

Program Description – Bank Statements as Alternative Income Documentation

Valere Voltage offers loans to Applicants utilizing an analysis of deposits into bank statements rather than through traditional income documentation. Loans in this program must meet ATR as defined in section 1026.43. This program is designed for Applicants who are sound credit risks based on a common sense approach to underwriting.

Highlights include the following:

- Loan amounts up to \$3MM
- Interest only available with 30 or 40 year term
- DTI up to 50 allowed
- Credit scores down to 620
- Recent Credit Events Allowed
- All occupancy types allowed
- 5/6, 7/6 and 10/6 ARM, 15, 30, and 40 FRM (40 year term IO only)
- Multiple financed properties allowed
- Multiple bank statement qualification options

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE														
Primary Residence					Second Home					Investment Property				
FICO	LTV*	CLTV*	Loan Amount	DTI	FICO	LTV	CLTV	Loan Amount	DTI	FICO	LTV	CLTV	Loan Amount	DTI
740	90%	90%	\$ 1,000,000	43	720	75%	75%	\$ 2,500,000	50	720	75%	75%	\$ 2,500,000	50
720	80%	80%	\$ 3,000,000	50	680	70%	70%	\$ 2,500,000	50	680	70%	70%	\$ 2,500,000	50
	85%	85%	\$ 1,500,000	50		80%	80%	\$ 2,000,000	50		80%	80%	\$ 2,000,000	50
700	75%	75%	\$ 3,000,000	50	660	70%	70%	\$ 2,000,000	50	660	70%	70%	\$ 2,000,000	50
	85%	85%	\$ 1,000,000	50		75%	75%	\$ 1,000,000	50		75%	75%	\$ 1,000,000	50
680	75%	75%	\$ 2,500,000	50	640	60%	60%	\$ 1,500,000	50	640	60%	60%	\$ 1,500,000	50
	80%	80%	\$ 2,000,000	50		65%	65%	\$ 1,000,000	50		65%	65%	\$ 1,000,000	50
660	80%	80%	\$ 1,500,000	50										
640	70%	70%	\$ 2,000,000	50										
620	65%	65%	\$ 1,500,000	50										
	75%	75%	\$ 1,000,000	50										

*Rate and Term Refi: Max 80 LTV

CASH-OUT REFINANCE														
Primary Residence					Second Home					Investment Property				
FICO	LTV	CLTV	Loan Amount	DTI	FICO	LTV	CLTV	Loan Amount	DTI	FICO	LTV	CLTV	Loan Amount	DTI
720	70%	70%	\$ 2,500,000	50	680	75%	75%	\$ 2,000,000	50	680	75%	75%	\$ 2,000,000	50
	75%	75%	\$ 2,000,000	50		65%	65%	\$ 2,500,000	50		65%	65%	\$ 2,500,000	50
	80%	80%	\$ 1,500,000	50		70%	70%	\$ 2,000,000	50		70%	70%	\$ 2,000,000	50
680	65%	65%	\$ 2,500,000	50	660	75%	75%	\$ 1,000,000	50	660	75%	75%	\$ 1,000,000	50
	70%	70%	\$ 2,000,000	50		65%	65%	\$ 2,000,000	50		65%	65%	\$ 2,000,000	50
	75%	75%	\$ 1,000,000	50		70%	70%	\$ 1,000,000	50		70%	70%	\$ 1,000,000	50
660	65%	65%	\$ 2,000,000	50	640	65%	65%	\$ 1,000,000	50	640	65%	65%	\$ 1,000,000	50
	70%	70%	\$ 1,000,000	50										
620	60%	60%	\$ 1,500,000	50										
	65%	65%	\$ 1,000,000	50										

Max CO Proceeds: No limit up to 70 LTV, \$500k above 70 LTV

Eligibility Types

Applicants

- US Citizen
- Permanent Resident Alien
- Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN
- First time home buyer-[see Housing Payment History guideline below](#)
- Non-Occupant Co-Applicants-[see Underwriting Guidelines](#)

Ineligible Applicants

- Irrevocable Trust
- Diplomatic immunity

	<ul style="list-style-type: none"> Applicants with any ownership in a business that is Federally illegal, regardless of if the income is not being used for qualifying may be considered on exception basis
Eligible Occupancy	<ul style="list-style-type: none"> Primary, Second Home, and Investment Properties
Property Types	<ul style="list-style-type: none"> 1-4 unit attached and detached properties Warrantable Condos Non-Warrantable Condos allowed with a pricing adjustment-see Underwriting Guidelines for permissible NW features (max 75 LTV) PUDs Mixed use properties-see Underwriting Guidelines
Ineligible Property Types	<ul style="list-style-type: none"> Properties with more than 10 acres See Underwriting Guidelines for full list of unacceptable property types
Eligible Transactions	<p>Purchase, including non-arm's length transactions-see Underwriting Guidelines</p> <p>Rate and Term Refinance</p> <ul style="list-style-type: none"> No title seasoning required Payoff of first and second, where the second is seasoned >6 months and not drawn >\$5,000 in 12 months preceding application date unless the second was used in full to purchase the property Buyout accompanied by an executed buyout agreement If loan being paid off was closed in the 12 months preceding the application date and was a cash out transaction, the loan will be treated as cash out. Recoupment of funds expended to purchase a property acquired for cash within the 6 months prior to application date is considered to be a Technical Refinance: <ul style="list-style-type: none"> Recoupment of gift funds is not allowed under this guideline. Cash out may not exceed Applicant's documented investment See Underwriting Guidelines for additional details and limitations <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> Refinances which do not fit into the rate and term guidelines are deemed to be cash out A refinance of a loan which was a cash out in the preceding 12 months will be considered a cash out refinances. Six months title seasoning required for cash out refinances. No limit to maximum cash out with LTV up to 70, \$500K for LTV above 70 Value to be utilized must be supported-see Underwriting Guidelines
Credit Requirements	
Trade Lines	Each Applicant must have three trade lines and a credit history covering 24 months. One trade line must have been active within the last 6 months. At least one trade line must be seasoned 24 months. The same trade line may be used to cover both the 24 month history and active requirement. The trade lines do not need to be open. If an Applicant's spouse is the only Co-Applicant listed, only one Applicant is required to meet this guideline. See Underwriting Guidelines for more details and alternatives.
Credit Score	<ul style="list-style-type: none"> Credit scores allowed down to 620, subject to loan amount and LTV restrictions Use the lowest middle score for pricing and guideline purposes.
Housing Payment History	<p>Housing payment history no greater than 1x30x12 for all mortgages/rental verifications. Note that 1x30x12 may carry a pricing adjustment and is limited to max 80 CLTV.</p> <p>First Time Home Buyer (FTHB)</p> <p>For standard guideline eligibility, Applicant must be able to document a complete 12 month rental history within the last three years preceding the application showing 0x30 over the 12 month</p>

	<p>period. The payment history must be documented in accordance with the Underwriting Guidelines.</p> <p>Applicants who cannot document an acceptable and complete 12 month rent payment history as described above are allowed on primary residence transactions at a maximum 80 LTV. The payment shock guideline does not apply. Gifted funds are allowed up to 70 LTV and when gifted funds are used the Applicant must contribute 10% of the purchase price from own funds. Any payment history the Applicant does have must be documented in accordance with the Underwriting Guidelines.</p>
Significant Credit Events	<p>Applicants with any of the following major credit events (bankruptcy, foreclosure, short sale, modification, short pay, or deed in lieu of foreclosure) are subject to the below requirements, measured from event completion date or discharge/dismissal date to the note date:</p> <p>Credit Event other than a Foreclosure:</p> <ul style="list-style-type: none"> • 0-2 years removed: Not Eligible • 2-4 years removed: Max 75 LTV, max \$1.5MM loan size • >4 years removed: Standard Guidelines <p>Foreclosure:</p> <ul style="list-style-type: none"> • 0-2 years removed: Not Eligible • 2-4 years removed: Max 70 LTV, max \$1.5MM loan size • >4 years removed: Standard Guidelines <p>Additional Guidelines:</p> <ul style="list-style-type: none"> • Active NOD or Lis Pendens not allowed. An historic NOD or Lis Pendens is not against guidelines, however the underlying event will be evaluated against the Significant Credit Event and Housing Payment History requirements guidelines. • Judgment/Tax Lien: May remain open under certain circumstances-see Underwriting Guidelines • Collections/Charge-Offs: May be excluded if individually less than \$2,500 or in aggregate less than \$10,000. Any that are greater which may affect title must be paid off prior to or at closing. Medical collections are excluded from this requirement regardless of amount.
Income and Assets	
DTI	<p>Maximum DTI:</p> <ul style="list-style-type: none"> • LTV up to 85: 50.000 • LTV above 85: 43.000
Applicant Eligibility	<p>Applicants generally must have been self-employed for at least two years. A CPA, EA, or licensed tax preparer letter or equivalent document verifying self-employment must be provided in all cases. The most recent bank statement in file must be no more than 120 days old at note date. At underwriter's discretion, current business existence and operations may be re-verified prior to closing and updated bank statements may be required.</p>
Documentation Requirements & Calculation Methods	<p>Personal Bank Statements</p> <p>Provide the most recent 12 or 24 months of personal bank statements. Evaluate deposits to verify that they are part of Applicant's income stream. Transfers from the Applicant's business account may be utilized. Any that are abnormal to Applicants typical deposits must be sourced/documented to be considered as part of income. Total all eligible deposits and divide by number of statements provided to determine monthly income. Provide the most recent 3 months of business statements to verify that income is coming from Applicant's business. Transfers from only one account are allowed. Transfers between personal accounts are not</p>

	<p>considered income. An applicant who provides personal statements but does not meet the above outlined criteria will have their statements treated as business statements.</p> <p>Business Bank Statements Provide the most recent 12 or 24 months of business bank statements. Multiple accounts may be used, however the same calculation method must be applied across all accounts provided. The Applicant(s) combined must own 25% or more of the business to utilize business bank statements.</p> <p>Method 1 Uniform Expense Ratio Multiply eligible deposits received by a 50% expense ratio. Multiply result by Applicant's ownership percentage and divide by number of statements provided. So long as this expense ratio is reasonable to Applicant's line of work and Applicant qualifies, no further information is required. Any abnormal deposits will need to be sourced and documented.</p> <p>Method 2 Profit and Loss Statement Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the period of bank statements provided. As long as business statements support eligible deposits of at least 75% of the gross receipts listed on the P&L, use the net income on the P&L for qualifying based on the Applicant's pro-rata share of ownership. Any abnormal deposits will need to be sourced and documented. Income utilized to qualify must be reasonable based on the Applicant's line of work.</p> <p>Method 3 CPA Letter for Expense Ratio Provide a letter from Applicant's CPA, EA, or licensed tax preparer stating the business' expense ratio based on the most recent year's tax return. The letter may not include any exculpatory language. Multiply the expense ratio by the business' total deposits over the period shown on bank statements. Deduct that figure from the total deposits. Multiply net deposits by the Applicant's pro-rata ownership percentage and divide by the number of statements provided. Income utilized to qualify must be reasonable to the Applicant's line of work. Income utilized to qualify must be reasonable based on the Applicant's line of work.</p> <p>All Methods: Comingled accounts will be treated as business accounts for purposes of determining income.</p> <p>NSFs/Overdrafts: Excessive NSF/Overdraft occurrences may require explanation from the Applicant. See Underwriting Guidelines for additional detail.</p> <p>Income trend: Bank statements should show a stable or increasing trend. If the trend is declining and/or irregular, additional documentation may be required at underwriter's discretion.</p>
<p>Co-Applicant Options</p>	<p>Full documentation from a Co-Applicant who is not self-employed may be used to supplement bank statement. See full documentation guidelines for additional information on acceptable sources. Taxable income is counted on a "gross" amount regardless of the net deposit shown on bank statements.</p>

<p>Other Income Sources</p>	<p>Rental Income Utilize 75% of the current lease income less PITIA on a net basis. Document receipt of rental income. Rental income may not be used to qualify on a vacant unit, except on the subject property on a purchase transaction.</p> <p>Other Income Sources Applicants who have supplemental income sources may utilize them to qualify provided the history of receipt and continuance requirements under the full documentation guidelines are met. The Applicant utilizing 1099 income must still earn the majority of their income from activity calculated via 1099s and the applicable expense ratio. The acceptable supplemental income sources are limited to: social security, pension, alimony, child support, asset distribution/utilization, and second job income.</p>
<p>Asset Accounts</p>	<ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 80% of face value for non-retirement asset accounts • Use 70% of retirement assets if Applicant is under 59.5, 80% if over • If Applicant is liquidating funds, document liquidation and end balance • 1031 exchanges eligible for investment properties-see Underwriting Guidelines • Business funds may be used provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount of funds that may be utilized is based on the Applicant's percentage of ownership. One of the following must be provided: <ul style="list-style-type: none"> ○ A letter from Applicant's CPA, EA, or licensed tax preparer stating that the Applicant(s) may access the business funds and that the withdrawal will have no adverse impact; or ○ A cash flow analysis completed by underwriting-see Underwriting Guidelines • Cash out proceeds MAY be used to meet the reserve requirement at a maximum 75 LTV • Eligible cryptocurrency may be used but requires liquidation of proceeds for reserves or funds to close. See Underwriting Guidelines for allowable types of cryptocurrency and requirements.
<p>Gifted Funds</p>	<ul style="list-style-type: none"> • Gift funds are allowed for funds to close. A 5% contribution from Applicant's own funds is required on primary or second homes and a 10% on investment properties). No minimum Applicant contribution is required for primary residences with an LTV <=80 except as otherwise specified. • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-see Underwriting Guidelines. • Gifts of equity are allowed, max 75 LTV. No applicant contribution is required on a primary residence or a second home. Not allowed on investment properties.
<p>Liabilities</p>	
<p>Alimony/Child Support</p>	<p>Alimony may be deducted from income rather than included as a liability, provided the alimony payments are tax deductible to the payor. Otherwise, include as a liability. Child support must be included as a liability.</p>
<p>Installment Debt</p>	<p>Installment loans must be included in the DTI. Installment debt with less than 10 months' worth of payments remaining may be excluded from DTI, as long as the Applicant has the assets to make the remaining payments. Applicants may pay down the debt such that the remaining balance is less than the sum of 10 months' worth of payments. The assets used must be sourced. Loans secured by financial assets (margin loan, 401(K) loan, etc.) do not need to be included in the DTI provided the asset balance exceeds the loan balance.</p>
<p>Other Highlights</p>	

<p>Appraisal / Valuation</p>	<p><u>Purchases:</u></p> <ul style="list-style-type: none"> • Loan amount up to \$2MM, one appraisal required • Loan amount over \$2MM, two appraisals required <p><u>Refinances:</u></p> <ul style="list-style-type: none"> • Loan amount up to \$1.5MM, one appraisal required • Loan amount from \$1.5MM to \$2MM with <=70 LTV, one appraisal required • Loan amount from \$1.5MM to \$2MM with >70 LTV, two appraisal required • Loan amount over \$2MM, two appraisals required <p>In instances where one appraisal is required, said appraisal must have a CU score less than or equal to 2.5. If the CU score exceeds 2.5 or is unavailable, a CDA with a variance less than 10% is required. Loan amounts above \$1.5MM and up to \$2MM may not utilize the CU score in lieu of obtaining a CDA. A CDA is required if LTV>80 regardless of CU score. Additional appraisal due diligence may be required at the discretion of underwriting.</p> <ul style="list-style-type: none"> • <u>Purchase:</u> lesser of purchase price or appraised value • <u>Refinance (all types):</u> For all transactions where the property is owned less than six months as of the application date, use the lesser of purchase price plus documented improvements or market value. For properties owned six to twelve months as of the loan's application date, the current value may be utilized provided the increase in value over the period of ownership is acceptably justified and supported by the appraiser and by a CDA. Increases >25% of the purchase price plus documented improvements must be acceptably explained by the Applicant. If owned more than 12 months as of the application date, use market value.
<p>Geographic Eligibility</p>	<p>Based on originator's licensure. NY subprime loans allowed provided the loan's APR does not exceed the applicable benchmark rate by more than 250 basis points. See Underwriting Guidelines for additional information.</p> <p>Restrictions:</p> <ul style="list-style-type: none"> • Texas CO Refinances-see <u>Underwriting Guidelines</u> • Puerto Rico is not eligible at this time
<p>Reserves Required</p>	<ul style="list-style-type: none"> • Loan amount up to \$1MM: 6 months PITIA • Loan amount above \$1MM and up to \$2MM: 9 months PITIA • Loan amount above \$2MM and up to \$3MM: 12 months PITIA • Other real estate owned: 2 months of each property's PITIA • First Time Home Buyer Payment Shock >350% and LTV >70: additional 3 months PITIA
<p>Title Vesting</p>	<ul style="list-style-type: none"> • Individual names as joint tenants, community property, or tenants in common • Living trusts meeting FNMA's requirements • Blind Trusts-see <u>Underwriting Guidelines</u> • Limited Liability Corporations-see <u>Underwriting Guidelines</u> • Partnerships/Corporations-see <u>Underwriting Guidelines</u>
<p>ARM Terms</p>	<ul style="list-style-type: none"> • Margin = 4.250% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor Rate = Note Rate • Adjustment Period = 6 Months
<p>Interest Only</p>	<p>Interest Only features are allowed on ARMs and FRMs. The IO period is 10 years. Maximum LTV of 80 and min FICO of 680 for a loan with an IO feature. 40 year term is not eligible on 5/6 ARM</p>
<p>Qualifying Payment</p>	<p>To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified):</p>

Voltage

Bank Statement



	<ul style="list-style-type: none">• Fixed Rate: Utilize the start rate over the amortizing term• Amortizing ARM: Utilize the greater of the start rate or the index plus margin, amortized over full term of the loan• FRM/ARM with IO Feature: Utilize the greater of the start rate or the index plus margin, with a payment calculated based on the remaining term of the loan after the end of the IO period.
Prepayment Penalty	Prepayment penalties may be placed on investment properties where allowed by state and federal law. See the Prepayment Penalty Supplement for information on requirements and allowances.
Min/Max Loan Amounts	Minimum: \$100,000 Maximum: \$3MM (Purchase/Rate and Term Refinance), \$2.5MM (Cash Out Refinance)