

## 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.

## Lock Desk

### Lock Desk Hours of Operation

The Lock Desk is open from 8:00 AM to 4:00 PM Pacific Time (PST) for all Agency (QM Programs) and 8:00 AM to 3:00 PM Pacific Time (PST) for all NON-QM programs, Monday through Friday. 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 Lock Desk close will be processed the following business day using the next business day pricing and appropriate [Lock Extension](#) or [Relock Policy](#). *Lock Requests will open once rate sheets are published each day (usually between 8:30 AM and 9 AM PT*

## Rate Sheets and Pricing

### TheSpot

theLender secure online portal, theSpot, is used for pricing, locking, registration and pipeline management for all loans.

### 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 8:30 and 9:00 AM PST. 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.

**\*\*Both theSpot and Rate Sheets will be for indicative purposes only and are subject to change\*\***

### 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.

## Lock Policies

### 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, please contact the lock desk for assistance at [lockdesk@thelender.com](mailto:lockdesk@thelender.com)

### ***General Policies Applicable to NON QM and theNada***

- NON QM (NONI) loans must be in approved status with appraisal to lock.
- NON QM (NQHEM+ and NQHEM) loans must be in approved status to lock.
- theNada loans must be in approved status to lock.

- Acceptance of a lock request by the Lender 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.
- It is the Broker's responsibility to manage and maintain their locked pipeline, including but not limited to extensions, relocks and cancellations.

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

- Any Credit Risk Exceptions may be subject to a price or rate adjustment at worse case pricing.
  - Dry States Closing
    - 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.
  - West State Closing
    - All loans must be locked through closing date on both purchase and refinances.
    - If loan does not close within scheduled date, the loan will need to be extended for additional days needed.
- All lock requests must be received electronically prior to Lock Desk close. No exceptions will be permitted.

### **Lock Confirmation**

- Rate Sheet and theSpot Pricing are subject to change and must be validated and confirmed by the Lock Desk.
- A lock confirmation for DSCR is a notification to broker and does NOT constitute a contract or commitment and is subject to change.
- 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 the Lender holiday.
- Locks expire at 4:00 PM PST 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 "Clear to Close" stage, no exceptions.
- 30 or 45 lock periods are available, please see daily rate sheets.

- 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 the Lender within the following time frame.

**Loan Program and Parameter Changes (i.e. LTV, credit score, property address, and debt ratio, etc.)** Repricing for loan changes on existing locked loans are investor specific. If investor changes, pricing will be based off worse case pricing.

### ***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.

### **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, 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 by emailing [lockdesk@thelender.com](mailto:lockdesk@thelender.com)
  - Requests must be sent by 4:00 PM PST
  - All programs may be extended a maximum of two times. Refer to the rate sheets for extension costs.

### **Relock Policy**

- Relocks are subject to worse case pricing and are conducted on all programs after the lock expires, the loan is canceled, or on program changes.
- Loans will be Relocked for 15 days and worse case pricing will apply with a relock fee of 25 bps on cancelled and expired locks and will include previous extension costs.
- Loans that have been expired or canceled for  $> 45$  days from lock expiration date will

be repriced using current market pricing.

- Loans may be relocked for a term less than or equal to the original lock term.
- A loan may be relocked only once.

### Duplicate Locks

If duplicate loan submissions exist and have both been locked, only the first locked price and lock expiration will be honored. The duplicate loan will be rejected.

### Canceled Loans

The Broker may cancel a locked loan by contacting the Account Executive, Account Manager 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 3:30 PM PST 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

Not Allowed.

## 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

## 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.

Hometown Equity Mortgage, LLC will provide its business partners with two compensation options, lender-paid and borrower-paid compensation. The compensation option must be selected before the loan application is submitted. However, the mortgage broker will be allowed to change from lender paid compensation model to borrower paid during the transaction (borrower paid- to lender-paid compensation is not allowed).

A change from lender paid- to borrower paid is not a valid change under RESPA or TILA and no fees may be increased as a result of this request for change.

The broker negotiates its compensation on a borrower-paid, but may not exceed their lender-paid compensation. Once the compensation is set it may not be renegotiated.

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

## Worse Case Pricing

Worse case pricing is calculated by comparing the original lock rate/price to the current market rate/price including rate and price adjustments to the lower (worst) price of the two calculations.