



JCAP
3151 Airway Ave., Ste Q3
Costa Mesa CA 92626

Jcap Fixed Income Fund

Investment Policy Guideline (IPG)

I. Introduction

This Investment Policy Guideline (IPG) outlines the investment parameters and guidelines for The Jcap Fixed Income Fund Program (hereinafter referred to as "the Program"), a real estate private money program. The purpose of this IPG is to provide a framework for investment decisions, risk management, and operational procedures to achieve the Program objectives while safeguarding the interests of its investors.

II. Program Objectives

The primary objectives of The Jcap Fixed Income Program are:

Capital Preservation: To protect the principal investments of the program's participants.

Income Generation: To provide a consistent and attractive yield to investors.

Risk Mitigation: To minimize investment risks by adhering to defined parameters and conducting underwriting and process practices thorough due diligence.

III. Investment Parameters

A. Asset Type

First Trust Deeds: The program will invest in first trust deeds, securing loans with a first position on the underlying real estate.

Loan-to-Value (LTV): The LTV ratio for loans shall be below 50%, ensuring a significant margin of safety.

Collateral: Loans shall be primarily secured against single-family homes located in A & B rated areas, which indicates strong property market fundamentals.

Commercial Properties: Loans may also be made to commercial income-producing properties, provided they meet the Program's investment criteria.

Loan Maturity: Loan maturities will range from 3 to 24 months, allowing flexibility in investment horizons.

Geographical Diversification: Our Primary market is Coastal Southern CA. The Secondary market is greater California, Utah, Colorado, Coastal Florida, and premier loan-to-value opportunities nationwide.

Exit Strategy: All loans must have a clearly defined exit strategy, which will be evaluated and monitored.

Loan Holding Period: Loans are intended to be held until maturity to achieve consistent income and preserve capital.



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Borrower Credit: Loans will be extended to borrowers with credit scores of 680+, ensuring a level of creditworthiness. Lower Fico scores will require secondary review and clear compensating factors.

Thorough Analysis: Rigorous due diligence and analysis will be conducted for each location and property to assess their viability as collateral.

B. Risk Management

Due Diligence: All loans must undergo a comprehensive due diligence process, including property inspections, financial analysis, legal review, and borrower credit assessment.

Credit Risk: Loan Committee will prioritize borrowers with strong creditworthiness and a history of on-time payments.

Market Risk: Decisions should be made considering market conditions and potential impact on property values and rental income.

Operational Risk: The Program will have robust operational and compliance procedures to mitigate operational risks.

IV. Investment Restrictions

The program will only invest in first trust deeds and adhere to the prescribed LTV ratios.

Investments should be secured by properties in A & B rated areas or, in the case of commercial properties, meet the Program's investment criteria.

Loan maturities shall fall within the range of 3 to 24 months, with an average of 12 months.

Investments must be in our geographical target markets. No rural properties. Vacation homes are allowed by exception.

All loans must have a clearly defined exit strategy.

Loans are intended to be held until maturity to achieve income consistency.

Borrowers should have a credit of 680+. Lower scores must have a compensating factor.

Thorough due diligence and location/property analysis are mandatory for all investments.

Conflict of interest situations will be managed by established procedures and disclosed.

Program restrictions require two managers' signatures.



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V. Reporting and Compliance

The program will provide regular and transparent reporting to investors, including performance updates and compliance with this IPG.

VI. Review and Amendments

This IPG will be reviewed periodically, at least annually, or more frequently if deemed necessary. Amendments will be made in accordance with investor interests and evolving market conditions.

The Jcap Fixed Income Fund program adopted this Investment Policy Guideline and is intended to provide a framework for its investment activities. It is a living document that will evolve with changing circumstances and market conditions to ensure the program's ongoing success.

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By: Jevon Perra, President
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