



Renegotiation/Float Down Policy

Policy Statement:

Sierra Pacific Mortgage allows a one-time float down renegotiation when the market has improved significantly. Renegotiations should be requested through the originators regional fulfillment center, which request will then be forwarded to Sierra's lock desk. Sierra's lock desk will confirm and input the renegotiation adjustments. All renegotiation requests must be received during posted Sierra Pacific lock hours, but no later than 4:00 PM, PT. During volatile market conditions renegotiations may not be available, at the sole discretion of Sierra Pacific Mortgage.

Float Down Renegotiation Requirements/Eligibility:

- To be eligible the loan must close within the initial lock period, not have been extended or relocked, and must be a loan program eligible for the renegotiation policy.
- The original interest rate and lock period will be compared to the current rate sheet base price for the same lock period as the original lock, i.e. a 30 day lock will be compared to the 30 day price on the date of the renegotiation request. This comparison must show a minimum price improvement of 125 basis points.
- The loan must be in a status of clear to close or approved (approval requires the appraisal received and reviewed), and the loan must close the earlier of the existing lock expiration date or 15 days. At the time of the renegotiation request, if there are more than 15 days remaining on the lock, the lock period will be reduced to reflect 15 days remaining on the lock. If the loan does not fund by the "renegotiated" lock expiration date the renegotiated price will be reversed and the loan will be re-priced based on the original pricing and lock term.
- The renegotiation will only be to the benefit of the borrower. The interest rate must be lowered, a requested renegotiation will be priced 62.5 basis points worse than current rate sheet pricing, and in no case will the interest rate be reduced more than .25%, nor the price exceed the price of the original lock price.
- If there is a program/product change, an increase to rate, or a relock, the renegotiated price will be reversed and the loan will be re-priced based on the original pricing and lock term.
- Renegotiation pricing quotes are based on the current rate sheet and are valid only on the date of the renegotiated price quote.
- Non-agency jumbo and non-hedged loan programs are not eligible for renegotiation.