



Secondary Marketing Pricing & Rate Lock Policy

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1. Introduction

Whenever a rate lock commitment is granted to a customer, the customer's price is guaranteed. However, the market continues to move. United Trust Bank ("UTB") must enter into hedging transactions to eliminate the losses that would occur if rates moved higher during the lock period. While these hedges prevent losses, they also come at a cost and prevent UTB from realizing gains if the market improves.

The purpose of this Pricing and Rate Lock Policy ("this Policy") is to provide a framework that allows UTB to generate income through the origination of mortgage loans, while minimizing interest rate risk and hedge costs.

2. Policy Statement & Scope

This Policy governs the pricing, rate lock, extension, re-lock, and exception procedures applicable to all mortgage loans priced and locked through UTB's Secondary Marketing / Capital Markets function, across all origination channels and product offerings.

This Policy operates as a companion document to the UTB Quality Control Plan, the UTB Fraud Detection Policy & Procedure, and the UTB Mini Correspondent Lending Policy, and shall be read in conjunction with them. Where this Policy is silent on a matter addressed by one of those documents, the applicable document shall govern.

3. Rate Sheet Publication & Hours of Availability

Each business day, the system will be refreshed with the current day's rates by approximately 10:00 a.m. Eastern Time. In volatile markets, prices may be released later. Indicative rate sheets will be distributed at approximately the same time.

Rate locks are available from the time new pricing is released each morning until 12:00 AM Eastern Time. Rate locks are not accepted during the morning lockout period, which is 8:00 a.m. until approximately 10:00 a.m. Eastern Time.

The Pipeline Support Desk is available to provide assistance on rate-lock-related issues from 8:30 a.m. until 6:00 p.m. Eastern Time.

4. Price Changes

Pricing is subject to change at any time without notice. The on-line rate lock system provides fresh quotes throughout the day. Because UTB uses live pricing, notices of price changes may not be distributed.

5. Locking a Loan

Loans should be locked on-line by the Loan Officer ("LO"). Purchase transactions may be locked after receipt of the borrower's signed disclosures, and refinance transactions may be locked after receipt of signed disclosures.

6. Rate Locks Available

15-day locks are available only for loans that have final underwriting approval and are otherwise clear to close, regardless of product type. Exceptions for 15-day locks may be made by the Managing Director (Secondary Marketing) or the Operations Manager if approved in advance.

Lock terms of 30, 45 and 60 days are also available for purchase transactions, refinance transactions with an underwriting pre-approval, streamline refinances without appraisals, or refinance transactions after the appraisal has been received and the value has been confirmed.

The lock period chosen MUST accommodate the closing date for all loans.

6.1 Maximum Price

The maximum price that can be paid, after all loan feature adjustments, is 104.000 (–4.00 points), for example.

7. Lock Extensions & Re-Locks

7.1 Lock Extensions

In the event that a lock cannot close within the expected original time frame, rate locks can be extended to give the customer more time. Lock extensions MUST be requested before the original lock has expired, or the loan will be treated as a re-lock (see Section 7.2).

Lock extensions cause additional hedging costs that must be passed on to the customer. The following extension fees apply:

Days	Cost (points)
5	0.100
10	0.200
15	0.300
20	0.400
25	0.500
30	0.600

Extensions of more than 30 days from the expiration of the original lock require approval from the designated senior business unit manager. This is to prevent ongoing hedging of locks that are not active loans.

The waiver of extension fees is treated as a renegotiation and requires management approval, as the cost will be borne by the company.

7.2 Re-Locks

Any expired lock will be subject to worse case pricing. Loans with expired locks may not be re-locked on a term shorter than the original lock term. A 0.250 re-lock fee will be added to all loans re-locked within 30 days of the expiration of the original lock.

A lock that has expired for more than 30 days can be re-locked at current market with no restrictions, even if current market is better.

8. Changes to Existing Locks

8.1 Product Changes

Prior to its expiration, a locked loan can be changed to another product at the price which prevailed for that product on the original day it locked, or the current market pricing, whichever is worse. Product Changes may be priced through UTB online Product and Pricing Engine. You may also contact the pricing desk at tpolockdesk@utbhome.com.

8.2 Interest Rate Changes

A locked loan, prior to expiration, can be changed to any available rate/point combination that was available on the original rate sheet on the date the loan locked.

8.3 Loan Feature Changes

If at any time it is discovered that a loan has changes in its characteristics that affect value — for example, if the LTV or occupancy changes — the loan should immediately be repriced through UTB Online Product and Pricing Engine, if necessary, based upon the cost of those features at the time the request is made. The Lock Desk will make the necessary changes and the system will reflect the revised price.

8.4 Changes to Property

A change to a different property is considered a new application and is priced using the current rate sheet. A correction to the property address (where the actual property has not changed) does not change the original lock.

9. Policy Exceptions & Renegotiations

In general, the cost of all policy exceptions will be absorbed by UTB. Therefore, all policy exceptions must have the approval of Secondary Marketing.

9.1 Renegotiations

In some cases, market rates will have improved to the extent that a borrower is willing to walk away from a transaction and go to another lender. In some cases, it is less costly to the company to offer the borrower a concession than to lose the loan.

Renegotiation requests must be presented and approved by Secondary Marketing and accepted on a case-by-case basis depending on delivery channel. A rate renegotiation may be requested by completing a lock change request located on the daily rate sheet.

All renegotiations will be granted in rate, not in price. This prevents individuals from renegotiating locks to improve their profit margins, since borrowers are typically interested in a lower rate.

Minimum Eligibility for Rate Renegotiation:

Current market price must be $\geq$ the original locked price plus 0.500 at the interest rate 0.250 lower in rate. The original locked price will remain the same, and the loan must be in underwriting and approved.

Example:

Locked rate: 5.500 • Locked price: 101.000

Current market at a rate of 5.250 must have a price of 101.500. The final price at 5.250 will remain 101.000.

9.2 Lock Extension Fee Waivers

In some cases, management may request to waive a lock extension fee due to errors or problems that were UTB's responsibility. An extension may be granted without fee in some cases and will be approved by Secondary Marketing.