

RATE LOCK POLICIES & PROCEDURES

Nations Direct issues rates and pricing for various product types and investors every business morning. As financial markets are subject to volatility, the release of pricing may be delayed in the morning, and/or Nations Direct reserves the right to suspend or adjust pricing as necessary to reflect market movement. Our policy is based on the day of the lock, unless otherwise noted.

The original lock request must be completed through the Broker Portal located at www.myndm.com. Any subsequent changes to the original lock after initial acceptance should be handled directly with your Account Manager. Your borrower's loan is not considered locked, nor is any change that you requested through your Account Manager considered final, until confirmation of your lock request or change has been posted on the Broker Portal.

A lock is an agreement between Nations Direct and an approved Broker. Brokers must be approved with Nations Direct prior to submitting any lock requests. Locks are non-transferable.

Rate Lock Process

Loans may be locked by the Broker:

- Broker must be currently approved and in good standing to be eligible to lock loans.
- Loans must not be in Suspended status.
- A complete submission package must be submitted by the close of business on the 10th calendar day from the initial lock date (the date of the lock is included in the 10 days calculation). If not, loans will be unlocked and subject to our re-lock policy below. All prices for pre-locks are subject to change once the files have been underwritten if details and/or characteristics of the loan submission do not match the pre-lock criteria as submitted. Changes will be based upon original days pricing provided that the loan plan does not change, otherwise subject to re-work policy below.
- Between 7.30 a.m. PST and 7:00 p.m. PST. for Agency Conforming and Government programs.
- Between 7.30 a.m. PST and 3:00 p.m. PST. for Non-QM and Jumbo programs (refer to Non-QM Lock Policy, Separate Document)
- On the Broker Portal located at www.myndm.com (emailed, faxed or verbally communicated rate locks will not be considered).

Standard Lock Periods

- Lock periods begin the next calendar day after the lock is requested. The lock periods available are 21, 30, 45, and 60 days.
- The original lock request cannot expire on a non-business day, it will be rolled forward to the next business day.
- The 21 day lock option is available only on loans that have completed the "Approved" milestone.
- Jumbo and Non-QM loans please refer to the stand alone Non-QM Lock Policy Bulletin 07-01-2018.

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Lock Extension

- Funding must be complete before expiration of lock.
- Loans may only be extended for a max of 30 days per request, and a max of 60 days total. After 60 days the lock will be subject to a worse case relock.
- Extensions must be requested by 4 PM PST on the day of lock expiration.
- Lock extension periods and fees are based on request number and number of calendar days. The new expiration date must fall on a business day.
 - 1st and 2nd lock extension – 1.5 bps per day
 - Any additional lock extension – 2.5 bps per day

Relock Policy

- A relock is a request to lock a loan for a second time, due to the previous lock expiring or unlocking.
 - 1) Re-Locks are subject to worst case pricing.
 - 2) Re-Locks will receive the same lock period as the previous period
 - 3) Worst case pricing will compare the original price to the current market price for the same term & time period.
 - 4) Any prior lock extension or relock fees will be applied to the new relock once worst case pricing is established.
 - 5) The following re-lock fees will also be applied to all relocked loans;
 - Relock 0.250% (in price)
- Exceptions previously made to the loan will NOT be carried over & must be re-requested, any fees associated with exception requests will be applied at the time of the new request to the relocked (exception fees will not be waived).
- A loan must be unlocked for greater of than 30 calendar days to be eligible for current market pricing on the 31st calendar day.
- For a second relock request the File must be approved for doc's status.

Re-Work/ Restructures

- Program changes are subject to Worse Case Pricing any & all previously extension fees or relock fees will be reapplied to the rework once the base pricing and LLPA's have been established.
- All Re-Works moving for a program that is able to lock up front to a program that cannot lock until Approval must be requested by Account Manager to unlock

Float Down/ Renegotiation

- NDM does not offer a float down option. Please contact the Lock Desk for a case-by-case review of float downs.

Cancelled/Withdrawn/Declined/Expired

- Rate lock cancellations will only be accepted if made within 2 hours of the requested lock and prior to the daily lock cutoff time. Cancellations should be emailed to your Account Manager. No verbal cancellations will be accepted. Any requests to cancel a lock after a new rate sheet has been issued will not be granted under any

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circumstances. Loans whose locks have been cancelled must wait a 24 hour period to be eligible to lock again.

- Cancelled/Withdrawn/Declined/Expired loans are subject to the Re-Lock Policy.

Property Change/ Address:

- A lock is only valid on the original property; a change in the property address will require a new lock and subject to Worse Case Pricing. Typographical errors will be addressed on an exception basis.
- Lock requests on properties that are TBD (To Be Determined) will not be honored.

Duplicate Locks:

- Re-uploading a loan and locking it at the current market price is not allowed, if a duplicate loan for the same borrower and property address is locked, the original lock will remain active.

Worse Case Pricing Defined:

- Worst case pricing will compare the original base price to the current market base price for the same term & time period. Any prior lock extension or relock fees will be applied to the new relock once worst case pricing is established. Loan level price adjustments will be determined based on the current loan information and current rate sheet adjustors.

Max Price:

- Max net rebate price after all loan level price adjustments is as follows;

Conventional Programs

- | | |
|------------------------|---------------|
| • Conv. Fixed Std, Bal | 104.5 (4.5%) |
| • Hi-Balance | 103.5 (3.5%). |
| • ARM programs | 102.5 (2.5%). |

Government Programs

- | | |
|---|---------------|
| • FHA Fixed Standard Balance | 105.5 (5.5%) |
| • All other Government Fixed Programs | 105.00 (5.0%) |
| • FHA ARM programs | 102.5 (2.5%) |
| • NOTE : VA IRRRL Max Discount is 2.00. | |

Jumbo/ Non-QM Programs

Refer to Jumbo Stand Alone Rate Lock Policy together with rate sheet individual programs.