

Program Description – Loans to Qualified Foreign National Borrowers

Valere Voltage is offering loans to foreign national borrowers utilizing either liquid assets or rental income on subject second homes investment properties for qualification. Loans in this program are required to either meet or be exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans. This program is designed for borrowers who are sound credit risks based on a common sense approach to underwriting.

Highlights include the following:

- Loan amounts up to \$2.5MM
- Interest only feature available with no reduction to LTV
- No US credit score or history required
- 5/6, 7/6, 10/6 ARM, 15 Year Fixed and 30 Year Fixed
- Multiple financed properties allowed
- Non-warrantable condos may be considered

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE			
Foreign National			
FICO	LTV*	CLTV*	Loan Amount
680	65%	65%	\$ 2,500,000
	70%	70%	\$ 2,000,000
	75%*	75%*	\$ 1,000,000
660	65%	65%	\$ 2,000,000
	70%	70%	\$ 1,000,000
620	55%	55%	\$ 2,000,000
	60%	60%	\$ 1,000,000

If no US FICO, use 680 for guideline purposes

Asset Qualifier: Purchase transactions only

*Rate/Term Refinance: Max 70 CLTV

CASH-OUT REFINANCE			
Foreign National			
FICO	LTV	CLTV	Loan Amount
680	60%	60%	\$ 2,500,000
	65%	65%	\$ 2,000,000
660	60%	60%	\$ 2,000,000
	65%	65%	\$ 1,000,000
620	50%	50%	\$ 2,000,000
	55%	55%	\$ 1,000,000

If no US FICO, use 680 for guideline purposes

Max CO Proceeds: No limit

Asset Qualifier: Purchase transactions only

Eligibility Types

Borrowers	Eligible Foreign Nationals-see Underwriting Guidelines
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Ineligible Applicants	<ul style="list-style-type: none"> • Irrevocable Trust • Diplomatic immunity • Applicants with any ownership in a business that is Federally illegal, regardless of if the income is not being used for qualifying
Visa Requirements	<p>Must be able to legally enter the US, no defined length of stay required</p> <p>Eligible visa types:</p> <ul style="list-style-type: none"> • B1, B2, E, G, H, L, O, P, and TN
Eligible Occupancy	Second Homes 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 • PUDs
Ineligible Property Types	<ul style="list-style-type: none"> • Mixed use properties • Properties with more than 2 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 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 transactions, 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 refinance • Six months title seasoning required for cash out refinances • Max cash out allowed: No limit • Value to be utilized must be supported-see Underwriting Guidelines
Credit Requirements	
Trade Lines/Credit	Any Applicant who has a social security must have a US credit report obtained and payment history analyzed. Foreign credit and payment histories do not need to be verified.

Credit Score	No US credit score required, but if one available it must be utilized in underwriting and pricing.
Housing Payment History	Housing payment history no greater than 1x30x12 for all US mortgages/rental verifications- <u>See Underwriting Guidelines</u> . Foreign mortgage and rental references do not need to be verified.
Significant Credit Events	<p>Applicants with any of the following major credit events in the US (bankruptcy, foreclosure, modification, short sale, short pay, or deed in lieu of foreclosure) in the most recent four year period measured from event completion date or discharge/dismissal date to the note date are subject to the below limitations:</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. If greater, must be paid off prior to or at closing. Medical collections are excluded from this requirement regardless of amount.
Income and Assets	
Qualification Methods (Method One Asset Qualifier)	For purchase transactions only, the Applicant must document 150% of the subject mortgage amount as post-closing liquidity. All other Asset Qualification guidelines must be met, including minimum documentation requirements and residual income requirements. Asset Qualification may not be utilized on refinance transactions.
Qualification Methods (Method Two DSCR)	<p>Borrowers may be qualified using DSCR. The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property. The DSCR must meet or exceed 1.000. Rental management experience is not required.</p> <p>Determination of rents</p> <p>Purchase:</p> <ul style="list-style-type: none"> • Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, provide the leases in place. • If vacant, 100% of the market rents may be utilized. <p>Refinance:</p> <ul style="list-style-type: none"> • Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, Applicant must provide leases in place. • If the property is leased for more than the appraiser’s opinion of market rents, the lease amount may be used provided the lease will continue for at least six months after the note date and the two months of rents due prior to the application date are documented as received timely. • If vacant, 100% market rents may be utilized.

	<ul style="list-style-type: none"> If short term rents exceeding the market rents are utilized to qualify, the below guidelines apply: <ul style="list-style-type: none"> Rents to be average over 12 months preceding application, and Gross rents may not be declining more than 10% 6 months over 6 months
Asset Accounts	<ul style="list-style-type: none"> Use 100% of cash and cash equivalents Use 80% of face value of for marketable securities Use 70% of retirement assets if borrower is under 59.5, 80% if over If borrower is liquidating funds, document liquidation and end balance 1031 exchanges eligible for investment properties-see Underwriting Guidelines Cash out proceeds may be used to meet the reserve requirement Funds for closing (and reserves, unless held in an Approved Institution) must be moved to the US prior to closing and documented-See Underwriting Guidelines 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
Gifted Funds	<ul style="list-style-type: none"> Gift funds are allowed for funds to close only. Gifted funds may not be used for reserves. The Applicant must contribute 10% of the purchase price from their own funds. Gifts must be documented in compliance with FNMA requirements and be from immediately family members-see Underwriting Guidelines Gifts of equity allowed
Liabilities	
Foreign Liabilities	Foreign liabilities do not need to be counted. The only liabilities that need to be addressed as described in this section are US liabilities.
Alimony/Child Support	Alimony and child support are included part of the applicant's debt service.
Installment Debt	Unsecured loans must be included in the debt service. Installment debt with less than 10 months remaining may be excluded from debt service, as long as the borrower has the assets to make the remaining payment. Borrowers may pay down the debt to less than 10 months to exclude the payment, 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 debt service provided the asset balance exceeds the loan balance.
Other Highlights	
Appraisal / Valuation	<ul style="list-style-type: none"> Loan amount up to \$2MM, one 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. Additional appraisal due diligence may be required at the discretion of the end investor.</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

	<p>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>State eligibility is based on originator licensure.</p> <ul style="list-style-type: none"> • TX CO Refinances-IO not allowed on 5O(a)(6) transactions-see Underwriting Guidelines • Puerto Rico is not eligible at this time
Reserves Required (Method Two Only)	<p>Loan amount up to \$2.5MM: 12 months' PITIA reserves</p>
Title Vesting	<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 Underwriting Guidelines • Partnerships/Corporations-see <u>Underwriting Guidelines</u>
ARM Terms & Qualifying (Method One Asset Qualifier)	<p>ARM Features</p> <ul style="list-style-type: none"> • Margin = 4.250% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor rate = Note Rate <p>Qualifying Payments</p> <ul style="list-style-type: none"> • Fixed Rate: Utilize the start rate over the full term of the loan • 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.
ARM Terms & Qualifying (Method Two DSCR)	<p>ARM Features</p> <ul style="list-style-type: none"> • Margin = 4.500% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor rate = Note Rate <p>Qualifying Determinations</p> <ul style="list-style-type: none"> • Fixed Rate: Utilize the start rate over the full term of the loan • Amortizing ARM: Utilize the start rate over the full term of the loan • FRM/ARM with IO Feature: Utilize the start rate amortized over a 30 year term
Prepayment Penalty	<p>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.</p>
Min/Max Loan Amounts	<p>Minimum: \$100,000 Maximum: \$2.5MM (all transaction types)</p>