

PRICING POLICIES & PROCEDURES

LOCK DESK CONTACT INFORMATION

Phone: 888-537-5407

Fax: 888-537-5408

Email: lockdesk@pcmloan.com

Website: www.pcmloan.com

LOAN PRICING & LOCK POLICY

OVERVIEW & PROCEDURE

PCM's web site is available to provide our current Loan Pricing. PCM confirms Lock Requests for Loan Pricing based upon the current (sequentially numbered) PCM Rate Sheet in effect. Requests received "after hours" will be void and a new Lock Request may be submitted during normal Lock Desk business hours.

PCM makes every effort to be accurate. Clerical Errors or Inaccurate Pricing will be honored at the sole discretion of PCM.

LOCK DESK BUSINESS HOURS

Lock Desk normally operates Monday through Friday between the hours of 9:00 AM and 4:30 PM, Pacific Time. Banking or Trading Holidays, as well as Early Closures, may reduce or eliminate these hours of operation.

LOCK PERIOD

Lock Period does not include the day of the Lock. The period begins the following calendar day. Example – A 10 Day Lock on July 1st would expire July 11th.

LOCK EXPIRATION DATE

PCM's policy is that a pricing Lock will expire on a business day. Lock Expirations that would naturally fall on a weekend or holiday are "rolled forward" to the next business day. An example would be that a Lock Expiration that would naturally fall on a Saturday or Sunday is rolled to Monday.

A Lock Extension follows this same premise. Extensions will be calculated from the actual (business day) Lock Expiration Date and not be calculated by reverting back to the natural Saturday or Sunday date.

LOCK EXPIRATION

Lock Expiration Date is the last day for which the Loan Pricing of the current Lock will be honored. Lock Expirations will end on the corresponding business day (Lock Expiration Date). Loans must be Funded on or before the Lock Expiration Date; otherwise, the Loan will be subject to PCM's Extension and Re-lock Policies which are often less advantageous than the initial Lock terms.

*** This policy statement does not indicate Loan Approval nor does it guarantee that your Loan will fund by the Lock Expiration Date.**

LOCK REQUEST

Lock Requests are accepted via website (www.pcmloan.com) only. Lock Requests submitted via email or fax may be subject to a fee. **Locks are not taken by telephone.** The Lock Desk staff can answer Loan Pricing questions between normal Lock Desk Business Hours via email (lockdesk@pcmloan.com) or phone (888-537-5407).

All lock fields on the Lock Request must be completed or the lock may not be granted and result in a floating status. TBD properties are not eligible for locking.

A Lock may be requested before the specific Loan is submitted; Loan Application Files must be submitted within the acceptable Loan Submission Delivery Requirements (see Loan Submission Delivery Requirements exhibit) following the Lock Date. Otherwise, that confirmed Lock is void and subject to PCM's Re-lock Policy. If loan characteristics change after a Lock Confirmation has been issued, loan pricing is subject to change.

Pinnacle Capital Mortgage Corporation

PCM provides the following Lock options:

Option 1: Purchase Lock (55 Days) - Available on purchase transactions only: You may elect to lock in Loan Pricing for a period of 55 calendar days at PCM's current prevailing rate. PCM must have already issued a Preliminary (Conditional Credit) Loan Approval or Pre-Qualification Certificate regarding the Loan application.

Option 2: Traditional Lock (options from 10 to 45 Days) - You may lock in Loan Pricing for a period of 10 to 45 calendar days, depending on the Loan Program and other temporary terms at PCM's current prevailing pricing. See the PCM Rate Sheet for available options on each Loan Program.

To receive the Loan Pricing locked under any of the above plans, the **Loan must fund no later than the Lock Expiration Date**. If a Loan does not fund by the Lock Expiration Date, it becomes subject to PCM's Extension and Re-lock Policies.

LOCK CONFIRMATION

PCM will provide the Originator with a Lock Confirmation showing the Loan Pricing terms for each confirmed Lock. Lock Confirmations will be sent to individuals or a designated recipient in accordance with the delivery instructions the Originator has established. As stated earlier, Lock Confirmations are conditional to timely Loan Submission Delivery Requirement deadlines and the accuracy of the information provided.

The Loan Pricing provided on the Lock Confirmation is specific to loan characteristics priced and subject to changes. Changes, include but are not limited to changes in loan characteristics, program eligibility, calculation errors, and commitment terms will affect the final Loan Pricing. PCM reserves the right to modify and/or revise its Lock Confirmation should any of the information submitted in the loan package differ from the information shown on the Lock Confirmation or if the loan does not meet PCM's guidelines. A Lock Confirmation does not constitute a loan decision/approval.

EXCEPTION PRICING

Loans outside PCM Guidelines and Policy may be subject to Exception Pricing. Locked loans will be evaluated on a case by case basis and may be subject to market conditions. Contact the Lock Desk for Exception Pricing.

LOAN SUBMISSION DELIVERY REQUIREMENTS

Loan Application Files must be submitted within the acceptable Loan Submission Delivery Requirement following the Lock Date. Otherwise, that confirmed Lock is void and subject to PCM's Re-Lock Policy.

Lock Period	File Delivery Requirement	Notes
10 days	(Loan Already Submitted)	Approved Loan ONLY No prior to doc (" <u>PTD</u> ") Conditions remain
25 or 40 days	By the 20th calendar day prior to Lock Expiration	
55 days	By the 20th calendar day prior to Lock Expiration	Purchase Loan ONLY

LOCK TRANSFERABILITY

Lock Confirmations for a period of less than 45 days are specific to Property Address and Social Security Number(s) (SSN or ITIN) and may **not** be transferred. Otherwise, a matching SSN will be permitted a one-time Property change.

LOAN PROGRAM, PROPERTY ADDRESS OR GUIDELINE CHANGE

- If the Originator changes the Loan Program after the lock has been confirmed, the Lock Expiration Date will remain unchanged and the pricing will be adjusted accordingly based upon the (a) previous Lock Date or (b) current market pricing, whichever is worse.
- If the Originator changes the Subject Property Address after the Lock has been confirmed, the Lock Expiration Date will remain unchanged and the pricing will be adjusted accordingly based upon the (a) previous Lock Date or (b) current market pricing, whichever is worse. If the Lock has been cancelled it will be subject to the re-Lock Policy.
- If a PCM Guideline change occurs prior to Loan Approval, the Loan Pricing will be evaluated case-by-case considering the change(s).

PCM encourages our Originator partners to discuss (pricing) needs with us before funding loans elsewhere.

EXTENSION, RE-LOCK & RENEGOTIATION

OVERVIEW

This policy is intended to address the ever-changing value of Loans in the marketplace. PCM will update the pricing of Loans (i.e. – the rate sheet) as necessary. This policy will not affect a Loan that already has a valid Lock Confirmation and will fund on or before the Lock Expiration Date. Loan Pricing may be extended or re-locked as needed in accordance with the following policies and procedures.

PROCEDURE

Requests for an **Extension, Renegotiation or Re-lock** must be submitted for approval by PCM's Loan Pricing Department via the Lock Request queue; this queue is processed throughout the day. All Extension, Renegotiation, or Re-lock requests should be received at lockdesk@pcmloan.com before the time the Lock Desk closes on the day the Lock expires.

RE-LOCK

A **re-Lock** is defined as locking in revised Loan Pricing for a Loan that has been Locked previously, but the Lock has Expired or been Cancelled. A Loan that does not fund by its Lock Expiration Date and is not extended may be subject to a re-Lock Fee.

- Loan must be in Underwriting Approved or Doc status to relock
- **More than 30 days after the Lock Expiration or Cancellation**, Loan Pricing of a re-Lock is eligible for current market pricing;
- **Within 30 days of Lock Expiration or Cancellation**, Loan Pricing of a re-Lock will generally be the worse of (a) Current Market Pricing or (b) initial (previous) Lock Pricing plus a 0.250% re-Lock fee. Re-Lock pricing is determined by comparing the pricing of the initial (previous) Lock Period with the same Lock Period at Current Market Price.
- The new (re-Lock) Lock Period will be: maximum 15 days for all Conventional and Government Fixed Rate Loan Programs and maximum 10 days for all other Loan Programs (including ARM's, USDA, etc.)
- If a lock cancellation has been submitted, the earliest a relock can be requested is the next business day.
- A manual Lock Request from must be submitted to re-Lock

EXTENSIONS

An **extension** is defined as; extending a confirmed Lock **prior to** the **passing** of its Lock Expiration Date. An extension prolongs the original Lock Expiration Date by the number of days extended. Extensions will be calculated from the actual (business day) Lock Expiration Date and not be calculated by reverting back to the natural Saturday or Sunday date. New Lock Expirations that would naturally fall on a weekend or holiday are “rolled forward” to the next business day. A **Lock Extension must be requested on or before 4:30PM PST the day the Lock expires.**

- The Loan file must have been submitted for at least one business day to be eligible for a Lock Extension.
- Locks may extend up to 3 times. Additional extensions are not available and the Re-Lock Policy will apply.
- **Extensions may not be available under extreme market conditions.**

PCM will usually approve an extension under the following conditions, if the current Lock has **not** expired:

a. 2 day extension: at 0.100 cost or .050 cost for Advance Extension* (points added to fee)

- Maximum 2 extensions allowed;
- *Advance Extensions are requested at least 2 business days before the Lock Expiration Date
- Loan must have Docs status; this includes, “Ordered”, “Drawn”, “Sent” or “Back”

b. 5 day extension at 0.300 cost or .125 for Advance Extension* (points added to fee)

- Maximum one time extension allowed (a 10 or 15-day extension is available after a 5-day extension period has lapsed);
- *Advance Extensions are requested at least 2 business days before the Lock Expiration Date
- Loan must have an Underwriting (U/W) status of either “Approved” or “Approved-MI” or any DOC status.

c. 10 day extension at 0.425 cost or .275 for Advance Extension* (points added to fee)

- Maximum one time extension allowed (a 15-day extension is available after a 10-day extension period has lapsed);
- *Advance Extensions are requested at least 2 business days before the Lock Expiration Date
- The Loan file must have been submitted for at least one business day to be eligible for a Lock Extension

d. 15 day extension at 0.500 cost or .300 for Advance Extension* (points added to fee)

- Maximum one time extension allowed (additional extensions are not available after a 15-day extension period has lapsed and Re-Lock Policy will apply).
- *Advance Extensions are requested at least 2 business days before the Lock Expiration Date
- The Loan file must have been submitted for at least one business day to be eligible for a Lock Extension

e. 20 day extension at .45 cost Advance Extension only* (points added to fee)

- Maximum one time extension allowed (additional extensions are not available after a 20-day extension period has lapsed and Re-Lock Policy will apply).
- *Advance Extensions are requested at least 2 business days before the Lock Expiration Date
- The Loan file must have been submitted for at least one business day to be eligible for a Lock Extension

RENEGOTIATION

PCM's Lock Desk Department, upon the Originator's request, will consider a **one-time** renegotiation under the following conditions:

- The current market pricing must be at least (a) 0.625% better Price for the existing (non-expired) Lock Interest Rate.
- The Loan must have an Underwriting (U/W) status of one of either "Approved" or "Approved-MI" or any DOC status.
- The benefit of the better Loan Pricing must accrue to the Borrower(s), not to the Originator. Therefore, the Interest Rate must be reduced and the discount/rebate pricing will not change.
- A Loan that has switched Loan Programs from its original Lock **cannot** then benefit from a Renegotiation.
- A Loan that has been Relocked **cannot** benefit from a Renegotiation
- USDA Loan Programs and ARM's are not eligible for Renegotiation
- If an Interest Rate change has been submitted the earliest a Renegotiation can be requested is the next business day
- Once an Interest Rate has been Renegotiated: Any further changes to the new (negotiated) Interest Rate or Loan Program would be subject to the rate sheet price that was valid at the time the loan was initially locked without consideration of the renegotiation.
- Renegotiations are limited to note rates posted on PCM's Rate Sheet.

The following formula will be used for calculation:

Rate Sheet	Locked	Locked
Price	Interest Rate	Price
Improved by	Reduced by	
0.625 to 0.999	0.125	No Change
> = 1.00	0.250	No Change

PCM will usually approve an extension if the Loan does not close during the one-time renegotiated Lock Expiration Date, the Loan may be extended using the standard PCM Lock Extension Policy.

Early Payoff Penalties

An Early Payoff is defined as any Loan (Mortgage) that is paid-in-full within the first 5 payments after such Loan is funded or purchased by PCM. PCM will collect back from the Originator all Yield Spread Premium (YSP)/Rebate earned on the transaction.