

Enhanced-2 Streamline 2nd Lien Program

TABLE OF CONTENTS

1.	Table Of Contents.....	1
2.	Matrix	3
3.	Product Code	3
4.	Underwriting Eligibility	4
5.	QM Status	4
6.	Underwriting.....	4
7.	Occupancy Types.....	4
8.	Transaction Types	4
9.	Loan Purpose.....	5
9.	Cash-Out Refinances-Ownership Seasoning and Establishing LTV/CLTV	5
10.	Maximum Cash-Out	5
11.	Product Description.....	5
12.	Lien Type.....	5
13.	Qualifying Payment on First Lien.....	6
14.	Qualifying Payment on Second Lien.....	6
15.	Eligible First Lien Products (Both Simultaneous and Stand Alone Transactions	6
16.	Ineligible First Lien Products (Both Sminulaneous and Stand Alone Transactions)	7
17.	First Mortgage Requirements	7
18.	Agency AUS Requirements	7
19.	Agency AUS Submission requirements for Stand Alone Transaction.....	7
20.	Agency Program Restrictions	8
21.	Agency Extenuating Circumstances	8
22.	Borrower Eligibility	8
23.	Ineligible Income	8
24.	Minimum Credit Score	8
25.	Application Date Used For Credit Grade	8
26.	Minimum Tradeline Requirements.....	8
27.	Minimum Tradeline Requirements (Continued)	9
28.	Borrower Credit Eligibility	9
29.	Mortgage Housing History	9
30.	Bankruptcy History	10
31.	Mulitple Bankruptcies.....	10
32.	Loss Mitigation.....	10
33.	Foreclosure History	10
34.	Multiple Foreclosures	10

Enhanced-2 Streamline 2nd Lien Program

35. Adverse Credit.....	10
36. Maximum DTI.....	10
37. Income Documentation	10
38. 4506-T and Tax Transcripts	11
39. Business Assets.....	11
40. Foreign Income/Assets	11
41. Borrower Required Funds.....	11
42. Reserves	11
43. Property Types	11
44. Property Types (Continued).....	12
45. Flipped Properties.....	13
46. Warrantable Condominiums	13
47. Transferred Appraisals	13
48. Age of Documents	13
49. Appraisal and Valuation Requirements	13
50. Regulatory Requirements.....	13
51. Escrow HoldBacks	13
52. Non-Arm's Length Transactions	14
53. Non-Arm's Length Transactions (Continued).....	15
54. Continuity Of Obligation.....	15
55. Delayed Financing	15
56. Maximum Loans To One Borro Sold To Investor	15
57. Escrows	15
58. Funding Into The Month	16
59. E-Signature	16
60. Taxes And Hazard Insurance.....	16
61. Pre-Payment Penalties.....	16
62. Lien Position	16
63. Title Insurance.....	16
64. Property/Lien Search Reports.....	17
65. Seasoned Loan Submissions	17
66. Fraud Detection Tools.....	17
67. Enhanced-2 Streamlined Second Lien Appraisal Valuation Summary	18

Enhanced-2 Streamline 2nd Lien Program

MATRIX

Purchase and Rate/Term

Cash-Out Refinance

Credit Grade A+

Credit Score

LTV/CLTV

760+

95*/90

95*/90**/85

740

95*/90

90**/85

720

95*/90

90**/85

700

85

80

680

85

80

Other LTV/CLTV Caps

2nd Home

85

80

2-4 Units

85

80

Maximum Combined Loan amount

\$1,500,000

Max Loan Balance

\$500K

Min loan Balance

\$20K

***95% Purchase/R/T Refi/Cash-Out Refi LTV/CLTV Guidelines Overlays**

****90% Cash-Out Ref LTV/CLTV Guideline Overlays**

- Above overlays only apply when LTV/CLTV is 90.01-95%
- Minimum Credit Score of 760 required for Cash-out Refinance transaction
- Minimum Credit Score of 720 required for Rate/Term Refinance transaction
- Maximum 35% DTI
- Primary Residence only. Single-family, PUDs, and Warrantable Condos only
- Cash-out Refinance transactions require 12 months ownership seasoning

- Above 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.
- Minimum 6 months ownership seasoning required

First Time Homebuyer Guideline Overlays:

Primary Residence only

PRODUCT CODE CE2ND20GSA

Enhanced-2 Streamline 2nd Lien Program

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	QM and 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</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 will not be considered a primary residence or second home and are not 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 and Construction Financing.

Enhanced-2 Streamline 2nd Lien Program

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. • Principal curtailment/principal reductions are not allowed. • 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>
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 required for cash-out transactions > 90% LTV/CLTV. • 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.

Enhanced-2 Streamline 2nd Lien Program

<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"> • Qualify at the higher of the fully indexed rate or the initial note rate plus the periodic adjustment on the fully amortizing Principal & Interest payment during the principal repayment period. <p><u>ARM Full Amortization:</u></p> <ul style="list-style-type: none"> • Qualify at the higher of the fully indexed rate or the initial note rate plus the periodic adjustment. <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>	<ul style="list-style-type: none"> • Qualify using the fully amortized fixed payment.
<p>Eligible First Lien Products (Both Simultaneous and Stand Alone Transactions)</p>	<p>A copy of the <u>First Lien Note</u> 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.

Enhanced-2 Streamline 2nd Lien Program

Ineligible First Lien Products (Both Simultaneous and Stand-Alone Transactions)	Ineligible: <ul style="list-style-type: none"> • First mortgage with a negative amortization feature. • First lien with 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 mortgaged 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. 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). • Agency DU Findings Report 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

Enhanced-2 Streamline 2nd Lien Program

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.
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-Occupant Co-Borrowers. ○ 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 • 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.

Enhanced-2 Streamline 2nd Lien Program

Minimum Tradeline Requirements (Continued)	<ul style="list-style-type: none"> • Borrower’s failing to meet the 3 trade lines criteria but have a minimum of 1 open trade line with 12 months or more reporting history can be considered without exception if the following requirements are met: <ul style="list-style-type: none"> ○ 8 or more trade lines reported and ○ Minimum 7 years of established credit history.
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.
Mortgage Housing History	<ul style="list-style-type: none"> • 0X30 in the past 24 months. • Borrowers must have a fully documented, recent, consecutive, twenty-four-month primary housing history. • If there is a private mortgage holder or the landlord is a private party then 24 months cancelled checks or bank statements are required to verify a satisfactory housing history. • Borrowers without a primary mortgage or rent history in the last twenty-four (24) 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 twenty-four-month housing history is not consecutive and complete. <ul style="list-style-type: none"> ○ The housing history requirement is not required in the following instances: <ul style="list-style-type: none"> ▪ The borrower is a recent college/technical school graduate and has completed school within the last 12 months. Documentation to support graduation must be supplied (Primary residence only) OR ▪ Borrowers who have moved in with family (parents, grandparents, siblings, spouse, children, aunts, and uncles) to save for a new home purchase. The length of time living rent free may not exceed twelve (12) months. A letter of explanation by the Borrower is required and documentation for the months not covered by living rent free must be provided to complete a 24-month history (Primary residence only) OR ▪ Borrowers who own their primary residence free and Evidence property is owned free and clear must be documented in the file. <p>In addition:</p> <ul style="list-style-type: none"> • 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. • If there is a private mortgage holder or the landlord is a private party then 24 months cancelled checks or bank statements are required to verify a satisfactory housing history. • Any payments on a timeshare will be treated as installment debt, regardless of how it is reported on the credit report. • Each contractual delinquency must be considered separately (i.e. a first and second lien). If the first lien and the second lien on a property are delinquent, it would be considered two delinquencies in the credit grade determination of the Borrower.

Enhanced-2 Streamline 2nd Lien Program

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. • Borrowers with multiple bankruptcies are not eligible.
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"> • 7 years from completion date to application date. • Borrowers with multiple foreclosures are not eligible.
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.
Maximum DTI	<ul style="list-style-type: none"> • 43% regardless of DU
Income Documentation	<ul style="list-style-type: none"> • Income documented per DU. • Qualified Mortgage (QM Loans) must meet Appendix Q requirements.

Enhanced-2 Streamline 2nd Lien Program

4506-T and Tax Transcripts	<ul style="list-style-type: none"> • As required by Fannie Mae. • 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 return by the IRS as received; or ○ Evidence that the return was electronically received (must reflect refund or amount owed to IRS); or ○ Evidence of a refund check or payment made.
Business Assets	<ul style="list-style-type: none"> • Not allowed for down payment, cash-to-close, or reserves.
Foreign Income/Assets	<ul style="list-style-type: none"> • Not allowed.
Borrower Required Funds	<ul style="list-style-type: none"> • Borrower must have their own funds for down payment, closing costs, and reserve requirements. • The Borrower must contribute 5% of their own funds to any purchase transaction. • Gift Funds and Gifts of Equity not allowed.
Reserves	<ul style="list-style-type: none"> • Subject Property: <ul style="list-style-type: none"> ○ 3 months PITIA reserves < 90% LTV/CLTV. ○ 6 months PITIA reserves > 90% LTV/CLTV. ○ Reserves are calculated based on the combined first and second lien payment amount. • For other financed properties reserves are calculated as follows: <ul style="list-style-type: none"> ○ 2% of the aggregate UPB if the borrower has one to four financed properties, ○ 4% of the aggregate UPB if the borrower has five to six financed properties, or ○ 6% of the aggregate UPB if the borrower has seven to ten financed properties. • The DU will not correctly calculate reserves; the Underwriter must manually calculate reserve amounts to meet the guideline overlays. • Gift funds may not be used to meet reserve requirements.
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. • Agency 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.

Enhanced-2 Streamline 2nd Lien Program

Property Types (Continued)

- 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.
 - Factory-built housing: includes Mobile, Manufactured, and Modular homes.
 - Condo-hotels.
 - Condo conversion less than 3 years from completion.
 - Co-operatives.
 - Time share units/projects.
 - Motel conversions.
 - Non-warrantable condos.
 - Properties located in a 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:
 - A continuing supply of potable water.
 - A public sewer or certified septic system.
 - Public electricity.
 - Natural or LP gas.
 - Properties appraised "subject to" without a Completion Certificate (Form 1004D).
 - Properties with square footage < 700 feet (eligible with 2 acceptable comparables that are within 100 square feet of subject).
 - Unique housing types: includes 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)
 - Any property with health & safety, habitability or structural issues.
 - Multi-family > 4 units.
 - Properties located in declining markets (as determined by the appraisal, CDA, Enhanced BPO, Clear Valuation, or other third-party valuation performed on the subject property.
 - Properties that are currently listed for sale, or that have been listed for sale in the past six months are ineligible for refinance transactions.
- Note: On stand-alone refinance transactions, the Borrower must certify that that the property has not been listed for sale in the previous six months.**

Enhanced-2 Streamline 2nd Lien Program

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 Agency Warrantable. • The Underwriter must indicate on 1008 that the condo project is Agency Warrantable and type of review completed.
Transferred Appraisals	<ul style="list-style-type: none"> • Not allowed. • FHA/VA appraisals are not allowed.
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

Enhanced-2 Streamline 2nd Lien Program

Non-Arms' Length Transactions

Not Allowed.

- A non-arm's length transaction is a transaction between family members, co-workers, friends or anyone associated with the transaction such as the listing agent, mortgage lender or broker.
- Non-Arms' length transactions are not eligible for purchase except for inherited properties. Examples of non-arm's length transactions include but are not limited to:
 - Relatives: Relatives are defined as individuals related by blood, marriage, adoption, or legal guardianship. Transactions between an individual and their spouse, parent, sibling, grandparent, aunt, uncle, cousin, stepparent or stepchild, regardless of whether the relationship is by blood, adoption, marriage, or legal guardianship are considered non-arm's length. The definition also includes domestic partners and fiancées.
 - A purchase and sale transaction between relatives, including the estate of a deceased family member unless the transaction is a probate sale.
 - A financing transaction between relatives, such as the processing or origination of a Loan for a relative by an employee of Provident Bank Mortgage or the Broker of Record.
 - Parents purchasing and financing a property for a child who then wants to refinance to pay-off the parents.
 - Employer/Employee
 - A purchase and sale transaction between an employer and an employee.
 - A financing transaction between an employer and an employee, including a Loan originated by the Seller for the Seller's employee, contractor, or principal.
 - Landlord/Tenant
 - A purchase and sale transaction between a landlord and tenant, including lease option purchase options.
 - A Financing transaction between a landlord and tenant, such as the processing or origination of a loan for a tenant when the landlord is an employee of the Seller.
 - Home Builders
 - 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 he/she receives a sales commission. This includes a Borrower or a relative of the Borrower.
 - Acting as the property seller's agent under a listing agreement with the seller of the property;
 - Acting as his/her selling agent for a real estate broker;
 - Acting as both the listing agent and as the seller agent (dual representation); and
 - Employed by the Investor acting as the Loan interviewer.

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.

Enhanced-2 Streamline 2nd Lien Program

<p>Non-Arms' Length Transactions (Continued)</p>	<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. <li style="background-color: yellow;">○ Provident Bank Mortgage Employees <ul style="list-style-type: none"> ▪ A Borrower who is employed by Provident Bank Mortgage of the Loan (<u>i.e. no employee loans</u>). ○ Owner Financed <ul style="list-style-type: none"> ▪ The payoff of a loan currently financed by the seller of the property.
<p>Continuity of Obligation</p>	<ul style="list-style-type: none"> ● For Refinance Transactions, there must be a continuity of obligation if there is currently an outstanding lien that will be satisfied through the refinance transaction. Continuity of obligation is met when any one of the following exists: <ul style="list-style-type: none"> ○ At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced; ○ The borrower has been on title and residing in the property for at least 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor; ○ The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC), as long as the borrower was a member of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirements. ○ The borrower has recently inherited, or was legally awarded, the property (divorce, separation or dissolution of a domestic partnership). ● Loans with an acceptable continuity of obligation may be considered either a Cash Out or Limited Cash Out. ● If the borrower is currently on title but is unable to demonstrate an acceptable continuity of obligation, or if there is no outstanding lien against the property, the loan is still acceptable as a Cash Out Refinance, as detailed below: <ul style="list-style-type: none"> ○ If the purchase date is within 6 to 12 months prior to application date and there is no lien, the LTV must be based on the lesser of the original sales price or the current appraised value. ○ If the purchase date is more than 12 months and there is no lien, the LTV may be based on the current appraised value. ○ If there is a lien and the borrower has been on title for at least six (6) months, the LTV is limited to 50%, or the program maximum, whichever is less based on the appraised value.
<p>Delayed Financing</p>	<ul style="list-style-type: none"> ● Not Allowed
<p>Maximum Loans to One Borrower Sold to Investor</p>	<ul style="list-style-type: none"> ● The aggregate dollar amount of all loans sold to the Investor or serviced by Investor may not exceed \$4M.
<p>Escrows</p>	<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.

Enhanced-2 Streamline 2nd Lien Program

Funding Into The Month	<ul style="list-style-type: none"> • Loans that fund/disburse beyond the 10th calendar day of the month are ineligible
E-Signature	<ul style="list-style-type: none"> • E-signatures are permitted solely with respect to the initial disclosures and the initial 1003. • E-Signatures are not allowed on a Power of Attorney (POA).
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 Permitted
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.

Enhanced-2 Streamline 2nd Lien Program

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. <p>Note: Provident Bank Mortgage must provide a sample of each property/lien search report by provider (both prelim and final) and receive Investor's approval in writing prior to submission of any loans.</p>
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	<ul style="list-style-type: none"> • The Underwriter must provide evidence in the loan file that a third-party fraud detection report has been ordered and resolve any red flags, discrepancies, and conflicting information.

Enhanced-2 Streamline 2nd Lien Program

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"> A Uniform Residential Appraisal Report - Fannie Mae form 1004 FHLMC form 70 ("Full Appraisal") 	<ul style="list-style-type: none"> A New Full Appraisal 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		Condominiums require HOA Certification Form
Third Party Review Requirements	Clear Capital Collateral Desktop Analysis with MLS date (CDA)		N/A
Clear Capital Escalation	<ul style="list-style-type: none"> If the CDA returns a value that is $\leq 5\%$ of the Appraised Value, the Appraised Value can be used to establish the LTV/CLTV. If CDA returns a value that is less than the appraised value by $> 5\%$ but $\leq 10\%$ of the Appraised Value, three options are available: <ol style="list-style-type: none"> The CDA value can be used to establish the LTV/CLTV, however the LTV/CLTV maximum is the lower of the program maximum or 70%, whichever is less. A Clear Capital Broker Price Opinion (BPO) and Clear Capital Value Reconciliation of Three Reports may be ordered. In the case where two Appraisals were required, the two Appraisals and the CDA can be used for the Value Reconciliation of Three Reports. The reconciled value determined by Clear Capital will be used to determine LTV/CLTV. A Clear Capital Field Review may be ordered. The lowest value between the Original Full appraisal, Clear Capital CDA, and Clear Capital Field Review will be used to determine LTV/CLTV. If the CDA returns a value that is "indeterminate" or less than the appraised value by $> 10\%$ of the Appraised Value then option 2 must be completed If the Clear Capital CDA returns a value greater than the Appraisal Value, the Appraised Value 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 Appraisal and CDA. The value from the Full Appraisal will be used to establish LTV/CLTV.

Enhanced-2 Streamline 2nd Lien Program
