

HELOAN Second Lien Program Guidelines – Wholesale

Standalone and Combo - Fully Amortizing Only

Effective Date: 12/12/2025

Product Offer					
Plan Description	Occupancy	Margin	Term	Index	Caps
Fully-Amortizing	Primary Residence	3.750%	30-year Amortizing	30-Day Average SOFR	5/1/5
	Second Home	4.250%			
	Investment Property	6.500%			

Standard Eligibility			
Occupancy	Min/Max Loan Amount ¹	Max CLTV ²	Min FICO
	2 nd Deed of Trust Only		
Primary Residence	\$500,000	80%	740
Second Home	\$500,000	75%	700
Investment Property	\$500,000	60%	700

1. Minimum loan amount for pts/fees is \$50,000
2. Maximum CLTV for Condos is 70%.

Product Terms	
Term	30 years (Fixed rate for 7 years and adjustable for 23 years)
Loan Type	Adjustable rate based on Secured Overnight Financing Rate (SOFR)
Footprint (Eligible Counties)	Northern CA Alameda, Contra Costa, Marin, Monterey, Napa, Sacramento, San Francisco, San Mateo, Santa Clara, Santa Cruz and Sonoma, Solano, San Joaquin, Placer, and El Dorado

Underwriting	
General	<ul style="list-style-type: none"> Manual underwriting required to current Fannie Mae (FNMA) manual underwriting guidelines for items not covered in the following guidelines. Any exception to Fremont Bank or FNMA manual underwriting guidelines must be approved based on the "Portfolio Signing Authority Exception Matrix". Any exception not listed in the Portfolio Signing Authority Exception Matrix requires Director of Underwriting or higher review. The eight underwriting criteria must be addressed/documentated and must reflect the borrower's ability to repay (General ATR). – No exceptions Maximum of ten (10) financed properties permitted for Investment Properties Solar agreement is not required if solar panels are indicated on the appraisal but not on the title Any 1st mortgage balance > \$1,500,000 is limited to 60% HCLTV/CLTV without UW Manager approval (Director of Residential Lending Operations can approve up to 80% HCLTV) Zero balance HELOCs that are not indicated on the title do not require verification that they are not attached to the subject property Verification of Mortgage (VOM) is not required on new first mortgages if the mortgage statement and CD are in the file

	<ul style="list-style-type: none"> • An LOE from the property owner is not required when the borrower has a \$0 housing expense, the Fidelity Property Profile confirms no ownership association, and the bank statements show no evidence of housing payments or rent. • Eligible only for 2nd liens (1st liens will fall under the Portfolio ATR program guidelines) • Any HPML loans or loans where the subject property is in a flood zone, require either an existing escrow account for property taxes and insurance to be verified from the 1st mortgage, or for the escrow accounts to be initiated during the loan origination.
Borrowers	Eligible borrower(s) must be a US Citizen, Permanent Resident Alien, or Non-Permanent Resident Alien
Property Types	<p>Eligible Property Types: Single Family Residence (SFR), 2-4 units, PUDs, Condos</p> <p>Ineligible Property Types: Modular Pre-Cut, Panelized Housing, Manufactured Homes, Leasehold Estates, Co-Ops, Condo Hotels</p> <p>Condo/PUD: Limited Review = Verbal verification by Fremont Bank, that the HOA has no pending litigation(s) and the monthly HOA dues (including the date, conversation, person's name, and title verifying info)</p> <ul style="list-style-type: none"> ○ Limited review required ○ Investment properties with CLTV >75% require a condo certification and a Full review
Maximum DTI	<p>Maximum permitted DTI is 48%</p> <ul style="list-style-type: none"> • Non-Occupied properties without insurance cost and not reported on the 1040 Schedule E, use 0.0035 of the unpaid balance for monthly payment • No Delayed financing requirements • Debt paid to zero (account closure not required) and installments, student loans, and non-leased auto loans with less than 10 payments remaining may be excluded from DTI • Co-signed accounts require six (6) consecutive months of verification
Qualifying Payment	1% over the higher of the note rate or the fully indexed rate amortized over 30 years
Income	<ul style="list-style-type: none"> • When tax returns are used to qualify for income, they must be signed or transcripts ordered • Written VOE is not required to have the breakdown of commission or over-time if DTI \leq 45% • Income documentation can be no more than 120 days old from the Note date • A Verbal Verification of Employment (VVOE) must be obtained prior to funding <ul style="list-style-type: none"> ○ VOE may be used in lieu of VVOE if it is dated within 60 days of the note and information from the employer within 45 days of the requested date ○ If any red flags are present on the VOE underwriter may still require a VVOE ○ For 1099 and Schedule C Self-employed borrowers not required to hold a business license the VVOE may be satisfied with signed tax returns. ○ Borrowers employed by a family business may follow self-employment guidelines.

	Salaried	<ul style="list-style-type: none"> Requires the most recent paystub <u>or</u> previous year W-2 or Written VOE
	Retired, Pension and SSI	<ul style="list-style-type: none"> Most recent 1099 or Award letter or proof of current receipt
	Self-Employed	<ul style="list-style-type: none"> 1 year's personal tax returns
	Rental Income	<ul style="list-style-type: none"> 1 year's tax returns, if purchased recently use 75% of the current rental agreement income >4 financed properties do not require a cash flow analysis if the HCLTV \leq 65% ADU rental income is permitted based on Portfolio ATR Guidelines
	Asset Depletion	<ul style="list-style-type: none"> 1-month statement of relevant pages required <p>Note: Verification of assets is required if used as qualifying income</p>
	Other Income	<ul style="list-style-type: none"> Documentation requirements for income not listed above will follow FNMA Seller Guide requirements
Assets/Reserves	<ul style="list-style-type: none"> No assets/reserves required. If layered exceptions exist, assets may be required. 	
Credit History	<ul style="list-style-type: none"> Credit Report may be no more than 120 days old from the Note date All borrower(s) must have a valid FICO score – The lowest middle score will be used for qualifying purposes VOM is not required for new 1st mortgages if the new mortgage statement and CD are in the file LOE for non-mortgage and non-auto related inquiries is not required if DTI is \leq 45% Properties owned free and clear can use Schedule E as verification Properties listed on the credit report that are not documented on the 1003 require an LOE if within the last 12 months Accounts past due must be paid current prior to the loan closing or through the proceeds of the loan at closing Permissible Disputed Accounts are Revolving and medical accounts that total \leq \$2,000 Collection accounts meeting FNMA Selling Guide exclusions may be excluded An LOE is not required for addresses listed on the credit report but not on the URLA Real Estate Owned section, if a Fidelity Property Profile report confirms the borrower has no ownership or association with the property. 	
Credit History	<ul style="list-style-type: none"> An LOE is not required for name variations on the credit report if the borrower has an existing relationship with the Bank, the variations were previously addressed with an LOE or AKA form in a prior file, and no new name variations are present. An LOE for credit inquiries is not required when a UDM report is ordered, unless a new inquiry appears at funding and the borrower didn't address it on the UDM attestation signed at closing. 	

	<u>Derogatory Credit Seasoning Requirements</u>			
	Mortgage Lates	Deed-in-lieu/Short Sale	Bankruptcy (Chapter 7, 11 & 13)	Foreclosure
	0X30X12 on any mortgage No exceptions permitted for >2X30 or 1X60 in 12-months	Minimum 2 years	Minimum 4 years	Minimum 7 years (4 years - if included in BK)
	<ul style="list-style-type: none"> Seasoning is from the discharge or dismissal date to the application date Borrower(s) must have re-established credit 			
Appraisal	<ul style="list-style-type: none"> PIW or ACE are not permitted Desk Evaluation - Line amount \leq \$400,000 and/or \leq80% HCLTV Full Appraisal - > \$400,000 			
Title	<ul style="list-style-type: none"> Solar liens cannot affect Fremont Bank's lien position 2nd lien require ALTA Junior Loan Policy or ALTA Short Form Title Policy <p>Properties held in Trust</p> <ul style="list-style-type: none"> Existing Fremont Bank 1st lien - a copy of the Certificate of Trust Preparation Form from the 1st mortgage is acceptable with: <ul style="list-style-type: none"> Confirmation the trust is not irrevocable Confirmation no changes have been made to the trust since the 1st lien Certificate of Trust was completed Certificate of Trust to be signed and notarized at closing No existing Fremont Bank 1st lien - Certificate of Trust Preparation Form is required 			