

Pricing

Interest rates and purchase prices are quoted on Franklin American Mortgage's daily rate sheet. All prices are quoted as a percentage of par.

Any servicing release premiums due to the Correspondent are in addition to the quoted price.

Rate and Price Changes

Franklin American Mortgage reserves the right to adjust, at any time and without notice, the quoted interest rates and prices on all of its loan programs. In the event of a pending rate or price adjustment:

Franklin American Mortgage may temporarily stop accepting locks;

Franklin American Mortgage will use its best efforts to promptly distribute notification of pricing changes to correspondents.

New registrations interest rate and price quotes remain in effect from approximately 9:30 a.m. Central Time until 8:00pm Central Time the same day for new loan applications/registrations, extensions and re-locks.

Seasoned Loans

Franklin American Mortgage will not purchase loans that are seasoned more than 60 days aged from the closing date. **If the loan is a Homestyle Renovation or Choice Renovation, the loan may not be seasoned more than 90 days from the closing date.** This restriction supersedes any seasoning eligibility that may be referenced in the Correspondent Loan Purchase Agreement.

Delivery Policy:

Correspondents must exercise their **Best Efforts** to close, fund (fully disburse) and deliver a rate locked loan on or before the lock expiration date. All loans delivered to Franklin American Mortgage must be closed, **fully disbursed** and in a form ready for purchase by the lock expiration date. If a Correspondent is unable to deliver a loan on time, Franklin American Mortgage offers extensions that may be purchased by the correspondent prior to delivery period expiration date (for specific details refer to the purchase of delivery date extensions further below in this section). Franklin American reserves the right not to offer extensions or re-locks on any product, and which may occur from time to time as products are discontinued.

Once the correspondent closes a rate-locked loan, whether before or after the original lock expiration date, delivery to Franklin American Mortgage is mandatory. The correspondent may not use the expiration of a delivery period to attempt to either avoid its obligation to Franklin American Mortgage or benefit from market conditions. It is expected that the Correspondent will honor its rate-locked loans, whether the market is improving or worsening.

Good Delivery Standards

Each loan delivered is subject to a lock expiration date and, if suspended for deficiencies, a suspension deficiency cure period.

Delivery Period Expiration Date: Franklin American Mortgage must receive, on or before the most current lock expiration date, a loan delivery package (i.e., closed and funded loan package) acceptable to Franklin American Mortgage. Once a closed loan file is received for purchase, it is no longer eligible for re-lock. If suspended, cure fees may apply as stated below.

Suspension Deficiency Cure Period: Franklin American Mortgage must receive, by the later of the most current lock expiration date or three business days from the date of suspension, those items required to cure suspension deficiencies.

Failure to clear suspended items, within the later of the most current lock expiration date or three business days from the date of suspense, will result in cure fees. The cure fees will be a 2 basis points charge per calendar day for every calendar day beyond the end of the suspension deficiency cure period until the loan is fundable by Franklin American Mortgage. Loans that cannot be cleared out of suspense are not eligible for purchase.

Loans which have been delivered for purchase and suspended, but are not cleared for purchase within 30 days of the suspense notice, will be returned to the lender and Franklin American is not obligated to purchase.

Extended Locks & Up-Front Fees

Franklin American Mortgage offers standard 15, 30, 45, 60, and 75 day delivery periods with no fee to Correspondents. These delivery periods are available for all purchase money and refinance mortgage loan transactions. Please refer to the daily rate sheet for specific pricing information.

Extended locks are offered for Conventional Conforming and High Balance Fixed and Adjustable Rate Mortgages and FHA/VA/USDA Conforming and High Balance Fixed products. With the Fixed products, all extended lock options include an option to float down the rate. (the Adjustable Rate Mortgage products do not have the float down option)

With an eligible extended lock, you may request a float-down at any time during the lock. The float down is submitted in writing to the lock desk at secondary@franklinamerican.com. Once the float-down is executed, the lock expiration date becomes the original expiration date or 30 calendar days from the date of the float-down, whichever is sooner. With any extended lock float-down, only the rate can improve, the buy-price cannot. When looking at a float down, we will compare the original locked price to a comparable rate based on the current day's 60 day price. Regardless of whether the float-down has been executed or not, standard extension and re-lock policies apply (relocks would be based off of the 60 day price).

Up-front fees: Most extended lock periods require an up-front fee. (Please see the extended lock tables on the rate sheet for fee schedule). Up-front fees must be submitted by lender and received by Franklin American within 4 business days of the lock-in date or the lock will be automatically cancelled. Fees may be delivered via check or wire. These up-front fees are credited back to the lender upon purchase of the file by FAMC.

Checks for the fee payment should be delivered to:

Franklin American Mortgage Company
6100 Tower Circle Suite 600
Franklin, TN 37067
Attn: Accounting – Lock Fees

Wires for the fee payment should be sent to: ABA

064009241
Account number:
3000002216
Account Name: Citizens Bank, N.A.

Company Note: Extended Lock and FAMC

Loan #17XXXXXXXX

Please notify via email accounting@franklinamerican.com when sending a wire

These fees are non-refundable unless evidence of a valid underwriting denial is received and accepted by Franklin American Mortgage Company. Underwriting denials must be forwarded to FAMC's correspondent underwriting manager for review.

Purchase of Delivery Date Extensions

Loans must be currently locked and not yet expired. An extension request must be submitted via the Franklin American website lock page on or before the most current lock expiration date. Extension requests will be honored only during the final 30 days of the delivery period. Failure to timely request an extension will result in the loan being re-priced in accordance with the applicable re-pricing policy.

Locks may not be extended more than twice, and a loan may not be extended for a time period greater than the original lock period. For instance, a 30 day lock may not be extended an additional 35 days.

If delivery is not made by the extended expiration date, or if any extension is not requested before a lock expires, the loan will be re-priced at current market and subject to worst case pricing.

COST

First Extension: Correspondent lenders may extend locks at a cost of 2 basis points (.0002) per calendar day for each additional day added to an active (non-expired) lock. There are no set extension periods, lenders may extend locks for any number of days desired, not to exceed the original lock term.

Second Extension: If the first lock period does not provide sufficient time for delivery, a loan may be extended a second time, but at a higher cost. Second extensions will be allowed for a cost of 3 basis points (.0003) per calendar day. The term of the second extension may not be longer than the term of the original lock, but the sum of the first and second extensions may exceed the term of the original lock. For instance, a loan originally locked for 30 days may be extended for additional 20 days via the first extension, and then extended a second time for another 15 days.

** If a loan is extended and subsequently is not delivered on or before the extended (new) expiration date, the loan will be re-priced at current market and subject to worst case pricing AND any previously incurred extension costs will apply to the new price.

*** Extension costs may differ for renegotiated locks. See "Renegotiation Policy" below.

Loan Level Price Adjustments

Loan level price adjustments are stated on the rate sheet and are reflected in the online pricing engine. These adjustments may change with little or no notice, and must be closely monitored by the correspondent lender.

When a loan is extended or re-locked, any updated loan level price adjustments (risk adjustments) in effect on the date of the extension or re-lock will apply to the loan.

Re-pricing Policy

Loans sold to Franklin American Mortgage may be subject to re-pricing if any one of the following occurs:

Delivery Period Expiration Date: Failure to deliver a loan delivery package (i.e., closed, funded and disbursed loan package) to Franklin American Mortgage on or before the most current Lock Expiration Date will result in re-locking at the lower of:

1. The original price; or
2. The then current price for the applicable re-lock term (worse case scenario).

** If a loan is extended and subsequently is not delivered on or before the extended (new) expiration date, the loan will be re-priced at current market and subject to worst case pricing AND any previously incurred extension costs will apply to the new price.

Re-pricing for Cancelled, Denied, and Resubmitted Loans

Loans being reinstated after being denied by FAMC Underwriting and/or cancelled and resubmitted to FAMC will be subject to worse case pricing for 30 calendar days from the date the loan was denied or cancelled by the FAMC underwriter.

Renegotiation Policy

Price renegotiations are only eligible if it results in a lower note rate. Terms of this policy are as follows:

- Price may not improve with renegotiation, only the note rate may be lowered.
- The renegotiation price is calculated with the current day's 60 day price minus .750, for the same product.

- Any additional renegotiations on the same lock will be calculated as the current day's 60 day price minus 1.00.
- The new expiration date will be the later of the current expiration date or 30 days from the date of the renegotiation request.
- Extensions to a renegotiated loan will be permitted, but at the rate of 3 basis points per calendar day.
- Re-locks of renegotiated loans will be permitted and will be subject to worse case pricing as is our standard policy.
- Renegotiations are eligible within 60 days of the existing lock expiration date.

Requests for renegotiations must be submitted to Franklin American's Secondary Marketing Department and may be submitted in one of two ways: They may be e-mailed to secondary@franklinamerican.com or they may be faxed to 615-778-1122.

Note: All submitted requests will be processed and considered final. Lenders must be sure of their desire to receive the new, lowered rate and any subsequent decrease to the buy price prior to requesting the renegotiation.

Requests must be submitted in the following format:

FAMC Loan Number: _____

Current locked rate: _____

New rate: _____

Current lock base price: _____

Contact's email address: _____

All of the above information must be included in order to process the renegotiation request.

Please only submit one request per loan. Franklin American will notify you via e-mail when the change has been completed.

Returned File Charge

It is the intent and policy of Franklin American to purchase all delivered qualifying loans. Franklin American reserves the right to charge a correspondent lender for any loan which was locked with Franklin American, closed, and delivered for purchase, if the lender requests the file to be returned for any reason after delivery to Franklin American.

Loan Denials

If a loan is submitted to FAMC for an underwriting decision, and receives a denial, the lock is cancelled and no longer valid. Such lock cancellations are effective on the date of loan denial. If such a decision is subsequently reversed based upon additional documentation or information submitted, the loan must be locked again and will be subject to a worse-case pricing calculation.
