

# LOCK POLICY & PROCEDURES

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## Rate Lock Agreement

A lock is an agreement between the borrower and Keystone Funding. It specifies the number of days for which a loan's interest rate is guaranteed. Locking in a rate and price does not guarantee eligibility or approval of the subject loan. Locks are non-transferable and are tied to the subject property, not the borrower. Originators should make every effort to close all loans locked under original terms. It is also requested that Originators manage their locked pipelines and cancel any locked loan that has been withdrawn by the borrower immediately.

## Lock Desk Hours & Overnight Protection

Locks will be accepted from the release of daily pricing through 11:59PM EST. Weekend lock protection is available until 11:59 PM EST on Sunday. The ability to request locks will be restricted outside of these hours.

The Lock Desk is physically staffed from 9 AM to 5 PM EST Monday through Friday.

*Pricing is subject to change at any time and without notice. Intraday price changes can occur due to fluctuating market conditions.*

## Lock Requests and Lock Confirmations

All locks must be submitted through Keystone Funding's product and pricing engine. Manual lock requests cannot be honored via phone or email. Lock Pricing is Valid upon lock request date & time.

Locks may be rejected/denied if determined ineligible for qualification, or if invalid information was provided.

Lock Confirmation will be automatically confirmed via email, and via B2B Imaging upon validation of lock request.

## Lock Submission Process

Once a loan is locked, a complete file must be submitted within the timeframe below for the lock to remain active. Otherwise, the lock will be cancelled.

- <= 30-day lock Period: Complete file must be delivered in **10 calendar days**
- 45-day lock period: Complete file must be delivered in **20 calendar days**
- >= 60-day lock period: Complete file must be delivered in **30 calendar days**

## Lock Expiration Date

All loans must be funded on or before the expiration date. If a loan cannot fund by the expiration a lock extension must be submitted. This must be done through the product and pricing engine. Requests via phone or email will not be accepted.

## Change Requests

The Broker is responsible for notifying the lock desk of any changes to the structure of the loan. All changes must be submitted through the product and pricing engine integrated. The Lock Desk must be notified immediately of any changes to the mortgage loan that differ from the confirmed pricing structure. All loans must meet the terms of the latest Confirmation to avoid changes to pricing structure.

For any changes that affect the loan product and pricing terms, the price impact will be applied to the locked price.

## Program Changes

Changes to Program (Agency to FHA), amortization term, loan amount, LTV, FICO, property type, or occupancy will be subject to original day's pricing terms.

Changes to Amortization Type (ie. Fixed to ARM) will be subject to worse case pricing.

Changes to/from DSHA will result in current market pricing.

Worse case pricing is calculated using the existing "all-in" product pricing, including all previously applied extension fees and concessions, as compared to current market pricing of the new product at similar interest rate and lock period. The lower price is considered the worst-case price.

## Property Address

"TBD" addresses are permitted to be locked under Keystone's Lock and Shop loan programs. Property address must be obtained within 30 days of Lock Date.

TBD addresses are prohibited from being locked under other loan programs. If the physical address changes, the original lock must be canceled, and the new address will be locked with current market pricing and a new loan number must be issued.

## Invalid Locks

Any changes made to a locked loan that may affect pricing (e.g. LTV, credit score, property address, debt ratio, etc.) might invalidate the lock. Use the product and pricing engine to determine if the lock is still valid based on the changes made. If the change is not able to be submitted via the pricing engine, please email [secondary@keystonefunding.com](mailto:secondary@keystonefunding.com) to validate the lock to reflect the new terms of the loan.

## Lock Cancellations

For non-active status loans that currently have active locks, the lock desk must be notified to ensure the locked loan is cancelled and our pipeline position is accurate. Cancelled locks will be subject to the Reforelock Policy should it become active.

## Lock Periods

Standard locks have the following lock: 21 days, 30 days, 45 days, 60 days, 75 days and 90 days. Long-term lock periods not available.

## Lock Extensions (for unexpired loans)

Expired Locks cannot be extended. All Extension Requests must be requested through the product and pricing engine. Extensions **must be requested on or before** the lock expiration date by 5 PM EST. Overnight Protection is not available for Lock Extensions.

Locks have a 120-day maximum lock period.

Locks may only be extended four times. Locks requiring more than four extensions will be subject to worse case pricing.

*Lock Extension Table:*

<b>Extension</b>	<b>Cost Per Day</b>
First Request	2 BPS
Second Request	2 BPS
Third Request	4 BPS
Fourth Request	4 BPS

## Relock Policy

Expired locks cannot be extended and will be subject to relock policy. Expired relock requests must be requested with full documentation during normal lock hours. Overnight protection is not available for relock requests.

Locks expired/cancelled for less than 30 days will be relocked at worst case pricing plus the applicable 12.5 BPS Relock Fee for 30 day lock period.

Relocks are only eligible for Current Market pricing after 30 calendar days have passed from the lock expiration date or the lock cancellation date. No relock fee will apply, and all previous extension costs and concessions will be removed.

The new expiration date is calculated from the date the loan is relocked.

### **Worse Case Relock**

Worst case pricing will compare the loan's existing final price, including all prior extension and relock fees, to the current market price for the same term and lock period. A 12.5 BPS Relock Fee will apply to all Worse Case Relocks

### **Off Sheet Pricing**

May be available. Please contact [Secondary@keystonefunding.com](mailto:Secondary@keystonefunding.com)

### **Rate Negotiation Policy**

Rate negotiations are subject to approval by Keystone Funding at their sole discretion.

In an improving rate environment, terms of a Commitment may be negotiated if the result is a minimum 0.125% improvement in rate to borrower.

A renegotiation may be exercised if market has improved more than 100 bps in price. Negotiated price will be calculated at current market price, less 0.500%, using 60 day lock period pricing.

Negotiated rate will expire the sooner of current lock expiration date, or 15 days from rate negotiation. Rate lock extensions are ineligible.

Once a Lock Commitment has been negotiated, the interest rate cannot be changed. Any updates to the rate/program after a renegotiation will forfeit the renegotiation. Loans with prior negotiations or guideline exceptions are ineligible for rate negotiation policy.

### **CONTACT INFORMATION**

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