

Lock Desk: To Serve And Protect

Having this critical department to monitor changes in loan terms, price and rate will do more to curb revenue leakage than any other action a lender can take.

By Matt Kiker

The lock desk serves and protects the company. It serves the loan officers (LOs) and protects the margin. The very best lock desks are empowered to make business decisions, respected by the sales staff, and their judgment is upheld by management. Lock desks are important and usually imperative to maximizing profitability by controlling the price. Employing the lock desk to actively monitor changes to loan terms, price and rate will do more to curb revenue leakage than any other action a company can take.

The rules

There are two policy manuals that come into play for every lock desk. The first manual is the company lock policy, which specifies the rules for locking, renegotiating and extending lock commitments. The second manual is the lock desk exception policy, which should be reviewed and approved by the company's chief compliance officer to ensure the rules support fair lending. Within the guidelines set forth by the compliance department, the exception policy is known only to the lock desk agent, who administers the policy as they see fit.

LOs and other staff need to understand the company's rules and abide by them. Lock policies help the company move more smoothly, especially when the rules are comprehensive enough to cover the majority of sit-

uations that are likely to occur. A straightforward company lock policy should include the following:

- The requirements for locking a loan, such as the documentation required from the borrower and the loan status;
- The length of time allowed or required based on the loan type and status;
- The mechanism for requesting locks;
- The conditions that must be met before informing a borrower of the rate lock; and
- Rate lock extensions, including how many, how long and how much it will cost.

The exception policy provides guidelines for the lock desk agent

that they may use at their discretion without further management approval. Just because an exception is allowed, does not mean the exception is always given. A well-trained and experienced lock desk agent will correctly judge when an exception should and should not be given. The exception policy should include the following:

- A general list of acceptable circumstances under which an exception may be granted;
- Maximum allowable one-time and cumulative price exceptions per loan; and



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