On Q Financial

Wholesale Loan Lock Policy

Corporate Policy

File Name: On Q Financial Wholesale Loan Lock Policy – On Q Financial 20230207

Policy	
Department Name	Capital Markets
Document Number	WP002
Parent Policy	*On Q Financial Hedge Policy*
Related Policies	N/A
Applicable To	On Q Financial; including all divisions, departments, subsidiaries,
Approval Date	02/07/2023
Effective Date	02/07/2023

Key Responsibilities	
Reviewed by	Designated Committee
Approval Authority	Angela Wooldridge
Document Manager	Colin Murphy
Approver of Non-Material Changes	Danielle Susini

Overview

The purpose of the lock policy is to outline the parameters surrounding the eligibility and guidelines of Wholesale interest rate “Lock” and change requests.

Business Hours

Monday to Friday 9:00am to 5:30pm eastern time.

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Policy Statement

This policy is set forth to provide clarity, managing interest rate locking risk, and supporting all strategies listed below.

Objectives

- Pricing and Locking
- Lock Confirmations
- Loan Product and Term Changes
- Lock Expiration Date
- Relocks
- Interest Rate Float Down

Contact List

Lock Desk – wholesalelocks@onqfinancial.com

Pricing and Locking

Pricing

Pricing is established in the form of a Wholesale BPO rate sheet and is subject to change throughout the day, depending on market movement. Morning rate sheets will be updated between 9:45am and 11:00am Eastern Standard Time (EST).

Locking

Approved Wholesale Brokers have the capability to submit lock via the online portal by following the below steps.

The On Q Financial Lock Desk business hours are Monday to Friday, 9am-5pm EST time. Off sheet pricing requests should be submitted via email to the Lock Desk no later than 4pm EST.

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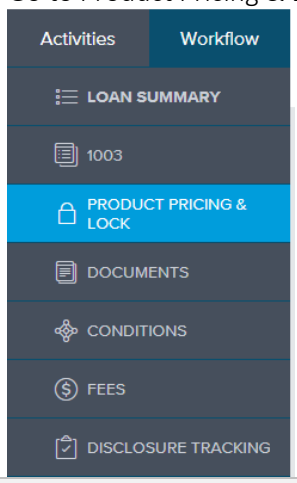
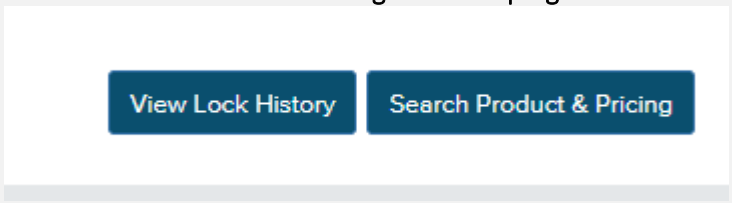
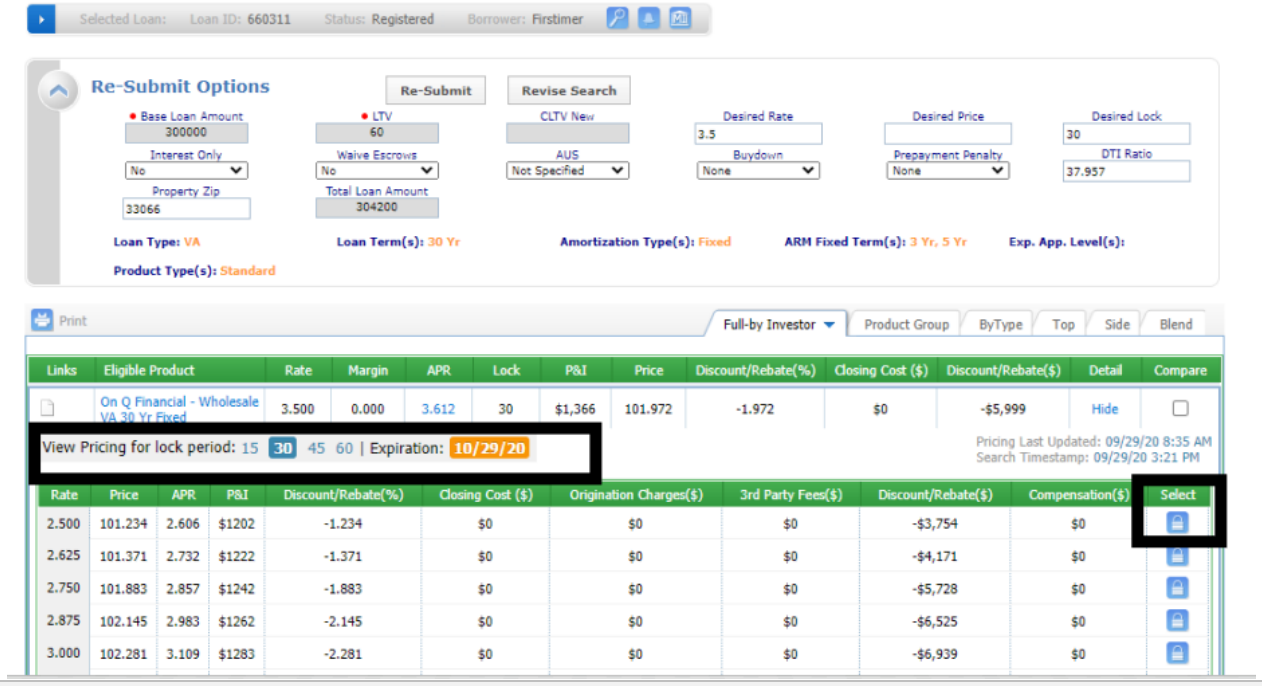
How to Search for Product and Pricing

1	Go to Product Pricing & Lock 
2	Select “Search Product & Pricing” to the top right 
3	Verify all items with a red asterisk * are filled in. Then select, search product and pricing
4	A new screen will refresh, verify the terms and hit submit
5	Pricing options will be available where you can select the lock period and select the pricing you are looking for. 
6	Once you know the product you would like and terms, select the blue lock button.
7	Here you have the option to update encompass and/or request lock.
8	If you request lock, under product and pricing it will show lock has been requested.

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Lender Paid or Borrower Paid

On Q offers two types of broker compensation, borrower paid and lender paid. The rate sheet does not incorporate the Lender Paid Compensation (LPC). The base rate, applicable adjustments and your LPC determines the net lender credit or discount fee for the rate selected

Borrower Paid Comp (BPC)	Lender Paid Comp (LPC)
Borrower & Broker agree upon the itemized fees.	On Q & Broker agree upon the compensation, which could be a dollar amount, percentage or combination. The comp plan may only be changed during the open election period
BPC may be lowered if needed for compliance reasons.	LPC **may not** be lowered on a transaction to correct violations
Broker **can** charge either one origination fee or itemize multiple fees	Broker **cannot** charge fees directly to the borrower
Broker **can** charge for in-house processing (Block 1)	Broker **cannot** charge a processing fee
Broker **can** invoice for 3rd party processing (Block 3)	Broker **can** charge a Credit Report Fee in Block 3, and title pays the credit agency directly
Seller concessions can be applied to BPC	**Seller concessions cannot be used to pay LPC**
Premium pricing or a lender credit for rate chosen cannot be used to offset BPC	**Premium pricing / lender credit for rate chosen can be applied against 3rd party fees**

Delivery Options

All loans must fund prior to lock expiration date. Locks may be extended a max of 30 days or 2 extensions, whichever comes first. Locks that are expired will be subject to our Relock Policy. When the initial lock expiration date falls on a weekend or holiday the lock expiration date is automatically moved to the next business day.

Extending fixed and adjustable rate products are permitted. Extensions must be requested prior to the commitment expiration date. The cost is 2bps per day*.

* Extension costs are subject to change.

Lock Confirmations

Lock confirmations are sent via email to Wholesale Brokers upon Lock Desk confirming the lock.

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Loan Product and Term Changes

Repricing for loan product and term changes on existing locked loans are product specific. All previous extensions, relock fees, and/or pricing adjustments from previous product or term will be reapplied to the new product and term change.

Loan product change request will be managed as follows:

Change From	Change To	Pricing	Lock Expiration
All Conventional/Government	All Conventional/Government	Worse Case pricing between pricing on new product on most recent lock date vs. new product pricing on date of original lock	Existing expiration date

Subject Property Change / Address

A lock is only valid on the original property; a change in property address will require a new lock and may be subject to Worse Case Pricing.

Lock requests cannot be made on properties that are TBD (To Be Determined).

Lock Expiration Date

When the initial lock expiration date falls on a weekend or holiday the lock expiration date is automatically moved to the next business day.

Loans that expire will be subject to On Q Financial Relock policies.

Relocks

Relock Fee = 0.375%

Relocks may only be submitted on expired/canceled locks. If a loan has been expired/canceled for >30 days it is considered a new lock, and pricing will be based on current market. Loans that have been expired for ≤30 days can be relocked for 15, 30, 45, or 60 days. Relocks for loans expired for ≤30 days are subject to worse case pricing plus current extensions and applicable relock fees. Loans may only be relocked one time.

If at the time of relock the rate has increased, worse of pricing between existing price and current price on the new rate lock will apply.

If at the time of relock the product is changed, worse of pricing between the existing price on the original product and current price on the new product will apply.

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Interest Rate Float Down

For On Q products, the interest rate must improve by 0.250% (from original rate). All lock extensions will be included into the float down final price. Pricing will not improve, and will be capped at current price minus 37.5 bps or original rate lock price whichever is lower. The expiration date will be the current expiration date or 15 days from the date of the float down, whichever is sooner. Wholesale Brokers may submit a float down request from 9:30am until 4:00pm eastern time to the lock desk via email per contact list in this policy.

Withdrawn or Canceled Locks

Locks may be withdrawn or canceled at the originator's request by emailing wholesalelocks@onqfinancial.com.

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