

Fix & Flip and Ground-Up Construction

Privileged and Confidential



WWW.JCAP.NET
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Effective Date: 3/2019

For Purchase or Refinance transactions requiring renovation and delayed financing				Proceeds: As Is LTV		Proceeds: ARV	
Experience Level	Credit Score	Total Loan Amount	Renovation Ratio	As Is LTV (Purchase)	As Is LTV (Refi)	ARV (Purchase)	ARV (Refi)
Highly Experienced	600+	<=2,000,000	<=50%	85.0	70.0	75.0	67.5
			>50%	80.0	60.0	70.0	65.0
			*Ground-Up	70.0	60.0	70.0	60.0
		2,000,000 - 4,000,000	<=50%	80.0	65.0	70.0	62.5
			>50%	75.0	60.0	65.0	60.0
			*Ground-Up	70.0	60.0	70.0	60.0
Experienced	600+	<=2,000,000	<=50%	80.0	70.0	75.0	67.5
			>50%	75.0	65.0	70.0	65.0
			*Ground-Up	70.0	65.0	70.0	60.0
Limited Experience	660+	<=2,000,000	<=50%	80.0	70.0	70.0	62.5
			>50%	75.0	65.0	65.0	57.5
	600 - 659	<=1,000,000	<=50%	75.0	65.0	65.0	57.5
			>50%	70.0	60.0	60.0	52.5
No Experience	660+	<=750,000	<=25%	75.0	60.0	65.0	57.5
			25% - 50%	70.0	55.0	60.0	52.5

Borrower Experience: Renovation	
Highly Experienced	Minimum of 10 verified renovation projects completed (purchased and exited) in the 36 months prior to application. At least 5 projects must be of similar size or larger
Experienced	Minimum of 5 verified renovation projects completed (purchased and exited) in the 36 months prior to application OR 3 verified renovation projects in the 24 months prior to application. At least 2 projects must be of similar size or larger
Limited Experience	Minimum of 1 verified renovation projects completed (purchased and exited) in the 24 months prior to application of similar size or larger
No Experience	Minimum of 1 verified business purpose property owned in the 24 months prior to application. Borrower must partner with a licensed general contractor

Other Criteria		Notes			
Loan Amount	Minimum \$75,000; loan amounts less than \$125,000 will have a pricing adjustment (see rate sheet)	Amortization	Interest Only Loans		
Borrower Type	Business entity/Trusts. Individuals by exception only	Property Type	SFR, Condo, PUD, 2-4 Units (5+ Units on a case by case basis).		
Foreign National	By exception only	Reserves	Minimum 3 months payments		
Occupancy	Non Owner Occupied Only	Renovation Ratio	Renovation Ratio >100% by exception only		
Minimum Equity	\$20k, only applicable to Limited and No Experience designations; see rate sheet for pricing adjustment	Condo Cap	5% LTV and ARV reduction on Condos		
Loan Status	Performing loans only	Renovation Holdback	Renovation Loans must have 100% of the holdback financed, anything less than 100% will be considered as an exception		
Cash Out Refi	Cash Out Refi on renovation loans by exception only	Area Conformity LTV/ARV Adjustor		Declining Market LTV/ARV Adjustor	
Term	Up to 18 months, longer terms by exception; extensions may be granted at noteholder's discretion	<200%	0% reduction	ZHVI: 2-5% decline	5% reduction
Interest Reserves	Verified minimum 3 months assets covering interest payments; Loan amounts 2m or greater 6 months; may finance below ratio limits	200% - 300%	5% reduction	ZHVI: 5%+ decline	Ineligible
State LTV/ARV Cap	5% LTV and ARV reduction on states: CT, DE, HI, IL, IN, MD, ME, NJ, NY, OH, WI	300%+	10% (by exception)	On Appraisal	Ineligible
Project Feasibility	Required for projects where the Renovation Ratio is greater than 50% and/or when square footage is added	Credit Requirements			
As Is Appraisal	BPO and/or appraisal form that will be acceptable to the rating agencies or warehouse lender and is FIRREA compliant for valuations >\$250k. Loan amounts >\$2mm require 2 appraisals. Appraisals will be reviewed by a JCAP approved third party with an acceptable variance that does not exceed -10%	Guarantor Housing History		0x30x12	
As Repaired Appraisal	All renovation loans must have a FIRREA compliant As Repaired Appraisal	Bankruptcy		24 months	
Personal Guaranty	Required of the Sponsor and individuals with ownership of at least 25% in the borrowing entity. All loans must have guarantees from enough members such that at least 51% ownership in the entity is represented.	Housing Event (FCLSR/DIL/SS)		24 months	

Definitions:	
Initial Loan Amount:	Initial Loan as of the origination date exclusive of any rehab, escrowed funds, or other funds not distributed to the borrower at closing
Full Loan Amount:	Full Loan inclusive of any rehab, escrowed funds, or other funds not distributed to the borrower at closing
Loan to As Is Value for Purchase Transactions:	Initial Loan Amount as of the origination date, divided by the lesser of 1) The Purchase Price and 2) The As Is appraised value
Loan to As Is Value for Refinance Transaction:	Initial Loan Amount as of the origination date, divided by the lesser of 1) The Purchase Price plus documented Improvements and 2) The Current As Is appraised value
Loan to As Repaired Value:	The Full Loan Amount, divided by the Current As Repaired appraised value
Appraisal Seasoning:	For Refinances Transactions Current is defined as no more than 2 month seasoned. For Purchase Transactions appraisals can be no more than 4 months seasoned

*Ground-Up	
Ground-Up Requirements	Ground Up Draw Reimbursement Requirements
Initial Cost: The lesser of 1) The Purchase Price and 2) The As Is appraised value	JCAP will reimburse draws on reimbursement basis based upon % of work completed as approved by third party inspection company who performed original feasibility review
Total Cost: Initial Cost plus projected rehab including hard and soft costs	
Loan To Cost (LTC): Full Loan Amount / Total Cost	Documentation required prior to draw reimbursement. All are required: 1) Approved plans stamped approved by township 2) Lien waivers on applicable lien waiver form as provided by inspection company and Title Date Down 3) All approved permits related to work completed (as appropriate) 4) License of primary contractor managing the project 5) Certificate of Occupancy from township is required prior to final draw
Plans, Permits & Entitlements: Max LTV/ARV above assumes approved Plans, Permits & Entitlements and incorporates a maximum LTC of 85% Entitlements only: Reduce max LTV/ARV by 10% and incorporate a maximum LTC of 75%. See additional requirements below	
Project Feasibility: All projects require a feasibility review from an approved third party inspection company. See additional requirements below	
Experience Qualification: Borrower can qualify under the Experienced or Highly Experienced designation or has completed 3 ground-up deals in the past 3 years	
Additional Insurance Requirements: Builder's Risk and General Construction Liability insurance are required	

Additional Ground-Up Documentation Requirements	
Entitlement, Permits, Plans	Entitlement Only
1. Entitlement approval letters	1. Entitlement approval letters
2. Itemized proposed budget on JCAP's approved form	2. Itemized proposed budget on JCAP's approved form
3. Evidence of plans approved by township	3. Copy of proposed plans, requires architect letter verifying viability and conformity of plans
4. Full appraisal on FNMA form from an AMC	4. Full appraisal on FNMA form from an AMC

*Loans outside of these limits can be considered on an exception basis

**Disclaimers...

Residential Transitional Loans - Bridge

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For purchase and refinance transactions			LTV: With Rental Requirements*	
Exit Strategy	Credit Score	Total Loan Amount	Purchase	Refinance
Refinance to Term Rental Loan	660+	<= 1,000,000	80.0	70.0
		1,000,001 - 2,000,000	75.0	65.0
		2,000,001 - 3,000,000	70.0	60.0
		3,000,001 - 4,000,000	65.0	55.0
	600 - 659	<= 1,000,000	75.0	65.0
		1,000,001 - 2,000,000	75.0	60.0
		2,000,001 - 3,000,000	65.0	55.0

*Refinance to Term Rental Loan: Rental Requirements	
Rental Income Determination	Purchase: Estimated Market Rent (Form 1007) Refinance: Lower of Estimated Market Rent from Form 1007 and monthly rent from existing lease. If there is no lease in place, the DSCR is calculated as 0.0x
DSCR Calculation	Rental Income / PITIA
DSCR < 1.25x Adjustment	Reduce 5% LTV if calculated DSCR is less than 1.25x
Rental Reconciliation	Required from JCAP-approved vendor. Greater than 10% variance may be ineligible / subject to LTV reduction

For refinance transactions of a Renovation loan			LTV/LTC: With Documentation Requirements**	
Exit Strategy	Credit Score	Total Loan Amount	LTV	LTC
Bridge to Sale	660+	<= 2,000,000	70.0	95.0
		2,000,001 - 4,000,000	65.0	90.0
	600 - 659	<= 1,000,000	67.5	90.0
		1,000,001 - 2,000,000	65.0	87.5
		2,000,001 - 3,000,000	62.5	85.0

**Bridge to Sale: Documentation Requirements	
Eligible Costs	Purchase price of property plus documented improvements including value-added soft costs
LTC Calculation	LTC = Total Loan Amount / Eligible Costs
Lien Waivers	Required to substantiate Eligible Costs and confirm no mechanic's liens against subject property
Certificate of Occupancy	Required

Criteria / Requirements for All Bridge Loans

Other Criteria		Credit Requirements	
Loan Status	Performing loans only	Guarantor Housing History	0x30x12
Amortization	Interest Only Loans	Bankruptcy	24 months
Minimum Loan Amount	Minimum \$75,000; loan amounts less than \$125,000 will have a pricing hit (see rate sheet)	FCL/DIL/SS	24 months
Occupancy	Non Owner Occupied Only	Area Conformity LTV/ARV Adjustor 150% - 200% 5% reduction 200% - 300% 10% reduction 300%+ By exception only	
Term	6 - 12 months		
Extensions	Granted at note holder's discretion		
Minimum Equity	\$20,000		
Foreign National	By exception only	Declining Market LTV/ARV Adjustor ZHVI: 2-5% decline 5% reduction ZHVI: 5%+ decline Ineligible On Appraisal Ineligible	
Interest Reserves	Verified minimum 3 months assets covering interest payments; Loan amounts 2m or greater 6 months; may finance below ratio limits		
Borrower Type	Business Entity/Trusts. Individuals by exception only		
Property Type	SFR, Condo, PUD, 2-4 Units (5+ case-by-case)		
Reserves	Minimum 3 months payments		
Condition Quality	C4 or Better		
Construction Quality	Q5 or Better		
Personal Guaranty	Required of the Sponsor and individuals with ownership of at least 25% in the borrowing entity. All loans must have guarantees from enough members such that at least 51% ownership in the entity is represented.		
As Is Appraisal	BPO and/or appraisal form that will be acceptable to the rating agencies or warehouse lender and FIRREA compliant for valuations >\$250k. Loans more than \$1.5m for refinance \$1.5m and \$2m require 2 appraisals. Appraisals will be reviewed by a JCAP approved third party with an acceptable variance that does not exceed -10%		