

Home Equity Line of Credit (HELOC) Combo Program Guidelines - Wholesale

HELOC 360 and HELOC Interest-Only

Effective Date 1/18/2024

Fremont Bank Agency 1st and HELOC Combo Eligibility

Occupancy	Max 2 nd Line Amount ⁴ <small>(Min. \$20,000 & NOO \$50,000)</small>	Max HCLTV ⁶	Minimum FICO	Maximum HELOC DTI
Primary Residence <small>Purchase</small>	\$225,000	85% ¹	740	50%
	\$225,000	75% ¹	720	
Primary Residence & Second Home <small>Purchase or Refinance</small>	\$500,000	80%	740	
	\$500,000	75%	700	
Investment Property <small>Purchase or Refinance</small>	\$500,000	60%	700	

1. Concurrent transactions only closing with a Fremont Bank Agency 1st mortgage and the greater of the AUS findings or **6 months PITIA** reserves.
Note: HELOC will follow the 1st mortgage Agency credit and income documentation guidelines unless otherwise noted.

Fremont Bank Portfolio ARM and HELOC Combo Eligibility¹

Occupancy	Max 1 st Mortgage ³ <small>(Min. \$100,000)</small>	Max 2 nd Mortgage ⁴ <small>(Min. \$20,000 & NOO \$50,000)</small>	Max LTV	Max HCLTV ⁶	Min FICO	Max HELOC DTI	Max Cash-out
Primary Residence² <small>Purchase Only</small>	\$1,875,000	\$250,000	75%	80%	740	48%	N/A
	\$1,875,000	\$250,000	75%	75%	720		
Primary Residence <small>Purchase or Refinance</small>	\$1,500,000	\$500,000	80% ⁵	80% ⁵	740	50%	\$500,000 <small>2nd lien excluded if seasoned > 6 mos.</small>
	\$2,000,000	\$500,000	75%	75%	700		
	\$2,500,000	\$500,000	70%	70%	720 for Port ARM I/O Option		
Second Home <small>Purchase or Refinance</small>	\$1,000,000	\$500,000	75%	75%			
	\$2,500,000	\$500,000	70%	70%			
Investment Property <small>Purchase or Refinance</small>	\$1,500,000	\$500,000	60%	60%			

1. Non-occupant Co-Borrower(s) not permitted
2. HCLTV >70% require only permitted on Detached 1-unit SFR and PUD property types, and only available for the fully amortizing products.
3. Max loan amount for Condominiums is \$1,000,0000
4. Maximum combined financing allowed is not to exceed \$3,500,000 between the 1st mortgage and HELOC
5. Cash-out refinance transactions maximum LTV/HCLTV is 75%
6. Maximum HCLTV for Condos is 70%

Note: HELOC will follow Fremont Bank Portfolio ARM Eligibility guidelines for credit, income, and reserves requirements unless otherwise noted.
 Portfolio ARM Eligibility Guidelines are [here](#).

Product Terms	
Term	HELOC 360: 30 years (10-year draw period & 20-year repayment) HELOC Interest Only: 25 years (10-year draw period & 15-year repayment)
Loan Type	Adjustable Rate based on Wall Street Journal Prime (WSJ Prime)
Introductory Rate	Available for initial draw and subsequent draws taken during the first six (6) months from account opening. Only available for Combo Refinance transactions (Purchase combo ineligible) Note: See rate sheet for current offer details
Minimum Payment	HELOC 360 Draw Period: Principal amortized over 30 years or remaining term plus periodic finance charges Repayment Period: Principal over 20 years or remaining term plus periodic finance charges HELOC Interest Only Draw Period: Interest-only payments over a 10-year draw period Repayment Period: Principal balance over a 15-year or remaining term plus periodic finance charges
Life Cap/Floor Rate	18% / 3.99% (5.99% for NOO)
Annual Fee	\$75.00 after the first year (See rate sheet for current promotions, if applicable)
Set-Up Charge	\$95.00 (See rate sheet for current promotions, if applicable)
Early Closure Fee	\$500.00 for line amounts \geq \$25,000 if voluntarily terminated in first 3 years
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 Southern CA Los Angeles, Orange, San Diego, San Luis Obispo, Santa Barbara, Ventura, and Riverside
Underwriting	
General	<ul style="list-style-type: none"> Concurrent transactions will follow the 1st mortgage income and credit documentation requirements unless otherwise noted Manual underwrite required to current Fremont Bank Portfolio ARM Guidelines or FNMA manual underwriting guidelines including any items not covered. Any exceptions to the matrix/guidelines or FNMA manual underwriting guidelines must be submitted to Fremont Bank for review and approval by ROLC. ATR underwriting criteria must be addressed/documented and must reflect the borrower(s) ability to repay. No exceptions Maximum of ten (10) financed properties permitted for Investment Properties Any 1st mortgage balance > \$1,500,000 is limited to 60% HCLTV without UW Manager approval (Director of Residential Lending Operations reporting to the SVP of Residential Lending Operations can approve up to 80% HCLTV) No Delayed financing requirements

Underwriting Cont.

Borrowers	<ul style="list-style-type: none"> Eligible borrower(s) must be a US Citizen, Permanent Resident Alien, or Non-Permanent Resident Alien Continuity of obligation – All borrower(s) must be vested by Funding 										
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>										
DTI Calculation	<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 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 										
Qualifying Payment	<p>HELOC 360 – Higher of the start rate or floor rate, plus (+) 2.00% amortized over 20 years</p> <p>HELOC Interest Only – Higher of the start rate or floor rate, plus (+) 3.75% amortized over 15 years</p>										
Income	<ul style="list-style-type: none"> HELOC requirements follow the 1st mortgage guidelines unless otherwise noted below Portfolio ARM guidelines require Full Documentation covering the most recent 2 years Executed 4506C required for all borrowers Portfolio ARM guidelines require 4506C with personal 1040 transcripts for all borrowers A Verbal Verification of Employment (VVOE) must be obtained prior to funding Income documentation can be no more than 120 days old from the Note date 										
Assets/Reserves	<ul style="list-style-type: none"> HELOC requirements follow the 1st mortgage guidelines unless otherwise noted below Non-liquid reserves not permitted for reserves verification PITIA includes Principal, Interest, Taxes, Insurance, and Association Dues PITIA is calculated using the new note rate <p style="text-align: center;">Portfolio ARM Combo</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 30%;">Loan Amount/LTV</th> <th>Reserves Requirements</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><\$2,500,000</td> <td style="text-align: center;"> Owner Occupied/Second Home – 6 months Investment¹ and/or Interest only – 12 months Owner Occupied, > 760 FICO, < 60% LTV/HCLTV, < 38% DTI – Zero months verified² </td> </tr> </tbody> </table> <p style="font-size: small;">1. Non-owner loans with > 5-10 Financed Properties - Additional 6 months' reserves required.(> 10 financed properties require ATP and an additional 12 months of reserves)</p> <p style="text-align: center;">Agency First Combo</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">HCLTV</th> <th>Reserves Requirements</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">> 80 HCLTV</td> <td style="text-align: center;">Greater of AUS findings or 6 months PITIA</td> </tr> <tr> <td style="text-align: center;">≤ 80% HCLTV</td> <td style="text-align: center;">Follow AUS Findings</td> </tr> </tbody> </table>	Loan Amount/LTV	Reserves Requirements	<\$2,500,000	Owner Occupied/Second Home – 6 months Investment ¹ and/or Interest only – 12 months Owner Occupied, > 760 FICO, < 60% LTV/HCLTV, < 38% DTI – Zero months verified²	HCLTV	Reserves Requirements	> 80 HCLTV	Greater of AUS findings or 6 months PITIA	≤ 80% HCLTV	Follow AUS Findings
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Underwriting Cont.

Credit History	<ul style="list-style-type: none"> FICO score required for all borrowers – Lowest middle score used for qualifying purposes Lender requires payment history for each residential mortgage or rental history, including accounts that do not appear on the credit report No late payments on any existing mortgage in the last 12 months. Exceptions may be considered based on strong compensating factors and circumstances of the late mortgage payment(s). However, exceptions will not be allowed if lates are > 2x30 or 1x60 in the last 12 months. <p>The following is identified as derogatory credit and no exceptions are permitted:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; padding: 5px; text-align: center;"> Deed-in-lieu/Short Sale <hr style="width: 80%; margin: 0 auto;"/> <p>Minimum 2 years</p> </td> <td style="border: 1px solid black; padding: 5px; text-align: center;"> Bankruptcy (Chapters 7, 11 & 13) <hr style="width: 80%; margin: 0 auto;"/> <p>Minimum 4 years</p> </td> <td style="border: 1px solid black; padding: 5px; text-align: center;"> Foreclosure <hr style="width: 80%; margin: 0 auto;"/> <p>Minimum 7 years (4 years, if included in BK)</p> </td> </tr> </table> <ul style="list-style-type: none"> Seasoning is from the discharge, dismissal, or completion date to the application date, and borrower(s) must have re-established credit No previous derogatory credit permitted for investment properties with an interest-only option regardless of the waiting period 	Deed-in-lieu/Short Sale <hr style="width: 80%; margin: 0 auto;"/> <p>Minimum 2 years</p>	Bankruptcy (Chapters 7, 11 & 13) <hr style="width: 80%; margin: 0 auto;"/> <p>Minimum 4 years</p>	Foreclosure <hr style="width: 80%; margin: 0 auto;"/> <p>Minimum 7 years (4 years, if included in BK)</p>
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Appraisal	<ul style="list-style-type: none"> Follow the 1st lien appraisal requirements for concurrent transactions unless the value is based on PIW or ACE, in which case a Full Appraisal is required Internal Desk Review is required on loans outside of Fremont Bank’s footprint and loans amounts ≥ \$1,500,000 Fremont Bank to order all appraisals – transferred appraisals to Fremont Bank may be allowed, if reviewed and approved by the Banks Chief Appraiser or designee 			
Title	<ul style="list-style-type: none"> Solar liens cannot affect Fremont Bank’s lien position Portfolio ARM/HELOC Program requires a Full ALTA Lenders Title Policy GSEs allows Short Form Title Policy from approved title companies (follow AUS findings) 			