Community Wholesale Lending Lock Policy

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Pricing and Lock Policy

Table of Contents

General Lock Policies Apply to All "CWL" Loan Products

Lock Desk Hours and Contacts	pg. 3
Lock - In Agreement	pg. 3
Lock Periods	pg. 3
File Delivery Requirements	pg. 3
LE Requests	pg. 3
Rate Lock Confirmations	pg. 3
Lock Expiration Date	pg. 4
Duplicate Locks	pg. 4
Maximum Price/Rebate	pg. 4
Loan Data/Status Changes	pg. 4
Intra - Day Price Changes	pg. 4
Lock Extensions	pg. 4
Re-Locks	pg. 5
Rate Renegotiations/Roll Down	pg. 5
Program Changes	pg. 5
Lock Transfers	pg. 6
Property Address Change	pg. 6

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A well-defined pricing strategy is critical in managing market risk for our organization. "CWL" has established the following pricing policies to help our wholesale partners manage their locked loan pipeline.

GENERAL LOCK POLICIES THAT APPLY TO ALL "CWL" LOAN PRODUCTS

LOCK DESK HOURS AND CONTACTS

All lock requests should be processed on-line and can be accepted beginning with the morning price release at 9:00 AM PST through 8:00 PM PST with the exception of investor specific programs which need to be requested by 3:30 pm pacific time. Extension and relock requests need to be requested by 5:00 pm pacific time. If you have any questions, you can contact your Account Executive or the lock desk can be reached via email at lockdesk@cwlend.com

LOCK AGREEMENT

A lock is an agreement between the approved broker and "CWL". "CWL" does not permit locks from brokers that are not approved and in good standing. The lock specifies the number of days the interest rate is guaranteed. Should interest rates rise during the lock period, "CWL" is obligated to honor the committed rate. Should interest rates fall during that period, the broker must honor the lock. Locking an interest rate and price does not guarantee eligibility or approval for the subject loan. The broker should actively manage their locked pipeline and cancel any locked loans that have been withdrawn by the customer.

LOCK PERIODS

Locks are available on a 15, 30, or 45-day basis or as indicated on the daily rate sheet. Loans can be advance locked for a lock period of 30 days or more. 15 day locks will only be accepted for loans that are in an APPROVED status or greater. Locks are not allowed on suspended, denied or canceled loans.

FILE DELIVERY REQUIREMENTS

Once a loan is locked, loan file must be submitted within the delivery requirements below or lock will be canceled.
30 Day Lock: File must be delivered within 10 calendar days of the lock date.
45 Day Lock: File must be delivered within 15 calendar days of the lock date.
Canceled locks due to non - delivery are subject to the Re - Lock Policy.

RATE LOCK CONFIRMATIONS

Lock confirmations will be posted online immediately after the loan is locked, relocked or extended. It is broker's responsibility to report any errors or inconsistencies to the lock desk within 24 hours of the confirmation date.

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LOCK EXPIRATION DATE

The lock expiration date for all locks and relocks will be established from the date of the lock. All loans must be funded on or before the lock expiration date. Lock expiration dates that fall on a weekend or holiday will automatically rollover to the next business day. Locks expire at 5:00 PM PST.

DUPLICATE LOCKS

Only one active lock is permitted per borrower, per property. If a duplicate lock for the same borrower and property address is locked, the original lock will remain in force and the duplicate lock will be canceled.

MAXIMUM PRICE/REBATE

Maximum net pricing is published on the daily rate sheets. The pricing adjustment to include Lender Fees in the pricing is outside of the maximum net rebate calculation. The maximum pricing cap adjustment cannot be used to pay for lock extension and/or re-lock fees.

LOAN DATA/STATUS CHANGES

Locks on denied loans will be canceled at 5:00 PM PST on the next day of the denial. If a denied loan is later overturned and approved, the loan will be subject to the re-lock policy. Any changes made to a locked loan (LTV, FICO, DTI, etc.) may require changes to pricing adjustments. The broker is responsible for tracking any changes to the loan structure that affects pricing and notifying the lock desk to update the pricing.

INTRA-DAY PRICE CHANGES

"CWL" reserves the right to suspend locking and issue a price change at any time during the day without notice. When an intra-day price changes occurs, the ability to lock loans will be disabled until the price change is completed. All lock requests received after the effective time of the price change will be subject to the new pricing. Monitoring current pricing changes is the responsibility of the broker.

LOCK EXTENSIONS

Lock extensions are allowed on un - expired (current) locks only. There is no limit on the number of days a loan can be extended. All Lock extensions must be requested through the website and must be requested prior to 4:30 PM PST on or before the lock expiration date. Lock extension expiration dates that fall on a weekend or holiday will automatically roll over to the next business day.

7 Days at a cost of .125 bps
15 Days at a cost of .25 bps
30 Days at a cost of .50 bps
Max extension total 60 days
30 day locks or greater will be eligible for a free 3-day extension if needed after Docs are drawn.
15 day locks will not be eligible for this.

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RELOCKS

Relocks are allowed on expired locks only. The loan must be in an APPROVED status or greater to be eligible for .a relock. The new pricing is based on the worst case (comparison between current pricing and the original final pricing), plus the relock fee of .25 bps. Original final pricing includes all prior extension and/or relock fees. Relocked loans are eligible for lock extensions per extension policy. If price adjustments and/or underwriting guideline changes have occurred since the initial lock, the loan will be subject to worse case price adjustments as well as subject to current guidelines. Multiple Relocks are not permitted. Previously locked loans can be relocked using current market pricing after lock expiration or lock cancellation date based on the table below

- 30 days
  - Conventional, FHA, and VA fixed
- 60 days
  - Non QM, Jumbo, DPA, and all ARM products
- 75 Days
  - Jumbo Express 1, Select 5, and DSCR Select 5

These will be treated as a new lock, relock restrictions and fees will not apply.

RATE RENEGOTIATIONS / ROLL DOWN

When the market improves significantly, we will allow a one - time renegotiation on locks that are not investor specific (NON QM, ARMS, Jumbo, Bond, 2nds). Rate renegotiations are designed to manage lock fallout in an improving interest rate market. A minimum of 25 bps rate improvement from the original base rate pricing is required for renegotiation.

Renegotiation Guidelines:

Renegotiations must be requested during normal lock hours. The original interest rate and price will be compared to the current rate sheet base price for the same lock period as the original lock. The renegotiated price will be the current day price for the same lock period as the original lock plus a .500 renegotiation fee. The loan must be in an APPROVED or greater status to be renegotiated. The original lock expiration date will apply. The renegotiation must provide a benefit for the borrower in either a reduced rate, an increased lender credit or reduced discount points. Lock extensions are allowed per policy. Only one renegotiation is permitted per loan.

PROGRAM CHANGES

Product change requests from one product to another is permitted. If a previously locked loan changes programs, the loan will be required to be relocked at worse case pricing. If worse case pricing is the original market, the expiration date will remain the same. For Agency fixed products (Conv, FHA, VA , USDA), if a previously locked loan changes programs within the same product tier (regardless of market movement), pricing will be based on the original rate sheet with the existing lock expiration date. Any existing re-lock or extension fees still apply.

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LOCK TRANSFERS

Requests for lock transfers from a previous loan (same subject property and same borrower) is allowed under the following circumstances: The lock on the previous loan must not be expired. All lock transfers must be approved by the "CWL" Secondary Department. The lock must be transferred to the new loan prior to the old loan being canceled. Contact your AE or the lock desk to facilitate the transfer. Canceled or expired locks that are transferred will need to be re - locked per policy.

PROPERTY ADDRESS CHANGE

Locks are tied to the property address. If there is a property address change, the original lock is not transferable, and the current lock must be canceled. The new loan will be priced using current market pricing and treated as a new lock. The original loan must be canceled, and a new loan will be created for the new lock at the current market. In cases where the property address change is due to a minor typo, the original lock terms will be honored

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