

CLS Mortgage, Inc.

*Providing Loans, Financing & Mortgages
To The People & Institutions
A Bank Just Won't Help*

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Company Highlights

➤ Experienced Management Group & Track Record

- Company founded in 1974
- Accepting Residential Loans In, WA, OR, ID, MT
- Accepting Commercial Loans In WA, OR, ID, MT, WY, TX, NM, AZ, NV, CA, PA, CO, UT, NC, SC, GA, TN

➤ Attractive Loan Programs


- No Minimum Credit Score Requirements
- Property Types Include 1-4 Family Residential, Commercial & Mixed Use As Well As Land & Manufactured Homes (Yes...single wide & pre-hud)
- Bridge Loans & Balloon Notes Up To 10 Years
- Loan Amount Up To \$10,000,000 (case by case if larger)

➤ Services

- 24 Hour Pre-Quals
- 48 Hour Underwriting
- Ability To Present At Loan Committee
- Ability To Speak Directly With Underwriting

Filling The Sub-Prime Void

Hard Money Mortgages

- ▶ Non-Bankable & Prior Bankable Mortgages With Significant Equity (35% or more)
 - ▶ Note Rates Between 11% & 15%
 - ▶ Origination Fees: 4-10 points
 - ▶ Loan Amounts Up To \$10,000,000
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Filling The Sub-Prime Void

- ▶ Who Borrows Money At These High Rates?
 - The Non-Bankable Loan Market
 - The Prior-Bankable Loan Market
- ▶ Why Would Someone Pay These Rates?
 - *“You Might Be More Expensive Than A Bank But You `re Cheaper Than A Partner”*

Property Types

➤ Single Family Homes

- Stick Built, Manufactured, Condos

➤ Investment Properties

- Multifamily, Commercial, 1-4 Unit Residential

➤ Mixed Use

➤ Office, Retail, Warehouse

➤ Special Purpose

- Buildable Land, Ranches, Bar/Restaurant, other

Property Type, LTV & Term Parameters

- ▶ **A) Commercial, Mixed-Use, 1-4 Unit Investment Properties, Second Homes:**
*Max LTV 65% *Max Term 36 Months
- ▶ **B) Industrial, Warehouse & Non-Traditional Property Types:**
*Max LTV 55% *Max Term 36 Months
- ▶ **C) Finished Lots (ready to sell “buildable” lots):**
*Max LTV 50% *Max Term 36 Months
- ▶ **D) Approved Land & Income Producing Land (county and local municipality permits and approvals issued):**
*Max LTV 40% *Max Term 36 Months
- ▶ **E) Raw Land:**
* Max LTV 35% * Max Term 36 Months
- ▶ **F) Owner Occupied Residential:**
*Max LTV 65% * Term = 360/10

Closed Loan Example

- ▶ CLS Mortgage Funds \$800,000 Loan On Partially Complete Construction Project:
- ▶ Borrowers attempted to self fund the construction of a multi-million dollar structure but ran out of cash. Property was free of any liens. Borrower debt coverage and ability to prove income was below bankable standards. Borrower had solid credit and historical ability to generate cash flow. Interest was pre-paid for the term of the loan. Loan was structured on a two year term at a 15% rate with 5 points. (Broker charged 3 points)

Closed Loan Example

- ▶ CLS Mortgage Funds \$1,700,000 Loan On Grocery Store

- ▶ Family owned grocery store was being forced to payoff balloon note. No traditional lenders were willing to help. Existing lender would not re-write or extend the loan and was about start foreclosure. CLS re-structured existing debt, paid off balloon and saved the borrower approximately \$15k per month in cash flow. CLS charged 15% and 5 points on a 24 month term. (Broker charged 2 points.)

Closed Loan Example

- ▶ CLS Funds \$650,000 Loan By Cross Collateralizing Seven Properties
- ▶ Borrowers were being forced to payoff bank loan or risk losing their business and property to foreclosure. CLS cross collateralized seven properties consisting of land, finished lots and commercial structures. Interest reserve was built into the loan to help borrowers better cash flow the debt. CLS charged 13.5% and 7 points. (Broker charged 2 points.)

Underwriting Summary

➤ Hard Money Mortgages Satisfying The Following Three Guidelines

- Loan to value (LTV)
- Credit worthiness
- Cash flow

Loan To Value (LTV)

- The Maximum LTV Of The Subject Property And Any Cross-Collateralized Properties is 65%

Credit Worthiness

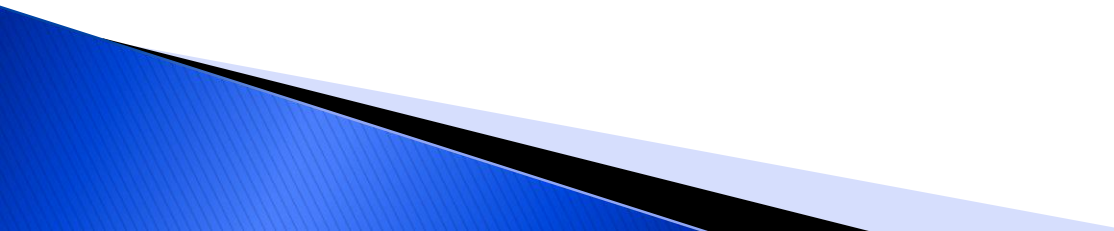
- Credit Will Be Evaluated To Determine The Following:
 - Maximum LTV Available To Borrower
 - Interest Rate For Loan
 - Fees

Cash Flow and Income

- Cash Flow And Income Is Underwritten Using Unique Disposable Income Analysis, Insuring Borrowers Ability To Repay

Underwriting

▶ Establish Proper Values

- Appraisals
 - Tax Assessed Values
 - BPO`S
 - Appraisal Review Firms
 - Independent Site Inspections
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Underwriting

▶ Ability To Re-Pay

- ▶ **Traditional Income Verification (Tax Returns, W-2`s etc..)**

*Residential Properties: Max DTI Is 50%

- ▶ **Cash Flow Analysis (Bank Statements, Rent Rolls, Leases, etc..)**

*Commercial Properties: Minimum Debt Coverage As Low As 1.0 (Lower On A Case By Case Basis)

- ▶ **Debt Load To Stated Income Breakdown (Analysis Of Obligations & Relative Income)**

Loan Servicing

- ▶ CLS Handles All Aspects Of Servicing With The Aid Of Its Affiliate CLS Escrow, Inc.
- ▶ CLS Currently Offers Comprehensive Loan And Asset Management Services To Over 359 Private Real Estate Investors And Entrepreneurs
- ▶ CLS Has Managed A Portfolio Of Commercial And Residential Mortgages Aggregating In Excess Of \$320 Million
- ▶ Loan Servicing Activities Include The Following:
 - Payment processing
 - Lockbox administration
 - Escrow administration relative to tax, insurance, capital reserve & other escrow accounts
 - Periodic site inspections
 - Collections, review, and analysis of property operating statements and rent rolls on a quarterly basis
 - Monthly investor reporting
 - Special servicing for defaulted mortgage loans including liquidation or workout of mortgage loan