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PROGRAM MATRIX

Portfolio Express 5-8 Units

REVISED 01.01.2022



Program matrix is for informational purposes only and is subject to change. Our investor reserves the right to amend its underwriting guidelines in its sole discretion without notice. Loans are subject to investor and business credit approval, appraisal and geographic location of the property and other underwriting criteria. Loan amounts and rates may vary depending upon loan type, LTV, verification of application information and other risk-based factors. Application fees, closing costs and other fees may apply. The Matrix is not for reproduction or distribution without prior written consent.

Portfolio Express Rental Loan

Loan Purpose	<ul style="list-style-type: none"> • Purchase or refinance a portfolio of properties • Refinance and acquire properties under the same transaction
Delayed Financing	If all of the properties were purchased with cash in the last 180 days, then the borrower is eligible to refinance the property to recapitalize their funds and be considered a Limited Cash-Out refinance. If there is any current financing, then the delayed financing option is ineligible.
Borrower	Entity (Single Purpose Entity, existing or newly formed)
Equity Pledge	No pledge required
Property Type¹	<p>Non-Owner Occupied:</p> <ul style="list-style-type: none"> • Single-family detached residences (SFR) • 2-4 unit residences • Warrantable condominiums • Non-warrantable condominiums (max 65% LTV) • Townhomes • Planned Urban Developments (PUD) • Multi-family, 5-8 units
Term	30-year

¹ 2-8 Unit Properties and Condos will be limited to a max of 75% LTV.

Portfolio Express Rental Loan

Amortization	Full amortization
Experience	No first time homebuyers
Foreign Nationals	<ul style="list-style-type: none"> • Not allowed from ineligible country list (page 13) • Purchase or Limited Cash-Out: 75% max LTV • Cash-Out: 65% max LTV
Property Minimums	Minimum property value is \$100K
Minimum Loan Amount	\$200K
Maximum Loan Amount	\$5MM
Property or Unit Acquisition Minimum	2 property minimum (1 property allowed if property is multi-family)
Property or Unit Maximum	20 properties or units total
Recourse Type	Full recourse

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Portfolio Express Rental Loan

Minimum FICO	640 (all Guarantors)				
	Loan Purpose	FICO	< 1.00x DSCR	1.00x to < 1.15x DSCR	≥ 1.15x DSCR
Max LTV Value is the appraised value. Debt Service Coverage Ratio (DSCR)	Purchase/ Limited Cash-Out Refinance	700+	65%	75%	80%
		680-699	65%	75%	75%
		640-679	65%	70%	70%
	Cash-Out Refinance	680+	65%	75%	75%
		640-679	65%	70%	70%
> 20% Vacancy	≥ 640	65% purchase 65% refinance	70% purchase 65% refinance	70% purchase 65% refinance	
Foreign National	Purchase/LCO Refi Cash-Out Refi	N/A	65%	75%	75%
				65%	65%
Vacancy Maximum	Purchase: 50% max Refinance: ≤ 10 units – 30% max > 10 properties/units – 25% max				
Expense Assumption	None				

Portfolio Express Rental Loan

<p>Combined Property DSCR</p>	<ul style="list-style-type: none"> • <1.00x to < 1.15x max of 75% LTV • < 1.00x max of 65% LTV • No DSCR floor
<p>Individual Property DSCR</p>	<ul style="list-style-type: none"> • 1.00x Property can have max leverage • < 1.00x Property LTV max of 65% (allocated loan amount must be ≥ \$150K) • No DSCR floor • Market Rent Validation/Lease required
<p>Rural Properties</p>	<p>Ineligible</p>
<p>Property Seasoning Requirement (to Use Value vs. Cost Basis)</p>	<ul style="list-style-type: none"> • < 180 days: Use lesser of acquisition or value • Cash out limited to 65% LTV
<p>Valuation</p>	<p>Full appraisal required with allocated loan amounts > \$1MM or that have allocated LTVs > 70%.</p> <p>Alternative Valuation option for 1-4 unit properties with allocated loan amounts ≤ \$1MM and that have allocated LTVs ≤ 70% (<i>if market coverage available</i>) (<i>Alternative Valuation is a sales comparison using a 3rd party interior inspection.</i>)</p>
<p>Rent Calculation</p>	<ul style="list-style-type: none"> • Market Rent is determined by actual 1007 Comparable Rent or 1007 Automated Comparable Rent Schedule (on single unit properties only where available to reduce cost). • Rent Qualification is lesser of in-place rent or up to 100% of market rent. • *If in-place rent exceeds market rent, borrower may use up to 115% of market rent (with most recent 6 months evidence of receipts) • Vacant properties use 100% market rent

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Rent Verification	Executed lease agreement (rented properties)
Property Management	Self-managed allowed, with two years experience owning investment properties OR Use of a property management company to professionally manage the property
Lease Required if Tenant Occupied?	Yes
Lease Structure	No lease-to-purchase options. No ground leases. No cash-for-deeds. No leases with term > three (3) years.
Borrower Reporting	N/A
Cash Management	N/A
Pre-Payment Penalty	Declining Points, stepping down per year as follows: 3%, 2%, 1% OR 5%, 4%, 3%, 2%, 1%
Annual Escrows (Collected monthly)	Standard tax and insurance escrows
Short-Term Rentals	Ineligible

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Portfolio Express Rental Loan

<p>Liquid Reserves We verify the source of all funds used to meet liquidity requirements. We do not use funds from unverified sources.</p>	<p>6 months required if $\leq 10\%$ of units are vacant 9 months required if $> 10\%$ of units are vacant</p>
<p>Payment Reserve</p>	<p>3 months PITI placed in escrow to make the first three payments.</p> <p>Required for the following:</p> <ul style="list-style-type: none"> • $> 25\%$ of units have month-to-month leases • $> 10\%$ vacancy
<p>Insurance Requirements</p>	<p>More complex coverage required than standard owner-occupied policy (i.e., rent loss coverage), and must be FACo approved.</p> <p>Refinance If existing policy expires within 30 days of the closing, must verify that the premium has been paid or will be paid at closing.</p> <p>Purchase There must be verification that the premium period is at least 12 months from the day of closing. Installment payment of premiums are prohibited.</p>
<p>Property Condition</p>	<p>C4 or better (rent ready)</p>
<p>Additional Debt</p>	<p>No subordinate debt or seller finance liens allowed</p>
<p>Property Releases</p>	<p>Greater of 115% allocated loan amount or 80% of the gross purchase price (if applicable).</p>