LOCK POLICY – Additional Guidance to Worst Case Pricing

Based on the Lock Policy effective 05/06/2022, a file's lock *may* - but is not required to - be extended. A lock extension request must be received prior to the initial rate lock's expiration date by 5pm Pacific on the last business day of the initial lock.

Should a file's lock or, if applicable, lock extension expire, the file will be recalculated at the higher of (i) the current market rate / price and (ii) the last rate lock, which would include extension cost exclusively if the file was extended. If the loan does not fund on or prior to the Lock Expiration Date, the lock is no longer valid.

A loan that has an expired lock will remain in a "floating" status and is subject to worst case pricing until it is Cleared to Close ("CTC"). Once the loan is CTC and Underwriting has confirmed that worst case pricing has been applied, the Transaction Manager Lead will be responsible for extending the lock expiration date for 14 calendar days from the CTC date. This is considered a re-lock. Loans must fund prior to their re-lock expiration date or will again be subject to worst case pricing.

In order to determine the worst-case pricing, Underwriting will compare two rate sheets :

(1) The Rate Sheet in effect at the time the loan was submitted **OR** the re-lock (*last* rate lock); and
(2) The current / most recent Rate Sheet.

Worst Case Pricing would be the higher of those two rate sheets and include consideration to an Extension Fee, if applicable.

In the event a lock extension has expired, and it is determined that the current market rate sheet is worst case pricing, the Underwriter should email the Lock Extension Desk, request the removal of the "applied" extension fee, and include details of the re-pricing for worst case pricing validation.

The Lock Extension Desk is the point of contact to validate the removal of any extension fees. Extension Fee removal requests should NOT be submitted to QC or Business Solutions from Operations.

Underwriting should NOT at any time remove or modify the LOCK EXIPRATION date in Byte Pro.

Underwriting should not automatically re-price a loan that is already in the Closing Department. Please contact OPS Management, TM Lead, and Transaction Manager / Loan Processor to identify next steps where appropriate.

Date: 2022 07 20