

This document outlines the policies and procedures governing rate locks at Lendz Financial. The intent is to ensure consistency, transparency, and risk control in lock management, while providing brokers with clear expectations. The terms of this policy are subject to change at any time without prior notice.

1. Lock Hours and Cutoff Times

- Lock Desk Operating Hours: 9:00 AM to 6:00 PM ET
- Lock Request Cutoff time: 9:00 AM to 5:00 PM ET
- Extension Request Cutoff time: 9:00 AM to 5:30 PM ET
- Weekend/Holiday Expirations: Locks expiring on weekends or holidays must be extended by 5:30 PM ET on the prior business day.

2. Lock Periods and Expiration

- Standard Lock Terms: 30, 45, and 60 day lock periods are available.
- Locks do not automatically roll when expiring on non-business days.
- Brokers are responsible for submitting the lock extension request by the 5:30 PM ET cutoff time to avoid lock expiration.
- Loans may be relocked upon expiration. Relock policy terms apply.

3. Lock Extensions

- Maximum Allowable Extensions: A maximum of two (2) extensions are allowed. Additional extensions may be granted on a case-by-case basis.
- Cumulative lock term, inclusive of the original lock term and all extensions, cannot exceed 60 days. A relock establishes a new lock term and is governed by Section 4.
- Extension Pricing:
 - 2.5bps per day for 1st extension
 - 5bps per day for 2nd extension
- Brokers must request extensions before the lock expiration date. Retroactive extensions are not permitted.
- Lock Extensions are permitted in 5 day increments.

4. Relocks

- The standard minimum waiting period to relock at current market pricing is 75 calendar days from lock expiration. The waiting period may be adjusted on a case-by-case basis.
- Relock Pricing Hit: Worse-case pricing plus a 25 bps relock fee. All existing extension fees apply if the loan is relocked during the minimum waiting period.
- A loan relocked before the minimum waiting period has elapsed is subject to worse-case pricing plus the relock fee. On the first business day after the minimum waiting period has elapsed, the loan may be relocked at current market pricing with no relock fee and no carryover of prior extension fees.
- Worse-Case Pricing is calculated by comparing the original locked rate/price to the current market rate/price and applying the worse (lower) of the two.
- Relock term is capped at 15 days.

5. Float Downs and Buydowns

- Float Downs: Not permitted.
- Temporary Buydowns: Lendz Financial does not offer temporary buydown options.

6. Pricing Policies

- Switching Series or Products: Worse-case pricing may apply when switching series or products (e.g., switching from Series 1 to Series 3, or from Diamond to Platinum).
 - This is assessed on a case-by-case basis.
 - A Series switch fee of 12.5bps (0.125) may be assessed.
- Absolute Minimum Pricing: Lendz Financial does not offer pricing below 97.00 (equivalent to 3 discount points) unless by special request.
- Maximum Price Cap: Max pricing is applied per series and per product. Refer to the applicable rate sheet for the current max pricing. Max pricing is subject to change at any time without notice.
- Errors: Locks that reflect pricing deemed to be a manifest or obvious error (e.g., "too good to be true") are subject to immediate nullification or repricing.
- Lendz Financial reserves the right to reprice any lock within 48 hours of issuance due to manifest error, systemic pricing engine failure or rate sheet publication error.
- Confirmation of a rate lock does not constitute a decision to originate a loan or purchase by Lendz Financial. All loans must meet Lendz Financial lending criteria and the product matrix eligibility guidelines.
- All files must be closed and funded by the lock expiration date.

7. Exposure Limits

- Exposure limit: Exposure limits are applied by series and may change at any time without notice.
- Project/Condo Exposure (if applicable): Project exposure limits are applied by series and are subject to change without notice.

8. Lock Changes & Withdrawals

- Lock Series or Product Changes: Must be formally submitted and approved via the correct Change of Circumstance (COC) process.
- Loan Withdrawal & Re-Submission: Loans that are withdrawn and then resubmitted with the same borrower and/or property within 75 calendar days are subject to worse-case pricing.
- Exceptions: Any previously granted exceptions must be re-approved after a relock, series change or product change. Update of critical fields also requires any previously granted exception to be re-approved.

9. Exceptions and Concessions

- Pricing Exceptions or Concessions: Must be submitted to the Secondary department via the Pricing Concession Form.
- Credit Exceptions: Refer to Account Executive for instructions on getting exceptions to guidelines and matrices.
- Exception Review Rights: Lendz Financial reserves the right to review and revoke any exception at any time.
- Exception Expiration: Exceptions are void after lock expiration or relock unless re-approved.



10. Series/Product Guidelines

- Product and Series Matrix: Refer to the Lendz Financial Broker Resources webpage for matrices, rate sheets, and product guidelines.

11. Escrow Waivers

- Pricing Adjustments: Escrow waivers are subject to pricing adjustments, which vary by series. Refer to applicable rate sheets for details.
- Eligibility: Not all products or series support escrow waivers. Refer to the appropriate matrix and guidelines for eligibility.
- Policy Changes: Escrow waiver availability and pricing adjustments may change at any time without notice.
- Escrow waiver must be in accordance with all applicable federal and state regulations.

12. Brokers are responsible for:

- Reviewing the product matrix for program eligibility.
- Submitting accurate and complete lock requests.
- Proactively managing lock expiration dates and extension timelines.
- Brokers must review each lock confirmation upon receipt and report any discrepancy to the Lock Desk by 5:00 PM ET the next business day following issuance. Confirmations not disputed within that period are deemed accepted as issued.

13. Prepayment Penalties

- Compliance: Prepayment penalties (PPPs) must adhere to all applicable federal and state laws.
- Series-Specific Rules: PPP requirements vary by product and series. Brokers must refer to the corresponding guidelines, matrices, and rate sheets for each series.
- Maximum Price on No-PPP Loans: For business purpose loans with no prepayment penalty, the maximum price is 99. This cap may be lower or higher based on product and is subject to change at any time without notice.
- Disclosure Obligations: Prepayment terms must be disclosed accurately on the initial Loan Estimate (LE) and maintained throughout the transaction unless a valid Change of Circumstance (COC) occurs.
- State Eligibility: Brokers must confirm that PPPs are allowed for the subject property's state and loan purpose before structuring terms. Coordinate with your Account Executive as needed.
- PPP Requirements: Prepayment penalties must be in accordance with all applicable federal and state regulations. Lendz Financial only originates loans with prepayment penalties where permitted by law. Regulations are subject to change at any time without notice. Refer to respective series matrix for PPP Reference Guide.

Glossary

- **Exposure Limits:** Internal controls set by Lendz Financial to cap the total loan amount or number of loans allowed per borrower, per series, or per project. These limits help manage concentration risk and maintain investor and regulatory compliance.
- **Lock Period:** The duration for which a loan's interest rate and price are secured.
- **Extension:** An additional time period granted beyond the original lock expiration, typically subject to a fee.
- **Relock:** Re-locking a loan after a prior lock has expired or been canceled.
- **Worse-Case Pricing:** The less favorable of the original lock terms or current market pricing at the time of change.
- **Series:** Internal product classification tiers used by Lendz Financial (e.g., Series 1, Series 3).
- **PPP (Prepayment Penalty):** A financial penalty assessed if a borrower pays off the loan early, subject to state and investor restrictions.
- **Escrow Waiver:** An option allowing the borrower to pay taxes and insurance directly, without impounding, usually with a pricing adjustment.
- **Manifest Error:** A material mistake in pricing or lock execution that justifies cancellation.
- **Discount Points:** An upfront fee paid by the borrower to lower the loan's interest rate, typically reflected in pricing below 100.
- **Critical Fields:** Loan data elements that materially impact eligibility, underwriting approval, pricing, or investor execution. Changes to a Critical Field may affect loan eligibility, require pricing adjustments, or trigger re-underwriting and formal exception re-approval.

The list below is not exhaustive and reflects common fields that, when modified, frequently require additional review or approval:

- Prepayment Penalty
- Credit Score (FICO)
- Debt-to-Income (DTI) Tier
- Debt Service Coverage Ratio (DSCR) Tier
 - Greater than 1.00
 - 0.75 to 1.00
 - Less than 0.75
- Property Type (SFR, Condo, Condotel, 2-4 Unit, Mixed-Use, etc.)
- Condotel Designation
- Condo Status (Warrantable vs Non-Warrantable)
- Occupancy Type (Primary, Second Home, Investment)
- Loan Purpose (Purchase, Rate and Term Refinance, Cash-Out)
- Loan Amount
- Loan-to-Value (LTV) Tier
- Credit Events (bankruptcy, foreclosure, short sale, deed-in-lieu)
- Housing History
- Income Type and Documentation Method (12-month vs 24-month, personal vs business)
- Reserves (amount, source, and seasoning)
- Rural Property Designation
- Interest-Only Feature



- Amortization Type
- Escrow Waiver
- Title Vesting and Borrower Entity Type
- State or Geographic Overlay
- Product Series or Program Selection
- Any other field deemed material by underwriting, compliance, or capital markets.

For any questions or further clarifications, please contact your Account Executive or email the Lock Desk at lockdesk@lendzfinancial.com.

