

LOCK AND PRICING POLICY

Wholesale Channel

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Contents

Lock Desk Contact Information	3
Initial Lock Hours	3
Hours of Availability	3
Lock Periods.....	3
Lock Extensions.....	4
Relock	4
Loan Parameter Changes.....	5
Lock Transfers	5
Program Changes.....	5
Current Market Pricing.....	6
Float Down Renegotiation.....	6
Additional Lock Changes.....	7
Pricing Exceptions Policy	7
Exception Pricing	8
Conditions of Exceptions.....	8

Lock Desk Contact Information

- lock@admortgage.com
- Phone (305) 824-2421

Initial Lock Hours

- Prime Jumbo: 10:00 AM – 5:00 PM ET
- Conventional & Govt: 10:00 AM – 8:00 PM ET
- Non-QM: 24 hours

Hours of Availability

Our Lock Desk Agents are available over the phone from 9:00AM to 8:00PM Eastern time. Our email inbox is monitored 24 hours a day during business days. We do not monitor the inbox on observed holidays and weekends. We aim to respond to your email in 4 business hours between 9:00 AM to 8:00PM. The Lock Change Request form is responded to within 24 business hours.

AD Mortgage asks that our Parter's execute the initial lock on their end through the AIM portal.

Lock Periods

All locks are considered Best Effort locks. Lock period options include: 15, 30, 45 and 60-days lock periods. TBD properties are not eligible for a 15-day lock period.

All loans must close AND disburse by the lock expiration date.

All Prime Jumbo loan programs must be in a Submitted status or further to be eligible for initial lock.

The following lock action requests must be made via email to lock@admortgage.com or through the [Lock Change Request Form](#) available on AD Mortgage website (<https://admortgage.com/>) through [Resources](#) tab within [Documents & Forms](#) section.

Lock Extensions

The following fee-based extension options are available prior to lock expiration and must include weekends and holidays.

- First extension is 2.5 bps per day.
- Second extension is 5 bps per day.
- Third extension is 7.5 bps per day.

One Loan Example					
Extension Request	# of Days	Cost per day	Current Locked Price	Total Ext Cost	Final Price
First	7	0.025	101.000	0.175	100.825
Second	7	0.050	100.825	0.350	100.475
Third	7	0.075	100.475	0.525	99.950

Prime Jumbo programs require a minimum extension of 3 days.

Loans may be extended to a maximum of three times, but no more than 30 days beyond the original lock expiration date at pricing described above. (Jumbo max extensions are 2)

Extensions cannot be removed or revoked if already applied.

Relock

Relocking a loan is subject to Worst-Case Pricing (WCP) + the relock fee. Worst-case pricing is the lesser of the final price reviewing the difference between current lock and current market.

Relock fee (in addition to worst-case pricing) is as follows:

- 15- or 30-days cost of 12.5bps
- 45 days cost of 20 bps

The maximum number of days for a relock is capped at the lesser of original lock period or 45 days. (i.e. original lock period is 30 days, the max relock period would be 30 days.)

Relocks are the only option if:

- The current lock has expired and or,
- The lock has already been extended three times and or 30 days and needs additional time (extended 2 times and needs a 3rd extension for Prime Jumbo).

Relock Example 15 days (Current Market is better)						
	Rate	Lock Period	Pricing	Relock Fee	Final Price	Expiration Date
Locked Pricing	6.250%	30	101.000			9/5/2025
Current Market	6.250%	30	101.250			9/10/2025
WCP Final Pricing	6.250%	30	101.000	0.125	100.875	9/25/2025

Relock Example 15 days (Current Market is worse)						
	Rate	Lock Period	Pricing	Relock Fee	Final Price	Expiration Date
Locked Pricing	6.250%	30	101.000			9/5/2025
Current Market	6.250%	30	100.625			9/10/2025
WCP Final Pricing	6.250%	30	100.625	0.125	100.500	9/25/2025

Loan Parameter Changes

If at any time it is discovered that a loan has changes in its parameters (such as LTV/CLTV, FICO, DTI ratio, Purpose, or Occupancy changes), the Lock Desk must be notified about such changes. If necessary, the loan will be repriced based on the cost of those features at the time of the request. The Lock Desk will make the necessary changes, and the system will reflect the revised price.

Lock Transfers

A lock may only be transferred if the primary borrower and subject property remain the same. Pricing will be based on the original day lock but subject to any changes in program and or loan level parameters.

Program Changes

Programs listed below are subject to worst case pricing and may require a new loan number if disclosures have already been issued.

- Conventional v. Government v. Non-QM v. Jumbo
- Fixed v. Arm
- Term Periods (i.e. 30Y v 15Y)
- Prime Jumbo Red v. Prime Jumbo Blue

Program changes listed below are *not* subject to worst case pricing

- Conventional 30Y v. 25Y v. 20Y

- Between NQM Programs
- FHA v. VA
- Between ARM programs (i.e. Conv 5/6 ARM v. Conv 7/6 ARM)
- Conventional v. High Balance

Current Market Pricing

Agency and NQM loans that have expired for greater than 30 days will be permitted to relock at the current market price.

Prime Jumbo loans will be relocked at WCP regardless of length of expiration. If expired loans had an exception and will be locked again after cancellation, the exception decision will need to be re-reviewed for approval.

Float Down Renegotiation

A float down renegotiation allows borrowers to secure a lower interest rate if the current market environment allows. Pricing is reviewed on a case-by-case basis and subject to live market conditions.

To qualify for a float down, the following criteria must be met:

- Loan must be conditionally approved/CTC.
- The current rate must be **reduced** by at least 0.50% in rate for non-QM loans and 0.25% better in rate for Agency and Government loans than the original lock.
- Prime Jumbo Red loans will be reviewed on a case-by-case basis.
- Prime Jumbo Blue loans are not eligible.
- A float down may only be exercised once per loan and will be priced at the current market with a 0.50 deduction on pricing.
- Interest Rate and Price cannot increase on the loan.
- Lock expiration date will remain the same. If additional time is needed, the loan can be extended

Example: Conventional loan program in CTC.

Example: Float Down						
	Rate	Lock Period	Pricing	Fee		Final Price
Locked Pricing	7.500%	30	101.025			101.025
Current Market	7.250%	30	101.450			
Float Down Price	7.250%	30	101.450	50bps		100.950

Example: Float Down with Price Cap						
	Rate	Lock Period	Pricing	Fee		Final Price
Locked Pricing	7.625%	30	100.450			100.450
Current Market	7.375%	30	101.015			
Float Down Price	7.375%	30	101.015	50bps		100.515 capped at 100.450

Additional Lock Changes

Any request for other changes is as follows:

- Rate changes are allowed if the original rate and new requested rate are from the same rate sheet.
- Adding points financed is only allowed on locked files for applicable programs.
- Borrower changes before commitment can be honored if the original borrower remains the same; changes of the borrower after commitment require underwriting to re-underwrite the loan if the original borrower remains the same.
- Cancellations: In the event a loan needs to be withdrawn, please contact the Underwriter and/or Underwriting Support to status the loan accordingly. The lock status will remain in place.

Pricing Exceptions Policy

Exceptions are submitted by Account Executive or Underwriting. Exceptions are reviewed on a case-by-case basis and require a minimum of 3 compensating factors to be reviewed by our Credit Committee Team. Review of exception(s) is processed within 2-5 business days.

Once an exception has been approved, the Partner and/or AE must acknowledge the decision. If the decision is withdrawn, no further action is needed by the Lock Desk.

If the decision is acknowledged, the exception approval should be sent to the Lock Desk. The Lock Desk Team will apply the exception and additional pricing adjustment, if applicable, within 24 hours and a new lock form will be issued.

Floating loans will receive an email confirmation from the Lock Desk that the exception has been applied.

Exception Pricing

In addition to the approved exception adjustment, if the exception is outside of the current LLPA matrix the last available adjustment will be used.

Example: Loan amount of \$3,250,000 has LTV of 73%. LLPA Matrix shows NA but -1.00 would be applied to the lock.

Example - LLPA Matrix					
Loan Parameters	0-55	55.01-60	60.01-65	65.01-70	70.01-75
Loan \$3,000,001-3,500,000	-0.75	-0.75	-0.75	-1.00	NA

Conditions of Exceptions

- Floating loans must be locked within 30 calendar days from the date the exception is applied.
- An exception remains valid as long as the lock remains active.
- Expired loans with exception(s) will have to be resubmitted for Credit Committee approval.
- Price cannot increase to offset an exception adjustment.

Example: Exception Pricing - Maximum Credit						
	Rate	Lock Period	Pricing	Fee		Final Price
Locked Pricing	8.990%	30	100.375			100.375
Approved Exception				0.25		100.125
						Max pricing 100.125

Example: Exception Pricing - Minimum Discount						
	Rate	Lock Period	Pricing	Fee		Final Price
Locked Pricing	7.125%	30	99.375			99.375
Exception				0.25		99.750
						Minimum discount 99.250