sensitive requests will be honored if they are received by the Lock Desk before the established rate change and are deemed complete. Pricing for loan changes or locks received after the price change has started will be subject to pricing as of the next available rate sheet.

403 - PRICE CHANGES AND EXPIRED COMMITMENTS

A. LOCK MODIFICATIONS

Locks changes can be made within the same product, amortization and term category. Loans changing product, amortization or term are subject to worse case pricing.

B. DUPLICATE LOCKS

If the original lock has expired or is cancelled (submitted within 30 days from the expiration or cancellation date), the loan will be re-locked applying worst case pricing. If the original lock is expired or cancelled (submitted more than 30 days from the expiration or cancellation date), the loan will be re-locked applying current market pricing.

C. HOLIDAY OR WEEKEND LOCK EXPIRATIONS

As a courtesy, if a rate lock expires on a weekend or an OCMBC observed holiday, loan officer or DBD may request to extend the rate lock during standard hours until 4:30 PM PT on the business day prior to the initial lock expiration date.

D. EXPIRED COMMITMENTS

If a re-lock is requested within 30 days of the Rate Lock Expiration Date the Loan will be re-locked subject to worst case pricing comparison and the applicable re-lock fee as identified in Subsection, "Re-lock Fees and Terms".

If the loan is cancelled prior to the lock expiration date then re-established as a new loan, the same re-lock fee structure noted below, will be applied based on the cancellation date rather than lock expiration. If the lock was never cancelled, the lock will remain, subject to worse case pricing and re-lock fees, for 30 days after cancellation.

If the re-lock is requested more than 30 days after the lock expiration, or cancellation, whichever applies, the loan will be priced at current market.

A re-lock request may be subject to additional risk for secondary market illiquidity, and OCMBC, Inc. may not accept the original locked rate. OCMBC, Inc. may deny the original locked rate on expired locks due to market illiquidity. Rates not listed on the current rate sheet, are illiquid rates and loan officer may not be able to re-lock them.

Loans that are re-locked must meet all current product eligibility guidelines. Loans that have expired and have been re-locked more than once may be subject to additional fees or may become ineligible for re-lock. If a lock has been expired more than 30 days, the loan can be re-locked at current market with no market comparison and is no longer subject to the cost of previous extensions.

E. RE-LOCK FEES AND TERMS OF EXPIRED COMMITMENTS

If loan officer or broker requests a re-lock, the loan that is expired or cancelled less than 30 days, the re-lock will be subject the following conditions:

- OCMBC will re-lock loans up to a maximum of 2 times for no greater than a total of 60 days, never to exceed the original lock window.
- All re-locks are subject to current OCMBC product eligibility guidelines. Loans not meeting current product guidelines will not be eligible for re-lock.
- Re-lock windows can usually same term of original lock and may not be shorter than original lock window.
- Re-locks are calculated on a “worse case” pricing basis as outlined below
- In addition to any other fees or penalties, a re-lock fee which is currently at 25 bps, will be applied to all re-locked loans regardless of market conditions. This fee is subject to change at any time.

F. FLOAT DOWN

OCMBC does not currently offer Float Down's. Requests will be considered on a case-by-case basis, depending on market conditions.

500. ESCROW WAIVERS

When the MLO or Broker elects to waive escrows for property tax and/or hazard insurance, wind, earthquake, flood, and HO-6 on a loan, certain restriction and price adjustments will apply. To be eligible to waive the property tax and/or homeowner's insurance escrow, the loan must meet program eligibility guidelines and qualifications. Check the current rate sheet for state specific information and adjustments that may apply. Property tax exemptions will be subject to all applicable price adjustments for non-escrowed loans.

Effective for loans closed on or after January 1, 2016, OCMBC will require that flood insurance premiums be escrowed, in compliance with the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters).

Escrows for flood insurance will not be required for loans secured by property that is part of a condominium, cooperative, or other project development, if the property is covered by flood insurance provided by and paid for, as a common expense, by the condominium association, cooperative, homeowners association, or other applicable group.

Loan with a closing date on or after January 1, 2016 where flood insurance is required, and no flood escrow has been established will not allow.

600. CHANGE OF CIRCUMSTANCE

601. CREDIT SCORE AND/OR LOAN PROGRAM

Loans locked with an incorrect FICO Score or Loan Program, are subject to re-pricing when the file is reviewed at the time of loan funding.

602. CHANGE OF PROPERTY

Change of property will be considered a new lock. Lock follows the property.

603. CHANGE OF BORROWER

Change of borrower is acceptable as long as one of the original borrowers remains the same. If the original borrower(s) changes, it will be considered a new lock.

700. COMPLIANCE AND INTERNAL CONTROLS

701. IDENTIFYING TRAINING NEEDS

The Data Integrity between the initial loan application, submission to underwriting and locking the loan, is critical and must be maintained. The information listed in this section must be corrected or it will not be possible to lock the loan.

702. COMMITMENT TRACKING

The Investor Commitment and the Investor lock will be tracked within the Encompass system. When any changes are made via loan amount, rate or any change that can affect the delivery of the loan, the investor must be notified of such changes prior to shipping. In the event that the change triggers a re-price, the loan officer will be notified of the change in pricing and all adjustments will be made to match the Purchase Advice (PA), when the loan is sold.

703. LOCK PIPELINE ACTIVITY

A lock expiration report will be distributed to the Account Executives, Account Managers, Sales Manager, loan officers and branch managers on a daily.

704. IDENTIFYING KEY REGISTRATION DATA FIELDS

- A. Primary Borrower first, last name, Social Security Number and Credit Score;
- B. All Co-Borrower first, last name, Social Security Number and Credit Score;
- C. Loan Program code number and product name;
- D. Property address, city, state and zip code;
- E. Property Type, Loan amount, Base Loan Amount, (if applicable);

- F. Note Rate, Term/Amortized Term (in Month);
- G. Occupancy, Loan Purpose, Documentation Type, Escrow, Units, DTI, CLTV and Lock Period.

705. INCOMPLETE REGISTRATION (PENDING STATUS)

In some cases, the Registration Desk may attempt to register but cannot complete the registration, due to one or more of the following issues:

- A. Missing/incomplete/incorrect social security numbers;
- B. Missing/incomplete/incorrect property address;
- C. Missing/incomplete/incorrect Borrower's and/or co-borrower's names;
- D. No Credit Score is provided for loan program requested;
- E. Loan does not fit program guidelines;
- F. Rate is not selected;
- G. Requested rate is not available;
- H. Loan Officer is not licensed;
- I. Other reasons not listed here.

800. CONCLUSION AND MANAGEMENT AUTHORIZATION

There are substantial penalties and risk for failure to adequately comply with the Company's Secondary Marketing Procedures, from loss of income on individual transactions to loss of loan when the procedures are late or inaccurate and the pricing is adversely affected.

SENIOR MANAGEMENT APPROVAL

I have approved the Policies and Procedures of this program as reasonably designed to achieve and monitor the Company's ongoing compliance with the requirements of the Bureau of the Consumer Financial Protection, Fair Lending Policies, and the implementation of the regulations under it.

Signed: _____
Name: Madelina L. Colon
Title: President

Date: _____