

## Pricing and Lock Policies

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## Pricing and Locks Overview

This document describes pricing and lock policies for the Hometown Equity Mortgage, LLC dba theLender (theLender) Wholesale Lending Program.

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## Lock Desk

### Lock Desk Hours of Operation

The Lock Desk is open from 8:00 AM to 4:00 PM Pacific Time (PST) Monday through Friday (Note: Jumbo/Non QM loans must be locked by 3:30 PM PST). theLender does not provide rate protection for requests that are submitted outside of the Lock Desk hours of operation. Requests made outside of the normal hours of operation will be addressed at the onset of the next business day. Any/all lock requests, relocks or extensions received after 4:00 PM PST (3:30 PM PST if Jumbo/Non QM) will be processed the following business day using the next business day pricing and appropriate [Lock Extension](#) or [Relock Policy](#).

| theLender Lock Desk Hours   |                    |                   |                   |
|---|--------------------|-------------------|-------------------|
| Pacific Time (PT)   | Mountain Time (MT) | Central Time (CT) | Eastern Time (ET) |
| 8* AM to 4 PM PT  | 9* AM to 5 PM MT   | 10* AM to 6 PM CT | 11* AM to 7 PM ET |
| <i>* The Lock Desk will open once rate sheets are published each day (usually between 8 AM and 9 AM PT)</i> |                    |                   |                   |
| <b>For Jumbo/Non QM Loans, the lock desk closes at 3:30 PM PST.</b>   |                    |                   |                   |

## Rate Sheets and Pricing

### TheSpot

theLender secure online portal, theSpot, is used for pricing, locking, registration and pipeline management. Brokers should always utilize TheSpot as the primary source of rate and pricing data, as the portal is the first point of updates to rate and pricing information.

### Rate Sheets

Each business day, rates are uploaded to the pricing engine within TheSpot, followed by distribution of updated rate sheets via e-mail between 8:00 and 9:00 AM PST. Daily rate sheets will be for indicative purposes only. The rate sheets will have key pricing elements (loan amount, credit score, and LTV) identified for each product set and will represent pricing for the scenario identified. TheSpot must be used to determine loan pricing for product specific loan characteristics and parameters of the loan.

### Adjustments to Posted Prices/Intra-Day Rate Change Period

theLender reserves the right to adjust prices at any time. During a rate or price change, ability to price and lock loans will be suspended.

Loans will be locked at the pricing in effect at time of the lock request.

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## Lock Policies

All interest rate lock commitments are considered Best Effort locks.

### Lock Requests

Brokers submit lock requests electronically through TheSpot. Once applicable information is submitted, TheSpot generates a message that is sent to the Lock Desk to finalize the lock parameters.

If the Broker is unable to lock the loan in TheSpot due to technical reasons, a manual lock request may be submitted. The Broker must complete the Manual Lock Request Form and email it to [lockdesk@thelender.com](mailto:lockdesk@thelender.com)

### ***General Policies Applicable to All Rate Locks***

- All loans must be locked prior to closing with a minimum 5 days for Purchases or 7 days for Refinances left on lock period prior to closing documents.
- All Conventional Conforming and Government lock requests must be received electronically prior to 4:00 PM PST. No exceptions will be permitted.
- All Jumbo/Non QM locks requests must be received by 3:30 PM PST. No exceptions will be permitted.
- Prior to making a lock request, the Broker should review the theLender program guidelines to ensure that the loan meets theLender's policies.

- Acceptance of a lock request by theLender does not guarantee loan approval.
- The selected rate and pricing must not exceed any applicable state or federal high cost, higher priced or similarly restricted loan threshold. Brokers remain responsible for running the appropriate high cost tests.
- It is the Broker's responsibility to manage and maintain their locked pipeline, including but not limited to extensions, relocks and cancellations.

### **Lock Confirmation**

- Lock confirmations are available for download from TheSpot as soon as the Lock Desk verifies the pricing. Typically, the lock is confirmed by close of business on the day of the lock request.
- Once locked or registered, loan details cannot be changed by the Broker in TheSpot.

### **Lock Expiration**

- The lock expiration date will roll forward to the next business day if it initially falls on a Saturday, Sunday or theLender holiday.
- Locks expire at 4:00 PM PST (3:30 PM PST if Jumbo/Non QM) on the expiration date of the lock.
- Rate lock extensions may be permitted if requested prior to the expiration date of the lock. Refer to the [Lock Extension Policy](#) for details and pricing impacts.

### **Lock Periods**

- 15-day lock periods are permitted on Conventional and Government programs and must be "UW Approved" stage.
- 30-, 45- and 60-day lock periods are available.
  - All NON QM loans must have a **minimum 25 day lock**.
- The lock/commitment period is calculated with the day after the loan is locked as day 1.
- Loan-level lock periods and expiration dates are posted on the lock confirmation.
- The expiration date posted on the lock confirmation is the last day to fund the loan.
- Loans must be delivered to theLender within the following time frame.

### **Loans with Applications Dated On/After 10/03/2015**

theLender must provide the revised Loan Estimate (LE) to the borrower(s) within three (3) business days of the lock date.

In order to allow a sufficient timeframe for theLender to disclose an LE in accordance with TRID, the following requirements apply for all loans with applications dated on or after 10/3/2015:

If a full underwriting package **will not** be delivered to theLender within one (1)business day of the lock request, the Broker must follow the steps below:

- Complete and upload the Disclosure Request Form and required documents to ensure the proper re-disclosure of both the creditor and the valid changed circumstance;  
**AND**
- Deliver the loan to theLender for underwriting in accordance with the following timeframes:

| Lock Period                                   | When Permitted         | Submission Deadline                    |
|---|------------------------|--|
| 15-day<br>(not permitted on Jumbo and Non QM) | After loan is approved | N/A                                    |
| 30-day  | Anytime                | 5 calendar days from the date of lock  |
| 45-day  | Anytime                | 8 calendar days from the date of lock  |
| 60-day  | Anytime                | 15 calendar days from the date of lock |

### **Loan Amount Changes**

- Changes to the loan amount will impact loan re-pricing as follows:
  - Loan Amount Increase/Decrease by  $\leq 10\%$  or \$20,000: Re-priced to loan's current committed rate sheet
  - Loan Amount Increase/Decrease by  $> 10\%$  or \$20,000: Worse case pricing
- If a Lender Fee Buyout is included in the pricing of the loan, any loan amount change will require an update to pricing.

### **Borrower or Property Changes**

- The commitment on a loan is tied to the primary borrower and the property. If either of these change once the loan is locked, the loan will be re-priced using the worse case pricing calculation. Typographical errors may be addressed on an exception basis.

### **Other Loan Parameter Changes**

- Loan parameters may be changed at any time. Changing loan parameters could subject the loan to be re-priced to loan's current committed rate sheet. Some changes could cause the loan to be re-priced at worse case pricing.
- All Jumbo/Non QM loans changing programs are subject to worse case pricing from the original lock date to the program change date.

### **Lock Extension Policy**

Extensions may be requested after the loan is locked and prior to the expiration of the lock. If additional time is needed to deliver the loan, the extension request must be requested prior to the expiration date of the lock and the loan will be repriced accordingly.

All extension requests are processed using TheSpot or emailing Lock Desk.

All programs may be extended a maximum of two times.

### ***Extensions Not Subject to Repricing***

If a loan package is "Clear to Close" and in a "Docs Out" status and the lock has not yet expired, the rate may be extended as listed below and is not subject to repricing:

- Purchase: 1 day extension permitted for Conventional and Government programs only.
- Refinance: 3 day extension permitted for Conventional and Government programs only.

### **Relock Policy**

- Relocks are permitted on Conventional and Government programs any time before or after the lock expires or after the loan is canceled.
- Worse case pricing will apply with a minimum cost to relock of 25 bps. If current market is worse by 25 bps or more, current market price will be used with no additional relock fee. If current market is worse by less than 25 bps, current market price will be used with a relock fee to worsen the price by a minimum of 25 bps.
- Loans that have been expired or canceled for > 60 days will be repriced using current market pricing.
- Loans may be relocked for a term less than or equal to the original lock term.
- Prior to the loan expiration, a loan may be relocked a maximum of 2 times.
- Jumbo Loans cannot be relocked until after the loan expires.
- Jumbo Loans can only be relocked one time.

### **Duplicate Locks**

Worse case pricing will be used if duplicate locks are submitted for the same loan. Loans not closing must be canceled.

### **Canceled Loans**

The Broker may cancel a locked loan by contacting the Account Executive or the Lock Desk.

### ***Locking a Previously Canceled Loan/Lock***

Once a loan has been canceled, it is not considered an active loan in the pipeline. See the [Relock Policy](#) for loans that need to be reactivated.

### ***Locks Cancelled in Error***

Loans that are canceled in error may be reinstated at original rate sheet pricing if the Lock Desk is notified by 4:00 PM PST (3:30 PM PST if Jumbo/Non QM) on the day of cancellation. Loans that need to be reinstated the next day or after must adhere to the [Relock Policy](#).

## Denied Loans

Loans that are Denied in the system that need to be reinstated must adhere to the [Relock Policy](#).

## Transferred Locks

Locks from a previous loan (same borrower and same subject property) may be transferred to a new loan number if the old loan was cancelled / denied the same day as the lock transfer is requested. Worse case pricing applies if the lock transfer is not completed on the same day.

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## Pull Through

Pull through is calculated as the percentage of delivered loans compared to total expired locks during any consecutive three month period. theLender may, at its discretion, suspend or terminate the Broker's privileges if theLender determines that excessive fallout has occurred during any three month period

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## Broker Compensation Overview

Broker compensation refers to the total amount of compensation that a mortgage broker, its employees or other loan originators receive from a loan transaction, regardless of the terminology used for the fees charged.

Under Regulation Z, a mortgage broker, its employees or other loan originators may only receive compensation on any transaction from a single source, specifically, either by Borrower Paid Compensation (BPC) or Lender Paid Compensation (LPC). The Broker Compensation Plan will apply across all of the Broker's branches.

Please refer to the theLender Broker Compensation Policy for complete details.