2021

Master Credit

Policy:

Short Term Loans

Velocity Commercial Capital

The purpose of this policy is to provide a summary of the basic documentation and information requirements for funding eligible loans under Velocity Commercial Capital’s (“VCC”) short term lending program . Use of this confidential information is restricted to VCC and its employees.

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The underwriting guidelines contained herein provide a standard that all employees should adhere to. VCC may implement additions or modifications to this Guide from time to time and will provide written notification of such changes.

1. General Guidelines

Lending Overview

VCC provides short-term purchase and refinance money funds to investors looking to acquire, repair and improve, and/or lease-up investment properties. Loan amounts range from a minimum of $75,000 to a maximum of $5,000,000. Financing options are offered nationwide and sourced by a network of mortgage brokers, mortgage bankers, and financial institutions developed by VCC.

Generally, loans will be due and payable in 1 to 2 years, require interest-only payments, and may contain options to extend. VCC requires a personal guarantee from a natural person.

Programs

VCC offers two short term programs:

ARV PRO is designed to provide funds to investors that purchase and improve the property to maximize value. This program provides an initial advance for acquisition and subsequent advances as work is completed. VCC’s special servicing team administers the segregated hold back funds as they are drawn by the borrower.

Flex I/O is a short-term loan for borrowers that don’t qualify for the VCC FlexPerm program. This program is designed for borrowers that need a short-term bridge into the sale or refinance of the property. VCC will allow existing deferred maintenance and will require a hold back of the funds required to cure the deficiency. Once the work has been performed and inspected by a VCC approved vendor, the funds will be disbursed to the borrower.

Eligible Property Types (Non-Owner Occupied)

 Single Family Residence Investment

 Duplex

 Triplex

 Quadplex

 Residential Condo

 PUD

General Work Flow

VCC Loan Officers (“LO”) are responsible for the initial deal prescreen, verifying initial Loan Origination Software (LOS) input requirements completed within the Broker Portal, and electronically transferring files to VCC’s Underwriting department with receipt of Alpha Real Estate (DBA of VCC) appraisal or BPO order. The initial application includes:

 Completed Loan Application

 Authorization to run the Applicant’s and/or Co-Applicant’s credit report(s)  Completed VCC Conditional Loan Application

VCC underwriters review the initial application and approve the required documents. General documents include:

 Purchase & Sale Agreement

 Preliminary Title Report with 24 Mo. chain of title

 Applicant Credit Report

 Verification of Mortgage (If not rated on the applicant’s credit report)  Proof of funds to close (sourced from US Bank Account)

 Evidence of Insurance (in accordance with VCC’s requirements – Reference Appendix 1a)  Borrower Identification Forms

Once the above list of general loan requirements is received by VCC’s internal processing department, VCC’s underwriter will complete a Second and final review. Additionally, VCC underwriters evaluate the following areas for risk management:

 Strength of the Collateral

 Actual or Projected Cash Flow from the property

 Strength of the local Real Estate market

 Applicant’s credit history

 Applicants experience

Provided the collected stipulations and credit due diligence conform to VCC’s lending requirements, the loan is approved and moved to VCC’s Closing Department.

VCC Closing department orders collateral packages, prepares lending instructions (under this VCC program, impounds are not applicable), works with external title and/or escrow representatives to schedule closings/signings, and requests wires to fund the loan. Once complete the loan is transferred to VCC’s servicer for payment collection.

Business Purpose Definitions

VCC does not make consumer loans and only approves loans for a business purpose. The underwriter must evaluate each application to ensure the borrower is entering into a business purpose loan.

According to the official guidance under Regulation Z, there are specific transactions that are classified as business purpose loans:

1.) Non-owner-occupied rental property Credit extended to acquire, improve, or maintain rental property (regardless of the number of housing units) that is not owner-occupied is deemed to be for business purposes. This includes, for example, the acquisition of a warehouse that will be leased or a single-family house that will be rented to another person to live in.

NOTE: If the owner expects to occupy the property for more than 14 days during the coming year, the property cannot be considered non-owner-occupied and this rule will not apply.

2.) Owner-occupied rental property If credit is extended to acquire, improve, or maintain rental property that is or will be owner-occupied within the coming year, different rules apply:

i. Credit extended to acquire (a purchase transaction) the rental property is deemed to be for business purposes if it contains more than 2 housing units.

ii. Credit extended to improve or maintain (generally a refinance transaction) the rental property is deemed to be for business purposes if it contains more than 4 housing units.

Business-purpose examples. Examples of business-purpose credit include:

A. A loan to expand a business, even if it is secured by the borrower's residence or personal property.

B. A loan to improve a principal residence by putting in a business office. C. A business account used occasionally for consumer purposes.

Factors for determining business purpose vs. consumer purpose

A. The relationship of the borrower's primary occupation to the acquisition. The more closely related, the more likely it is to be business purpose.

B. The degree to which the borrower will personally manage the acquisition. The more personal involvement there is, the more likely it is to be business purpose.

C. The ratio of income from the acquisition to the total income of the borrower. The higher the ratio, the more likely it is to be business purpose.

D. The size of the transaction. The larger the transaction, the more likely it is to be business purpose.

E. The borrower's statement of purpose for the loan.

Appraisals

BPO Procedure

Conditional Loan Approval (CLA) must be submitted via the Broker Portal – after loan is setup, a payment link for the BPO will be generated and sent to Alpha Realty Advisors – when this has been paid by the applicant, order will show in nCino in the “Alpha Fee- QF” report, and the appraisal department will order the BPO through an approved Vendor.

 When the BPO is received, an Alpha Realty Appraisal Analyst will underwrite the report to ensure quality, credibility and make a final determination of VCC value.  If loan amount is over $1M – two valuation reports are required.

Appraisal Procedure

Velocity orders valuation reports through an approved vendor. Acceptable valuation reports include: 1004, 1004 + 1007, 1025, 1073, Broker Price Opinion, and/or Desktop Appraisal.

 All appraisals are reviewed by a VCC internal Real Estate Appraiser to ensure the report’s quality, credibility and final determination of VCC value.

If the appraised value is less than $1,000,000, VCC orders an Automated Valuation Module (“AVM”) from an approved provider. This AVM populates recent/similar sales in the Subject’s area and electronically computes an estimated value for the Subject Property.

Velocity reviews a rental survey and/or provided rental analyses from our preferred valuation vender(s) to determine subject rents. Investor 1-4 DSCR is calculated as follows and is reviewed as part of the overall underwrite:

Gross Rental Income

Debt Service Coverage Ratio = ---------------------------

Annual Debt Service

ARV PRO: Fix and flip financing

VCC provides financing to borrowers looking to improve their existing real estate and/or acquire new real estate with the intent to rehab. The borrower will receive an initial disbursement and, then receive subsequent draws to complete the improvements. Generally, VCC will allow for 3 draws within a 90-day time horizon. VCC requires an As Repaired Value (ARV) in the appraisal report or BPO to determine leverage ratios for the initial disbursement and final loan proceeds.

Holdback Agreement

VCC requires the borrower to execute a Holdback Agreement (HB) for all ARV PRO loans and for Flex I/O loans that require deferred maintenance to be cured. The HB contains a schedule for draws tied to the borrower’s rehab schedule. Draw disbursements require a site inspection by an approved 3rd party vender. Once the final draw has been requested VCC will order a final inspection report to verify all work is complete.

Rural Properties

Typically, properties located in town or city with a population less than 25,000 and outside a 25 miles radius of a city with a population of 100,000+ are ineligible for this program.

2. Credit Analysis

VCC Underwriters use the following guidelines when evaluating applicants for each loan:

Credit Report

Format

Credit Scores

Non-Borrowing Spouse

|  |
| --- |
| Selecting the  Representative Credit Score |

Credit reports should be standard reports from at least three national repositories (i.e., tri-merge) and must include a public record search. Credit history must be reviewed for the 24 months preceding the loan application.

Loans must have a minimum credit score of 650. Foreign Investors without a credit score are eligible for financing at a maximum of 65% LTV.

A married applicant may take title as a sole and separate borrower; however, the underwriter may require a credit report for a non-borrowing spouse in certain cases.

If… Representative Score is…

Three (3) scores are obtained for one borrower

Use the middle score

|  |  |
| --- | --- |
| Three (3) scores are obtained for one  borrower and two are identical | Use the identical score |

Two (2) scores are obtained for one

borrower

Multiple borrowers have three (3) credit scores each

Multiple borrowers have two (2) credit scores each

Use the lower score

 Choose the middle score for each

borrower, then

 Choose the score of the borrower with the lowest middle

 Choose the lowest score for each

borrower

Inquiries

Consumer Credit Counseling (Active Participant)

|  |  |
| --- | --- |
| One borrower with  credit scores, one  borrower without credit scores |  Choose and use the score as described  above for the borrower with the credit scores  Do not use zero as the representative score |

Underwriters should examine the inquiries to determine whether they represent potential sources of undisclosed credit.

Borrowers that are at least halfway through a credit counseling program will be considered on an exception basis only. A letter of explanation, verification of timely pay history on the program and current credit report with established clean performance will be required for review.

|  |  |
| --- | --- |
| Consumer Credit  Counseling (Previous Participant) | Borrowers that have completed a credit counseling program will be considered as long as there is a minimum of 12 months seasoning on credit re established since the credit counseling was terminated. The re-established credit may not include accounts paid through credit counseling. |

Credit History For Borrower(s) to be eligible for the programs, they must exhibit at least two active major consumer credit

and/or mortgage accounts. Borrower(s) with no credit

history will be considered on a case-by-case basis.

Some type of credit verification should be attempted

(i.e., utility accounts, telephone accounts, rental

accounts, etc.).

All judgments and liens during the prior two years must

be satisfactorily explained in writing by the Borrower.

The age of these types of adverse credit is counted

Adverse Credit

“Rolling”

Derogatory

from the date of occurrence. Individual Judgments greater than $20,000.00 should be paid off prior to or at closing unless a valid dispute exists and is fully verified and documented. Borrower(s) with tax liens will be considered on a case-by-case basis.

“Rolling” derogatory (30, 60, 90 days, etc.) reflected on the credit report or other form of verification for major and minor consumer credit shall be counted as one credit event.

|  |  |
| --- | --- |
| Duplicate Public  Records | Items that typically appear in the Public Records section of the credit report (judgments, bankruptcies, foreclosures, and tax liens) are often duplicated because the credit agencies may not attempt to merge items of this sever nature. As a result, these items may also appear in more than one verification area of the credit report.  If it is clear from the credit report data that the items are duplicates (identical account numbers, date filed, and dollar amounts), the underwriter can disregard the duplicates and document the item once. However, if it is unclear from the credit report whether any of the items are duplicated, the underwriter should treat each item individually and obtain the required documentation for each item. |

Judgments,

Garnishments, and

Liens

Late Payments

Past-due, Collections, and Charge-off

Accounts

|  |
| --- |
| Prior Bankruptcy or Foreclosure (Including Deed-in-Lieu of  Foreclosure) |

Open judgments, garnishments, and all outstanding liens that are in the Public Records section of the credit report will be identified in the credit report, and may be required to be paid off at or prior to closing at underwriter’s discretion. Documentation of the satisfaction of these liabilities, along with verification of funds sufficient to satisfy these obligations, must also be maintained in the permanent loan file.

Underwriter should confirm the accuracy of the information with the borrower. Additional

documentation should be collected if the underwriter determines it is necessary to justify an approval.

Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than $5,000.00 or if the total balance of all accounts is $5,000.00 or less.

Evidence of bankruptcy and discharge documents must be provided. Age of bankruptcy is counted from the discharge or dismissal date. Age of a foreclosure is counted from the consummation of the sale. Borrower(s) with double bankruptcy will be considered on a case-by-case basis.

Identification of bankruptcies in the credit report:

VCC applies the following guidelines to the processing of bankruptcies:

Bankruptcy (All Except Chapter 13)

2-year time period from dismissal or discharge date

|  |  |
| --- | --- |
| Chapter 13 Bankruptcy | 2-year time period from dismissal or discharge date |

|  |
| --- |
|  |

Exceptions for

Extenuating

Circumstances – All Bankruptcy Actions

Multiple Bankruptcy Filings

2-year time period will be measured from the

bankruptcy dismissal or discharge date.

5-year time period from most recent dismissal or discharge date required for borrowers with more

than one bankruptcy filing within the past 7 years. 

|  |  |
| --- | --- |
| Exceptions for  Extenuating  Circumstances –  Multiple Bankruptcy Filings | 3-year time period from the most recent  discharge or dismissal date  Note: The most recent bankruptcy filing must have been the result of extenuating  circumstances. |

 If a bankruptcy was filed within the 24-month period prior to the credit report date, the loan is considered ineligible.

 If the bankruptcy is not reported in a public record, but a trade line is reported with a

bankruptcy status code, then the lender will need to verify the actual filed and discharged dates to determine that the bankruptcy meets VCC’s 24-month policy.

Identification of foreclosures (including deeds-in lieu of foreclosure) in the credit report:

VCC applies the following guidelines to the processing of foreclosures:

 If a foreclosure was reported within the 24- month period prior to the credit report date, the loan will be generally considered ineligible. Further documentation will be required on a case-by-case basis.

 If a foreclosure was reported more than 24 months before the credit report date, the

existence of the foreclosure is acceptable

provided there are no additional eligibility criteria

applied to the loan.

 Foreclosure laws vary by state and the time it

takes to complete the process may vary by

state. The underwriter assumes that the date

the foreclosure was reported in the trade line is

the date of the foreclosure sale or liquidation.

The underwriter must confirm that all

foreclosures are satisfied.

 Underwriters must determine that the borrower

has sufficiently reestablished an acceptable

credit history and consider the foreclosure in

light of all other risk factors and layering of risk.

|  |  |
| --- | --- |
| SSN mismatch or OFAC hit on credit report | Underwriter to require a SSN/OFAC background search |

Foreign Nationals & Foreign Investors

Foreign Nationals and Foreign Investors are eligible for financing with VCC under the conditions listed below:

 Foreign Nationals are non-permanent resident aliens who reside in the United States on a temporary basis and have obtained government issued residency documentation.

 Foreign Investors are Non-U.S. residents seeking investment financing on properties located in the U.S.

Loans < 50% LTV

When VCC extends credit to borrowers that have loan amounts < 50% the following items will not be required to approve the loan:

 Letters of explanation for derogatory credit, Prior Bankruptcy or foreclosure (including

 deed-in-lieu of foreclosure)

 Credit reports for individuals coming off title

 Seasoning of funds to close

Exception Policy

VCC Underwriting Guidelines consider the value and adequacy of the mortgaged property as collateral for the proposed mortgage loan, but also take into consideration the credit standing and repayment ability of the prospective borrower. On a case by case basis, VCC credit analysts may determine that, based upon compensating factors, a prospective borrower not strictly qualifying under the underwriting risk category guidelines warrants an underwriting exception.

The following is a list of compensating factors that may be considered when approving an exception:

 Low LTV and good property reflecting pride of ownership;

 Adverse credit is minor or isolated and does not reflect Borrower’s true credit pattern;

 Excellent payment history on mortgage(s) and major consumer credit;  Employment stability;

 Length of ownership;

 Excellent verified cash reserves.

 Significant reduction to mortgage payment.

Underwriting exceptions must be fully justified, tracked, and reported. The analyst’s role is to determine and identify the exception type. Based on the type of exception request the credit analyst will then establish whether the exception can be approved directly or will need further review of CCO or Senior Management.

 Analyst’s credit exception authority is limited to the following:

 Level 1 (L1): $250,000

 Level 2 (L2): $500,000

 Level 3 (L3): $750,000

 Level 4 (L4): $1,000,000

Exception requests for loan amounts greater than approval level require secondary approval from Chief Credit Officer or other Senior Management.

3. Title Insurance

The credit file must contain a commitment for an American Land Title Association (ALTA) Lender’s Title Insurance Policy (or comparable lender’s policy). VCC requires the title policy to be written on the standard 1992 ALTA form.

VCC will accept the 1970/1984 form of ALTA Loan title insurance policy provided that the policy does not contain any creditors’ rights or arbitration of claims exceptions or exclusions and any such exceptions or exclusions shall be deleted by endorsement.

In those states in which ALTA forms of coverage are not used or are unacceptable, VCC requires similar coverage.

Abstract of title or equivalent title report must be dated within six months of loan closing; Vesting Requirements:

 Purchase transactions must have evidence of chain of title from Seller to Buyer (Borrower),

 Refinance transactions must have evidence that title is vested in subject Borrower(s),but is not limited to the borrower(s) only as additional non-borrowing individuals may be allowed on title at the underwriters discretion.

All vested parties have executed the security instrument and complied with all title requirements; If title has been conveyed within most recent 12 months, additional documentation may be required to ensure acceptability of transaction; Title must be “fee simple”; Leasehold property must have specific approval by VCC prior to lending; and Legal description must agree with all legal documents.

Closing Insuring Protection Letter must be provided with each file if applicable. Any Assignment of Leases and/or Rents on any financing statements recorded must show VCC as secured party and must not be listed as exception on Schedule B, Part I.

Title Insurance Exceptions

 Property taxes, assessments and bonds must be paid current;

 Specific title endorsements must be obtained if necessary and if required by state law (e.g., not definable easements, mineral rights, etc.);

 All existing liens and judgments must have been paid or released;

 Insurance endorsements have been obtained to cover right of surface entry if rights are not specifically waived in the legal description;

 Title exceptions are limited to those generally acceptable in the secondary market, as determined by VCC in its sole and absolute discretion;

 Additional title endorsements may be required;

 A duly authorized agent of the issuing title insurance company must countersign title commitment;

 Amount of title insurance must be equivalent to the face amount of the Note and Title Company and policy of title insurance must conform to industry requirements.

Title endorsements

The following endorsements, as applicable, must be included in the title insurance policy unless such endorsements or their equivalent are not available by statute or regulation in the jurisdiction where the Mortgaged Property is located.

Standard endorsements are: ALTA 100, 116, 110.8, 111.8 (or the standard for that state):

 Comprehensive endorsement (Restrictions, Encroachments and Minerals)  ALTA Form 9

 Zoning use (if available)

 Usury

 Access

 Environmental lien protection, ALTA form 8.1 (if available)

 Contiguity endorsement

 Mortgage tax (if required)

 Survey

 Variable Rate endorsement (if required)

If the title commitment indicates the presence of any easements that are not specifically located (i.e. blanket easements), the title policy must provide affirmative insurance against any loss that conflicts with the use or diminishes the value of the improvements resulting from the exercise by the holder of such easement of its right to use or maintain that easement. VCC reserves the right to require any such easement to be specifically located or reduced.

4. Insurance Requirements

Hazard Insurance Policy

The property securing the loan must be continuously insured with an acceptable property and liability insurance policy, meeting the following requirements. Unless otherwise stated, all insurance forms and policies refer to Insurance Services Office (“ISO”) forms and policies. The named insured in each policy must be the borrower named on the loan with VCC and/or an affiliate named as additional insured.

The property must be covered by the equivalent of a fire policy endorsed to include all the extended coverage perils, and must not exclude from coverage (in whole or part) windstorm, hurricane, hail damages, or any other perils that are normally included under extended coverage. An "all risk" policy is recommended, AKA DP3 (The DP3 insurance policy is considered

the best insurance policy for rentals in the United States. It is often referred to as the Dwelling Fire Form 3 or DP-3 insurance).

The insurance policy:

 Must not have any coinsurance, unless specifically approved by CCO

 Must have a deductible equal to the lesser of $5,000 or 5% of the amount of coverage; wind/hail deductible up to the lesser of 5% or $10,000 is acceptable except as provided herein;



 Must reflect the amount of coverage and shall be the lesser of (a) the outstanding unpaid principal balance of the loan, or (b) full replacement cost of the improvements without any deduction for depreciation.

 Policy number must be indicated

Evidence of insurance or insurance binder must agree with Note and show Borrower(s)’ names, mailing address, insured property address, and the type of insurance.

Liability Insurance

Liability Insurance is required on all loans; $300,000 is acceptable for the general aggregate limit. VCC may require additional amounts of coverage if it is determined that special risks exists, including, for example, space used for a day care center or other commercial or retail facility.

Insurance Carriers

All policies should be issued by an insurance carrier with a rating of "A-VIII" or better by Best's Key Rating Guide or a rating of "A" or better as to claims-paying ability by Standard & Poor's Rating Group.

Coverage underwritten by a state's FAIR plan is also acceptable if it is the only coverage that can be obtained. In addition, VCC will accept coverage obtained through state insurance plans, such as the Florida Residential Property and Casualty Joint Underwriting Association, the Florida Windstorm Underwriting Association, or other state-managed windstorm and beach erosion insurance pools, if that is the only coverage that is available.

Non-rated providers may be accepted at the underwriter’s discretion

Evidence of Insurance

Prior to funding a loan, an ACORD Form 27 or ACORD 28 combined with an ACORD 25S, or ACORD 75S are acceptable as temporary evidence of insurance. Other insurance binders (Non ACORD forms) are acceptable at the underwriter’s discretion.

Post-closing, either originals or certified copies of current insurance policies are acceptable as proofs of coverage. A binder is not acceptable, unless required by state law. If state law requires the acceptance of a binder as evidence of insurance, the binder must be renewed no less frequently than every 60 days.

Policy Term Requirements

All policies must be for a term of not less than one year. The initial policy must be paid in full prior to loan closing.

Flood Insurance

A copy of completed application with paid receipt is required; Flood deductible up to 2% is acceptable.

Policy or application number must be indicated;

Borrower(s)’ names, property address, and/or unit number, must agree with Note; Amount of coverage must be equal to or greater than replacement cost of improvements.

If flood insurance is required, refinances with escrow accounts require two months reserves plus the first year premium to be paid at or prior to loan closing when the policy expiration date is within sixty (60) days of closing. If the policy expiration date is more than sixty (60) days after closing, fourteen (14) months reserves must be collected at closing. A paid receipt is required if the premium is paid prior to closing. If paid at closing, the disbursement must be reflected on the HUD-1 Settlement Statement.

Refinances with escrow accounts require appropriate flood insurance reserves based upon the next due date of the premium. Refinances with escrow accounts for flood insurance require two months’ reserves, where allowable under state law, plus the first-year premium to be paid at or prior to loan closing when the policy expiration date is within sixty (60) days of closing. If the policy expiration date is more than sixty (60) days after closing, all premiums due since inception of the policy period, plus two months’ reserves must be collected. A paid receipt is required if the premium is paid prior to closing. If paid through escrow, the disbursement must be reflected on the HUD-1 Settlement Statement. EXAMPLE: If the first payment is due November 1 and the insurance premium is due January 1, then Correspondent must collect twelve (12) months of reserves.

5. Vesting Guidelines

Title Vesting Guidelines

Eligible Loans may be vested in the name of natural persons, trusts, limited liability companies, partnerships, and corporations, in accordance with VCC’s guidelines. The entity taking title in the property is the mortgagor/borrower. The mortgagor will sign the Mortgage/Deed of Trust and any related Riders. The mortgagor should not be confused with the guarantor. The guarantor is the natural person who executes the guarantee (if applicable) and whose credit and/or assets are underwritten to guarantee the loan. The mortgagor will sign the Note and any related Addenda, and relevant closing documents.

All Eligible Loans must have a natural person as the guarantor.

Trust Vesting Review Procedures

The Trust must provide:

 Completed Entity Vesting Review Request Form

 Certified copy of the fully executed Trust Agreement; and

 Such other documents and certifications reasonably requested by VCC or the title company or required under state law.

Inter Vivos Revocable Trusts are acceptable as eligible borrowers under certain conditions. An Inter Vivos Revocable Trust is a trust that:

 an individual creates during his or her lifetime,

 becomes effective during its creator's lifetime, and

 can be changed or canceled by its creator at any time, for any reason, during that individual's lifetime.

VCC will accept an Inter Vivos Revocable Trust as an eligible borrower for a first mortgage that is secured by all property types, as long as the eligibility criteria are satisfied and our documentation requirements for mortgages to Inter Vivos revocable trust borrowers are met.  Minor variances based on individual state law will be acceptable as long as, under relevant state law, our rights are fully protected (thus assuring that full title to the property would be vested in us should we ever have to initiate foreclosure proceedings) and title insurers are willing to provide full title insurance coverage (without exceptions for the trust or the trustees).

Eligibility Criteria for Trust

VCC requires that the Inter Vivos Revocable Trust be established by a natural person. It may be established solely by one individual or jointly by more than one individual.

An Inter Vivos Revocable Trust will be considered an eligible borrower if it meets the following eligibility requirements:

 The trust must be established by a written document during the lifetime of the individual establishing the trust, to be effective during his or her lifetime.

 The trust must be one in which the individual establishing the trust has reserved to himself or herself the right to revoke the trust during his or her lifetime.  The trust document must name one or more trustees to legally act on behalf of the trust.

 The trustee(s) must have the power to mortgage the security property for the purpose of securing a loan to the Trust under the mortgage or deed of trust note.  All loans to a Trust must be personally guaranteed by a natural person.  Trustees and beneficiaries are eligible as guarantors.

LLC Vesting Review Procedure

Borrower must provide the following LLC documents to VCC prior to closing for review and preapproval:

 Completed Entity Vesting Review Request form.

 Signed Operating Agreement, including all amendments, attachments and schedules, if any.

 A complete Member List showing all members and managers and their respective ownership interests.

 If the ownership of LLC includes a non‐natural person (another business entity or trust), the LLC must provide a certification stating that (i) the non‐natural person is authorized to own and participate in the LLC, (ii) that the person who signed on behalf of the non‐ natural person has the authority to bind that non‐natural person, and (iii) that the non‐ natural person is a United States entity/trust, duly organized, validly existing and in good standing under the laws of the state of its formation.

 Such other documents or certificates as reasonably requested by VCC or required under federal, state and/or municipal law.

Corporation Vesting Review Procedures

Borrower must provide the following corporate documents to VCC prior to closing for review and pre-approval:

 Completed Entity Vesting Review Request form.

 Certified Corporate Bylaws, including all amendments, attachments and schedules, if any.

 All applicable Shareholder Agreement(s).

 A complete Shareholder, Director and Officer List identifying all shareholders, directors and officers and their respective ownership interests.

 If the ownership of the Corporation includes a non‐natural person (another business entity or trust), the Corporation must provide a certification stating that (i) the non‐ natural person is authorized to own and participate in the Corporation, (ii) that the person who signed on behalf of the non‐natural person has the authority to bind that non‐natural person, and (iii) that the non‐natural person is a United States entity/trust, duly organized, validly existing and in good standing under the laws of the state of its formation.

 Such other documents or certificates as reasonably requested by VCC or required

under federal, state and/or municipal law.

General Partnership Vesting Review Procedures

Borrower must provide the following general partnership documents to VCC prior to closing for review and pre-approval:

 Completed Entity Vesting Review Request form.

 Signed Partnership Agreement, including all amendments, attachments and schedules, if any.

 A complete Partner List showing all Partners and their respective ownership interests.  If the ownership of the general partnership includes a non‐natural person (another business entity or trust), the general partnership must provide a certification stating that (i) the non‐natural person is authorized to own and participate in the general partnership, (ii) that the person who signed on behalf of the non‐natural person has the authority to bind that non‐natural person, and (iii) that the non‐natural person is a United States entity/trust, duly organized, validly existing and in good standing under the laws of the state of its formation.

 Such other documents or certificates as reasonably requested by VCC or required under federal, state and/or municipal law.

Limited Partnership Vesting review Procedures

Borrower must provide the following limited partnership documents to VCC prior to closing for review and pre-approval.

 Completed Entity Vesting Review Request form.

 Signed Limited Partnership Agreement, including all amendments, attachments and schedules, if any.

 A complete Partner List showing all Partners and their respective ownership interests.  If the ownership of the limited partnership includes a non‐natural person (another business entity or trust), the limited partnership must provide a certification stating that, (i) the non‐natural person is authorized to own and participate in the limited partnership, (ii) that the person who signed on behalf of the non‐natural person has the authority to bind that non‐natural person, and (iii) that the non‐natural person is a United States entity/trust, duly organized, validly existing and in good standing under the laws of the state of its formation.

 Such other documents or certificates as reasonably requested by VCC or required under federal, state and/or municipal law.

6. Closing

Final Settlement

The Final settlement statement is required on all transactions. It should include the following:

 Be certified to be true and correct,

 Reflect both Borrower and Seller information,

 Show Borrower(s)’ and Seller(s)’ names, title search, property address and/or that legal  Description agrees with legal documentation,

 Show that the name of lender and borrower agrees with Note,

 Indicate sales price and earnest money deposit agree with purchase contract,  Reflect fees and amounts paid by either Buyer or Seller agree with purchase contract and legal documentation,

 Confirm that the principal balance of new loan agrees with loan approval and promissory note,

 Include all other fees required by law

7. Compliance

Equal Credit Opportunity Act

The Equal Credit Opportunity Act (ECOA), as implemented by Regulation B (12 CFR202), promotes the availability of credit to all creditworthy applicants without regard to race, color, religion, national origin, sex, marital status, or age provided the applicant has the capacity to contract).

The regulation imposes certain requirements on creditors to notify applicants of action taken on their applications and to collect information about an applicant’s race, sex, marital status and age in connection with applications for certain dwelling related loans. In addition, creditors must adhere to other prescribed rules including those related to taking and evaluating applications, notifying an applicant of action taken on their application, providing copies of appraisal reports used in connection with credit transactions, reporting and maintaining credit histories, and retaining records. Regulation B does not, however, prevent a creditor from considering any pertinent information necessary to evaluate the creditworthiness of an applicant.

8. Privacy Policy

VCC acknowledges that they have a responsibility to their customers to keep records and information confidential and proprietary. VCC will make every attempt not to disclose, either directly or indirectly, to any person, firm or corporation information concerning such customers and the Eligible Loans except as permitted by law.

The board, management, and staff of VCC, LLC highly value our customer relationships and are acutely aware of the trust and responsibilities these relationships entail. We are committed to offering our customers an attractive menu of financial products and services to help them meet

their financial goals. In so doing, however, we are mindful of our obligation to ensure that the privacy of the sensitive personal and financial information entrusted to us is not compromised. This Privacy Policy is intended to ensure the attainment of these objectives.

Gathering Personal Information

VCC collects nonpublic, personally identifiable and financial information about the customer including: (i) information received from applications or other forms, such as an application for a loan; (ii) information about transactions with us, our affiliated companies, or other third parties; and (iii) information we receive from consumer reporting agencies.

The type of information that we request depends on the service that is being utilized. For example, when a customer completes an application, we may ask for information such as name, address, income, employment, investments and other similar information. We also collect information from the use of our website.

Use of Personal Information

Although we may disclose all of the information we collect and retain, its use will be limited to what we reasonably believe is appropriate and necessary to administer our business and to provide the quality of service our customers expect and deserve, such as to: (i) protect customer records; (ii) satisfy regulatory reporting and other legal requirements; (iii) administer proper internal operations;

Safeguarding Customer Information

At VCC, we protect customer privacy by ensuring that only employees who have a business reason for knowing information have access to it.

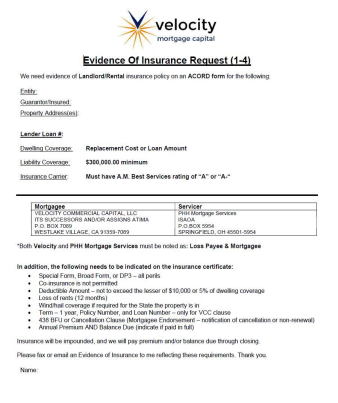
VCC maintains physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic, personal information. We continually assess new technology for protecting information. We strive to ensure that our operational and data processing systems are in a secure environment that protects all account information from being accessed by unauthorized parties.

Accuracy of Information

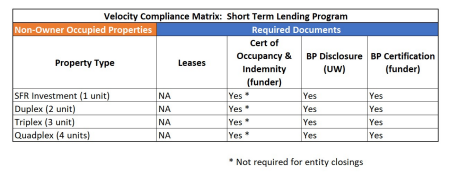
VCC has established procedures to ensure that customer’s financial information is accurate, current and complete, in keeping with reasonable industry standards. We continually strive to maintain complete and accurate information about customer accounts.

Schedule of Appendix(s)

Appendix 1 – Insurance Requirements



Appendix 2 – VCC Occupancy Required Documents



Appendix 3 – VCC Loan Questionnaire

