

Portfolio Finance - Loan to Value and Guidelines

There are many kinds of Portfolio financing program available that depend on what kind of scenario you have. The most commend one are using “Verification of Employment” (VOE) form instead of providing W2 and paycheck stubs for salary employee and using “Profit and Loss” statement instead of providing tax return for self-employed borrower.

The down payments for Portfolio Program can be as low as 20% to \$1,000,000 loan amount. Since no W2, no paycheck stub and no tax return to be provided, some of our investor call it “Stated Income” program. Please call us to find the right program for you.

Below is a one of our portfolio programs that you may be interested in

PRIMARY RESIDENCE/SECOND HOMES			
Units	Loan Amount	LTV/CLTV	Min. Credit
Purchase and Rate & Term Refinance			
1	Upto \$1.5MM	70%	680
2-4	Upto \$1.0MM	65%	680
	>\$1.0MM to \$1.5MM	60%	680
Cash Out Refinance			
1	Upto \$1.0MM	50%	680
2-4	Upto \$1.0MM	50%	680

1 Unit includes SFR, PUD, Condominium (Attached & Detached)

2-4 Units ineligible on Second Homes

INVESTMENT PROPERTIES			
Purchase and Rate & Term Refinance			
1	Upto \$1.0MM	65%	680
	>\$1.0MM to \$1.5MM	60%	680
2-4	Upto \$1.0MM	60%	680
	>\$1.0MM to \$1.5MM	55%	680
Cash Out Refinance			
1	Upto \$1.0MM	50%	680
2-4	Upto \$1.0MM	50%	680

1 Unit includes SFR, PUD, Condominium (Attached & Detached)

PORTFOLIO PROGRAM 5/1 ARM & 7/1 ARM GUIDELINES	
Index	1-Year CMT
Margin	3.50%
Caps:	2/2/6
Qualifying Ratio	49% for all occupancy types
Qualifying Rate	Qualify at the greater of Note rate or Fully Indexed Rate
Eligible Properties	SFR, PUDs, Warrantable Condos, 2-4 Units
Eligible Borrowers	U.S. Citizens, Permanent Residents, Non-Permanent Resident Aliens with valid VISA type or Work Permit
Income Documentation for Salaried Borrowers	Written VOE (ordered by PCB from employer) <u>or</u> current paystubs and prior year W-2 (2 years W-2's if income other than base pay is used for qualification)
Income Documentation for Self-Employed Borrowers	Most Recent Year Personal & Business Tax Returns <u>or</u> Profit & Loss Statement prepared by CPA if all eligibility requirements are met
	<p>Eligibility Requirements for Profit & Loss Documentation:</p> <ul style="list-style-type: none"> - CPA letter must accompany the P & L Statement and must include: <ul style="list-style-type: none"> > Type of Business Structure (Sole Proprietorship, Corporation, Partnership, LLC, etc.) > Percentage of borrower's ownership interest in business if other than sole proprietorship > Statement from CPA that CPA has prepared the P & L Statement accompanying the letter > CPA or Tax Preparer's License Number - Periods covered: Most Recent Fiscal Year-End P & L for loans with application date of January 1 - June 30 or Year-to-Date P & L for loans with application date of July 1 - December 31 - Business License/Trade License for most recent 2 years - CPA letter by itself cannot be used as verification of business existence. If the borrower reports commission income, income from home-based business or any other types of income on Schedule C, a P & L statement prepared by CPA is accepted only if the borrower is able to provide a trade license (ie. real estate, contractor, cosmetology, etc.).
Asset Documentation	<ul style="list-style-type: none"> - Most recent 2 months Bank Statements or VOD - Most recent month statement for stocks/mutual funds/retirement accounts - Fully executed Gift Letter for gift funds - All large deposited must be sourced - All final funds including downpayment, closing costs and reserves must be available in a U.S. Financial Institution
Reserve Requirement	Purchase/Rate & Term Refinance (All Occupancy Types) - 6 months PITIA deposited in a U.S. Financial Institution Cash Out Refinance (All Occupancy Types) - 12 months PITIA deposited in a U.S. Financial Institution
Gift Funds	Primary Residence & Second Home : 100% gift permitted for downpayment & closing cost; Reserves must be from borrower's own funds Investment Property : Entire downpayment, closing cost & reserves must be from borrower's own funds; Gift is not permitted
Business Funds	Permitted for downpayment, closing cost and reserves if borrower has 100% ownership of the business and borrower is using business income to qualify
Appraisal Requirement	1 Full Interior/Exterior Appraisal Report (2 Full appraisal reports required if loan amount exceeds \$1MM)
Non-Arm's Length Transactions	Not allowed
Flips within 90days	Permitted on arms-length transactions only; Subject property must not have prior flipping history; A second appraisal required if the sales price is greater than 30% above the seller's acquisition cost
Cash-Out Seasoning	6 months ownership required Delayed Financing not allowed
Conversion of Primary Home to Investment Property	Departure property must have 25% equity (verified by 2055/AVM) in order to use 75% of rental income; 6 months PITIA reserves req'd for both departure property and subject property; If less than 25% equity, LTV/CLTV for subject loan cannot exceed 65%
Power of Attorney	Notorized copy of POA and a letter of explanation are required prior to doc for approval; Not permitted on Investment Property and Cash-Out Refinance Transactions
Adverse Credit History	Bankruptcy - 3 yrs Short Sale/Deed-in-Lieu - 2 yrs Foreclosure - 5 yrs
Borrowers with 5-8 Financed Properties	<ul style="list-style-type: none"> - Purchase and Rate & Term Refinance Transactions Only - Max LTV/CLTV: 55% - Min Credit Score: 700 - Simultaneous transactions not allowed. Single transaction only and only one PCB loan per borrower allowed. - No prior bankruptcy, short sale/deed-in-lieu or foreclosure allowed - History of restructured/modified mortgage is not allowed - Mortgage delinquencies in the past 12 months not allowed

* Exceptions may be granted with compensating factors