



Channel: Correspondent Wholesale

Policy Name:	Correspondent Lending Pricing and Lock Policy
Operational Area(s):	Correspondent Lending Division
Date Updated:	May 15, 2019
Policy Administrator:	LockDesk

1.0 Purpose and Scope

This policy addresses correspondent seller pricing and lock requirements including rate lock and delivery options for Best Effort and Mandatory bulk commitments. Impac delivers a Best Effort Rate Sheet on a daily basis to approved correspondent sellers.

2.0 Policy Directives

Pricing reflected on Impac's Best Effort Rate Sheet is indicative of specific market conditions and is subject to changes throughout the business day without prior notice. Rates and prices are valid until 4:30 PM PST on the same day.

The rate sheet includes loan level price adjustments (LLPAs) as applicable to specific loan features.

Note: Product eligibility is not determined by LLPAs; refer to product matrices and underwriting guidelines for available agency and government programs.

Pricing for both Best Effort and Mandatory bulk commitment options include the service release premium (SRP).

Mandatory pricing options available include:

- The addition of 25 basis points to the Best Effort Rate Sheet price for loan level pricing
- Bulk bid commitments available subject to market movement at time of execution

All closed loans with complete Collateral package must be **delivered by 3:00 PM PST on or before the lock expiration date**. The loan must be in a purchasable condition with no outstanding due diligence items. Refer to the *Correspondent Lending Delivery, Purchase Review and Funding Policy* for more information.

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2.1 Rate Sheet Availability

Rate sheets are emailed to the correspondent seller on a daily basis and can also be made available through a variety of pricing engine companies.

2.2 Best Effort Commitments

Correspondent seller commits to deliver an individual mortgage loan of a specified principal amount and quality to Impac. The correspondent seller makes a best effort to deliver the loan to Impac **on or before the expiration date.**

- Locks for an individual loan are available for a period of 15, 30, 45 or 60 days. Individual loan details are required at the time of the lock.
- Loan must be locked between 7:30AM and 4:30 PM PST.

Note: Impac will provide a Lock in Confirmation for each lock to the correspondent seller.

- Incomplete and/or inaccurate locks will not be processed.
- Not available for loans aged more than 60 days; aged loans must be reviewed with all conditions cleared before being priced.
- Loans are subject to a 100% due diligence review.
- **Purchase Reviews** are conducted to ensure **the data file populated at time of registration and the closed loan package do not have any disparities.** Correspondent sellers are notified of any pricing adjustments needed at time of loan purchase if pricing is not correct.
- Closed loans should reflect terms of original commitment.
- Loans resubmitted after being denied cannot lock in until the new loan is approved. Impac does not suspend loans; loan will either be approved or declined. If the loan is declined, the lock is cancelled. The restructured loan must be registered with a new loan number and locked once the new loan is approved.
- **Forward locking is not allowed on the iQM loan products. A 45 day minimum lock term is required. A review of the appraisal prior to locking the loan is not required.**

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2.3 **iQM Locked Pricing**

A 60 day lock is permitted prior to submitting the loan. A 45 day lock is allowed upon submission of the loan. Once the loan is approved, a minimum 30 day lock is allowable.

2.4 **Mandatory Commitments – Bulk Bids**

Correspondent seller may lock in rates and prices for periods of 15, 30, 45 or 60 days. Mandatory pricing is live and **subject to market movement**:

- Pricing for bulk commitments must be requested by 11:45 AM PST. Unless otherwise requested, all bids are indicative pricing and are subject to due diligence review and market movement. All Impac loan products are available for bulk bids.

Note: A minimum of five loans **is a requirement** for mini-bulk pricing.

- Once the correspondent seller agrees to the terms of the bulk commitment, Impac provides a *Trade Confirmation*. Correspondent seller must provide the signed *Trade Confirmation* and the FNMA 3.2 data file on each loan to Impac on the trade date by 2:00 PM PST.
- Bulk pricing is available for a specific pool of loans, or an individual loan that cannot be priced using Best Effort Rate Sheet pricing. Loan substitutions are not allowed.
- Individual loan deliveries are acceptable throughout the term of the commitment period.
- **Loans must be acceptable to Impac underwriting guidelines and any overlays for all conventional fixed/ARM and government fixed loans.**
- **Loans are subject to 100% due diligence purchase review.**
- **Purchase Reviews are conducted to ensure the data file populated at time of registration and the closed loan package do not have any disparities.**
- Corrections to pricing will be made if priced incorrectly by correspondent seller. Corrections favoring the correspondent seller will not be made.
 - If the loan is not purchased, a pair-off fee will be assessed.

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2.5 Pair-Off Fees

2.5.1 Pair-Off Fee Associated with Mandatory Commitments

Pair-off fees are calculated using a benchmark hedge instrument – the price of the instrument in effect on the day of lock vs. the price on the day of loan cancellation/withdrawal or the day after lock expiration, whichever comes first. The minimum pair-off fee is 12.5 basis points. If the pair-off fee is not received within 90 days of invoicing, Impac reserves the right to offset fees due from any proceeds owed to the seller.

The example below compares benchmark pricing between the original lock terms to the current lock terms:

Based on \$300,000 loan	Current Market	
	Worse	Better
Benchmark price day of lock	103.500	103.500
Current benchmark price	102.750	104.000
Price Spread	0.000	0.500
Pair-off fee (minimum)	0.125	0.000
Net pair off fee (minimum net pair-off of 0.125%)	0.125	0.500

2.6 Correspondent Seller Commitment Management

Correspondent Seller is solely responsible to ensure only authorized persons enter into commitments with Impac.

Note: Lists of authorized employees for the Correspondent Seller are not maintained by Impac.

Impac relies on the Correspondent Seller to provide accurate data with all commitment requests. Loans locked with inaccurate information are subject to a pair-off fee if the loan cannot be purchased by Impac.

2.7 Rate Lock Extensions

Rate lock extensions are calculated in calendar days and must be continuous. An initial lock request landing on a holiday or weekend will automatically extend to the next business day. Any extension request that falls on a holiday or weekend will receive communication from the LockDesk directing the client to either roll the lock back or forward to an appropriate business day.

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Extensions are available for loans that have not been received for purchase with the following restrictions:

- The loan program and rates must be available and posted on the Impac rate sheet.
- Applicable extension fees will be posted on the daily rate sheet
- Extension requests must be submitted to the Impac Lock Desk any time before the lock expires **and** prior to delivery of the closed loan package.
- The lock expiration date may be extended for a total lock period of 60 days, subject to the extension price adjustments outlined on the rate sheet in effect as of the extension date and time.

Restrictions on loans already delivered for purchase are addressed in the following section.

2.8 Loans Delivered for Purchase – Purchase Review Period

Impac only purchases loans that are (1) in a purchasable condition, and (2) submitted with complete credit and funding documentation. Any missing documents or deficiencies must be resolved and/or provided to Impac prior to purchasing the loan.

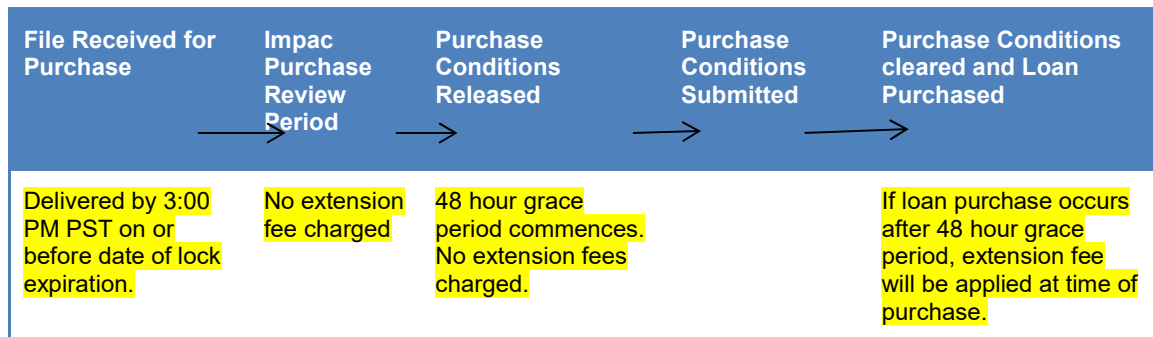
Loans delivered to Impac for purchase must have a valid lock date and the loan package, either physical or electronic, must be delivered for purchase on or before the lock expiration date (3:00 PM PST).

After the Initial Purchase Review is completed and any purchase conditions have been communicated to the seller, a 48 hour grace period commences. If the 48 hour grace period expires and the loan has not been purchased due to outstanding purchase conditions, the loan will be charged an extension fee per the rate sheet until all conditions are resolved and the loan is purchased.

- If the loan is not purchased in 15 calendar days, the loan will automatically be relocked when it is ready for purchase at worst case pricing.
- If the loan package is received for purchase after the lock expiration date, the loan will automatically be relocked when it is ready for purchase at worst case pricing.

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The chart below illustrates the Purchase Review Period:



2.9 Re-Locks

Correspondent seller has the option to **re-lock** a commitment after the expiration date on Best Effort commitments only. A loan that **has not been purchased** by the lock expiration date **and** is not extended is subject to worst case pricing and a .125% re-lock fee **will be applied**:

- Additional restrictions apply to loan products and may not be eligible under terms for re-locks or subject to additional fees.
- **Loans re-locked within 30 days of the lock expiration date will use worst case pricing and be priced off the term of the original lock,**
 - Worst case pricing is calculated by comparing the base price from the original lock date to the current market base price, and using the lower price.
 - A re-lock is available for a 15 day period.
 - Loans are allowed a maximum of 2 re-lock periods.
- **Loans re-locked more than 30 days after the lock expiration date will be re-locked at the current market price.**
 - Re-lock fee will apply.
 - LLPA's applied to the pricing **at the time of the re-lock** will be used to calculate the new pricing structure of the re-lock.
 - Loans are allowed a maximum of 2 re-lock periods.

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3.0 Associated / Supplemental Documentation

- [Correspondent Lending Pricing and Lock Procedure](#)
- [Correspondent Lending Eligibility Policy](#)
- [Correspondent Lending Eligibility Procedure](#)
- [Correspondent Lending Delivery, Purchase Review and Funding Policy](#)
- [Correspondent Lending Delivery, Purchase Review and Funding Procedure](#)
- [Instructions for Accessing and Using IMportal](#)

4.0 Document Control

Changes to this Document Control Policy must meet the approval of the VP of National TPO Sales Manager, VP of Processing, and the SVP of Secondary Marketing.

Author	Description of Changes	Date	Version	Reviewed/ Approved
Lonna Smith	Updates to iQM, Best Efforts, Bulk Bids, Pair-Off Fees, Rate Lock Extensions, Purchase Review Period, and Re-Locks. Add Non-QM Locking Price. This update includes the 2019 Policy Recertification.	05/15/2019	7	Ryan Carry Matthew Jacob Javad Sorouri
Linda Klingbeil	Updated delivery time and inserted illustration for 15 day Purchase Review Period	03/24/2016	6	Greg Austin, Linda Sepulveda, Meagan Ashmore, John Woodruff