

Wholesale & Correspondent Lending Division

Best Effort Registration and Lock Policy

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Overview

The following is designed to assist approved NexBank customers through the Registration and Lock Desk Policies and process in order to effectively manage their business relationship including Pipeline Management and Pull-Through with NexBank.

While NexBank strives daily to offer competitive pricing and customer centric technologies, the single most important driver day-to-day is our mutual relationship in commitments and executions.

In a rising rate environment, our customers expect NexBank to honor their Locks and in turn NexBank expects our customers to deliver and honor their pledge of “Best Efforts” when executing a loan commitment with NexBank.

If we discover that a customer is not meeting minimum standards then they will be assessed pricing fallout adjustments, suspension, or termination for inferior pull-through that are reflective of the customer’s history.

All price renegotiations are subject to approval by the NexBank Secondary Marketing Department.



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I. Definitions

Agency: Fannie Mae or Freddie Mac.

Automated On-line System: NexBank has an online Product and Pricing Engine.

Best Effort: Upon executing a Best Efforts lock, the market risk exposure to the interest rate is assumed by NexBank during the rate lock period. Brokers are expected to use their Best Efforts to close and deliver the locked loan by the lock expiration date stated on the NexBank lock confirmation. If the Broker closes a loan locked under a Best Efforts lock, delivery to NexBank is mandatory. Best Efforts locks will be cancelled the business day of the lock expiration date if the loan has not funded.

Change of Property: Change of property will be considered a new registration and is subject to current market pricing.

Commitment Expiration Date: Commitment Expiration Date as published on the lock confirmation issued by NexBank. A loan must fund by the Commitment Expiration Date. Commitments expiring on a weekend or federal holiday will roll to the next business day.

Commitment: NexBank will issue a lock Commitment within 24 hours of receipt of a valid lock request received from a Broker. The Broker will be responsible to review the lock Commitment for discrepancies and notify NexBank within 24 hours of receipt to address any variance. If the Broker has not received a written lock Commitment from NexBank within 24 hours of submission, it is the Brokers responsibility to contact the NexBank Secondary Marketing Department or email lockdesk@nexbank.com. If NexBank is not contacted by the Broker within 24 hours of the submission time for the respective missing or erroneous loan Commitment, the lock Commitment is subject to market movement. The Broker will be solely responsible for any and all price adjustments and/or the change in market price associated with the related lock Commitment.

The maximum term a Lock Commitment is eligible to remain active for is 60 calendar days. Additional time will be subject to approval from secondary marketing and may result in the Lock Commitment's cancellation subject to the NexBank Relock Policy.

Duplicate Registrations: If a duplicate registration is submitted on an active registration, the original registration is honored.

High Cost Test: NexBank will not originate any loan that violates state high cost laws.

Lock Desk Hours: The NexBank lock desk is open on bank recognized business days. The NexBank lock desk may close early prior to some federal holidays. The NexBank lock desk will be closed all day on all federal holidays. NexBank will provide advance notice of an early close. The lock desk closes daily at 6:00 pm CT



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Lock Extension Request: A rate lock extension request may be submitted via the NexBank pricing engine on or before the lock Commitment Expiration Date. Requests submitted via email or voice mail will not be honored. The lock extension request must be made by 5 p.m. central time on the date of the Commitment Expiration Date. A revised lock Commitment will be issued to the lender. Extension costs may change without prior notice and will be disclosed on the Daily Rate Sheet promulgated by NexBank. A request for a one-time no-charge 3 day lock extension may be made prior to the initial Commitment Expiration Date. If an additional extension to the lock commitment is needed, standard lock extension fees apply. Additional lock extensions must be extended through any NexBank non-business day.

Maximum/Minimum Price: This value is determined by NexBank Secondary Marketing Department. The Maximum/Minimum Price by loan program is detailed on the NexBank rate sheet.

Non-Conforming: Any loan or loan program which is not considered conforming by Fannie Mae or Freddie Mac.

Product Category Definitions: Conventional Fixed Rate, Government Fixed Rate, and Mortgage Connect (excluding 30 Year Fixed Jumbo) programs are considered “in category” for the purpose of exercising program level changes after an initial lock commitment is requested. Mortgage Connect 30 Year Fixed Jumbo and Conventional/Government ARM programs will be considered “out of category”.

Product Changes: After 24 hours from the original lock-in date and time, changes to the loan Commitment, such as program changes may result in worse-case pricing. Product changes from within “in category” programs will be subject to pricing based on the original lock date. Product changes for loan programs “in category” moving to “out of category” programs (or vice-versa) will result in worse case pricing. After the first product change, additional changes to the loan product may result in worse case pricing. Worse-case pricing is determined by comparing the original total price to the current total price of the same Product, plus any additional adjustments (i.e. LTV, FICO, extension costs, & etc.).

Relocking/Worse Case Pricing: For a re-lock to be brought to current market pricing in an improving market condition, the current lock Commitment must be expired or cancelled for 30 days from the cancellation/expiration date. NexBank will not change any lock option to a floating registration. The only options are to extend or cancel the existing Commitment. A cancelled or expired Commitment may only be re-locked if the underwriting status is “Approved with Conditions.” In the event of a re-lock, worse-case pricing will apply. Worse-case pricing for re-locks is based on the original lock term and the new expiration date will be based on the date the request is made. The commitment period for a re-lock is 15 days. Any additional time requested will be subject to standard extension costs, subject to Secondary Marketing Approval. NexBank will charge a re-lock fee equal to 0.125 on expired or cancelled



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Commitments. All re-locks are subject to current underwriting guidelines. Ineligible loans will not be re-locked.

Registration: Authorized Brokers and Correspondents of NexBank may register loans as either float or lock. To submit a Loan for underwriting the loan must first be registered with NexBank. A new loan number will be automatically assigned upon loan creation or when a loan is imported.

TRID Rejection of Locked Loans: In the event that a locked loan is rejected by NexBank, as a result of a TRID violation, the subject lock must be transferred to a new loan number with the cured loan file submitted no later than 1:00 pm central time the following business day. In the event that a cured loan file cannot be submitted by the 1:00 pm central time deadline, the lock Commitment will be cancelled at that time. The re-lock policy will apply subsequent to cancellation of the lock Commitment.

Repurchase Demand: Demand made by NexBank to Broker to repurchase a loan.

II. Registration

To submit a Loan for Underwriting the Loan must first be registered in NexBank's on-line system, NexBank's automated Price, Product Engine. A new loan number will be automatically assigned upon loan creation or when a loan is imported.

III. Commitment Period

The following outlines NexBank's Lock Period Policies. It is NexBank's experience that unqualified borrowers or advanced locks have historically a very low Pull-through trajectory.

- 15 day lock period: The file must be received and in an Underwriting as "Approved with Conditions" Status.
- Greater than 15 day lock period. If the file submission is not received by the 12th or 18th calendar day, for 30 and 45/60 day lock commitments respectively, after the lock date then the lock will be cancelled and worse-case pricing applies if re-locked. The Broker is responsible for lock date expiration management.

LOCK TERM REQUIREMENTS REMINDER:

- a. The complete Credit Package must be received on or prior to the 12th and 18th calendar day for 30 and 45/60 day lock commitments, respectively.
- b. Locks will be subject to cancellation after the lock cut off time on the delivery expiration date if the complete credit package has not been submitted.
- c. Once a lock has been cancelled, it will be subject to worse-case pricing after the file has been submitted.

IV. Interest Rate Renegotiation Policy

NexBank allows on a limited basis, in an improving market, the ability for a broker/lender to renegotiate the interest rate to keep a borrower from seeking better financing elsewhere.

All rate renegotiation requests must be submitted to the lockdesk@nexbank.com during lock desk business hours. Renegotiation requests submit via voicemail or to individual NexBank personnel will not be honored. Qualifying loans will only be eligible for one rate renegotiation.

Consideration for rate renegotiations will be dependent on the following terms:

- Renegotiation requests must be borrower initiated, with written borrower documentation submitted to NexBank
- Renegotiation must result in a minimum of +0.250% improvement to rate.
- Loans must be in an approved with conditions status, with an acceptable appraisal provided to NexBank.
- If worse case pricing has already been applied, for any reason, rate renegotiation will not be eligible.
- Renegotiated locked premium/credit may not exceed original locked premium/credit.
- Locks already extended beyond the initial lock commitment will not be eligible for rate renegotiations.
- Loans must be submitted to NexBank within the required submission deadline, as outlined in the Commitment Period section of the lock policy.
- Locks may not be extended more than 7 days from the original lock expiration date and will not be eligible for free time. Extensions required beyond 7 days will result in worse case pricing.
- Conventional/Government ARM's, Jumbo loans, and 15 Year Government are not eligible for rate renegotiations
- Rate Renegotiations will be subject to a -1.00 renegotiation fee.
- All rate renegotiated loans must close within 10 days of the effective change; additional time will result in worse case pricing.

Eligible loans for rate renegotiations will receive pricing determined by comparing current market pricing for the loan, including all applicable price adjustments, versus the original market pricing, including all applicable price adjustments.

V. Lock Desk Hours of Operation

Best Efforts lock desk hours: 9:30 – 6:00 PM CT

In the event of market movement, or at the sole discretion of lock desk personnel, the lock desk will expire pricing and disable the locking feature online.



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VI. NexBank Holiday Schedule

NexBank will observe all recognized federal holidays. Advance written notice regarding closure will be provided by NexBank about one week prior to a recognized federal holiday. When a holiday falls on a Saturday, NexBank will be open the preceding Friday. For holidays falling on Sunday, NexBank will be closed on the following Monday.

VII. Published Rates

NexBank will publish pricing through its Mortgage Origination Site each NexBank recognized business day at approximately 9:30 a.m. central time. NexBank reserves the right to change rate sheet pricing at any time without prior notification.

All applicable price and/or rate adjustments listed on the daily rate sheet are subject to change without prior notification.

Any verbal or emailed quote received via NexBank is strictly an estimate until the transaction is priced and locked using the bank's automated pricing engine.

VIII. Escrow Waivers

Escrow waiver fees are published on the rate sheet under the respective loan program adjustments section. The applicable escrow waiver fee will be applied when locking online. An escrow waiver may not be eligible for all loan programs offered by NexBank.

IX. Contact Information

Email questions to lockdesk@nexbank.com. Lock request or lock extension requests submitted by email or voice mail will **not** be honored. Utilize this dedicated email address only. Do not email individual employee addresses. Requests to individual email addresses will **not** be honored. To contact the Lock Desk or Secondary Marketing by phone, please call 469-362-8820. You may email questions or special requests to lockdesk@nexbank.com.



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X. Collateral and File Delivery requirements for Correspondent Customers

For loans in which the lender utilizes their own closing services, the closing and collateral package is uploaded due to NexBank by 3 p.m. central time on the day of the lock expiration. Failure to deliver by the aforementioned deadline will result in the termination of the associated lock commitment. Upon confirmation of the required documents, NexBank will automatically extend the lock expiration date in our system to the earlier of, the 7 calendar days after the package received date or lock expiration date. All conditions must be resolved to the satisfaction of NexBank by 3 p.m. central time on the last business day of the lock period. Additional extension to the lock will be charged at market rate, regardless of free time already being executed or not.