

Enhanced-2 Streamline 2nd Lien Program



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MATRIX

Purchase and Rate/Term

Cash-Out Refinance

Credit Grade A+

Credit Score

LTV/CLTV

760+

95¹/90

95¹/90²/85

720

95¹/90

95¹/90²/85

680

95¹/90

85

Other LTV/CLTV Caps

Credit score 680

2nd Home

85

80

Credit score 680

2-4 Units

85

80

Maximum Combined Loan amount

Credit Score \geq 720: \$2.5M, Credit Score < 720: \$2.0M

Max Loan Balance

\$500K

Min loan Balance

\$20K

¹95% Purchase/R/T Refi/Cash-Out Refi LTV/CLTV Guidelines Overlays

²90% Cash-Out Ref LTV/CLTV Guideline Overlays

- Below overlays only apply when LTV/CLTV is 90.01-95%
- Minimum Credit Score of 680 required for purchase and rate/term refinance transactions.
- Minimum Credit Score of 720 required for cash-out transactions.
- Maximum 35% DTI
- Maximum combined loan balance \$1,500,000
- Primary residence only. Single-family, PUDs, and warrantable Condominiums only.

- Below overlays only apply when LTV/CLTV is 85.01-90%
- Minimum Credit Score of 720
- Maximum 35% DTI
- Primary Residence only. Single-family, PUDs, and Warrantable Condos only.

First Time Homebuyer Guideline Overlays:

Primary Residence only. Single-Family, PUDs, and warrantable Condominiums only

PRODUCT CODE CE2ND20GSA

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Underwriting Eligibility	<ul style="list-style-type: none"> • The Streamline 2nd Lien Program requires the Underwriter to utilize Fannie Mae Desktop Underwriter (“DU”). • Manual underwriting is not allowed. • The Underwriter must underwrite the loan to the most restrictive of the Streamline 2nd Lien Program Matrix, the DU, and the overlays in these Streamline 2nd Lien Program guidelines. • Any underwriting criteria not referenced will default to the Fannie Mae Seller Guide currently in effect. <ul style="list-style-type: none"> ○ Note: Any mention of Agency refers to Fannie Mae only.
QM Status	Non QM
Underwriting	<ul style="list-style-type: none"> • Fannie Mae DU (DU) required. • Freddie Mac LP (LP) not allowed. • Manual underwrite not allowed. • For underwriting guidelines not addressed, refer to <u>Fannie Mae Seller Guide currently in effect as of the loan application date.</u>
Occupancy Types	<p>Eligible:</p> <ul style="list-style-type: none"> • Primary Residence (OO) • Second Home (OO) <p>Ineligible:</p> <ul style="list-style-type: none"> • Investment (NOO) <p>Note: Children purchasing a home for aged parents <u>will not</u> be considered a primary residence or second home and <u>are not</u> eligible for this program.</p>
Transaction Types	<p>Eligible:</p> <ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-out Refinance <p>Ineligible:</p> <ul style="list-style-type: none"> • Land Contracts • Lease Option to Buy • Contract for Deed • Construction Financing

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Loan Purpose	<p>Purchase:</p> <ul style="list-style-type: none"> • Must close simultaneous with an Agency eligible first lien. <p>Rate/Term Refinance:</p> <ul style="list-style-type: none"> • May close simultaneous with an Agency eligible first lien or as a stand-alone second lien behind any first lien product. • If Borrower receives more cash back than allowed on a rate/term refinance, Provident Bank Mortgage will consider the transaction a cash-out. <p>Cash-Out Refinance:</p> <ul style="list-style-type: none"> • May close concurrent with an Agency eligible first lien or as a stand-alone second lien behind any first lien product. <p>Note: Regardless of how Fannie Mae treats the first lien transaction, if any of the proceeds are for debt consolidation, debt payoff, or cash out then Provident Bank Mortgage will treat the transaction as a cash-out refinance.</p>
Principal Curtailments	<ul style="list-style-type: none"> • A principal curtailment to the new refinance loan at closing is allowed up to the lesser of 2% of the new loan amount or \$2000 and must clearly reflected on the Closing Disclosure. • Unless noted above, principal curtailment/reductions are not allowed.
Cash-Out Refinances-Ownership Seasoning and Establishing LTV/CLTV	<ul style="list-style-type: none"> • Minimum 6 months ownership seasoning required for cash-out refinance transactions. • Minimum 12 months ownership seasoning to use appraised value to determine LTV/CLTV. • If the ownership seasoning is less than 12 months, the lower of the purchase price or the appraised value will be used to determine the LTV/CLTV. The original purchase price must be documented.
Maximum Cash-Out	<ul style="list-style-type: none"> • No Limit
Product Description	<ul style="list-style-type: none"> • Closed end, fixed rate, fully amortizing loan. • 20, and 30-year terms available. • No temporary buydowns.
Lien Type	<p>Simultaneous Second Lien with Agency eligible first lien:</p> <ul style="list-style-type: none"> • The first and second liens close concurrently. • Provident Bank Mortgage must originate both first and second liens. <p>Stand Alone Second Lien:</p> <ul style="list-style-type: none"> • Provident Bank Mortgage closes a second lien behind an existing first lien.

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<p>Qualifying Payment on First Lien</p>	<p>SIMULTANEOUS:</p> <p><u>Fixed Rate Interest Only:</u></p> <ul style="list-style-type: none"> • Qualify at the note rate based on the fully amortizing Principal & Interest payment during the principal repayment period. <p><u>Fixed Rate Full Amortization:</u></p> <ul style="list-style-type: none"> • Qualify using the fully amortized fixed payment. <p><u>ARM Interest Only:</u></p> <ul style="list-style-type: none"> • Borrowers qualify at the note rate based on fully amortizing principal and interest payment during the principal repayment period. Borrowers will not be qualified on the Interest Only Payment. <p><u>ARM Full Amortization:</u></p> <ul style="list-style-type: none"> • For ARMs with an initial fixed rate period of five years or less, qualify at the greater of the note rate plus 2% or the fully indexed rate. • For ARMs with an initial fixed-rate period of greater than 5 years, qualify at the greater of the note rate or the fully indexed rate. <p><u>Interest Rate Buydowns:</u></p> <ul style="list-style-type: none"> • Qualify at note rate without consideration of buy down rate. <p><u>Stand Alone:</u></p> <ul style="list-style-type: none"> • Use the payment on the mortgage statement or credit report. • <i>Applies to all first lien loan types including fixed, ARM and Interest Only.</i>
<p>Qualifying Payment on Second Lien</p>	<p><u>Fixed Rate Full Amortization:</u></p> <ul style="list-style-type: none"> • Qualify using the fully amortized fixed payment. <p><u>30 Year Interest Only</u></p> <ul style="list-style-type: none"> • Borrowers will not be qualified on the Interest Only payment amount. Fully amortizing mortgage loan that pays interest only during the first 10 years and amortizes down over the remaining 20 years.
<p>Eligible First Lien Products (Both Simultaneous and Stand Alone Transactions)</p>	<p>A copy of the <i>First Lien Note</i> is required to evidence:</p> <p>Eligible:</p> <ul style="list-style-type: none"> • Agency eligible first Lien <ul style="list-style-type: none"> ○ Must have a minimum remaining term of five (5) years at time of close. ○ If Interest Only, the remaining I/O term must be a minimum of five (5) years. ○ Financing must not permit the note holder to "call" the loan due within the first five (5) years following the loan closing.

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Ineligible First Lien Products (Both Simultaneous and Stand-Alone Transactions)	Ineligible: <ul style="list-style-type: none"> • A negative amortization feature • Material modifications (loan amount, interest rate, final maturity, or product structure), regardless of seasoning • Amortization term greater than 40 years • Contract for Deed or Contract for Purchase • Privately held first lien • Loans with provisions prohibiting the placement of additional liens on the subject property • Loans with provisions for future advances
First Mortgage Requirements	Simultaneous Transactions: <ul style="list-style-type: none"> • Copies of first lien note and mortgage/deed of trust. • Final closing disclosure for First Lien transaction that corresponds with the Final CD for the subject Second lien. Stand-Alone: <ul style="list-style-type: none"> • If the mortgage statement or credit report has sufficient information to determine the payment and the terms, then a copy of the First Lien Note and Mortgage is not required (<u>unless there is a condition on the DU</u>).
Agency AUS Requirements	<ul style="list-style-type: none"> • Approve/Eligible. • Approve/ Ineligible (for loan structure such as CLTV limits, purpose and loan amount). • Fannie Mae DU Findings Report used by the Underwriter for their underwriting decision must be included in the file submission. • The First Lien must be Agency eligible on Simultaneous Transactions.
Agency AUS Submission requirements for Stand Alone Transaction	<ul style="list-style-type: none"> • <u>Transaction must be submitted through DU accurately reflecting the correct LTV and CLTV for the borrower.</u> <ul style="list-style-type: none"> ○ For example: if the borrower has an 80% LTV first lien and the new loan will represent a 10% CLTV the loan must be submitted to DU as an 80%LTV/90%CLTV. ○ The loan may not be submitted as a 10%LTV/90%CLTV. <ul style="list-style-type: none"> ▪ Example: <ul style="list-style-type: none"> ➢ First Lien loan amount - \$100,000 ➢ Second Lien loan amount - \$50,000 ➢ Property Value - \$200,000 ➢ DU should reflect 50% LTV and 75% CLTV • The original loan balance of the First Mortgage must be used to determine the CLTV for both qualifying and pricing. <ul style="list-style-type: none"> ○ No Exceptions
Agency Program Restrictions	<ul style="list-style-type: none"> • Provident Bank Mortgage negotiated criteria/variances with Fannie Mae are not eligible. • Fannie Mae unique eligibility and underwriting consideration programs are not allowed including but not limited to: Homestyle, HARP, DU Refi Plus and Home Ready.

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Agency Extenuating Circumstances	<ul style="list-style-type: none"> Extenuating Circumstance guidelines for derogatory credit and flexibility are not eligible (cannot instruct DU to disregard information on credit report to receive an Approve/Eligible).
Borrower Eligibility	<ul style="list-style-type: none"> Eligible Borrowers: <ul style="list-style-type: none"> U.S. Citizen. First-time Homebuyers are eligible (refer to restrictions on program matrix). Permanent Resident Aliens (Underwriter is responsible to verify that the Borrower has a valid registration card and document in file). Inter Vivos Revocable (aka living) Trusts. Ineligible Borrowers: <ul style="list-style-type: none"> Foreign Nationals. Non-Permanent Resident Aliens. <p>Note: Provident Bank Mortgage limits the number of Borrowers per Loan to four.</p>
Ineligible Income	<ul style="list-style-type: none"> Illegal income or assets Ownership in a business that is federally illegal Restricted Stock Units (RSUs)
Minimum Credit Score	<ul style="list-style-type: none"> 680
Application Date used for Credit Grade	<ul style="list-style-type: none"> The Borrower's initial application date will be used to determine the seasoning for prior bankruptcy, loss mitigation, foreclosure events, etc.
Minimum Tradeline Requirements	<ul style="list-style-type: none"> A Borrower(s) without an established credit history is Ineligible. A valid and usable score is one that is generated based upon credit history and credit patterns that accurately reflect the Borrower's history. It should contain at least: <ul style="list-style-type: none"> Three established open and active trade lines reporting on the credit report: <ul style="list-style-type: none"> One reported for a minimum of 24 months. All active in the last 12 months (defined as last activity within 12 months of credit report date). One with a minimum \$2,500 high credit balance.
Borrower Credit Eligibility	<ul style="list-style-type: none"> Borrower eligibility requirements apply to all properties currently or previously owned by the Borrower. For example, mortgage housing histories, Loss Mitigation, FC. Inclusive of all liens regardless of lien position.

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Mortgage Housing History	<ul style="list-style-type: none"> • 0X30 in the past 12 months. • Borrowers without a primary mortgage or rent history in the last 12 months are ineligible. This includes situations where the borrower may have received a “rent holiday”, payments lapsed due to divorce/separation, or other instances where the most recent 12-month housing history is not consecutive and complete. • At least one of the borrower(s) must have a fully documented, recent, consecutive 12-month primary housing history. • In addition: Mortgage/housing payment history on any property, regardless of the occupancy or lien status, is considered mortgage/housing history for grading purposes. A copy of the title or credit report must document the free and clear status.
Bankruptcy History	<ul style="list-style-type: none"> • Chapter 7: 4 years from discharge date to application date. • Chapter 13 and Chapter 11 personal: 2 years from discharge date to application date. • Bankruptcy dismissal dates are treated the same as discharge dates.
Multiple Bankruptcies	<ul style="list-style-type: none"> • Loans to Borrowers with multiple bankruptcies are ineligible regardless of whether the bankruptcy was discharged, dismissed, or age of prior bankruptcy. • The following are not considered as multiple bankruptcies: <ul style="list-style-type: none"> ○ When a Chapter 13 rolls into a Chapter 7 bankruptcy. ○ When individual Borrowers each have filed separate bankruptcies. ○ Bankruptcies discharged greater than 15 years ago. • If a Foreclosure is included in the Bankruptcy, each event is treated separately for grade determination.
Loss Mitigation	<ul style="list-style-type: none"> • 4 years prior to the application date. • Prior Loss Mitigation includes Deed-in-lieu, Pre-Foreclosure, Short Sale, NOD, Short Refinance, Charge Off and Modification.
Foreclosure History	<ul style="list-style-type: none"> • 4 years from completion date to application date.
Multiple Foreclosures	<ul style="list-style-type: none"> • Loans to Borrowers with multiple foreclosures are ineligible. • If a Foreclosure is included in the Bankruptcy, each event is treated separately for grade determination. • The following are not considered as multiple foreclosures: <ul style="list-style-type: none"> ○ When individual Borrowers each have separate foreclosures. ○ Foreclosures greater than 15 years ago.
Adverse Credit	<ul style="list-style-type: none"> • All delinquent credit that will impact title, including delinquent taxes, judgments, charge-off accounts, tax liens and mechanic's liens must be paid off prior to or at closing. • Tax repayment plans must be paid off prior to or at closing.
Tax Payment Plans	<ul style="list-style-type: none"> • Tax repayment plans must be paid off prior to or at closing.

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Maximum DTI	<ul style="list-style-type: none"> • 45% regardless of DU
Income Documentation	<ul style="list-style-type: none"> • Full Income documentation-Income documented per DU.
4506-T and Tax Transcripts	<ul style="list-style-type: none"> • Required per DU income type used for qualifying • If most recent year's tax transcript for the income used to qualify is not available for a self-employed borrower who has filed taxes, the income may be verified by one of the following: <ul style="list-style-type: none"> ○ Officially stamped returns by the IRS Evidence that the return was electronically received. ○ Return must reflect refund or amount owed to IRS.
Business Assets	<ul style="list-style-type: none"> • Not allowed for down payment, cash-to-close, or reserves.
Foreign Income	<ul style="list-style-type: none"> • Not allowed.
Foreign Assets	<ul style="list-style-type: none"> • Allowed (per Fannie Mae requirements)
Borrower Required Funds	<ul style="list-style-type: none"> • A minimum down payment of 5% of the borrower's own funds is required for any purchase transaction.
Reserves	<ul style="list-style-type: none"> • Per Fannie Mae DU Findings.
Property Types	<p>Eligible Property Types:</p> <ul style="list-style-type: none"> • Single Family Residence (Attached and Detached). • PUDs (Attached and Detached). • 2-4 Units. • Fannie Mae Warrantable Condos (Low, Mid, and High-Rise). <p>Ineligible Property Types:</p> <ul style="list-style-type: none"> • Mixed Use Properties; including, but not limited to: <ul style="list-style-type: none"> ○ Properties that have been modified to accommodate home businesses, such as catering, in-home day care, animal boarding facilities, or auto repair. • Unimproved land. • Rural zoned. • Agricultural and agriculturally zoned including properties such as working farms or ranches. • Properties with more than 20 acres. • Properties located on Indian/Native American Tribal land. • Bed and breakfast properties. • Properties not suitable for year-round occupancy regardless of location. • Boarding houses & Group homes. • Properties not readily accessible by roads that meet local standards. • Manufactured and mobile homes • Condo-hotels. • Condo conversion less than 3 years from completion. • Co-operatives. • Time share units/projects.

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Property Types (Continued)	<ul style="list-style-type: none"> • Motel conversions. • Non-warrantable condos. • Properties resale restrictions such as retirement or senior community with age restrictions. • Properties with any type litigation. • Property that do not have full utilities installed to meet all local health and safety standards including, but not limited to: <ul style="list-style-type: none"> ○ A continuing supply of potable water. ○ A public sewer or certified septic system. ○ Public electricity. ○ Natural or LP gas. • Any property with health and safety, habitability or structural issues • Properties appraised "subject to" without a Completion Certificate (FNMA Form 1004D or FHLMC Form 442) • Properties appraised "as is" that are incomplete and/or that required significant repairs • Properties with square footage < 700 feet (eligible with 2 acceptable comparables that are within 100 square feet of subject). • Unique housing types, including earth, geodesic, and log homes Property condition ratings of C5 and C6 • Properties zoned commercial, industrial, or business (where highest and best use is commercial, industrial, or business) • Multi-family > 4 units • Properties located in declining markets (as determined by the appraisal or other third-party valuation performed on the subject property)
Flipped Properties	<ul style="list-style-type: none"> • A flip transaction is when the property is being resold within 180 days of its acquisition by the current seller. • Flip transactions are not permitted unless the following conditions are met: <ul style="list-style-type: none"> ○ Property obtained through inheritance; ○ Property that is part of a settlement in a divorce agreement; ○ Property that is part of an employer relocation program; ○ Property acquired by the lender or servicer as a result of foreclosure or deed in lieu of foreclosure; ○ Properties that have been substantially improved by bona fide and verified renovations since the property was acquired by the property Seller in which any increase in sales price over the property seller's acquisition costs is representative of the market.
Warrantable Condominiums	<ul style="list-style-type: none"> • Must be Fannie Mae warrantable. Non-warrantable condominiums are not allowed. • Seller must indicate on the Uniform Underwriting and Transmittal Summary (FNMA Form 1008) that the condominium project is Fannie Mae Warrantable and the type of review completed. • HOA certification form required
Transferred Appraisals	<ul style="list-style-type: none"> • Allowed FHA/VA appraisals are not allowed. • Must be on a Fannie Mae approved form.

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Age of Documents	<ul style="list-style-type: none"> • Per Fannie Mae requirements.
Appraisal and Valuation Requirements	<ul style="list-style-type: none"> • Please refer to the Streamlined Lien Appraisal Valuation Summary Section for requirements regarding third-party valuation products.
Regulatory Requirements	<ul style="list-style-type: none"> • Loans must meet all: <ul style="list-style-type: none"> ○ Federal, State, and Local requirements; ○ CFPB ATR Reg Z, Section 1026.43(c) requirements; ○ Higher Priced Mortgage Loan (HPML) requirements; ○ High Cost Loans are not permitted.
Escrow Holdbacks	<ul style="list-style-type: none"> • Not Allowed
Non-Arms' Length Transactions	<ul style="list-style-type: none"> • Not Allowed. Examples of non-arm's length transactions include, but are not limited to the following: • Relatives: Relatives are individuals related by blood, marriage, adoption, or legal guardianship. The definition also includes domestic partners and fiancés. Transactions between an individual and relatives are considered non-arm's length. <ul style="list-style-type: none"> ○ Parents purchasing and financing a property for a child who then wants to refinance to pay off the parents. ○ A financing transaction between relatives. • Employer/Employee <ul style="list-style-type: none"> ○ A purchase and sale transaction between an employer and an employee. A financing transaction between the borrower and their employer • Landlord/Tenant <ul style="list-style-type: none"> ○ A purchase and sale transaction between a landlord and tenant. ○ A financing transaction between a landlord and tenant. • Home Builders <ul style="list-style-type: none"> ○ Purchase transactions where the borrower is the owner of, or is employed by the homebuilder who has constructed the subject property. ○ Transactions where the principals of construction companies are involved in the sale and financing of the subject property, with the exception of qualifying builder-owned lending operation transaction. • Real Estate Brokers/Agents: A transaction where the borrower or a relative of the borrower is a licensed real estate broker or agent employed in the real estate industry and is involved in the financing or sale of the subject property, regardless of whether they receive a sales commission. <ul style="list-style-type: none"> ○ Acting as the property seller's listing agent on the subject property ○ Acting as both the listing agent and as the seller agent (dual representation) ○ Employed by the Galton Funding Seller acting as the loan officer or broker <p>Note: A transaction where the borrower acts as his/her own real estate agent (buyer's agent) in the purchase of a property will be considered arm's length.</p>

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Non-Arms' Length Transactions (Continued)	<ul style="list-style-type: none"> • Third Party Service Vendors: A transaction where the borrower is also a principal of a third-party vendor, such as a settlement agent, escrow company, title company, appraisal company, or credit reporting company providing such service for the subject loan. • Provident Bank Mortgage Employees <ul style="list-style-type: none"> ○ A borrower who is employed by the Seller of the loan (i.e. no employee loans). This includes a loan originated by the Seller for the Seller's employee, broker, contractor, or principal. • Owner Financed <ul style="list-style-type: none"> ○ The payoff of a loan currently financed by the seller of the subject property.
Continuity of Obligation	<ul style="list-style-type: none"> • For refinance transactions, there must be a continuity of obligation. This occurs when at least one of the borrowers or members of a Limited Liability Company (LLC) or corporation on the existing loan being refinanced is on the new refinance transaction secured by the subject property. When an existing lien will be satisfied as a result of a refinance transaction, the following apply: <ul style="list-style-type: none"> ○ At least one borrower held title to the subject property for the most recent six-month period. The file must contain documentation evidencing that the borrower has been making the mortgage payments, including any payments for secondary financing. ○ The borrower has recently inherited, or was legally awarded, the property through divorce, separation or dissolution of a domestic partnership. ○ Loans with an acceptable continuity of obligation may be considered either a cash-out or rate/term cash-out refinance as described in this chapter. • Note: The transfer of ownership from an LLC or a corporation to an individual does not meet the continuity of obligation requirements.
Delayed Financing	<ul style="list-style-type: none"> • Not Allowed • Cash-out refinance ownership seasoning must be met.
Maximum Loans to One Borrower Sold to Investor	<ul style="list-style-type: none"> • The aggregate dollar amount of all loans sold to Galton Funding or serviced by Galton Funding may not exceed \$4M. There is no limit to the number of loans that can be submitted for the same borrower to be sold to Galton Funding. Rather, the maximum number of loans to one borrower is limited by the aggregate dollar amount of the total loans sold or serviced by Galton Funding. • More stringent lending practices should be implemented in cases where the borrower's loan documents exhibit escalation of late payments and multiple refinances. New investors who have made multiple real estate acquisitions (more than 50% of the properties purchased) in the past 12 months may require additional review documentation or may be ineligible for purchase.
Escrows	<ul style="list-style-type: none"> • Not required on the First Lien, unless required by state or federal law. • Not required on the Second Lien.
Funding Into The Month	<ul style="list-style-type: none"> • Loans that fund/disburse beyond the 10th calendar day of the month are ineligible

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E-Signature	<ul style="list-style-type: none"> • The following documents are not allowed to be electronically delivered or signed: <ul style="list-style-type: none"> ○ Final/Closing Documents ○ Notarized Documents • Any transaction involving the use of a Power of Attorney will not be permitted to use an “eSignature” • The Seller is responsible for determining that the documents have been properly signed by all parties (as is the case with non-electric documents) per Fannie Mae
Taxes And Hazard Insurance	<ul style="list-style-type: none"> • The appropriate amount of hazard insurance is determined as the lesser of: <ul style="list-style-type: none"> ○ 100% of the insurable value of the improvements with replacement cost coverage, as established by the property insurer, or the unpaid principal balance of the first and second mortgage (sufficient coverage for the new combined loans); OR ○ The combined unpaid principal balance of the first and any secondary financing, as long as it equals the minimum amount required to compensate for any damage or loss on a replacement cost basis, typically 80% of the insured value of the improvements. If it does not, then coverage that does provide the minimum required amount must be obtained. • If the 1st Mortgage Loan is: <ul style="list-style-type: none"> ○ Impounded for taxes and insurance: No action is required. The Underwriter does not need to provide proof of payment or have paid at closing. ○ Not impounded for taxes / insurance: If the payment is more than 45 days or greater from the Note Date, no action is required. The Underwriter does not need to provide proof of payment or have paid at closing. ○ Not impounded for taxes / insurance and payment is due within 45 days of the Note Date: The Underwriter must provide proof paid or have paid at closing.
Pre-Payment Penalties	<ul style="list-style-type: none"> • Not Allowed
Lien Position	<ul style="list-style-type: none"> • The Underwriter must ensure this product is in Second Lien position. <ul style="list-style-type: none"> ○ UCC filings, private transfer covenants, mechanics liens and other items that would impact title, marketability or foreclosure are not allowed.
Title Insurance	<ul style="list-style-type: none"> • Simultaneous <ul style="list-style-type: none"> ○ Title Insurance required. ○ A Full ALTA title policy with Expanded Coverage is required that insures both the First Lien and Second Lien positions. • Stand Alone <ul style="list-style-type: none"> ○ Title Insurance required for loan amounts > \$150,000.

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Property/Lien Search Reports	<ul style="list-style-type: none"> • Simultaneous <ul style="list-style-type: none"> ○ Not allowed. • Stand Alone <ul style="list-style-type: none"> ○ Property/Lien Search Reports allowed for loan amounts <= \$150,000. ○ Prior to Investor’s purchase a Property Report/Lien Search with the following must be provided: <ul style="list-style-type: none"> ▪ Basic Loan Information; ▪ Provident Bank Mortgage and/or Originator Name; ▪ Effective Date; ▪ Loan Number; ▪ Borrower Name; ▪ Subject Property Address; ▪ Current Vesting; ▪ Second (Subject) Lien Loan Amount; ▪ First Lien Mortgage Information, including recordation, etc.; ▪ Evidence that other liens are not present, included taxes due and payable. ○ The following must be provided post-purchase to Investor as a trailing document: <ul style="list-style-type: none"> ▪ Basic Loan information shown above; ▪ Recording information for the subject second lien; AND ▪ Evidence the Streamline 2nd Liens for the subject property is in second position. • Note: Provident Bank Mortgage must provide a sample of each property/lien search report by provider (both preliminary and final) and receive Investor’s approval in writing prior to submission of any loans.
Seasoned Loan Submissions	<ul style="list-style-type: none"> • Loans in which more than three payments have been made at the time of purchase by Investor are ineligible.
Fraud Detection Tools	<p>The Underwriter must provide evidence in the Loan File that they have ordered a third-party fraud detection report and have resolved any red flags, discrepancies, and/or conflicting information.</p>

Enhanced-2 Streamlined Second Lien Appraisal Valuation Summary

Simultaneous Second Liens		Stand-Alone Second Liens (Investor is purchasing the Second Lien Only)	
		Appraisal & CDA	Clear Val
Provident Bank Mortgage Appraisal or Valuation Requirements	<ul style="list-style-type: none"> 1 Full Appraisal¹ if Combined Loan Amount < \$1.5 M 2 Full Appraisals¹ if Combined Loan Amount > \$1.5 M 	<ul style="list-style-type: none"> A New Full Appraisal¹ and CDA is required: <ul style="list-style-type: none"> If the Loan amount > \$150,000 and/or If the LTV/CLTV > 90% 	<ul style="list-style-type: none"> An external Clear Val from Clear Capital is required: <ul style="list-style-type: none"> If the Loan amount <= \$150,000 and/or If the LTV/CLTV <= 90%
HOA Certification	Condominiums require HOA Certification Form		
Third Party Review Requirements	Clear Capital Collateral Desktop Analysis with MLS date (CDA) ²		N/A
Clear Capital Escalation	<ul style="list-style-type: none"> If the CDA returns a value that is < 10% of the Appraised Value³ or the purchase price, the lower of the Appraised Value or purchase price can be used to establish the LTV/CLTV. If the CDA returns a value that is "Indeterminate" or > 10% of the Appraised Value³, a Clear Capital Broker Price Opinion (BPO) and Clear Capital Value Reconciliation of Three Reports must be ordered. The reconciled value determined by Clear Capital will be used to determine LTV/CLTV. If the Clear Capital CDA returns a value is greater than the Appraised Value³, the Appraised Value¹ will be used to determine LTV/CLTV. 	<ul style="list-style-type: none"> If the Clear Val does not support the transaction value, the Underwriter may obtain a Full Appraisal¹ and CDA. The value from the Full Appraisal will be used to establish LTV/CLTV. 	

1. "Full Appraisal" refers to a Uniform Residential Appraisal Report (URAR), FNMA Form 1004 and FHLMC Form 70.
 2. The CDA will be completed on the lower of the two appraisals.
 3. The "Appraised Value" is the value determined from the original appraisal(s) obtained by the Seller.

EXHIBIT A: MARRIED APPLICANT DISCLOSURE

CALIFORNIA

Married Applicant Disclosure

Pursuant to Ca. Civ. Code 1812.30(j)

Date:	Loan Number:
Applicant(s):	Lender/Broker Address:
Property Address:	

Under California Civil Code 1812.30(j) the following notice is being provided to you:

“Credit applications for the obtainment of money, goods, labor, or services shall clearly specify that the applicant, if married, may apply for a separate account”.

I/We acknowledge receipt and understanding of this disclosure.

Applicant:

Date

Applicant:

Date

A lender must disclose to a credit applicant that is married that the person may apply for separate credit.

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EXHIBIT B: LOAN BROKERAGE AGREEMENT

LOAN BROKERAGE AGREEMENT

Date: _____
App. No.: _____
Licensee: _____
Borrower(s): _____
Property Address: _____

YOU OR YOUR ATTORNEY MAY REVIEW A COPY OF THIS LOAN BROKERAGE AGREEMENT PRIOR TO SIGNING IT.

You have engaged the above-named residential mortgage lender licensee ("we," "us" and "our") to advise and assist you in obtaining a mortgage loan, repayment of which will be secured by real property you own, from a participating lender with whom we from time to time contract upon such terms and conditions as you may request or a lender may require. This agreement describes the services we will provide or perform and our compensation for such services, and is the only agreement between you and us with respect to this loan transaction.

DESCRIPTION OF THE NATURE OF OUR RELATIONSHIP AND THE SERVICES WE WILL PROVIDE OR PERFORM

We are acting as your agent in providing the services described below, and as such, owe you a fiduciary duty of utmost care, honesty, and loyalty in the transaction, including the duty of full disclosure of all material facts. We may also be authorized to act as an agent for one or more other person(s) in connection with this transaction; if so, the names of all such other person(s) is/are:

While we seek to assist you in meeting your financial needs, we do not distribute the products of all lenders or investors in the market; we cannot guarantee the lowest price or best terms available in the market and we cannot guarantee acceptance into any particular loan program or promise any specific loan terms or conditions. Our services may include, but are not limited to, the following:

- Taking information from you and filing out a loan application;
- Analyzing your income and debt and pre-qualifying you to determine the maximum mortgage that you can afford;
- Educating you in the home buying and financing process, advising you about the different types of loan products available, and demonstrating how closing costs and monthly payments could vary under each product;
- Collecting financial information (such as tax returns, bank statements and the like) and other related documents that are part of the application process;
- Initiating and/or ordering VOE's (verifications of employment) and VOD's (verifications of deposit);
- Initiating and/or ordering requests for mortgage and other loan verifications;
- Initiating and/or ordering appraisals;
- Initiating and/or ordering inspections or engineering reports;
- Providing required federal and state disclosures and notices to you;
- Assisting you in understanding and clearing credit problems;
- Maintaining regular contact with you and others involved in the application process (such as realtors and the lender) between application and closing to apprise them of the status of the application and gather any additional information as needed;
- Ordering legal documents;
- Determining whether the property is located in a flood zone or ordering such service; and
- Participating in the loan closing.

We will continue to provide these services until your loan is closed, your loan request is denied or you terminate our services for any reason, whichever occurs earlier.

OUR COMPENSATION

The lenders whose loan products we distribute generally provide their loan products to us at a wholesale rate. The retail price we offer you - your interest rate, total points and fees - will include our compensation. In some cases, we will receive all of our compensation from you, to be paid in cash or from the loan proceeds at the time of settlement. In other cases, we will receive all of our compensation from the lender. You may be able to obtain a lower interest rate by paying higher points and fees. (A "point" is 1% of the loan amount.) Alternatively, you may be able to finance the payment of our compensation or other costs that you would otherwise be required to pay directly by paying a higher interest rate.

Having discussed the specific effects these alternatives may have on your interest rate, points, fees and other loan terms, and the various payment options that are available to you, you agree our compensation will be paid as follows:

- (1) **Borrower Compensation:** As compensation for our services under this Agreement, you agree to pay us a mortgage brokerage fee in the amount of _____ % of the loan amount or \$ _____. You may

Enhanced-2 Streamline 2nd Lien Program

pay the mortgage brokerage fee either with funds you bring to the loan closing or from the loan proceeds at the time of settlement. You will be obligated to pay us only if your loan closes.

- (2) **Lender Compensation:** The compensation we will receive from the lender will be \$. Compensation received from the lender may not be based on the terms or conditions of your loan, such as your interest rate or loan program. Compensation will be calculated according to the terms of our agreement with the lender, which may provide for payment based on a percentage of your loan amount, the quality of the loans we have submitted to the lender in the past, or other factors that are permitted by applicable law. While our compensation may not be based on the terms of your loan, the interest rate on your loan may be higher than would be the case if you paid our compensation directly. At any time prior to closing, please feel free to ask us about other loan options that may be available to you.

OTHER FEES AND CHARGES: OTHER SIGNIFICANT INFORMATION

In addition to our compensation, you may also be obligated to pay other charges in connection with your loan that are not disclosed in this agreement. Estimates of such other charges are shown on the Good Faith Estimate of settlement charges and are generally refundable prior to settlement only if the goods or services to which the costs relate have not been ordered unless applicable law requires otherwise.

While we will make a good faith effort to process your loan application as expeditiously as possible, certain types of situations that are unknown to us at the time your application is taken could affect the processing of your loan application and the fees and charges you may be obligated to pay, including, but not limited to, the following:

1. an appraisal value of the property that is different from the value as estimated by you;
2. credit obligations that you fail to report;
3. a change in your financial circumstances that would result in your ineligibility for the loan; and
4. a material change or discontinuation of a loan program by an investor or other entity, such as the U.S. Department of Housing and Urban Development, the Veterans' Administration or a private investor.

If we make a materially false or misleading statement or omission in the inducement or implementation of this Agreement, you may, in addition to any other legal rights or remedies you may possess, upon written notice to us, do any of the following:

1. Rescind this Agreement;
2. Recover any fees you have paid to us for brokerage services rendered pursuant to this Agreement; and
3. Recover actual costs, including attorney's fees, for enforcing your rights under this Agreement.

If you have any questions, comments or complaints regarding your application, please call us at or write to us at our address indicated above.

 Licensee's Authorized Representative Date Licensee's Authorized Representative Unique Identifier

EACH OF THE UNDERSIGNED APPLICANTS ACKNOWLEDGES THAT HE/SHE HAS RECEIVED AND READ A COPY OF THIS LOAN BROKERAGE AGREEMENT AND UNDERSTANDS ITS CONTENTS.

 Applicant Date Applicant Date

 Applicant Date Applicant Date

 Applicant Date Applicant Date