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PROGRAM MATRIX

Portfolio 9-20 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 Rental Loan Matrix

Revised 01.01.2022

	Standard Portfolio Rental Loan	Streamline Portfolio 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 	<ul style="list-style-type: none"> • Rate-term refinance and cash-out refinance
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.	N/A
Borrower	Entity (Special Purpose Entity) Must be a Newly Formed LLC only, unless LLC was used exclusively for a previous Investor loan transaction.	Existing Entity (recycled entity cert, full recourse carve-out for entity related issues)
Equity Pledge	Pledge of Equity from owners is required	Required for Special Purpose Entity (SPE) <i>(If SPE with other securitized loans and no pledge is possible, loan level pricing adjustments apply and Recourse guaranty for loans < \$1MM is required)</i>
Property Type1	Non-Owner Occupied: <ul style="list-style-type: none"> • Single-family detached residences (SFR) • 2-4 unit residences • Condominiums: warrantable and non-warrantable (with reduced leverage) • Townhomes • Planned Urban Developments (PUD) • Multi-family, 5-20 units 	

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Term	5-, 7-, or 10-year with balloon due at end of term	
Amortization	Full amortization up to 30 years, with interest-only option available	
Experience	No first time homebuyers	
Foreign Nationals	<ul style="list-style-type: none"> • Not allowed from ineligible country list (page 14) • Capped at 65% LTV 	
Property Minimums	<ul style="list-style-type: none"> • Minimum property value is \$40K, but portfolio must maintain an average value of \$50K. • Individual properties with a property value below \$75K will be limited to 60% LTV. • If the Portfolio has an average property value < \$75K the portfolio must have a minimum DSCR of 1.40x. • Interest-only loans will require a minimum average property value of \$100K. 	
Minimum Loan Amount	\$500K	N/A
Maximum Loan Amount	\$10MM	\$20MM
Property or Unit Acquisition Minimum	5 units per loan	3 units per loan

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Recourse Type	<p>Loans ≥ \$1MM: Full Recourse and Non-Recourse options available</p> <p>Loans < \$1MM: Full Recourse only</p>	<p>Same as original loan</p> <p>Loans > \$1MM may be eligible to switch to Non-Recourse if loan was originally Full Recourse.</p>																																	
Minimum FICO	660 (all Guarantors)	600 (sub-660 capped at 60% LTV)																																	
Max LTV	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>FICO</th> <th>1.15x DSCR</th> </tr> </thead> <tbody> <tr> <td>Purchase/ Limited Cash-Out Refinance</td> <td>≥ 700</td> <td>75%</td> </tr> <tr> <td></td> <td>≥ 660</td> <td>70%</td> </tr> <tr> <td>Cash-Out Refinance</td> <td>≥ 720</td> <td>75%</td> </tr> <tr> <td></td> <td>≥ 680</td> <td>70%</td> </tr> <tr> <td></td> <td>≥ 660</td> <td>65%</td> </tr> </tbody> </table> <p>Interest-only: 70% max LTV (1.25x DSCR required at IO payment)</p> <p><i>Foreign National loans will be capped at 65% LTV.</i></p>	Loan Purpose	FICO	1.15x DSCR	Purchase/ Limited Cash-Out Refinance	≥ 700	75%		≥ 660	70%	Cash-Out Refinance	≥ 720	75%		≥ 680	70%		≥ 660	65%	<table border="1"> <thead> <tr> <th>Loan Purpose</th> <th>FICO</th> <th>1.15x DSCR</th> </tr> </thead> <tbody> <tr> <td>Cash-Out</td> <td>≥ 660</td> <td>65% LTV max</td> </tr> <tr> <td></td> <td>≥ 600</td> <td>60% LTV max</td> </tr> <tr> <td>No Cash-Out</td> <td>≥ 660</td> <td>70% LTV max</td> </tr> <tr> <td></td> <td>≥ 600</td> <td>60% LTV max</td> </tr> </tbody> </table> <p>No cash-out: Rate and Term</p> <p>Cash-out: Loan amount ≤ 110% of the payoff maxed at 65% LTV</p> <p>Interest-only: 65% max LTV (1.25x DSCR required at IO payment, 1.00x required at full amortizing payment)</p>	Loan Purpose	FICO	1.15x DSCR	Cash-Out	≥ 660	65% LTV max		≥ 600	60% LTV max	No Cash-Out	≥ 660	70% LTV max		≥ 600	60% LTV max
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Max LTC		N/A																																	
Original Collateral / New Collateral	N/A	<p>A minimum of 80% of the original collateral properties must be included in the refinance.</p> <p>New collateral valued up to 100% of the remaining collateral value may be added with the refinance subject to the applicable max LTV.</p>																																	

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Expense Assumption	25% for C3/C4 Non-Multis 20% for C1/C2 Non-Multis Actual for Multis	
DSCR Minimum	1.15x for Full Amortizing Loans 1.25x for interest-only	1.15x for Full Amortizing Loans 1.25x for interest-only (Must meet a minimum floor of 1.00x when qualifying with the Fully Amortizing payment)
Rural Properties	Ineligible	
Seasoning Requirement (to Use Value vs. Cost Basis)	180 days	180 days (newly added properties)
Seasoning Restrictions	65% cash-out max for properties owned < 180 days	
Rent Qualification	Lesser of in-place rent or market rent	
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	N/A

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Vacancy Maximum

Max 10% vacancy allowed up to 75% LTV

Max 20% allowed for the following:

Refinances up to 60% LTV
Purchases up to 65% LTV
(Payment Reserve Required)

Max 20% vacancy allowed, 10% max preferred

If Occupancy is > 80% and < 90%:
6 month payment reserve applied
after 12 months of payments

Borrower Reporting

A quarterly Rent Roll is required

Cash Management

N/A

Pre-Payment Penalty

Yield Maintenance; **OR**

Declining Points, stepping down per year as follows:

5yr loans: 5%, 4%, 3%, 2%, 1%

7yr loans: 5%, 4%, 3%, 2%, 1%, 1%, 1%

10yr loans: 5%, 4%, 3%, 2%, 1%, 1%, 1%, 1%, 1%, 1%

Annual Escrows (Collected monthly)

Standard tax and insurance escrows

Short-Term Rentals

Ineligible

Reserves

We verify the source of all funds used to meet liquidity requirements. We do not use funds from unverified sources.

5% of the loan amount

After cash to close and payment reserve (if applicable) cash-out can be used to measure reserves

Loans < \$1MM and ≤ 65% LTV will have the above reserve requirement waived.

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<p>Payment Reserve</p>	<p>3 months debt service placed in escrow until 12 consecutive payments are made. Applied as a regular payment for three consecutive months following the 12th consecutive payment</p> <p>Required for the following:</p> <ol style="list-style-type: none"> 1) Cash-out > 65% LTV 2) > 25% of units have month-to-month leases 3) More than 10% of the units are vacant 	<p>Required if Occupancy is < 90%:</p> <p>6 months debt service placed in escrow until 12 consecutive payments are made. Applied as a regular payment for three consecutive months following the 12th consecutive payment</p>
<p>Cash Flow Coverage</p> <p>See page 13 for an example.</p>	<p>1.15x for Full Amortizing Loans</p> <p>1.25x for interest-only</p>	<p>1.15x for Full Amortizing Loans</p> <p>1.25x for interest-only (Must meet a minimum floor of 1.00x when qualifying with the Fully Amortizing payment)</p>
<p>Rent Verification</p>	<p>Executed lease agreement (rented properties)</p>	<p>Rent roll for existing properties, Lease Agreement for any newly added properties</p>
<p>Rent Calculation</p>	<ul style="list-style-type: none"> • Determine rent (if property is leased) by verifying annual in-place rent • Determine market rent by rental survey • Use lesser of in-place rent or market rent • Vacant properties use market rent 	

Standard Portfolio Rental Loan

Streamline Portfolio Rental Loan

Insurance Requirements

More complex coverage required than standard owner-occupied policy (i.e., rent loss coverage), and must be Investor approved. General liability coverage is also required.

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.

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.

Property Condition	C4 or better (rent ready)	N/A
Valuation	Full appraisal (after 5 interior appraisals, up 50% exterior appraisals allowed on additional properties)	DVI with site inspection photo. Full appraisal with interior to be ordered if any property concerns with DVI and inspection photo.
Additional Debt	No subordinate debt or seller finance liens allowed	
Lease Structure	No lease-to-purchase options. No ground leases. No cash-for-deeds. No leases with term > three (3) years.	N/A
Property Releases	Greater of 115% of allocated loan amount or 80% or Gross Sales Price (if applicable) Property substitution is allowed and must be requested at origination, however is subject to pricing and other requirements.	