

# EquityChoice

a new type of residential, second mortgage that allows your clients access to home equity without monthly payments, ever.

## Innovative Features **Freedom**



**No monthly mortgage payments** due until maturity, and no prepayment penalties if you choose to.



**Access from \$85,000-\$500,000 in cash upfront** with no usage limits.



**Lock in a below market fixed rate**, with a shared appreciation feature, and no prepayment penalties

## How Does **Shared Appreciation Amount** Work?

- **If the customer's home value goes up**, they owe a portion of their home's appreciation
- **If their home value goes down**, they only owe principal + interest
- **The most the customer can owe in fixed interest and shared appreciation is capped** (varies by state).



**At maturity, the customer owes a Final Balloon Payment** (Principal + Fixed Interest + Shared Appreciation Amount)

**Our EquityChoice Program is an easy process to increase your earning potential in as little as 2 weeks!**

- ✓ **Identify potential clients** & submit registration form
- ✓ Newfi manages entire process **from application to funding**
- ✓ Partner receives a **flat fee per funded loan** (the greater of \$750 or 70 bps of the Funded Amount)

## Discover the EquityChoice advantage for your business

- ✓ **Generate new business** from your dormant clients locked into low fixed rates.
- ✓ **Gain a competitive edge** into the home equity market with an exclusive new product.
- ✓ **Qualify more clients** with flexible asset and income eligibility.
- ✓ **Preserve your customer relationships.** We won't cross sell to your customers.
- ✓ **Limited partner involvement** so you can fund more loans. Get started in 2 weeks.

# Flexible Eligibility



## Customer Characteristics

<b>Occupancy Type</b>	Primary residence only
<b>Property Type</b>	Single family detached and detached PUDs only
<b>Home Occupancy</b>	Minimum 2 years in home
<b>FICO Score*</b>	680+
<b>Transaction Type</b>	Must have a 1st lien in place (No neg am, shared appreciation, construction loan, or balloon)
<b>Home Value</b>	\$550,000-\$3,125,000
<b>Credit History</b>	No bankruptcies, foreclosures, or short sales in past 7 years

## Loan Characteristics

<b>Eligible States</b>	AZ, CA, and CO (at launch)
<b>Loan Amounts</b>	\$85,000-\$500,000
<b>Terms (years)</b>	10
<b>Origination Fee</b>	3% of initial loan balance
<b>Max EquityChoice LTV</b>	16%
<b>Max CLTV (if 1st lien is)*</b>	<= 20-year 65% >20 year <= 30-year is 60% >30 year full amortized is 55%

**\*If first mortgage is an I/O** the above CLTVs are reduced by 5% and the minimum FICO required is increased to 720

## A Broker Program Designed To Be Fast And Easy To Earn

1. Partner identifies clients & submit a Broker Registration Form through Newfi's product website
2. Newfi manages the entire customer origination process from application to funding
3. Partner receives a flat fee per funded loan for customers they provide

Broker must be approved to offer the EquityChoice program. Speak with your Account Executive to sign the addendum and start growing your business in as little as 2 weeks!

# Infinite Possibilities with \$0 Monthly Payments

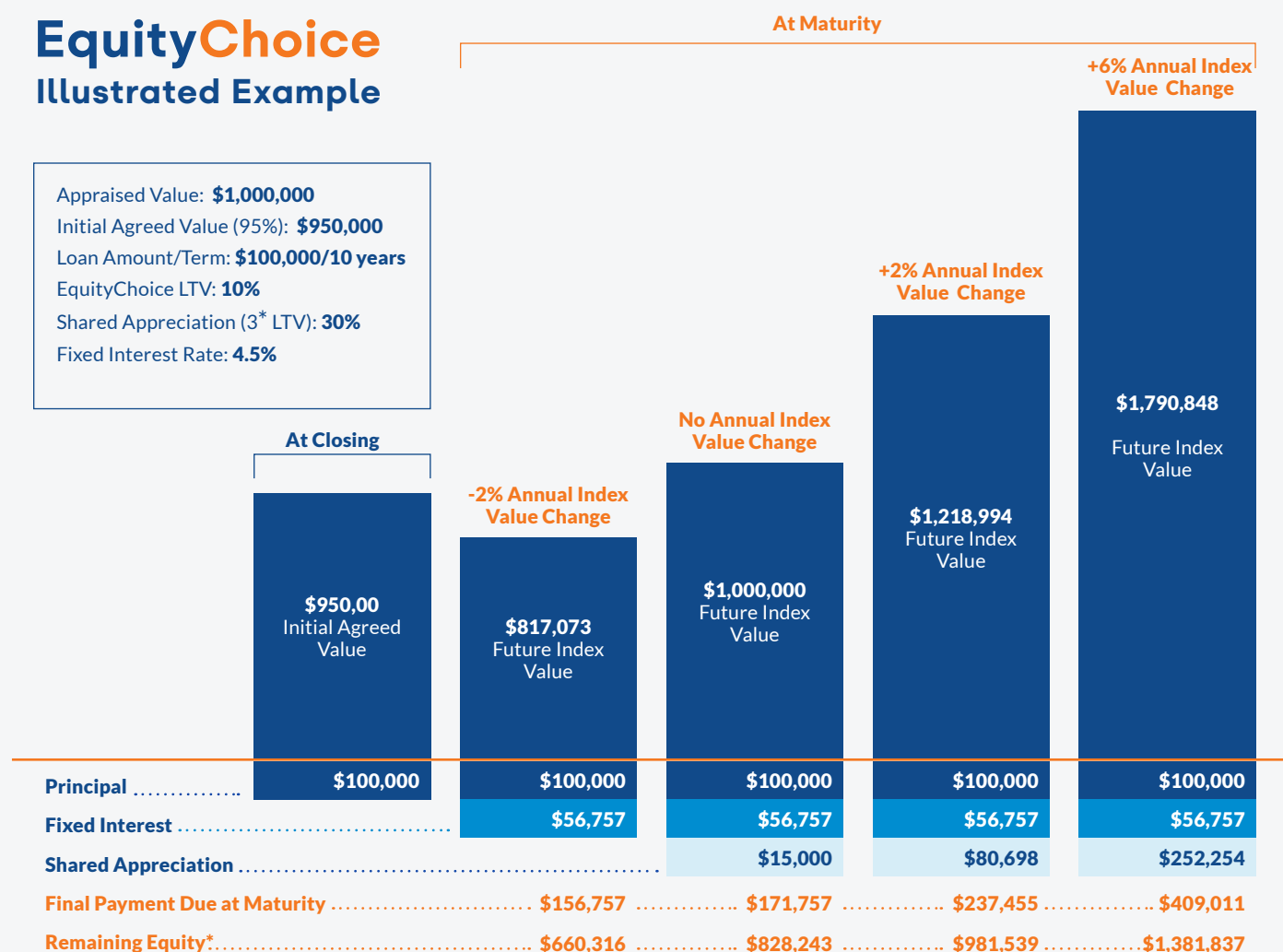
Let's look at an illustrated example of how **EquityChoice** could benefit your clients:

Your customer owns a home worth **\$1,000,000** and would like access to **\$100,000** in immediate funds.

With EquityChoice, they can borrow \$100K for 10 years without monthly payments and a fixed rate of 4.5% (compounds monthly). **They get extra monthly cash flow of approximately \$1,322/month for 10 years.** That's money they can save or reinvest to potentially build additional wealth.

## EquityChoice Illustrated Example

Appraised Value: **\$1,000,000**  
Initial Agreed Value (95%): **\$950,000**  
Loan Amount/Term: **\$100,000/10 years**  
EquityChoice LTV: **10%**  
Shared Appreciation (3\* LTV): **30%**  
Fixed Interest Rate: **4.5%**



Based on their LTV, they would owe shared appreciation of 30% (3x 10% LTV) at maturity. We generally use 95% of their appraised value (Initial Agreed Value) to calculate future shared appreciation to account for appraisal variance.

At maturity, their final balloon payment will vary based on their future home value but will never exceed a Capped Payoff Amount (\$347,824 in CA and \$468,464 in APOR states as of 12/11/23).