

WesLend Financial

Secondary Marketing Lock Policies

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2.0 General Information

2.1 Rate Sheets

- **Rates are published daily** and distributed via email by 9:00 am PST Monday through Friday. Rates can also be accessed via the WesLend Wholesale website at: www.weslendwholesale.com.

2.1.1 Intra-Day Price Changes

- Rates are subject to change for the worse or better at any time based on market fluctuation without prior notice.

2.2 Lock Desk

- For questions, email the lock desk at lockdeskwholesale@weslend.com.

2.2.1 Lock Desk hours are from 9:00am PST to 4:30 pm PST.

- Lock cutoff is 3:30 PM PST for Arm, Jumbo and Non-QM programs and
- 4:30 PM for all other programs.

NOTE:

- All requests received after cutoff will be priced to the next day's rate sheet.

2.2.2 New rate lock requests, lock extensions and changes to locked loans.

- New lock requests should be submitted through the WesLend Wholesale Broker Connection at www.weslendwholesale.com , Lock extensions and changes to locked loans must be emailed to the lock desk at lockdeskwholesale@weslend.com .

Pre-Locks / Forward Locks

- To pre-lock a loan, the broker will need to create a loan by importing a complete FNMA MISMO 3.4. Next, the broker will register the correct program and then request the lock.
- After the loan is pre-locked, the Broker has 48 hours from the lock date to upload the Broker fee sheets and an unsigned 1003. On the second business day following the pre-lock, WesLend Wholesale will send email notification to the Broker and Account Executive requesting the required documents (typically the fee sheet and unsigned, undated 1003) . The broker must upload the required documents into the loan on the E-doc page. The lock will be cancelled if the items are not received within those 48 hours. This will allow WesLend Wholesale to disclose the initial locked Loan Estimate and remain compliant. The broker has 5 calendar days to upload the full submission package. Failure to meet the submission deadline will result in either the lock cancellation or worst-case pricing as determined by current market after the 5th day.
- Refer to Program Chart for Details on lock periods for pre-locks.

2.2.2.1 Lock Confirmations

- Once the loan is locked by submitting the lock in WesLend Wholesale Broker Connection, the lock will be processed by the lock desk and a formal written

confirmation of the pricing terms will be sent to the broker via email within 24 hours.

- A copy of the lock confirmation will also be forwarded to the Wholesale Account Executive and the Account Manager.
- Any discrepancies on the confirmation must be reported within 24 hours.

2.2.2.2 Incomplete Lock Information

- Lock requests containing incomplete information or product criteria outside lenders lending parameters will not be considered “Received” and locked.
- The lock desk will contact the broker for further clarification.
- Once complete, the lock will be considered “Received” and priced based on the newly received date and time.

3.0 Rate Lock Policies

3.1 Rate Lock & Registration Policy

- When locking a loan via WesLend Wholesale Broker Connection, the loan must be registered on an eligible loan program in the pricing screen to lock. Loans locked prior to submission (see pre-lock policy above) are eligible. Once a loan is pre-locked, the submission file must be uploaded within 5 calendar days as outlined above or the lock will be subject to cancellation.

3.1.1 All WesLend products require a Rate Lock prior to docs.

- TBD loans will be allowed to be registered but will not be able to be locked until a property has been found and the file has been updated with this information.

3.1.2 Failing QM Test

- For any loan that receives a compliance QM risk factor of “fail” at the time of lock, the loan cannot be locked. The lock desk will notify the Broker and Account Executive of the compliance risk factor “fail” and let them know that the lock is denied.
- For any other QM rating other than “fail”, the loan can be locked.
- QM compliance risk category ratings below:
 - QM Fail – loan cannot be locked
 - Minimal Risk – No Action Required
 - Moderate/Significant Risk – lock desk will email the broker notifying them of potential QM issue. Broker must evaluate the required lock modifications to receive a pass rating and notify the lock desk accordingly as soon as possible.

3.1.3 Lock Confirmations

- Confirmations will be emailed to the Broker on all new rate locks and changes to the lock. WesLend Wholesale Broker Connection will also reflect that the loan is locked in the pipeline status. A copy will also be forwarded to the Wholesale Account Executive and Account Manager. The Lock Confirmation must match the Loan Approval.

3.1.3.1 Lock Pricing

- Pricing on the Lock-in Confirmation is expressed in points.
 - Rebate Pricing – negative #
 - Discount Pricing – positive #

3.1.4 Canceling Locks

- Maintaining a clean locked pipeline with Secondary Marketing is essential. Loans that withdraw or are inactive need to be cancelled with the Lock Desk on a weekly basis. Email the cancellation notice to the lock desk at lockdeskwholesale@weslend.com.

3.1.5 Expired Locks

- Prior to the lock expiring, it is the broker's responsibility to extend or relock the loan if the loan is still active. Once the lock has expired, the loan will revert to a float status until a decision has been made to cancel or relock the loan (extensions are not granted on expired locks). Expired locks are subject to worse case pricing if relocked within 30 days from expiration. (see relock policy section 3.1.7)

3.1.6 Requesting Changes to Rate Locks

3.1.6.1 Loans Not In Underwriting

- If locked terms change prior to underwriting, the Broker is responsible for notifying the Lock Desk.
- Email changes to the Lock Desk at lockdeskwholesale@weslent.com (include last name & WesLend loan #).

3.1.6.2 Loans Already in Underwriting

If there is a change in underwriting, it is the Underwriter's responsibility to add a "prior to doc" PTD condition #806 for Lock Desk to approve specific change. Example – "Lock Desk to approve change in terms: L/A \$300,000, LTV 85%."

- Changes after a loan has been underwritten must be approved and conditioned by the Underwriter before Secondary will amend the rate lock.
- Once approved by the Underwriter, the Underwriter will notify the Lock Desk to amend the rate lock.
- The lock Desk will email a revised Lock Confirmation to the Broker with a copy to the Wholesale Account Executive. and Account Manager.

3.1.6.3 Change in Loan Amount

- Generally, plus/minus 5% are allowed on same day rate sheet. Email the Lock Desk on a case-by-case basis

3.1.6.4 Change in Interest Rate

- Loan will be priced at the appropriate discount or premium for the equivalent rate on the original date of lock, if available. If the original rate was not available, email the Lock Desk on a case-by-case basis.

3.1.6.5 Changes to Loan Terms not Reported to the Lock Desk

- Changes to loan terms not reported to the Lock Desk that result in a change in lock price may be charged to the Borrower.

3.1.6.6 Change in Subject Property

- A change in subject property is treated as a new transaction.
- Contact the Lock Desk.

3.1.6.7 Changes to Rate Lock Considered a “Changed Circumstance”

- If there is a change made to the loan that impacts pricing, which is considered a “Changed Circumstance”, the loan estimate will be re-issued to the borrower(s).

3.1.7 Relock Policy

- **Full Term Relock: Worse of current market or original lock plus .125% relock fee**
 - The relock fee is applicable regardless of the movement in the market.
- Fixed Rate Programs - relocking with a different fixed program is subject to worse case pricing if within 30 days of lock expiration.
- ARM Programs – relocking with a different ARM program is subject to worse case pricing if within 60 days of lock expiration
- Changing from fixed to ARM or ARM to fixed could require resubmission, please contact lock desk.

3.1.8 General Lock Extension Policy

- In the event a loan cannot be delivered within the original lock term but a full relock is not required, extensions of the original lock term may be granted ***only on or before the date of the lock expiration. Extensions are subject to review based on the current market environment and are not guaranteed.***
- **Extension Policy – loans may be extended for either 5, 7 or 15 days. If less time to close is needed, a per diem charge can be applied of .025% per day– see daily rate sheet for pricing as extension cost may vary by product and over time.**
- The Broker is responsible for requesting lock extensions (by emailing the Lock Desk – lockdeskwholesale@weslend.com).
- Extension request deadline is 4:30 pm of the expiration date or earlier. There is no need to wait if you know you need more time in advance.
- **Up to two lock extensions will be granted (any combination). Any additional time needed will be considered a relock at worse case pricing.**
- Locks expiring on a weekend or Holiday will roll to the next business day.
- Jumbo and Non-QM programs are subject to investor lock policies, email lock desk a lockdeskwholesale@weslend.com for extensions on these programs.
- Expired locks will be considered a relock (see relock policy above).
- The Broker is responsible for ensuring there is adequate time on the lock to fund.

- The cost of the extension may be considered a changed circumstance if charged to the borrower (see Section 3.1.6.7).

3.1.9 Pricing with Impounds/Escrow Account

- Improved pricing with impounds requires both taxes and hazard insurance (not all products are eligible for improved pricing – refer to current rate sheet.
- Impounding taxes only or insurance only is optional but not eligible for improved pricing (if applicable).
- If the loan requires MI and/or flood, then impounds are also required.
- Earthquake insurance is not required to be impounded.

3.1.10 Rate Protection For Locked Loans Declined in Underwriting

- Locked loans declined in Underwriting are automatically cancelled in the system.
- Rate protection on the original locked program is available if a rebuttal is going to be submitted to Underwriting.
- Notify the Lock Desk by email the same day of declination to transfer the lock to a new loan # to preserve the original rate lock.

3.1.11 Renegotiation Policy

In an improved market, renegotiations of pricing **may be considered** on a case-by-case basis, however, the following loan status must be adhered to for Secondary to discuss a possible renegotiation. Contact the lock desk.

- At least 1.00% improvement in price. No Exceptions!
- One-time renegotiation **after loan approval.**
- Loan must be ready for final docs.
- Rate lock term will be reset to the **earlier of the original lock expiration or 10 days from the date of the renegotiation. Any additional time needed will incur an extension cost.**
- If the market improves by 1.0% or greater in price, the renegotiation of either price or rate will be based on a “split the difference” methodology. Example – if the difference in price is:
 - 1.00%, the improvement to the lock price will be .50%
 - 1.50%, the improvement to the lock price will be 75%;
- If a lower rate is requested, the new pricing will be based on a “split the difference” methodology of the price at that rate on the original lock date versus the new rate based on current market utilizing the same lock term.

NOTE:

Renegotiation Policy – **Does not apply** to Jumbo, Non-QM and / or ARM programs.

Once the renegotiated rate/pricing has been approved by Secondary, the “changed circumstance” guidelines will be followed – see **Section 3.1.6.7 Changes to Rate Lock Considered a “Changed Circumstance”**.

Continued

4.0 LOANS PAYING OFF EARLY

4.1 Lenox Early Payoff Policy

The EPO Policy shall come into effect whenever a loan resulting from loan application package it received from Broker is sold to or funded by Lender and that loan pays off or the principal balance is paid down by more than 20% of the original principal balance within one hundred and ninety-five (195) days of funding, regardless of whether that pay off or pay down is from a refinance by or through Lender as the result of another loan application package submitted by Broker, or from a refinance on a loan application package submitted to WesLend by or through another broker or lender, or from a non-brokered refinance by WesLend or any other lender. On all mortgage loans falling within the EPO Policy, Lender may require Broker to repay to Lender all monies paid to Broker by Lender, including any premium or service release premium.

5.0 Lock Chart

LOCK CHART				
LOAN PROGRAM	PRELOCK?	MINIMUM STATUS TO LOCK	LOCK CUT OFF TIME	EXTENSION FEES
<u>Conventional</u> Conforming DU/LP High Balance DU/LP HomeReady Home Possible RefiNow Refi Possible	30 or 45 days Minimum Status: "Registered"	30 day pricing minimum	4:30 PM (PST)	.125 - 5 days .15 - 7 days .25 - 15 days 30 days max extensions
<u>Government</u> FHA FHA Streamline VA VA IRRRL	30 or 45 days Minimum Status: "Registered"	30 day minimum pricing	4:30 PM (PST)	.125 - 5 days .15 - 7 days .25 - 15 days 30 days max extensions
<u>JUMBO</u> Diamond Emerald Ruby Sapphire Jade	Not allowed	30 days at "Approved" status	3:30 PM (PST)	Contact lock desk for details. 15 day max extension available.
<u>SELECT</u> Select Select Streamline	Not allowed	30 days at "Approved" status	3:30 PM (PST)	Contact lock desk for details. 15 day max extension available.
<u>VIP / I-VIP</u> VIP VIP INVESTOR I-VIP I-VIP INVESTOR	Not allowed	30 days at "Approved" status	3:30 PM (PST)	Contact lock desk for details. 15 day max extension available.