

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 commonsense approach to underwriting.

Highlights include the following:

- Loan amounts up to \$3.5MM
- Interest only features available with no reduction to LTV/CLTV
- No DTI developed or employment verified
- Credit scores down to 620
- **LTV up to 85**
- 5/6, 7/6 and 10/6 ARM, 15 and 30 FRM
- Multiple financed properties allowed
- Recent Credit Events allowed
- No minimum DSCR in certain circumstances

LTV/CLTV and Loan Amount Requirements

PURCHASE			
Investment Property			
FICO	LTV	CLTV	Loan Amount
720	85%	85%	\$ 1,500,000
	60%	60%	\$ 3,500,000
700	65%	65%	\$ 3,000,000
	75%	75%	\$ 2,500,000
	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

RATE & TERM REFINANCE			
Investment Property			
FICO	LTV	CLTV	Loan Amount
700	65%	65%	\$ 3,000,000
	75%	75%	\$ 2,500,000
	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	60%	60%	\$	3,000,000
	75%	75%	\$	1,500,000
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

Eligibility Types	
Applicants	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN (max 80 LTV/CLTV) • ITIN or DACA Applicants-see Underwriting Guidelines
Ineligible Applicants	<ul style="list-style-type: none"> • Irrevocable Trust • Diplomatic immunity • Applicants with limited or no FICO scores-see Underwriting Guidelines • 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 • Certain Non-Warrantable Condos with a pricing adjustment-see Underwriting Guidelines (max 80 LTV/CLTV) • Condotels-see Underwriting Guidelines (max 75 LTV/CLTV) • PUDs • Mixed use properties-see Underwriting Guidelines • Units in Cooperative Projects-see Underwriting Guidelines • Manufactured Homes-see Underwriting Guidelines • Certain seasonal properties-see Underwriting Guidelines
Ineligible Property Types	<ul style="list-style-type: none"> • Properties with more than 20 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 • 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

	<ul style="list-style-type: none"> ○ 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 ● Max cash out allowed: No limit ● 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/CLTV restrictions ● Use the highest 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 and is capped at 80 LTV/CLTV. First Time Home Buyer (FTHB) Not allowed. Applicants who own their current primary residence or another property free and clear and a married Applicant who is not on title to their primary residence but is living with their spouse and provide evidence that their spouse is listed on title are not considered as First Time Home Buyer.
Significant Credit Events	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: <ul style="list-style-type: none"> ● 0-2 years removed: Not Eligible ● 2-4 years removed: Max 70 LTV/CLTV, max \$1.5MM loan size ● >4 years removed: Standard Guidelines Additional Guidelines: <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	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: <ul style="list-style-type: none"> ● LTV/CLTV up to 70: <ul style="list-style-type: none"> ○ FICO >=680 ○ Purchase: No minimum DSCR ○ Refinance: .750

	<ul style="list-style-type: none"> ○ FICO <680: 1.000 • LTV/CLTV above 70 and up to 75: <ul style="list-style-type: none"> ○ Purchase <ul style="list-style-type: none"> ▪ FICO >=720 and loan amount >=\$250,000: no minimum DSCR ▪ FICO <720 and >=680 OR loan amount <\$250,000: .75 ▪ FICO <680: 1.00 ○ Refinance: 1.000 • LTV/CLTV above 75: 1.000 <p>Notes:</p> <ul style="list-style-type: none"> • Any property which is evidenced to be used as a short-term rental property has a minimum DSCR of 1.000. • Any file with DSCR<.750 requires all Applicants own their primary residence. • Investor Cash Flow Loans with a DSCR <1.00 and LTV/CLTV >70 must have at least a one-year PPP.
Applicant Eligibility	<p>At least one Applicant must be able to demonstrate a 12-month history of ownership and management of rental properties in the three years preceding the application date. Commercial properties are acceptable for this purpose, if the Applicant was a majority owner of the property. Applicants who are not able to meet this requirement may be eligible if the criteria below are met.</p>
Landlord Waiver	<p>Landlord history is not required if property is under a management agreement with a licensed property management company. Applicant must meet the following requirements:</p> <ul style="list-style-type: none"> • min 700 FICO • max 70 LTV/CLTV • min DSCR as set forth: • >=740 FICO: .75 • >=700 and <740 FICO: 1.00 • Purchase only • 0x30x12 on housing payments <p>If Applicants meet all the below criteria, they are not required to document a previous 12-month history of owning and managing rental properties. This waiver does not apply to instances where the subject property is mixed use.</p> <p><u>Purchase Transactions:</u></p> <ul style="list-style-type: none"> • 680 FICO • Minimum DSCR based on a 30-year amortizing payment as follows: <ul style="list-style-type: none"> ○ >=740 FICO and <=70 LTV/CLTV: .75 ○ >=680 and <740 FICO OR LTV/CLTV >70: 1.00 • 0x30x12 on all housing trade lines as of the 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 • Max 80 LTV/CLTV <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

	<ul style="list-style-type: none"> • 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>Calculation Method</p>	<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"> ○ The lesser of actual or market rents will generally be utilized, however, if actual rents exceed market rents, actual rents may be used, subject to a cap of 10% of market rent, no vacancy factor should be applied. ○ For rented properties, provide the leases in place. ○ If vacant, 100% of market rents may be utilized. ○ AirDNA may be utilized for short term rental-income-see <u>Underwriting Guidelines</u> ○ Properties rented on a short term basis will have a 20% reduction applied to the market rent figure <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/CLTV reduction with max LTV/CLTV 70 and a 10% LTV/CLTV reduction for a cash out refinance. The LTV/CLTV reduction may be waived on rate/term refinances if the property has recently completed renovations and is newly exposed to the rental market. ○ Properties rented on a short-term basis are subject to 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 ○ A 5% LTV/CLTV reduction applies with maximum LTV/CLTV of 70 ○ Properties rented on a short term basis will have a 20% reduction applied to the market rent figure <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/CLTV 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>

	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.
Asset Accounts	<ul style="list-style-type: none"> ○ Use 100% of cash and cash equivalents ○ Use 90% of face value for non-retirement asset accounts ○ Use 80% of retirement assets if Applicant is under 59.5, 90% if over ○ If Applicant is liquidating funds, evidence of liquidation may be required-<u>see Underwriting Guidelines</u> ○ 1031 exchanges eligible for investment properties-<u>see Underwriting Guidelines</u> ○ Business funds may be used provided the Applicant(s) own(s) a minimum of 50% 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-<u>see Underwriting Guidelines</u> ○ Cash out proceeds MAY be used to meet the reserve requirement at a maximum of 75 LTV/CLTV ○ Eligible cryptocurrency may be used for funds to close or reserves-<u>see Underwriting Guidelines</u> for allowable types of cryptocurrency and requirements including liquidation.
Gifted Funds	<ul style="list-style-type: none"> • Gift funds are allowed for funds to close. A 5% contribution from Applicant's own funds is required for LTV/CLTVs <=80 and 10% is required if the LTV/CLTV is >80. • Gifts must be documented in compliance with FNMA requirements and be from immediate family members-<u>see Underwriting Guidelines</u>. • Gifts of equity are not allowed. • ITIN or DACA Applicants require a minimum 10% contribution from own funds.
Liabilities	
Not Applicable to this program	
Other Highlights	
Appraisal / Valuation	<p><u>Purchases:</u></p> <ul style="list-style-type: none"> • Loan amounts 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 amounts to \$1.5MM, one appraisal required • Loan amount from \$1.5MM to \$2MM with <=70 LTV/CLTV, one appraisal required • Loan amount from \$1.5MM to \$2MM with >70 LTV/CLTV, two appraisals 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/CCA 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/CCA. 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 (Technical Refinance)</u>: Use the lesser of purchase price or appraised value.

	<ul style="list-style-type: none"> • <u>Refinance (Rate/Term)</u>: The current appraised value may be utilized. Any recently acquired properties with a significant increase in value must have commentary on the appraisal report addressing the increase. • <u>Refinance (Cash-Out)</u>: Properties owned less than six months may utilize the current appraised value with restrictions-see Underwriting Guidelines. Otherwise, utilize the lower of the appraised value or purchase price plus documented improvements. For properties owned six to twelve months as of the loan's application date, the current appraised 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/CCA. 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 the current appraised value.
Geographic Eligibility	<p>Refer to the Geographic Eligibility Supplement. Restrictions:</p> <ul style="list-style-type: none"> • Texas CO Refinances-see <u>Underwriting Guidelines</u> • Puerto Rico is not eligible currently
Reserves Required	<ul style="list-style-type: none"> • Loan amounts to \$1.0MM: 4 months PITIA • Loan amount above \$1.0MM and up to \$2MM: 6 months PITIA • Loan amount above \$2MM and up to \$3.5MM: 12 months PITIA • DSCR < 1.0: additional 3 months PITIA • LTV/CLTV >80: additional 6 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 <u>Underwriting Guidelines</u> • Limited Liability Corporations-see <u>Underwriting Guidelines</u> • Partnerships/Corporations-see <u>Underwriting Guidelines</u>
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	<p>Interest Only features are allowed on ARMs and FRMs. The IO period is 10 years. A min FICO of 680 and max 80 LTV/CLTV applies for a loan with an IO feature.</p>
Qualifying Payment	<p>To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified):</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 over a 30-year term, unless able to use the Interest Only Payment for calculation purposes.
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>
Temporary Buydowns	<p>Eligible with LTV/CLTVs up to 75-see <u>Underwriting Guidelines</u>.</p>
Min/Max Loan Amounts	<p>Minimum: \$100,000 Maximum: \$3.5MM (all transaction types)</p>