

# Single Property Guidelines

*(1-4 Units - Wholesale)*

# Single Property Rental Program (1-4 Units)

## MAXIMUM LTVs

FICO	PURCH/RT REFI	CASHOUT
≥ 740	80%	75%
720 - 739	75%	75%
700 - 719	75%	70%
680 - 699	70%	65%
660 - 679	65%	60%

## MAXIMUM LTC FOR C/O REFI LOANS

Subject to LTV limits:

- 80% if property purchased < 3 months
- Additional 5% haircut on max LTV if property purchased between 3 and 6 months (for borrowers with < 5 rental properties owned in the last 24 months)

## PREPAYMENT PENALTIES

- 1 year: 3%, 0%, 0%
- 1 year: 1%, 0%, 0%
- 3 years: 3%, 2%, 1%, 0%
- 4 years: 4%, 3%, 2%, 1%, 0%
- 5 years: 5%, 4%, 3%, 2%, 1%, 0%

## STATE RESTRICTIONS

- All US, except MN, ND, OR, SD, UT & VT

## OTHER LTC/LTV LIMITS

- U.S. non-permanent residents/foreign nationals: Max 65% LTV
- For purchase loans, the lowest of
  - Purchase price
  - Appraised value and
  - ARR/CDA value is used to calculate LTV

## BORROWER/GUARANTOR REQUIREMENTS

### CREDIT & BACKGROUND

- New borrower: Tri-Merge Credit Report no older than 90 days
  - Existing borrower with 0x30x12 payment history: Tri-Merge Credit Report no older than 120 days
- 660 minimum qualifying FICO determined as:
- Mid score if 3 scores are available
  - Low score if 2 scores are available
  - For multiple guarantors, lowest score calculated as above is used
  - Bankruptcy discharge date must be no less than 3 years prior to closing date
  - Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date

### LIQUIDITY

- Loan amount ≤ \$1,000,000: 6 months of PITIA
- Loan amount > \$1,000,000: 9 months of PITIA
- Subject to:
  - Non-permanent residents & foreign nationals: Minimum 12 months of PITIA
  - Cashout amounts from subject loan may be used to satisfy reserve requirements
  - Liquid reserves must be seasoned for a minimum of 3 months for purchase transactions
- The cumulative amount including all guarantors is considered for loans with multiple guarantors

- First time borrowers may be allowed at lender discretion
- Full Recourse with warm body guaranty from all members with ≥ 20% ownership
- LLCs and US corporations only

## LOAN GENERAL

- Min loan amount: \$75,000
- Max loan amount: \$2,500,000
- 1-4 unit properties/PUDs/warrantable condos/townhomes
- No vacation or seasonal rentals
- Properties without existing debt financed within 180 days of purchase are considered delayed purchase loans, and eligible for all terms applicable to purchase loans

## LOAN PRODUCTS/AMORTIZATION

- 5/6, 7/6 or 10/6 ARM (Adjustable Rate Mortgage) or 30-year FRM (Fixed Rate Mortgage)
- Maximum IO periods for ARMs: initial fixed rate period (5, 7 or 10 years)
- 30-year FRM loans are offered as fully amortizing or 10-year IO/20-year fully amortizing options
- 30-year amortization term
- 5-year interest only period + 25-year amortization term
- 7-year interest only period + 23-year amortization term
- 10-year interest only period + 20-year amortization term

## RESERVES/ESCROWS

At Closing:

- First 3 months of PITI, not including stub interest for closing month
- Pro-rata property taxes for next tax due date, such that tax due is fully funded 30 days in advance of due date

Ongoing monthly:

- Real estate taxes: 1/12<sup>th</sup> annual taxes due
- Insurance: 1/12<sup>th</sup> annual insurance costs

## DEBT SERVICE COVERAGE RATIO (DSCR)

- Calculation: Monthly in-place gross rental income divided by monthly PITIA
- Gross rental income: the lower of
  - Actual monthly rent in the lease agreement
  - Market monthly rent in the appraisal
  - 10% haircut of market monthly rent for unleased properties
- PITIA: total monthly payments of
  - Monthly mortgage principal and interest payment at qualifying rate
  - Monthly property tax payment
  - Monthly home insurance payment
  - Monthly HOA payment or property management fee
- Minimum In-Place DSCR of 1.10x is required, based on initial payment amount at close. The loan is subject to a 5% reduction to the max allowable LTV based on the borrower's FICO for DSCRs between 1.10x - 1.19x
- Leased properties are defined as those with:
  - A currently active lease with a minimum initial term of 12 months, between unrelated parties
  - Month-to-month lease with evidence of a prior active lease
  - A lease with a start date within 30 days of closing date and proof of receipt of security deposit
- Unleased properties are defined as those with:
  - No current tenant/vacant
  - Month-to-month lease with no evidence of prior active lease
  - Unleased properties are only allowed for purchase loans

## THIRD PARTY REPORTS

- Loan amount ≤ \$1,500,000
  - One full independent appraisal + Appraisal Risk Review (ARR) or Collateral Desktop Analysis (CDA) required
  - If Appraisal-ARR/CDA variance exceeds 10%, second full independent appraisal required
  - Lower of two appraised values to be used
- Loan amount > \$1,500,000:
  - Two full independent appraisals
  - Lower of two appraised values to be used in LTV calculations
- Appraisals dated within 180 days of closing date are required