Security Trust Mortgage, Inc.
RATE LOCK/FLOAT AGREEMENT/AUTHORIZATION

WHAT DOES 'LOCKING' MEAN? - To 'lock' the rate means that the lender will agree to give the 'locked' rate as long as the loan can close within the agreed number of days. It is NOT a guarantee to give the rate. Most loans are locked before the borrower has been completely qualified by the lender, and the rate and actual closing of the loan is contingent upon the borrower and the property finally being qualified for the program within the 'lock' period. Neither the lender nor Security Trust Mortgage, Inc. is obligated to make a loan to you or to guarantee a lockin.

HOW LONG CAN WE 'LOCK' A RATE? - It is up to the policy of each lender. The industry average number of days is 8, 15, 21, 25, 30, 45, and 60, though periods of up to 270 days are available for certain construction loans. 'Lock' periods shorter than 21 days are usually for loans that have been approved with few or no conditions. Even when loan papers are ready to go to escrow for signing, a few days are needed to fund the money and close the transaction. On a 'lock' of 21 days we need to have the entire loan application to the lender within 3 to 5 days. A 30-day period gives us 7 to 10 days, etc.

IS THERE A FEE TO 'LOCK'? – Technically there is no separate fee to lock a loan but the price of any given interest rate increases with the 'lock' period. The lender is taking a gamble on where rates are going for a longer period of time, and charges more for the term to hedge against loss. Many lenders now want you to pay the insurance and taxes in your monthly payment. They take several payments to hold in an 'impound' account. If you don't want to pay your taxes and insurance this way there can be an extra up front point cost averaging .25% of the loan amount or the rate can be raised to lower the points. Security Trust Mortgage, Inc. does not charge a lock fee.

HOW CAN I GET A SHORT TERM PRICE? - You do not have to 'lock' your loan until papers are ready to be drawn for final signing. The loan can be submitted to the lender and then the rate watched as the loan progresses. As each shorter 'lock' period is available the decision to 'lock' can be made.

WHAT HAPPENS IF I DON'T 'LOCK'? - Not 'locking' your rate is called 'FLOATING' With market conditions causing rates to change as many as 3 times a day, 'floating' can be a gamble.

HOW DO I 'LOCK' MY RATE? - The mortgage broker needs your name, address and social security number to 'lock' a rate. Most lenders require the broker to complete a lock-in request form and fax it to the lender before 4 P.M. Pacific Time. Some lenders will take the information over the phone, and issue a confirmation to the broker either the same day or the next day.

BORROWER/S AGREE:

1. **Security Trust Mortgage, Inc. is not responsible for the lender accepting any lock-in agreement or for any action or inaction during the process by the actual lender. Security Trust Mortgage, Inc. will try to document the steps taken to lock the rate and to try to verify the lenders acceptance of the lock.**

2. **Security Trust Mortgage, Inc. will pursue all normal processing procedures to obtain approval and funding of this loan within the 'lock' period. However, third party service providers such as appraisers, title companies, credit bureaus, etc perform many functions of this process. Security Trust Mortgage, Inc. is not responsible for lost rates due to processing, provider or borrowers delays.**

In the event that the borrower/s loan request is declined, any 'lock' agreement/s shall be void. Security Trust Mortgage, Inc. is not the lender, and is simply forwarding terms represented by the lender. The 'Lock' period application is not valid until the broker receives the written confirmation from the lender. The 'lock' is only good for the particular lender chosen. LOCK DOES NOT CONSTITUTE A COMMITMENT TO LEND OR A GUARANTEED FUNDING DATE.

At this time I/We understand our rate is not locked in. I/We understand that I/We may lock any time (except certain lenders and loan programs, and subject to the limitations described above) during the loan process prior to the final documents being prepared for escrow, and that rates change daily. I/We may be subject to higher or lower rates/fees by not locking in.

Borrower	**Date**	**Borrower**	**Date**
Borrower	**Date**	**Borrower**	**Date**

© 1998 Security Trust Mortgage, Inc.