

# MORGAN STRAUSE

## Rate Lock Procedure/Policy

Morgan Strause does publish a Daily Rate Sheet. In addition, we have established a pricing engine, called Xplore, that will pre-qualify a loan for guidelines and pricing (It is not used to actually lock your loan - to lock a loan please see Rate Lock Procedure below). Please visit our website [www.morganstrausedirect.com](http://www.morganstrausedirect.com) for access to our pricing engine.

**The pricing engine should be your primary source for real time pricing.** The rate sheet only highlights the most frequently used products. In our pricing engine, you will have access to many other terms and programs not published on our rate sheet. The rate sheet is more of a guide of where rates stand. If you need price engine login information setup for you, please contact your AE or email [Questions@MorganStrause.com](mailto:Questions@MorganStrause.com). All Lock Forms must be emailed to [LockDesk@MorganStrause.com](mailto:LockDesk@MorganStrause.com). available for agency loans up to the Fannie Mae loan limit, itself based on the number of units and property location. Jumbo pricing is available for loans up to \$2 million.

The rates and prices are effective from 8:30 a.m. Pacific Time until 4:00 p.m. Pacific Time. Registration and lock requests received after 4pm will be reviewed for pricing the next morning. If there is an intra-day price change, the new pricing will be posted to the Xplore pricing engine given an approximate 25 minute lag-time from the actual change.

### PRICE/RATE ADJUSTMENTS

All applicable price/rate adjustments are included in Xplore and are subject to change at anytime, without notice.

### WORSE CASE PRICING

Comparing the original total price to the current total price, applying the lower of the two, and adding all current applicable adjustors calculate worse case pricing.

**Example:** Fixed rate program where the pricing has changed for the worse:

	Original Lock	Current Pricing
Base Price	101.000	100.750
Escrow Waiver	(0.250)	(0.250)
Total Price	100.750	100.50

**Worse Case Pricing** 100.500

### BEST EFFORTS RATE LOCK

Upon executing a Best Efforts lock, the market risk exposure to the current interest rate is assumed by Morgan Strause during the rate lock period. Brokers, Branches and LOs are expected to use their Best Efforts to close the locked loan prior to the expiration date stated on the Rate Lock Confirmation. The expiration of a Best Efforts lock does not relieve the DLA, Branch or LO from its obligation to deliver the closed loan to Morgan Strause, nor should it afford the DLA or Branch the opportunity to benefit from changing market conditions.

### Rate Lock Periods Available

Morgan Strause offers the following rate lock periods:

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21 days (mandatory option for loans underwritten by investor)  
35 days  
55 days

## **Rate Lock Procedure**

***\*\*Loan must be approved to lock. Exceptions are made to lock prior, but must be signed off by management. Loan may not be locked if there are outstanding conditions that will affect the DTI or guidelines parameters of the file (i.e Income or Assets). In these cases, locking will be at the discretion of the lock desk.***

In order to lock a loan, you will need to provide a printout from Xplore (Pricing Engine) that details the rate and price that was selected including the rate lock period. In addition, the DLA or TPO **Lock Request Form** (under the Forms section ) must be provided that details the rate, loan price, origination fee, if any, and any other fee(s) charged. Please email the request form along with the pricing printout to [LockDesk@MorganStrause.com](mailto:LockDesk@MorganStrause.com). The information will be reviewed by Morgan Strause and a rate lock confirmation will be sent within 1.5 – 2 hours. If there is a discrepancy, the rate lock request will be forwarded to the account manager so that the pricing can be discussed immediately.

## **CHANGE OF PROPERTY**

Change of property will be considered a new lock and is subject to current market pricing.

## **CHANGE OF BORROWER**

Change of borrowers is acceptable prior to submission of a credit package as long as one of the original borrowers remains the same. If all the original borrower(s) change, it will be considered a new lock and is subject to current market pricing.

## **EXTENSION REQUEST**

A rate lock extension may be completed by the DLA, Branch or LO on or before the rate lock expiration date. These requests must be received by 4:00pm Pacific Time on the day prior to the expiration of the lock. NDFC currently adjusts the price and expiration date based on the schedule below. (Note: The schedule is subject to change as market conditions change). A revised Rate Lock Confirmation is e-mailed to the DLA, Branch or LO.

## **Best Efforts Extension Schedule**

### **Calendar Days Requested Extension Fee**

5 day = 0.25  
15 day = 0.45

Extensions are not available if the rate lock has expired. The pricing applied would be the current price if the market is worse, or the original price if the market has improved.

## **Rate Lock Pull-Through**

Because of market exposure, Morgan Strause requires DLAs and Branches to maintain a 70% minimum pull-through percentage from rate lock to funding. For Pull-Through of less than 70%, a 25bp per loan charge will be assessed.