



2601 Main Street, Suite 400, Irvine, CA 92614

949-252-8020 | www.val-chris.com

DRE #01002882 | NMLS #243299 | DFPI #603 5063

BUSINESS PURPOSE LOAN GUIDELINES

Effective January 21, 2024 | Applies to 1-4 Residential Only

- Cash Out Proceeds must be more than 50% of the loan amount
 - Meaning any consumer debts, *including loan fees*, that are being paid through the transaction must be less than 50% of the loan amount as they are now being deemed consumer purpose...
 - If loans are being paid off that the borrower claims are not consumer purpose loans ask for a copy of the closing statement when they took the loan out and a letter explaining what the loan was used for.
- Proceeds should go into a business account or purchase escrow on all business purpose and purchase loans.
 - Regardless of subject property occupancy
 - Exception may be made if borrower is a seasoned real estate investor with multiple rental properties
 - Borrowers who are using the funds to remodel or upgrade a currently owned rental property may have the proceeds go directly to them.
- On all business purpose loans, we would prefer the purpose letter be provided on the business letterhead. If they don't have business letterhead, we will accept a purpose letter emailed to us by the borrower using their business email that should include the name of the business. As a last resort we will accept the handwritten purpose letter like we do now. We will want the handwritten purpose letter on all investment purpose loans like we do now.
- If the loan is going to be a purchase money loan to an LLC or Corporation, and they plan on residing in the property as their primary residence, we want the LLC or Corporation to be in good standing for at least 6 months prior to submission to us and we want them to have at least a bank account in the name of that LLC or Corporation. The funds for the down payment on any purchase needs to come from the bank account of the LLC or Corporation buying the property unless of course our loan proceeds cover the entire purchase price and closing costs.
- Related to ADUs or Duplexes where 1 unit is Owner-Occupied: Both of these could be considered business purpose loans so long as you have sufficient evidence to confirm they are using the proceeds for the other unit or the build of the ADU. For example, if part of the proceeds goes to pay current property taxes or insurance, or to improve any areas that the owners also use, then I would argue those amounts are consumer purpose in an abundance of caution. So, I would recommend getting a clear breakdown of all uses of the proceeds to match that up, and on an owner-occupied property I would make sure that at least 80% of the proceeds go for a clear business purpose.



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ATTENTION BORROWERS:

REFINANCE LOANS – FUNDS MUST BE DEPOSITED INTO YOUR BUSINESS ACCOUNT. IF YOU CANNOT FOLLOW THIS GUIDELINE, PLEASE ASK YOUR LOAN OFFICER AS SOON AS POSSIBLE FOR AN EXCEPTION AS TO AVOID DELAYS AT FUNDING TIME.

LOAN APPLICATION CHECKLIST

Please send the following items at the same time, with each item as a separate file:

- Loan application – “Classic” 1003
- Tri-Merge Credit Report (60 days or newer)
- Borrower Contact Certification (blank form attached)
- Borrower W-9 (blank form attached)
- Certificate of Business Purpose, with specific business purpose listed (blank form attached)
- Purpose Letter stating what funds will be used for (blank form attached)
- Borrower Authorization for Val-Chris Investments (blank form attached)
- Notice of Right to Receive Appraisal (blank form attached)
- Statement of Information on all parties (blank form attached)
- Appraisal in Val-Chris Investments' name (from Approved Appraisers List)
- Evidence of Insurance AND Insurance Disclosure
- Copy of Borrower(s) Government Issued ID (front and back)
- Preliminary Title Report (see our preferred title and escrow companies attached. We will open on our end on refinances; you are only required to provide in purchase transactions.))

IF APPLICABLE

- Purchase Agreement and any/all counters or amendments
- Current Mortgage Statement for ALL existing Liens and/or payoff contact info
- Promissory Note or Note Modifications on all remaining senior liens
- Copy of Lease/Rental Agreements
- Certificate of Non-Owner Occupancy Certificate (blank form attached)
- Copy of Trust and/or Trust Cert. **Please note: If vesting in a trust, you must have a bank account in the name of the trust for funds to be disbursed.**
- Corp./LLC Documents (Articles of Org/Incorp., W-9, Bylaws/Operating Agreement & Corp. Resolution)
- Current HOA Statement
- Competency Age Letter on Doctor, Lawyer or Accountant Letterhead for borrowers who are 65 years of age or older



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FUNDING PROCESS & TIME FRAMES

(TYPICAL TIME FRAME - 5 to 14 days)

1. PRE-APPROVAL (1 to 24 hours)

>Basic deal information is collected and reviewed

2. APPROVAL (1 to 72 hours)

>Application package + Appraisal is reviewed by underwriting

3. DOCS (24 to 48 hours)

>Loan documents are prepared

4. DOC SIGNING (24 to 72 hours)

>Borrower(s) sign loan documents with notary

5. DOC REVIEW (24 to 72 hours)

>Final funding conditions are delivered

6. FUNDING (24 to 48 hours)

>Funding is initiated the day after conditions are met

7. CLOSING (24 to 48 hours)

>Recording initiated with the county and funds are disbursed.



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DOC FEE WORKSHEET

Loan Amount	Doc Fee Amount
Up to \$100,000	\$1,295
Up to \$250,000	\$1,495
Up to \$1,000,000	\$1,595
Over \$1,000,000	\$1,795
Commercial Docs	Add \$200



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Accepted Title and Escrow Companies for Refinance Transactions

Val-Chris Investments will now handle opening all escrow and title orders. As the lender, we feel it is our responsibility to handle these duties so the broker has a “one-stop shop” feel with our company. We are dedicated to providing a top level of service and feel these escrow and title companies will provide the same. If Title and Escrow are already opened, your Val-Chris representative will change it over for you.

The companies we will be opening orders with are the following:

TITLE

Pacific Coast Title (CA & AZ)

Contact: Sandra Millar
smillar@pct.com | 714-323-2360

Vantage Point Title (FL)

Contact: Closing Team
closingteam@vptitle.net
titleteam@vptitle.net

Fidelity National Title (TX)

Contact: Renee Gibbins
rene.gibbins@fnf.com |
817-784-4966

Ho'Okele Title & Escrow (HI)

Contact: Laureen Leong
laureen.leong@hteHI.com |
808-426-77909

ESCROW

Pacific Coast Title (CA & AZ)

Contact: Sandra Millar
smillar@pct.com | 714-323-2360

Shalimar Escrow (CA)

Contact: Melanie Rountree
Melanie.Rountree@shalimar-escrow.com | 714-964-3103

Hana Escrow Company(CA)

Contact: Mimi Kim
Mimi@hanaescrowinc.com |
714-888-7106

Clear Escrow (CA)

Contact: Soo Moon
soo@ClearEscrow.net | 949-519-0100

For other states, please contact your Account Executive for more information.

IF AN LLC OR CORPORATION IS BEING USED, PLEASE INCLUDE THE FOLLOWING

Title will require the following documents in order to insure a conveyance or encumbrance by the limited liability company named below:

Limited Liability Company:

- (a) A certified copy of the articles of organization (LLC-1), and any amendment (LLC-2) or restatement (LLC-10) to be recorded in the appropriate county.
- (b) A copy of the operating agreement and any amendment.
- (c) Other requirements that the Company may set forth following its review of said documents (typically a Certificate of Good Standing from the State of California)
- (d) If the LLC was formed outside the state of California, title will likely need a copy of their LLC-5 also (Application to Register a Foreign Limited Liability Company) – this can take 2 weeks to get if they don't have one.

Title will require the following documents, in order to insure a conveyance or encumbrance by the corporation or unincorporated association named below:

Corporation

- (a) A copy of the corporation By-Laws or Articles.
- (b) An original or certified copy of the Resolution authorizing the subject transaction.
- (c) If the Articles or By-Laws require approval by a "parent" organization, we will also require a copy of those By-Laws or Articles.
- (d) If an unincorporated association, a statement pursuant to applicable law (such as California Corporation Code Section 20002).



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BORROWER CONTACT CERTIFICATION

Date: _____

BORROWER: _____

I hereby certify that the subject property for the loan is located at the address indicated below, and that the correct mailing address of the Borrower is also indicated below:

The complete **ADDRESS FOR THE SUBJECT PROPERTY** is:

The complete **MAILING ADDRESS OF THE BORROWER** is:

PLEASE PROVIDE THE FOLLOWING CONTACT INFORMATION FOR EACH BORROWER OR SIGNATORY FOR THE BORROWER:

Borrower 1

Borrower 2

Home Phone # _____

Home Phone # _____

Work Number # _____

Work Number # _____

Cell Phone # _____

Cell Phone # _____

Email Address: _____

Email Address: _____

Borrower Signature

Borrower Signature

By signing this certification, I consent and authorize you to contact me at the numbers listed above and furthermore I authorize you to contact me and send me information via e-mail.

ALL INFORMATION MUST BE COMPLETED BEFORE WE ARE ABLE TO ORDER LOAN DOCUMENTS.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate	Exempt payee code (if any) _____
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.	Exemption from FATCA reporting code (if any) _____
	<input type="checkbox"/> Other (see instructions) ▶ _____	<i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
6 City, state, and ZIP code		
7 List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
-				-					
or									
Employer identification number									
-									

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.



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CERTIFICATE OF BUSINESS PURPOSE OF LOAN

Borrower certifies to Val-Chris Investments, Inc. ("Originator") as follows:

- 1. I have applied to Originator for a trust deed loan of \$_____ secured by the real property at _____ (the "Loan")
- 2. Originator has stressed to me the importance of knowing the primary purpose of the Loan. I know that the legal responsibilities of Originator vary considerably depending on whether the Loan is a consumer loan (for personal, household, or family purposes), or a business loan.
- 3. I have represented to Originator and again represent to Originator that all of the purposes of the loan, exclusive of commissions and loan expenses incurred to obtain the Loan are:

<u>Purpose</u>	<u>Approximate Amount</u>
A.	\$
B.	\$
C.	\$
D.	\$

4. The primary purpose of the Loan is to finance the business enterprise known as _____ that is in the business of _____.

5. No part of the Loan proceeds are intended to be used for a nonbusiness (i.e., consumer) purpose except:

<u>Purpose</u>	<u>Approximate Amount</u>
----------------	---------------------------

The lender, broker, assignees, and successors of the Originator may rely upon this certificate. I declare under penalty of perjury that the foregoing Certificate is true and correct.

Borrower (Print Name)

Signature

Date

Borrower (Print Name)

Signature

Date



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LOAN PURPOSE LETTER

PROPERTY ADDRESS: _____

PURPOSE OF LOAN: **Must be handwritten and wet signed**

Borrower (Print Name)

Signature

Date

Borrower (Print Name)

Signature

Date

Borrower Signature Authorization

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor under = its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. Seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CPD);and Title 42 USC, 1471 et. Seq., or 7 USC, 1921 et. Seq. (if USDA/FmHA).

Part 1: General Information

1. Borrower(s)	2. Name and address of Lender/Broker Val-Chris Investments, Inc. 2601 Main Street, Suite 400 Irvine, CA 92614 Phone: 949-252-8020
-----------------------	--

Date

Part 2: Borrower Authorization

I hereby authorize the Lender/Broker to verify my past and present employment earnings records, bank accounts, stock holdings, and any other asset balances that are needed to process my mortgage loan application. I further authorize the Lender/Broker to order a consumer credit report and verify other credit information, including past and present mortgage and landlord references. It is understood that a copy of this form will also serve as authorization.

The information the Lender/Broker obtains is only to be used in the processing of my application for a mortgage loan.

Signature

Date

Signature

Date



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NOTICE TO APPLICANT OF RIGHT TO RECEIVE COPY OF APPRAISAL

Property Address: _____

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

Borrower Signature _____ Date _____

Borrower Signature _____ Date _____

I waive my right to receive a copy of the appraisal 3 days prior to consummation, as long as I receive a copy of the appraisal at or prior to consummation.

Borrower Signature _____ Date _____

Borrower Signature _____ Date _____

CONFIDENTIAL STATEMENT OF INFORMATION

P
A
R
T
Y

O
N
E

FULL NAME: _____

FORMER LAST NAME(S), IF ANY: _____

BIRTHPLACE: _____ BIRTH DATE: _____

SOCIAL SECURITY NUMBER: _____ DRIVER LICENSE NUMBER: _____

HOME PHONE NUMBER: _____ MOBILE PHONE: _____

I AM: SINGLE MARRIED HAVE A DOMESTIC PARTNER

NAME OF CURRENT SPOUSE/ DOMESTIC PARTNER (IF DIFFERENT FROM PARTY 2): _____

NAME OF FORMER SPOUSE/ DOMESTIC PARTNER (IF NONE, WRITE "NONE"): _____

P
A
R
T
Y

T
W
O

FULL NAME: _____

FORMER LAST NAME(S), IF ANY: _____

BIRTHPLACE: _____ BIRTH DATE: _____

SOCIAL SECURITY NUMBER: _____ DRIVER LICENSE NUMBER: _____

HOME PHONE NUMBER: _____ MOBILE PHONE: _____

I AM: SINGLE MARRIED HAVE A DOMESTIC PARTNER

NAME OF CURRENT SPOUSE/ DOMESTIC PARTNER (IF DIFFERENT FROM PARTY 1): _____

NAME OF FORMER SPOUSE/ DOMESTIC PARTNER (IF NONE, WRITE "NONE"): _____

RESIDENCES IN THE LAST 10 YEARS (NUMBER, STREET, CITY, STATE, ZIP; FROM DATE - TO DATE):

PARTY 1: _____

PARTY 2: _____

OCCUPATIONS IN THE LAST 10 YEARS: (OCCUPATION, FIRM NAME, ADDRESS, NUMBER OF YEARS):

PARTY 1: _____

PARTY 2: _____

PARTY 1 SIGNATURE

DATE

PARTY 2 SIGNATURE

DATE

Automated Payments (ACH) Customer Authorization

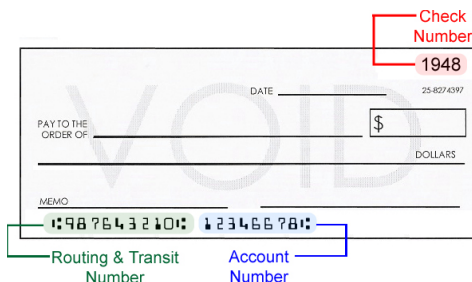
This allows your monthly interest payments and payoffs to be directly deposited into your account. Please complete the information below so we may get you set up.

Name			
Address	City	State	Zip Code
Phone Number	E-Mail Address		

Banking Information

Name of Primary Bank	Name of Account
Account Type <input type="checkbox"/> Checking <input type="checkbox"/> Savings	Bank Phone Number
Bank Routing Number (see example below)	Bank Account Number (see example below)

PLEASE ATTACH A VOIDED CHECK TO THIS FORM



I hereby authorize a monthly ACH electronic debit from the account designated above to be paid to Val-Chris Investments, ISAOA, in payment for services rendered to me, not to exceed the amount agreed to by me below.

I further understand that should my bank dishonor my automated payment for insufficient or uncollected funds, the original amount, plus an additional transaction in the amount of the state allowed NSF check fee may be electronically debited from my account.

I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Signature	Date
-----------	------

Agreed Upon Amount and Terms

Your payment will be due on the 1st of each month (see Promissory Note for 1st payment date).
You have a 10-day grace period.

My account will be debited on the _____ day of each month

NOTE: Dates selected after the 11th of the month will be assess a 10% late charge

EXISTING LOAN AND HOA INFORMATION SHEET

Escrow No.:

Property Address:

In order to proceed with the above referenced escrow, we need the following information about your property. **PLEASE COMPLETE, SIGN, AND RETURN** this form to our office as soon as possible.

FIRST LOAN: Name of Lender: _____ Phone No.: _____
Address: _____
Loan No.: _____ Approximate Unpaid Balance: \$ _____

SECOND LOAN: Name of Lender: _____ Phone No.: _____
Address: _____
Loan No.: _____ Approximate Unpaid Balance: \$ _____

THIRD LOAN: Name of Lender: _____ Phone No.: _____
Address: _____
Loan No.: _____ Approximate Unpaid Balance: \$ _____

HOA INFO: Name of Association: _____
Name of Management Company: _____
Address: _____
Account No.: _____ Monthly Payment: \$ _____
Telephone No.: _____ Fax No.: _____

INSURANCE INFORMATION:

Name of Insurance Company: _____
Agent's Name: _____ Quote/Premium Amount: \$ _____
Address: _____
Telephone No.: _____ Fax No.: _____
Policy No.: _____ Expiration Date: _____

BUYER/BORROWER INFORMATION AFTER CLOSE OF ESCROW:

Mailing Address: _____
Telephone No.: _____ Social Security No.: _____
Email Address: _____

() CHECK HERE IF CONDO AND HAZARD INSURANCE IS COVERED THROUGH ASSOCIATION

We, the undersigned, certify that the above information is true and correct to the best of our knowledge. THE UNDERSIGNED AUTHORIZE(S) _____ TO OBTAIN THE DEMAND(S) FOR ALL ENCUMBRANCES ON SUBJECT PROPERTY. IF ANY OF THE ABOVE LOANS ARE EQUITY LINES OF CREDIT, THE BORROWER(S) ACKNOWLEDGE THE LINE OF CREDIT WILL BE FROZEN UPON ISSUANCE OF THE DEMAND(S). IF APPLICABLE, PLEASE SIGN THE ATTACHED LINE OF CREDIT FREEZE LETTER.

BUYER(S) / BORROWER(S):

Printed Name _____

Printed Name _____

VESTING INFORMATION

Prior to the close of your escrow, you will need to provide us with how you wish to hold title to the real property referenced above. For your convenience, you may use the lower portion of this letter to indicate the exact name and manner of title. The manner of taking title may have significant legal and tax consequences and should be given careful consideration. It is recommended that a CPA or attorney be consulted to assist you in your decision.

Print your name(s) as you wish it to appear of record and as provided to your new lender if applicable:

Marital Status and Vesting - Please check one

- Husband and Wife as Joint Tenants Husband and Wife as Community Property
 Husband and Wife as Community Property with Right of Survivorship
 A Married man as his sole and separate property.
Please provide the name of your Spouse: _____
 A Married woman as her sole and separate property.
Please provide the name of your Spouse: _____
 Registered Domestic Partners as Community Property with Right of Survivorship
 Registered Domestic Partners as Joint Tenants
 A married couple as Joint Tenants a married couple as Community Property
 A married couple as Community Property with Right of Survivorship
 Who are married to each other as Joint Tenants as Community Property
 Who are married to each other as Community Property with Right of Survivorship
 Single Man Single Woman
 Unmarried Man Unmarried Woman
 Widower Widow
 Tenants in Common - As to an undivided _____ % interest
 In a Trust as Trustee as Co-Trustees
 Name of Trust: _____
 OTHER: _____

Escrow Holder is authorized to complete the Grant Deed and all pertinent documents, prior to the close of escrow in accordance with the foregoing information.



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INSURANCE DISCLOSURE

Settlement method: Replacement cost with the insured building value being the amount of the loan, at minimum.

- If the coverage is equal to or more than the loan balance(s) then this condition is met.

Coverage form: Special form property coverage is required. Basic or broad coverage forms are not acceptable.

Coinsurance: The policy must not include a coinsurance clause.

Deductible: The maximum AOP (all other perils) property deductible allowed is **\$5,000**. Exceptions are allowed for the perils of wind/hail, named windstorm, and theft and VMM (Vandalism & Malicious Mischief), if needed. Any other exceptions on a case-by-case basis.

Insured value at the location or the AOP property deductible, whichever is greater.

For Owner Occupied Properties: Homeowner's Policy

For Non-Owner Occupied/Investment Properties: Landlord's Policy

- Loss of rents: This coverage is required for all tenant-occupied locations.

Flood coverage: This coverage is required if the property is located in a high-hazard flood zone.

Coverage must be written by a carrier rated "A" or better by A.M. Best.

"Val-Chris Investments, Inc" must be listed as Mortgagee and Lenders Loss Payable as follows:

Val-Chris Investments, Inc. ISAOA
2601 Main Street, Suite 400
Irvine, CA 92618
Loan no.

Borrower Signature date

Borrower Signature date