



PLAINS COMMERCE BANK SECONDARY MARKET PROCEDURE GUIDE

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SECONDARY MARKETING DEPARTMENT GENERAL INFORMATION

Plains Commerce Bank (Bank) is engaged in the business of originating mortgage loans for immediate resale or securitization in the secondary market. The Capital Markets Policy provides a structure for our secondary marketing operational protocols, including departmental direction and guidance for decision making.

This Secondary Market Procedure Guide (Guide) documents the procedures that are subject to change with business needs. This Guide provides the framework necessary for the Secondary Marketing department to operate within the Policy.

RATE LOCK OVERVIEW

The Rate Lock document formalizes the parameters used by the Secondary Markets Department in managing its day-to-day operations. The Rate Lock pertains to the Windsor Mortgage Wholesale Channel.

Windsor Mortgage offers a variety of loan products and lock options to home buyers and refinance applicants. Once a rate lock is extended to the applicant, Windsor Mortgage accepts the interest rate risk. The Secondary Markets department manages this risk in one of two ways:

- Sell the loan on a best-efforts basis, thereby transferring the interest rate risk to the loan buyer.
- Manage the interest rate risk internally.

RATE LOCK DESK CONTACT INFORMATION

Phone: 605-444-1858

Email: lockdesk@plainscommerce.com

All questions regarding rate lock issues, pricing issues, price renegotiations, extensions or relocks, should be emailed to lockdesk@plainscommerce.com.

LOCK DESK HOURS OF OPERATION AND LOCK REQUEST CUTOFF

Windsor Mortgage hours of operations are **Monday through Friday from 7:00 am- 7:00 pm Central Time (CT)**.

Rate lock requests can be processed daily, including weekends and holidays, **via TPO Connect** from 9:30 am to 11:59 pm CT.

- Brokers may lock a loan via Windsor Mortgage's online portal as soon as the daily rate sheet is available.
- Lock requests received prior to any intra-day rate change will be honored at the price in effect.
- Lock requests received after the price change will be honored at the new price.

Rate lock requests made in error must be reported via email before 3:30 pm CT the same day. In case of market movement, Windsor Mortgage reserves the right not to cancel a rate lock request if the email has not been sent timely. A lock can be modified or cancelled between 9:30 am to 3:30 pm CT on Business Days (Monday – Friday, excluding Federal Holidays). Any change requests for loans already locked should be emailed to lockdesk@plainscommerce.com.

DAILY RATE SHEETS

The Secondary Markets department prepares rate sheets each morning. The rate sheets are published on TPO Connect website and a link is distributed via email to all applicable parties. Historical email rate sheets and notifications can be requested to lockdesk@plainscommerce.com.

INTRADAY PRICE CHANGES

When the market improves or worsens from the initial pricing, Windsor Mortgage will send an email notification regarding the changes. The lock desk will not close during a reprice. Windsor Mortgage reserves the right to suspend pricing and issue a revised rate sheet at any time during the day, without notice. Revised rate sheets are published online or sent via email, as applicable.

LOAN LEVEL PRICE ADJUSTMENTS

Daily rate sheets include price quotes for all standard products. Additional Loan Level Price Adjustments (LLPAs) may apply to loans with characteristics not anticipated in general daily pricing. All loans are subject to the LLPAs in effect at the time of the rate lock request. All LLPAs are subject to change at any time, without notice.

RATE LOCK PROCEDURES

Rate Locks are subject to the following conditions:

- A lock commitment is a lock for a specific borrower(s) with a specific property.
- All loans must be registered to submit a rate lock request.
- The broker is required to have a valid lock through the funding date of the loan.
- The price for a specific loan can be obtained in TPO Connect.

Brokers are responsible for notifying Windsor Mortgage of any changes to loans as soon as a change is discovered, irrespective of loan status. Loan changes are evaluated and assessed by Windsor Mortgage for the impact to commitment terms, price and/or eligibility. Loan changes that materially differ from commitment terms may result in re-price, relock, lock cancellation, or ineligibility. Changes to borrower(s) or property address will require a new lock and new loan number.

RATE LOCK CONFIRMATIONS

If the lock submission is successful, then a lock confirmation is available for Brokers to view or download shortly after submitting the lock request. Brokers with appropriate system access can view and print lock confirmations in TPO Connect. Brokers should review all lock confirmations, immediately. Any questions or concerns must be communicated to the lock desk before the end of the same business day of issuance, if during lock desk hours, or by 10 AM CT the following business day.

Any change requests for loans already locked should be emailed to lockdesk@plainscommerce.com.

RATE LOCK TERMS

Rate lock periods are offered for fifteen (15), thirty (30), forty-five (45), sixty (60), and ninety (90) days for Conventional and Government loans.

RATE LOCK EXPIRATION

Rate lock expiration date is determined based on the lock request date and the term of the lock. The expiration date calculation includes the day of the lock. Rate locks expire at 11:59 pm CT. If a lock expires on a Saturday, Sunday or Windsor Mortgage holiday, the lock expiration rolled into the next business day.

RATE LOCK EXTENSIONS

Retail, Full-Service, Non-Delegated Channels (NDC) & Wholesale Channels - A Rate Lock may be extended for maximum of thirty (30) days **accumulated** and is subject to the following conditions:

- The Rate Lock Extension Fee is two (2) bps (0.02) per day.
- Maximum three (3) extensions are permitted per loan.
- If first extension is thirty (30) days, the cost will be reduced to fifty (50) bps (0.50).
- Rate lock extensions are not allowed on expired loans.
- Lock extensions must be applied no later than the actual expiration date.
- Rate lock extensions cannot expire over the weekend or Federal Holiday:
 - For example, if a rate lock expires on Friday, April 29, 2022, to extend the lock to Monday, May 2, 2022, three (3)-day extension need to be applied to the lock.
- Correspondent grace period: Seven (7) days from loan delivery.
- Please email the lock desk for extension availability for these product types:
 - Down Payment Assistance (DPA), Non-Qualified Mortgage (QM), JUMBO & Housing.
- Extension questions that are not addressed within this Guide will be handled on a case-by-case basis.

RELOCK FEES AND TERMS

Retail, Full-Service, NDC & Wholesale Channels - All expired locks are subject to relock price. Relocking is subject to the following conditions:

- Relocking is only permitted for fifteen (15) or thirty (30) days.
- Only one (1) relock is permitted per loan.
- Only one (1) extension is permitted on relocked loans for a maximum of fifteen (15) days.
- Relocking is based on worse case pricing plus a relock fee as outlined below:
 - Fifteen (15)-day relock fee is twenty-five (25) bps (0.25).
 - Thirty (30)-day relock fee is fifty (50) bps (0.500).
- Fifteen (15)-day relock is only permitted for files in **underwriting approval or higher milestone**.
- All static post-lock Loan-Level-Pricing-Adjustments and approved lender concessions will carry forward to re-lock.
- Relock fee will be waived if the current market is better by fifty (50) bps (0.50) at the time of re-lock.
- Rate locks expired for thirty (30) days or more are subject to current market price.
- Relocks can be requested via Encompass/TPO Connect but will be processed and approved only during lock desk hours.
- Renegotiations are not allowed on loans that have been re-locked
- Locks that have received a Float-Down will not be eligible for a Re-Lock Fee Waiver.
- Please email the lock desk for re-lock Policy/Availability for the product types listed here:
 - DPA, Non-QM, JUMBO & Housing.
- Re-Lock questions that are not addressed within this Guide will be handled on a case-by-case basis.
- Worse case pricing is calculated between the price of the initial lock and the price of the current market, for the same product and interest rate, plus the relock fee mentioned above.

Example 1 - Initial Price is worse case

Initial lock price: 102.00

Current Market Price: 102.250

Relock term: thirty (30) days

Initial price is worse case; thus, the relock price will be calculated based on the initial locked price minus the relock fee (102.00-0.500). The relock price will be 101.750.

Example 2 - Current Market Price is worse case

Initial lock price: 102.500

Current Market Price: 102.000

Relock term: thirty (30) days

Current market price is worse case; thus, the relock price will be calculated based on the current market price minus the relock fee (102.00-0.500). The relock price will be 101.500.

RATE LOCK CANCELLATIONS

Brokers are encouraged to cancel as soon as such action is deemed necessary.

Lock cancellations are executed through TPO Connect. Brokers may contact their account representative to request lock cancellations for mortgage loans that have been delivered to Windsor Mortgage.

If a lock is canceled in error, contact the lock desk immediately at lockdesk@plainscommerce.com. If the lock desk does not receive the request to re-instate the lock before the end of business day, the lock might be lost and the mortgage loan subject to re-price and re-lock at the current market price.

If the lock desk does not receive the request to reinstate the lock before the end of the business day, the lock might be lost, and the mortgage loan will be subject to reprice or relock at the worse-case price.

Cancelled/Withdrawn Specialty Product Locks, such as DPA, Non-QM, JUMBO & State Housing, which need to be reinstated will be addressed on a case-by- case basis per Investor Policy.

Lock Reinstatement questions that are not addressed within this Guide will be handled on a case-by-case basis.

RENEGOTIATION

Due to market volatility in interest rates, it may be necessary to renegotiate a borrower's rate lock. Rate lock renegotiations are considered under the following terms:

For Retail, Full-Service, NDC & Wholesale Channels

- The current market price for the initial locked rate and initial locked product must show at least 100 bps (1 point) improvement in price.
- Float-Down review will include verifying that the ending rate is not Higher than the initially Locked Rate. A Float-Down cannot result in a rate being Higher than the initially Locked Rate.
- Only one (1) renegotiation is allowed per loan.
- Renegotiations will be considered for files that are conditionally approved or higher milestone.
- The renegotiation will only be granted to benefit the borrower by either improving the locked price or by reducing the locked rate. **Exception for NDC Channel – only the locked rate can improve. NDC cannot improve the price.
- If the rate must be increased after a Float-Down, the Rate Change will be evaluated by the lock desk on a case by case basis.
- Extension fees will carry over on a renegotiated file.
- Renegotiations are not allowed on relocked loans.
- Renegotiation price is capped at 50% of the market improvement for Retail, Full-Service & Wholesale channels
- Renegotiation pricing is available from 9:30am – 5:00pm CT. Requests received outside of these hours will be declined.
- Renegotiation/Float Down questions that are not addressed within this Guide will be handled on a case-by-case basis.
- The following products are not eligible for Renegotiation.
 - DPA, Non-QM, JUMBO & Housing

Example for Retail, Full-Service and Wholesale Channels:

Initial lock: 5% for thirty (30) days

Rate sheet price on initial lock: 100.000

Current Rate Sheet Price: 101.000

Renegotiation: Price improved by fifty (50) bps (0.50)