

Buy Price Policy

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General Information

Data Integrity Data integrity is the key ingredient in determining the validity of any rate-lock guarantee provided by FLCB. This data is used by FLCB to determine secondary-market-best execution on a real-time basis. This data includes:

- Loan amounts
- Loan types
- Property types
- Lock periods
- Rate/buy price combinations.

Compliance with Loan Program Guidelines FLCB only honors lock-ins on loans that conform to published program guidelines or that have an approved written exception to the guidelines. The FLCB Program Manual, with periodic updates, must be used to determine if a loan conforms to program guidelines.

Loans that are outside of the guidelines require a written exception prior to lock-in. Brokers should contact their Account Executive or Client Relations Representative for assistance in obtaining single-loan exceptions.

Non-compliance with Loan Program Guidelines If it is determined that a loan does not conform to FLCB program guidelines or to a previously approved exception that is in effect on the date of the original lock, all lock-in protection becomes null and void, and the lock-in may be canceled at the discretion of the Secondary Marketing Department.

Pricing

Rate/Buy Price Quotes Rates and buy prices are quoted each business day. All buy prices reflect “net pricing” (posted price includes SRP).

Feature pricing adjustments are reflected on the daily rate bulletin.

No other pricing may be given without the consent of the Secondary Marketing Department.

Effective Period Unless specified otherwise, pricing is valid from 11:00 a.m. each business day until 7:00 p.m. EST; unless an intra-day price change occurs.

Intra-Day Price Changes FLCB’s objective is to buy mortgages at a fair-market value throughout the business day. On occasion, the secondary mortgage market fluctuates such that the fair-market value for mortgages is different from the prices posted by FLCB at 10:00 a.m. EST. In those instances, FLCB will change prices during the business day in an effort to more accurately reflect current market conditions for better or worse. This is referred to as an “intra-day price change.”

Intra-day price changes are effective immediately for all lock-ins subsequent to the effective time of the intra-day price change.

Distribution Pricing is distributed to all Brokers as soon as it is available. The Broker must choose one of the distribution methods shown below during the Broker Approval process.

- Internet e-mail, or
- Visiting FLCB’s internet website at <http://www.flcbmtg.com>



FLCB’s internet website is the best way to obtain the most timely rate information in a format that you can customize to your needs.

Intra-day price changes are communicated to all Brokers via email.

Failure to receive the notification does not exempt the Broker from the price change.

Loan Registration

Floating Applications

Floating applications are defined as loans that are registered with FLCB but not locked in. Floating applications should be registered with FLCB only for the purpose of obtaining a loan number for underwriting purposes.

The Broker must use the FLCB loan number assigned at the time of registration when locking in the loan.

Floating applications may be registered by:

- Internet at <https://www.flcbmtg.com/>



Registering as a float does not guarantee any program availability, program features, rate and/or price.

Duplicate Registrations

If FLCB determines that the same loan was registered a second time, FLCB reserves the right to choose which registration will be canceled.

Lock-Ins

New Applications

New applications are defined as applications that have not been previously registered or locked in with FLCB.

Floating Applications

An application is considered to be floating if the loan has been registered but never locked, or has been previously locked and has expired.

Floating applications that have never been locked may be locked in between 11:00 a.m. and 7:00 p.m. EST each business day.

Floating applications that were previously locked but have expired must be re-locked according to the procedures outlined in Relocks Section **between 8:30 a.m. and 4:30 p.m. EST each business day.**



Once a floating loan has been registered with FLCB, the loan number provided by FLCB must be used when the loan is locked in. Underwriting approvals and program exceptions are specific to the loan number and will be considered null and void if the loan is locked in with a different loan number.

Lock-Ins *(continued)*

Standard Best Efforts Lock Terms

The standard FLCB lock-in terms are:

- 15 calendar days, (file must be Clear to Close by Underwriting)
- 21 calendar days, (file must be Approved in Underwriting)
- 30 calendar days
- 45 calendar days
- 60 calendar days

VERY IMPORTANT:

- **Loans locked for terms 30 days and higher and not received within 14 calendar days of lock-in will be cancelled.**
- **In addition, all loans with outstanding conditions not received by FLCB within 14 calendar days of approval will be cancelled**

Lock-in Expiration Date

For new lock-ins, if the lock confirmation expiration date falls on a FLCB non-business day, the expiration date will be rolled forward to the next FLCB business day.

Loan Funding

All loans must close and disburse on or before the lock-in expiration date.

Duplicate Lock-ins

If FLCB determines that the same loan was locked in a second time, FLCB reserves the right to choose which lock will be canceled.

Lock-In Procedures

Internet

Loans may be locked in via the internet on FLCB's website at <https://www.flcbmtg.com/> by using Optimal Blue Price/Lock.

Locks are accepted Monday – Friday from 11:00 a.m. until 7:00 p.m. EST.

To ensure the highest degree of accuracy and timeliness, FLCB highly recommends that Brokers use the internet option for all available lock-in transactions.

Lock-In Change Requests

Change in Property If a borrower changes properties:

- The old lock-in must be canceled off the system, and
- The new property will be treated as a new lock-in and receive a new loan number.

Borrower Change The following table provides the requirements for a borrower change:

| If... | Then... |
|---|--|
| at least one borrower on the loan will remain the same, | The terms of the original lock-in will remain in effect. If it is necessary for compliance purposes to obtain a new loan number, the original lock-in must be canceled and the terms of the original lock-in will be transferred to the new loan number. |
| none of the original borrowers will be on the loan, | The original lock-in must be canceled, and the new borrowers will be treated as a new lock-in request. |

Loan Amount Increase The borrower may retain their original pricing for loan amount increases of up to 10%. Additional price adjustment may apply based on market conditions for loan amount increases above 10%.

Product Code Change Loan program changes will fall into two categories based on the product type. If the product change is the same product type (Conventional to Conventional, FHA to FHA, Jumbo ARM to Jumbo ARM) the original lock day's pricing will go into effect.

If the product change is a different product type (Conventional to FHA, Jumbo to Conforming, Jumbo ARM to Jumbo Fixed) then the price will be determined by comparing the original lock date to current market and taking the worse pricing of the two.

Reinstatement of a Canceled Lock-in The following table provides the policies regarding the reinstatement of canceled lock-ins:

| If the lock-in was canceled... | Then the reinstatement request... |
|--|--|
| Because the loan was declined, | Will be handled as a re-lock. (Refer to Relocks Section for additional information.) <u>Note:</u> Changes to product and/or property address will be evaluated on a case by case basis. |
| for any reason other than declination AND the reinstatement request occurs within 30 calendar days (45 days for Non-conforming loans) of the cancellation, | Will be handled as a re-lock. (Refer to Relocks Section for additional information.) |

Extensions

Extension Requests It is the Broker's responsibility to allow for sufficient time to close and disburse the loan within the original lock-in period. Extension requests must be made prior to expiration.

Requests for extensions must be made online at FLCB's website, by choosing Optimal Blue Change Request and then by choosing Lock Extension.

Loans without an underwriting approval may not be extended.

Customers who have their lock privileges "restricted" will only be allowed one extension.

Loans that expire after extension will be subject to worse case pricing and a relock fee will be charged.

If the extension expiration date falls on a FLCB non-business day, the expiration date will be rolled to the next FLCB business day.

Calculating the New Buy Price for Extensions

The extension buy price will be as follows:

Rate Lock extensions are on a per diem cost of **.025% per day**. The maximum number of extensions is four times not to exceed 30 days. The maximum number of days that can be requested at once is 15 days.

Extension requests must be made prior to lock expiration date or loan will be considered a re-lock with Broker/borrower assuming all risk of market movement.

Rate or Program No Longer Available If the previously locked-in rate or program is no longer offered, extensions will be considered by the FLCB Secondary Marketing Department on a case-by-case basis. FLCB is under no obligation to extend a lock-in expiration date.

Re-Locks

Re-Lock Requests Requests for lock-ins on loans that fall into one of the following categories will be considered re-locks, and will be priced according to the policies contained in this section:

- Loans with expired lock-ins.
- Loans with lock-ins that were canceled either by the customer or by FLCB in the period prior to the new lock-in request. (refer to cancellation section)
- Loans that were underwriting denied but have been re-structured and are being re-submitted.



In the above circumstances, FLCBank may issue a new loan number.

Requests for re-locks must be made online at FLCB’s website by choosing Optimal Blue Change Request and then by choosing Relock.

Refinance Re-Lock Periods A refinance lock-in may be re-locked for a maximum of 30 days



All expiration dates on refinance loans must include time for the rescission period; loan must close and disburse no later than the expiration date.

Calculating the New Buy Price for Re-Locks The re-lock buy price will be determined by comparing the current market buy price for the lock period of the original lock-in to the original lock-in buy price and utilizing the worse of the two, **less the applicable re-lock fee of .375% for a 15 day re-lock or .500% for a 30 day re-lock.**

For example: Original lock-in of 30 days will be compared to a 30 day relock

Loan Program No Longer Available FLCB is under no obligation to re-lock a loan if the loan program is no longer offered.

Renegotiations

Renegotiation Requests FLCB recognizes that in some instances, significant market movement generates requests from borrowers to renegotiate the terms of their lock-in.

In an improving rate environment, terms of a conforming commitment may be renegotiated only when the result is a minimum of .125% improvement in rate to the borrower. A renegotiation will be calculated at current market using the original lock term, less 0.500% (capped at original price). The current lock expiration will remain the same. A loan may only be renegotiated once.

Non-Conforming (Jumbo) loans are not eligible for rate renegotiations.

FLCB will monitor the frequency of the renegotiation requests at the customer level and reserves the right to not renegotiate with those customers whose performance appears to be outside the norm.

Confirmations



Confirmations are for lock-in purposes only and do not confirm compliance with product guidelines.

If the lock expiration date falls on a FLCB non-business day, the expiration date will be rolled forward to the next FLCB business day.

Cancellations

Broker Initiated Cancellations In all instances, it is always the responsibility of the broker to notify FLCB immediately when a loan requires a cancellation for any reason. Please notify the Secondary department by emailing secondary@flcb.com.

FLCB initiated Cancellations Florida Capital Bank Mortgage will initiate loan cancellations based on the following;

- Floating loans will be cancelled 90 days after registration date in the event they are not locked.
- Underwritten loans will be cancelled if conditions are not met within 14 calendar days of decision date. An additional 7 day grace period will be giving on an exception basis.
- “Clear to Close” refinance loans must close with 14 calendar days or lock expiration whichever comes first. On day 15, the loan will be cancelled and the Underwriting Cancellation fee and DU charge will be imposed as indicated in our Schedule of Fees in our guide.
- Locked loans will be cancelled 30 days after lock expiration date in the event they are not closed or extended. Locked loans are subject to cancellation if not received based on the following
 - 30 day and greater terms if not received within 14 calendar days of lock-in
 - All loans with outstanding conditions not received by FLCB within 14 calendar days of approval will be cancelled. An additional 7 day grace period will be giving on an exception basis.

Note: Underwriting Cancellation fees and/or DU charges may be imposed as indicated in the Schedule of Fees located in our guide.

The broker will be notified of cancellations initiated by FLCB via system generated email.

Cancellations *(continued)*

Acceptable Pull Through

One of the largest risk components in mortgage banking is the cost associated with unacceptable Pull Through levels on locked (price committed) loans under a Best Effort program. As a result, it is very important to insure that the customers who partner with FLCB understand and operate within our acceptable Pull Through percentages. FLCB's acceptable Pull Through percentage is 70+% during any given period. Customers performing at or above these percentages receive the most competitive base pricing and lock policies.

In order to operate within acceptable Pull Through levels, each customer must fully understand how FLCB defines and measures "Fallout".

Fallout is "defined" as any loan locked (price committed) with FLCB that does not fund prior to expiration date for any reason. (i.e. loan is declined, loan is approved with conditions that cannot be met, borrower pulls loan from our customer, etc.)

Fallout is "measured" by the dollar volume of locks that fund divided by the dollar volume of locks with expiration dates in the given period.

In the event a constant trend reveals unacceptable fallout, FLCB may take the following actions:

- Refuse to extend existing rate lock commitments
- Cancel locks on files not received within 10 days of the initial lock in date
- Not allow locks until the loan is in underwriting
- Not allow locks until a loan has received a "clear to close"
- Worse base pricing for new locks
- Require a lock-in fee upfront prior to accepting any locks
- Suspend or terminate selling privileges

Please contact your Account Executive immediately if you have any questions regarding FLCB's policies and procedures, as it relates to Acceptable Pull Through.

Closed Loan Delivery

Delivery of Closing Package by Closing Agent

The closed loan package must be returned to FLCB by the closing agent within 48 hours of the loan closing/disbursement. If the package is not received by FLCB within 72 hours, a .25% penalty will be charged to the closing agent.

Failure to comply with this policy and /or failure to pay penalties owed may result in the closing agent being excluded from performing future loan closings for FLCB.

Broker's Role

The Broker / Correspondent will be held responsible for assisting FLCB in obtaining closed loan packages within the terms of this policy.