

# TPO Secondary Market Procedures



## **Rate Lock Agreement**

A lock is an agreement between an approved TPO and South State Bank, N.A. securing an interest rate on a specific program for a predetermined number of days.

## **Lock Desk Contact Information**

The Lock Desk can be reached at [TPOLockDesk@centerstatebank.com](mailto:TPOLockDesk@centerstatebank.com) or 404-418-0246.

## **Lock Desk Hours**

The Lock Desk is available for support between the hours of 8:30 AM and 5:30 PM EST. Lock requests received outside of these hours will be processed the morning of the next business day.

Lock requests are accepted from the release of the initial rate sheet through 5:30 PM EST; or 5:30PM CST for customers located in Central Time Zone. Overnight Protection is available to locks meeting the criteria detailed in the Overnight Protection section of this policy.

## **Lock Types**

- South State Hedged – All conventional and government fixed rate products listed on the South State Bank rate sheet.
- Investor Specific – FHA Streamline, VA Jumbo, VA IRRRL and Conventional ARM products.

## **Overnight Protection**

Overnight protection is available from 5:30 PM to 7:30 AM EST the following business day. Lock requests received between 7:30 AM and the next pricing release will be declined.

Products Eligible for Overnight Protection: Purchase transactions utilizing South State Hedged programs.

## **Rate Lock Confirmation**

Lock requests are made through the South State Bank portal. An auto-generated email of the lock request is sent to the lock desk and TPO once the request is submitted.

An auto-generated email is sent to the TPO notifying them of the rate lock confirmation once the lock request has been validated and executed by the lock desk. In addition, the lock confirmation is uploaded to the Documents section within the loan file on the South State Bank portal.

It is the TPO's responsibility to ensure the lock information is accurate when requesting the lock and validating the lock confirmation for accuracy.

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## **Lock Periods**

The standard lock periods include 15, 30, 45, 60, 75 and 90 days.

Investor specific products are limited to lock periods offered by the investor.

Locks expiring on a weekend or holiday will automatically roll to the next business day.

Loans must close and fund on or before the lock expiration date. This includes the 3-day right of rescission on owner occupied refinance transactions.

Correspondent closed loan packages must be delivered to South State Bank for purchase review on or before the lock expiration date. South State Bank will allow loans to be delivered the following business day when closing on the lock expiration date. It is the responsibility of the Correspondent to request a lock extension to meet the closed loan package delivery deadline.

Note: Electronic and regular mail are both considered acceptable forms of delivery of the closed loan package.

## **Lock Extensions**

Lock extension requests must be submitted to the lock desk by email at [TPOLockDesk@centerstatebank.com](mailto:TPOLockDesk@centerstatebank.com). Extensions must be requested no later than 5:00 PM EST the day of lock expiration. Lock extensions may not exceed the initial lock period.

Extensions are based on calendar days and available at a cost of .02 per day.

All locked loans are eligible for a free 3-day lock extension.

## **Lock Changes**

Requests for changes to an existing lock must be submitted to the lock desk by email. Changes to locks may be determined at original day pricing, current market pricing or worst-case pricing. Worst-case pricing is the lesser of original day pricing (including any previously incurred extension or relock fees) compared to current market pricing.

Common lock changes and how pricing is determined:

- **Property Address** – Loans are locked by property address. Changing the property will require a new loan and a new lock unless the change is due to data entry error or minor correction.
- **Borrower** – Borrowers may be switched, added or removed. Original day pricing will remain but could be affected by changes in borrower's credit scores.
- **Rate** – A rate can be changed by +/- 0.250 and receive original day pricing on the same lock period.

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- Loan Term – The loan term for South State hedged products can be changed (i.e. 30 year fixed to 15 year fixed) and receive original day pricing on the same lock period. Investor specific products are subject to investor lock policies which may be worst case pricing for such changes.
- Loan Type – The loan program type for South State hedge products can be changed and will receive original day pricing. Investor specific products are subject to investor lock policies which may be worst case pricing for such changes.
- Amortization Type – The loan amortization type (Fixed/ARM) can be changed but will receive current market pricing if switching between an investor specific product and a South State hedged product. When staying with the same investor product, the loan may be subject to worst case pricing depending.

Investor specific products are subject to investor lock policies which may be worst case pricing for such changes.

## **Relock Policy**

A relock is a request to lock a loan for a second time. Loans cannot be relocked for a longer period than the initial lock period unless the lock has been expired for over 30 days.

Relocks will be calculated on the following schedule:

- Within 10 days of expiration, the price will be based on worse-case pricing with a minimum cost of a 0.250 relock fee if current market is not worse by 0.250 or more.
- Between 10 and 30 days of expiration, worse case pricing will be used to relock the loan with no minimum cost.
- Locks expired for over 30 days will be priced using current market pricing.

Investor specific relocks will be determined based on the investor's relock policy.

Relock requests must be emailed to [TPOLockDesk@centerstatebank.com](mailto:TPOLockDesk@centerstatebank.com).

## **Float Down/Renegotiation Policy**

South State Bank will allow TPOs to renegotiate a lock or execute a one-time float down. Float down and renegotiation request must be emailed to [TPOLockDesk@centerstatebank.com](mailto:TPOLockDesk@centerstatebank.com).

When executing a Renegotiation/Float Down on a South State Hedged Product, the following requirements and guidelines apply:

- Interest rates must have moved a minimum of 0.250% in rate, with a current price match to the original lock (same lock period) at the 0.250% lower in rate, in order to be considered for renegotiation. If eligible, the rate will then be reduced by 0.125 (0.250 reduction if market is 0.500+ better in rate) at the same (previously) locked price.
  - Note: This is not the renegotiated rate/pricing; just the qualifier.

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- Renegotiation requests received without the minimum movement being met will not be considered.
- An increase in final price over the original lock is not allowed.
- The loan must have been underwritten and conditionally approved.
- The original expiration date will remain intact after the renegotiation is complete.
- Only one 15-day extension may be granted on a renegotiated rate. The prevailing market extension fee will apply.
- Only one renegotiation allowed per loan.

Note: Regardless of market movement, Secondary reserves the right to refuse renegotiations on individual loans or products at any time for reasons including, but not limited to market conditions or changes to product eligibility guidelines.

Investor specific renegotiations/float downs will be determined based on investor policy.

### **Lock Cancellations**

Lock cancellations must be emailed to the lock desk immediately upon notification of borrower withdrawal or loan denial. The lock will immediately be considered cancelled.

### **Lock and Shop**

The Lock and Shop program allows a TPO customer to secure an interest rate prior for their borrower prior to the property being determined. Lock and Shop is available only on purchase transactions for Conforming, FHA, VA and USDA Fixed rate loans. The Lock and Shop program allows for lock periods up to 90 days.

To lock a loan using the Lock and Shop program, use the normal lock procedures and list "TBD" for the street address.

### **Lender Paid Mortgage Insurance (LPMI)**

Lender Paid Mortgage Insurance (LPMI) is available on standard conventional loan programs. In order to price a Single Premium LPMI loan, TPOs are required to obtain a LPMI quote from a South State approved MI provider. The LPMI factor obtained on the quote is to be combined with all other standard pricing adjustments when pricing out a conventional loan program. The LPMI quote should be uploaded to the Documents folder on the South State portal at the time of lock request for the Lock Desk to validate.

South State Bank MI providers include: Arch, Radian, MGIC, Essent and Genworth