

# NONI58+

## (5-10 Units or 2-8 Mixed Use)

5 – 10 Residential Units and 2 – 8 Mixed Use				
Maximum LTV/CLTV		≥ 1.00		
Minimum Credit Score	Maximum Loan Amount	Purchase	Rate/Term Refinance	Cash-Out Refinance
720	1,500,000	75	75	70
	2,000,000	75	70	65
	2,500,000	70	70	65
	3,000,000	70	70	65
Housing History		Credit Event Seasoning		
0x30x12		BK/FC/SS/DIL: <ul style="list-style-type: none"><li>≥36 Mo – Any event</li></ul> See HEM Non-Agency Guide for details		
Investor Experience				
Experienced Investor	<ul style="list-style-type: none"><li>No First Time Investors for 2-8 unit Mixed Use. Borrower must have a history of owning and managing commercial or residential real estate for at least 1 year in the last 3 years</li><li>First Time Investors considered on 5-10 Unit residential properties with a 0x30x24 housing or when the primary is owned F&amp;C.</li></ul>			
First Time Investor	<ul style="list-style-type: none"><li>Not eligible on Mixed Use</li></ul>			
First Time Homebuyer	<ul style="list-style-type: none"><li>Not Eligible</li></ul>			
Unleased Units				
<ul style="list-style-type: none"><li>Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units</li><li>Vacant unit(s) qualify at 75% of market rent</li></ul>				
State/County Restrictions				
<ul style="list-style-type: none"><li>FL: Foreign Nationals &amp; Non-Permanent Resident Aliens from China are ineligible</li><li>HI: Not eligible</li><li>MD: Not eligible.</li><li>NY: STRs in the 5 NYC Boroughs are ineligible</li><li>Properties in the following counties are ineligible<ul style="list-style-type: none"><li>Brooklyn, NY</li><li>Lubbock, TX</li><li>Patterson, NJ</li><li>Charlotte, Lee, Hendry &amp; Glades counties, FL</li><li>Indianapolis, IN</li><li>Washington, DC</li><li>Orange County, NY</li><li>Cook County, IL</li><li>Baltimore City, MD</li></ul></li></ul>				
Declining Market				
Declining markets, as identified by the appraiser, require a 5% LTV reduction off Matrix Max LTV, when >65% LTV				
General Requirements				
Product Type	<ul style="list-style-type: none"><li>30-Yr Fixed, 15-Yr Fixed, 30 YR I/O, 40 YR I/O</li></ul>			
Interest Only	<ul style="list-style-type: none"><li>Min Credit Score: 720</li><li>Max LTV: 75%</li><li>Borrower to qualify using the IO payment based on the qualifying rate (Greater of the fully indexed rate or note rate).</li></ul>			
Loan Amounts	<ul style="list-style-type: none"><li>Min: 250,000</li><li>Max \$3,000,000</li><li>Loans &lt; 400,000 require a 5% LTV reduction</li></ul>			
Loan Purpose	<ul style="list-style-type: none"><li>Purchase, Rate/Term, and Cash Out</li><li>FSBOs are not allowed</li></ul>			
Cash-In-Hand	<ul style="list-style-type: none"><li>Max cash-in-hand \$1,000,000</li></ul>			
Occupancy	<ul style="list-style-type: none"><li>Investment (business purpose only)</li></ul>			
Eligible Borrower	<ul style="list-style-type: none"><li>U.S. Citizen</li><li>Permanent Resident Alien</li><li>Non-Permanent Resident Alien</li><li>Foreign National</li></ul>			
Eligibility Restrictions	<ul style="list-style-type: none"><li>Citizens and individuals from OFAC sanctioned countries are not eligible</li></ul>			
Escrow Impounds	<ul style="list-style-type: none"><li>Required, cannot be waived</li></ul>			
Foreign National	<ul style="list-style-type: none"><li>DSCR ≥ 1.00</li><li>Min Score: 720 if using US Credit</li><li>Foreign Credit is permitted.</li></ul>			

	<ul style="list-style-type: none"> <li>Reserves: 12 months PITIA</li> <li>LTV requirements: <ul style="list-style-type: none"> <li>≤ \$2.0M = Purch &amp; R/T: 70% LTV or Cash-Out: 65% LTV</li> <li>&gt; \$2.0M - \$2.5M = Purch &amp; R/T: 65% LTV or Cash-Out: 60% LTV</li> <li>&gt; \$2.5M - \$3.0M = Purch &amp; R/T: 60% LTV or Cash-Out: 55% LTV</li> </ul> </li> </ul>
Property Type	<ul style="list-style-type: none"> <li>Residential 5-10 Units</li> <li>Mixed Use 2-8 units. For properties with less than 5 units, at least 1 unit must be commercial. <ul style="list-style-type: none"> <li>2-3 Units: Max 1 commercial unit</li> <li>4-5 Units: Max 2 commercial units</li> <li>6-8 Units: Max 3 commercial units</li> </ul> </li> <li>Commercial space must not exceed 49% of the total building area</li> </ul>
Property Requirements	<ul style="list-style-type: none"> <li>Minimum 400 square feet per unit</li> <li>Be accessible for year-round residential use.</li> <li>Contain a full kitchen and bath.</li> <li>Represent highest and best use of the property.</li> <li>Not contain any health or safety issues</li> <li>Multiple building on one parcel are not permitted</li> </ul>
Property Condition	<ul style="list-style-type: none"> <li>No fair or poor ratings</li> <li>No environmental issues (Storage or use of hazardous material, ex. Dry Cleaners, Laundromat)</li> <li>No health or safety issues as noted by the appraiser (ex. Broker windows, stairs, etc.)</li> <li>No excessive deferred maintenance that could become a health or safety issue for tenants.</li> <li>No structural deferred maintenance (ex. Foundation, roof, electrical, plumbing)</li> </ul>
Rural Properties	<ul style="list-style-type: none"> <li>Rural properties are ineligible</li> </ul>
Subordinate Financing	<ul style="list-style-type: none"> <li>Not permitted</li> </ul>
Unleased Units	<ul style="list-style-type: none"> <li>Maximum 1 vacant unit on a 2-3 Unit property; 2 vacancies on 4+ units. Note that properties are permitted to be delivered vacant on purchase transactions.</li> <li>Unleased units must be in lease ready condition; units cannot be undergoing rehab, etc</li> </ul>
Acreage	<ul style="list-style-type: none"> <li>Property up to 2-acres, not meeting the rural definition, eligible</li> </ul>
Appraisals	<p>Residential 5-10 units:</p> <ul style="list-style-type: none"> <li>FHLMC 71A</li> <li>FHLMC 71B for loan amounts &lt; \$750K</li> <li>Narrative report may be used but is not required.</li> </ul> <p>Mixed Use 2-8 Units:</p> <ul style="list-style-type: none"> <li>FHLMC 71A</li> <li>FHLMC 71B for loan amounts &lt; \$750</li> <li>General Purpose Commercial Forms (ex. GP Commercial Summary Form) or Narrative report</li> </ul> <p>For loan amounts &gt; \$2M, a second appraisal is not required if the 71A or Commercial Narrative report is provided.</p> <ul style="list-style-type: none"> <li>The following are required with each report: <ul style="list-style-type: none"> <li>Full Interior Inspection of each unit</li> <li>Rent roll.</li> <li>Income and Expense Statement</li> <li>Photos of subject including exterior/interior and street scene</li> <li>Aerial photo</li> <li>Sketch or floor plan of typical units.</li> <li>Map</li> <li>Appraiser qualifications</li> </ul> </li> <li>BPO to be ordered on all transactions with the exception of those including two full appraisals.</li> <li>Review Product – A commercial BPO or second appraisal. <ul style="list-style-type: none"> <li>In Pennsylvania and North Carolina, a commercial evaluation product is used instead of a commercial BPO.</li> </ul> </li> </ul>
Property Condition	<ul style="list-style-type: none"> <li>No fair or poor ratings</li> <li>No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat)</li> <li>No health or safety issues (As noted by appraiser, i.e., broken windows, stairs)</li> <li>No excessive deferred maintenance that could become a health or safety issue for tenants</li> <li>No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)</li> </ul>
Declining Markets	<ul style="list-style-type: none"> <li>Declining markets, as identified by the appraiser, require a 5% LTV reduction off Matrix Max LTV, when &gt;65% LTV.</li> </ul>
Mixed Use	<ul style="list-style-type: none"> <li>Commercial use limited to retail, restaurant, or office space. Residential/Commercial zoning acceptable.</li> <li>Vacant commercial space not allowed.</li> </ul>
<b>Income Requirements</b>	
Income	<ul style="list-style-type: none"> <li>Use lower of Estimated market rent or lease agreement on a refinance.</li> <li>Purchases use the estimated market rent.</li> <li>For leases that have converted to month-to-month, provide 2 months bank statements to support rental income.</li> <li>Vacant unit(s) – use 75% of market rents. Max 1 vacancy on 2–3-unit properties or 2 vacancies on 4+ units. <ul style="list-style-type: none"> <li>Max 1 vacancy on a refinance of a 2-3 Unit property.</li> <li>Max 2 vacancies on a refinance of a 4+ Unit property.</li> <li>On a purchase, and/or a refinance situation where a property was recently rehabbed, with evidence the property is currently listed for</li> </ul> </li> </ul>

	rent, it is not considered unleased, and it is permissible for all units to be vacant at the time of purchase or refinance, provided all units are in lease-ready condition.		
	<ul style="list-style-type: none"><li>• Reduce qualifying rents by any management fee reflected on the appraisal report.</li><li>• 2-8 Mixed Use: Income from commercial space must not exceed 49% of the total property income.</li><li>• Minimum DSCR ≥1.00</li></ul>		
Underwriting Requirements			
Credit Score	<ul style="list-style-type: none"><li>• Middle of 3 scores or lower of 2 of all Borrowers</li></ul>	Tradelines	<ul style="list-style-type: none"><li>• All borrowers have 3 scores: or</li><li>• Min: 2 open and reporting 24- months; or</li><li>• 3 open and reporting 12-months.borrowers/guarantors must be evaluated individually).</li></ul>
Assets	<ul style="list-style-type: none"><li>• Min of 30-days asset verification required</li></ul>		
Gift Funds	<ul style="list-style-type: none"><li>• Allowed after min 10% borrower contribution.</li><li>• Cannot be used to meet reserve requirements</li></ul>		
Reserves	<ul style="list-style-type: none"><li>• Loan Amt ≤ \$1.5M: 6 Months PITIA</li><li>• Loan Amt &gt; \$1.5M - \$2.0M: 9 months PITIA</li><li>• Loan Amt &gt; \$2.0M - \$2.5M: 12 Months PITIA</li><li>• Loan Amt &gt; \$2.5M - \$3.0M: 12 Months PITIA</li><li>• Cash out may be used to meet reserve requirements</li></ul>		
Document Age	<ul style="list-style-type: none"><li>• Credit - 120-days</li><li>• Income &amp; Assets – 90 days</li></ul>		
Prepayment Penalty	<ul style="list-style-type: none"><li>• Acceptable structures include the following:<ul style="list-style-type: none"><li>◦ Fixed percentage of no less than 3%</li><li>◦ Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years.</li></ul></li><li>• For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%)</li><li>• Required on all loans where permitted</li></ul>	<ul style="list-style-type: none"><li>• Prepayment periods up to 5-Years eligible, see rate sheet</li><li>• Penalties not allowed on loans vested to individuals in IL and NJ</li><li>• Penalties not allowed on loan amounts less than \$319,777 in PA</li><li>• Only declining prepayment penalty structures allowed in MS</li><li>• Buyout required for AK, KS, MD, MI, MN, NH, NM &amp; OH</li></ul>	
Interest Party Contribution	<ul style="list-style-type: none"><li>• 6% maximum</li></ul>		
Rent Loss Insurance	<ul style="list-style-type: none"><li>• Rent Loss Insurance for the subject property is required and must equal at least 6 months of PITIA.</li><li>• Blanket policies covering the subject property are permitted.</li></ul>		