

Program Description – Qualify Based on the Subject Property Only

Valere Voltage offers loans to Applicants utilizing solely the rental income on subject investment properties to determine cash flow. Loans in this program are deemed as exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans. 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 \$2.5MM
- Interest only feature available with no reduction to LTV
- No DTI developed or employment verified
- Credit scores down to 620
- 5/6, 7/6 and 10/6 ARM, 15 and 30 FRM
- Multiple financed properties allowed
- Recent Credit Events Allowed

LTV and Loan Amount Requirements

PURCHASE/RATE & TERM REFINANCE			
Investment Property			
FICO	LTV	CLTV	Loan Amount
700	65%	65%	\$ 2,500,000
	75%	75%	\$ 2,000,000
	80%	80%	\$ 1,500,000
680	75%	75%	\$ 1,500,000
	80%	80%	\$ 1,000,000
660	70%	70%	\$ 2,000,000
	75%	75%	\$ 1,000,000
620	60%	60%	\$ 1,500,000
	65%	65%	\$ 1,000,000

CASH-OUT REFINANCE			
Investment Property			
FICO	LTV	CLTV	Loan Amount
700	50%	50%	\$ 2,500,000
680	70%	70%	\$ 1,500,000
	75%	75%	\$ 1,000,000
660	65%	65%	\$ 2,000,000
	70%	70%	\$ 1,000,000
620	65%	65%	\$ 1,000,000

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 (max 75 LTV)

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 may be considered on exception basis
Eligible Occupancy	Investment Properties
Property Types	<ul style="list-style-type: none"> 1-4 unit attached and detached properties Warrantable Condos Non-Warrantable Condos Including Condotels 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 <u>Underwriting Guidelines</u> for full list of unacceptable property types
Eligible Transactions	<p>Purchase, including non-arm's length transactions-see <u>Underwriting Guidelines</u></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 refinance Six months title seasoning required for cash out refinances. Max cash out allowed: No limit 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 lowest middle score of all Applicants for pricing and guideline purposes
Housing Payment History	Housing payment history no greater than 1x30x12 for all mortgages/rental verifications. Note that 1x30x12 may carry a pricing adjustment.
	First Time Home Buyer (FTHB)

	Not allowed
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	
DSCR	<p>No DTI is developed for this product. Qualification is based solely on the Debt Service Coverage Ratio (DSCR) of the subject property only. The minimum DSCR is subject to the following:</p> <ul style="list-style-type: none"> • LTV up to 70: <ul style="list-style-type: none"> ○ FICO \geq700: .750 ○ FICO <700: 1.000 • LTV above 70 and up to 75: <ul style="list-style-type: none"> ○ FICO \geq700 and Purchase: .750 ○ FICO <700 and/or Refinance: 1.000 • LTV above 75: 1.000 <p>Note: Any property which is evidenced to be used as a short term rental property has a minimum DSCR of 1.000.</p>
Applicant Eligibility	<p>At least one Applicant must be able to demonstrate a 12 month history of ownership and management of rental properties. It does not need to be in the most recent 3 year period. Commercial properties are acceptable for this purpose, as long as the Applicant was a majority owner of the property. Applicants who are not able to meet this requirement may be eligible if the below criteria is met.</p>
Calculation Method	<p>If Applicants meet all of the below criteria, they are not required to document a previous 12 month history of owning and managing rental properties.</p> <p><u>Purchase Transactions:</u></p> <ul style="list-style-type: none"> • 680 FICO • 1.0 DSCR based on a 30 year amortizing payment • 0x30x12 on all housing trade lines as of the application date

	<ul style="list-style-type: none"> No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date Applicant must own their current primary residence <p><u>Refinance Transactions:</u></p> <ul style="list-style-type: none"> 680 FICO 1.0 DSCR based on a 30 year amortizing payment 0x30x12 on all housing trade lines as of application date No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date Applicant must own their current primary residence The subject property must have been acquired in the last 12 months. To support: <ul style="list-style-type: none"> At least 3 consecutive months receipt of rent from the property are provided prior to application date On Multi-Unit Properties (for requirements above) only 1 unit is required to be verified
	<p>The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property</p> <p>Determination of Rents</p> <p><u>Purchase:</u></p> <ul style="list-style-type: none"> Use the lesser of current rents or appraiser’s opinion of market rents, no vacancy factor should be applied. For rented properties, provide the leases in place. If vacant, 100% of market rents may be utilized. <p><u>Refinance:</u></p> <ul style="list-style-type: none"> Use the lesser of current rents or appraiser’s opinion of market rents, no vacancy factor should be applied. 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, however, there is a 5% LTV reduction with max LTV 70. Rents from vacant units may not be utilized for cash-out refinances. Properties rented on a short term basis are subject to a 5% LTV reduction with an LTV of 70 and a minimum DSCR of 1.000. Additionally, 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 <p>IO Payment Qualification</p> <p>The interest only payment on a loan with an interest only payment feature may be used in lieu of an amortizing payment to calculate the Qualifying Payment and the DSCR, provided the LTV does not exceed 75 and the FICO score on the file is not less than 700. The amortizing payment described in the Qualifying Payment section must be used on a loan which does not meet the criteria laid out here.</p> <p>Multi-Year Lease</p> <p>An Applicant who owns a rental property which is subject to a long term lease adjusting within 12 months and which will continue for at least 12 months may use the step up in the lease amount. The amount of the increase that may be utilized is limited to the lesser of the increased lease amount or market rents.</p>

<p>Asset Accounts</p>	<ul style="list-style-type: none"> • See above requirements for utilizing cash, marketable securities, and retirement funds as funds to close, post-closing reserves, and asset qualification • If Applicant is liquidating funds, document liquidation and end balance • IO31 exchanges eligible for investment properties. See Underwriting Guidelines for more detail. • Business funds may be used for funds to close provided the Applicant(s) own(s) a minimum of 51% combined ownership of the business. The amount 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 not be used to meet the reserve requirement • 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 10% contribution from Applicant's own funds is required. • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-see Underwriting Guidelines. • Gifts of equity are not allowed
<p>Liabilities</p>	
<p>Not Applicable to this program</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. Additional appraisal due diligence may be required at the discretion of underwriting.</p> <ul style="list-style-type: none"> • Purchase: lesser of purchase price or appraised value • Refinance (all types): 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.

Geographic Eligibility	Based on originator's licensure. No state subprime or equivalent. Restrictions: <ul style="list-style-type: none"> • Texas CO Refinances-see Underwriting Guidelines • Puerto Rico is not eligible at this time
Reserves Required	<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 \$2.5MM: 12 months PITIA • DSCR < 1.0: additional 3 months PITIA
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 Underwriting Guidelines for requirements • Limited Liability Corporations-see Underwriting Guidelines for requirements • Partnerships/Corporations-see Underwriting Guidelines
ARM Terms	<ul style="list-style-type: none"> • Margin = 4.500% • Index = 30 Day Average of SOFR • Caps = 2/1/5 • Floor Rate = Note Rate • Adjustment Period = 6 Months
Interest Only	Interest Only features are allowed on ARMs and FRMs. The IO period is 10 years. A min FICO of 680 applies for a loan with an IO feature.
Qualifying Payment	To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified): <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 over a 30 year term, unless able to use the Interest Only Payment for calculation purposes.
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: \$2.5MM (all transaction types)