

# Interest Rate Lock Disclosure



## What is a rate lock?

A rate lock is an agreement between you (the borrower) and us (the lender) that a specific interest rate will be provided to you for a specific period of time (the rate lock period).

## When is my rate locked?

We will confirm and lock your interest rate with your verbal or written authorization.

## What if rates go up before I close my loan?

Once your rate is locked, we immediately purchase money from our investors for you at that specific rate. As long as your loan application is approved and all other terms and conditions or approval requirements are met, this money will be available to you at your loan closing regardless of market conditions after you have locked your rate. If interest rates have increased, you are protected and can be assured that your locked rate will be honored on your loan papers on the date of closing. We will NOT ask you to pay a higher interest rate simply because the market has worsened.

## If rates appear to be dropping, why shouldn't I wait to lock a rate?

Ask yourself what would be more disappointing: locking a rate and finding out that you may have missed a lower rate or NOT locking your rate and finding that rates have increased? It is our objective as advisors to assist you in determining an optimal time to lock an interest rate given our professional assessment of market conditions as well as your objectives as our client. We may not be able to catch the very lowest rate every time, however, trying to time the market is a risky game. Far too often the market spikes sharply, leaving many clients wishing they would have locked in a rate. Keep in mind that if rates continue to fall, you can always refinance your loan (subject to our post-closing refinance policy).

## How soon can I refinance my rate after closing?

As lenders, our contractual agreement with our investors requires that the loans we originate stay on their books for at least 120 days. If the loan is paid off within that period of time (i.e. through a refinance), we must return the compensation we received for our services on the initial loan. While we cannot prevent you from refinancing during the first 120 days, we can only ask you in good faith if you would refrain from doing so.