

**First National Bank of Nassau County
Wholesale Mortgage Division
Lock Policy
6-30-2009**

Available products are offered on First National Bank of Nassau County (FNBNC) wholesale ratesheet, which is distributed daily. FNBNC may, on a case-by-case basis, quote off-sheet pricing for products and prices not featured on the daily rate sheet. Requests should be submitted via locks@fnb-palm.com or your respective Sales Partner/Account Executive.

Rate Sheets

Rates are sent each day at approximately 11 am EST. The rates and prices shown on the rate sheet are subject to all applicable rate and price adjustments noted on the rate sheet for a particular loan product.

Rate Sheet may NOT be used as an underwriting guideline. Please refer to our underwriting guidelines for all details and loan eligibility specifics. Although we will commit our best efforts to review all lock requests for guideline compliance, acceptance of a lock may not be interpreted as a commitment for guideline exception.

Rates/prices may be changed at any time without notice due to market conditions. In the event of a rate change for the WORSE, FNBNC will issue a notice of suspension of the current ratesheet. During this time no lock requests will be accepted. A new ratesheet will be published and distributed as soon possible.

Lock-in Deadlines

- All Lock requests must be received by 5:00 pm EST in order to receive that day's rates.
- All locks must be received no later than 2 business days prior to the loan closing. FNBNC reserves the right to charge a +0.25% (price) lock-in fee on any loan locked within 48 hours of scheduled closing.

File Delivery Dates

Pipeline maintenance is one of the most important contributors to the mutual success of FNBNC and our customers. Effectively managing pull-through is the key to successful pipeline maintenance. FNBNC allows its customers to lock in their borrower's rate prior to loan submission. Experience has shown that loans that are not received within a certain time frame from lock-in date have a very low probability of closing. Accordingly, FNBNC will automatically cancel any locked loan where a file has not been received within the following timeframes:

Lock-In Period

7-day lock*
15-day lock
21/30-day lock**
45-day lock

Required Date of Receipt by FNBNC

Initial approval must have already been issued on file
FNBNC must already be in receipt of submission file
21 calendar days from lock date (i.e. original expiration date)
30 calendar days from lock date

* If the 7-day lock request is submitted *prior to* all of the conditions being received and the loan does not **close** by the expiration date, the lock term must be converted to a 15-day lock from the original lock-in date. If the lock request is submitted *after* all of the conditions have been received and closing is delayed only due to lack of availability on the closing calendar, a standard 7-day extension may be taken. Extensions needed for any other reason will be converted to the original 15-day price. If an extension is taken, the loan must **fund** by the new expiration date. *There will be no exceptions to this policy.*

**On 21-day locks, the expiration will automatically be extended 9 additional days upon receipt of the submission file as long as the submission is received prior to the original 21-day lock expiration date.

Lock Expirations

Loans must **close and fund** by the lock expiration date with the exception of the 7-day lock, which must only **close** by expiration. Available lock-in periods are noted on the rate sheet. If the lock expiration date falls on a Saturday, Sunday, or Federal holiday, the expiration date will be moved to the next business day. If a lock expires without being extended, a +0.25% (price) hit may be applied to the worse case relock.

Worse Case Market Relock Policy

If a lock expires prior to the funding date without being extended, the loan will be subject to worse case market and repriced based on the following policies:

- A. If the market is the SAME* or has IMPROVED* from the time the original lock was submitted, then the loan will be relocked using the original rate sheet price plus the cost of any applicable extension fees.
- B. If the market is WORSE* from the time the original lock was submitted, the loan will be relocked using the current rate sheet price plus any applicable extension fees.
- C. All relocks will be limited to 15 days. If the loan does not close within the new expiration, the loan will revert to a float status. FNB will only permit that loan to be relocked within 3 days of the scheduled closing date. At that time it will be relocked worse case plus the cost of any applicable extension fees.
- D. In order for a loan to be eligible for relock once expired, the file must have been received by FNBNC for underwriting.

Note: When comparing worse case market, the same lock term must be used for your analysis. For example: compare the 30-day price from the original lock date to the current 30-day price. Regardless of what lock period is used for the comparison, the customer will only be allowed a 15-day extension.

Locks that have been *expired* for 30 calendar days or more may be relocked current market at the original lock term. Once a lock has been *expired* for 60 or more calendar days, it may be relocked current market for any desired lock term.

Lock-in and Lock Change confirmations:

FNBNC will send lock confirmations via e-mail within 24 hours from the day the lock or change is submitted to secondary marketing. All lock confirmations must be reviewed by the customer within 24 hours of receipt. If FNBNC is not notified within 24hrs of distribution of the lock confirm of any pricing discrepancies, FNBNC reserves the right not to honor the lock in. Please contact Clayton Denton @ 678-942-2165 or e-mail locks@fnb-palm.com for any confirmations that are needed.

Cancellations

Please notify FNBNC at locks@fnb-palm.com as soon as you know that a locked loan will not be closing with FNBNC.

Changes in Loan Terms

- Any change in lock period is subject to a worse case relock.
- Requests for changes in loan terms (such as interest rate or product) may be e-mailed to locks@fnb-palm.com
- Changes in loan product code are subject to worse case market
- Pricing will be based on a worse case scenario between the rate sheet in effect at the time of the original lock-in and current market. All changes are subject to price adjustments according to the published rate sheet.

Extensions

All extension requests must be submitted to FNBNC prior to 5:00 pm on the respective expiration date. Extensions for locks with an original lock period of 15, 21 or 45 days may be granted by FNBNC lock desk for the current cost of:

7 days	+0.125% adjustment to price
15 days	+0.250% adjustment to price

If a lock extension is needed on a 7-day lock, FNB will convert the lock to the 15-day price from the original rate sheet. If the loan is a refinance it must then **close and fund** by the new expiration date.

On 15, 21 and 45 day locks, if the current market price is better than the price at which the loan was originally locked, then a “free” 3-calendar day extension may be requested. If a free 3-calendar day extension is utilized on a given loan, any subsequent extension must be for 15 days at a cost of +0.25%.

- Only one 7-day extension may be granted, and any subsequent extension must be for 15 days.
- The maximum number of days any loan can be extended is 22, after which the loan must be relocked at worse case market. There are no exceptions to this policy.
- Extensions will ONLY be granted if the loan file has been SUBMITTED to FNBNC for underwriting.
- Extension requests may be e-mailed to locks@fnb-palm.com or faxed to 866-228-5079.
- Extension requests will not be allowed on loans for which the respective loan program has been discontinued.

* Worse Case Market scenario: 5.25% was originally paying -0.50% ysp for a 30-day lock. Currently 5.25% is paying -0.25% ysp for a 30-day lock. Therefore the CURRENT market price would be used (plus the cost of any applicable extension fees).

* Improved Market scenario: 5.25% was originally paying -0.50% ysp for a 30-day lock. Currently 5.25% is paying -0.75% ysp for a 30-day lock. Therefore the ORIGINAL market price would be used (plus the cost of any applicable extension fees)

* Same Market scenario: 5.25% was originally paying -0.50% ysp for a 30-day lock. Currently 5.25% is still paying -0.50% for a 30-day lock. Therefore the ORIGINAL market price would be used (plus the cost of any applicable extension fees).