

# 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: • ≥36 Mo – Any event See HEM Non-Agency Guide for details		
Investor Experience				
Experienced Investor	• 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 • First Time Investors considered on 5-10 Unit residential properties with a 0x30x24 housing or when the primary is owned F&C.			
First Time Investor	• Not eligible on Mixed Use			
First Time Homebuyer	• Not Eligible			
Unleased Units				
• Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units • Vacant unit(s) qualify at 75% of market rent				
State/County Restrictions				
<u>Ineligible:</u> • FL: Foreign Nationals & Non-Permanent Resident Aliens from China are ineligible • HI • MD • NY: STRs in the 5 NYC Boroughs are ineligible • TN: Memphis • 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><li>Philadelphia County, PA</li></ul>		<u>QC &amp; Appraisal Review Required:</u> • DE: New Castle County • MD: Cecil County • NJ: Burlington County, Camden County, Gloucester County, Salem County • PA: Bucks County, Chester County, Delaware County, Montgomery County  <u>Enhanced Valuation Review Required:</u> Follow Review Protocols by Seasoning & Value Increase for the following – • FL: ZIP 33837, 34746 & 34747 Communities: <ul style="list-style-type: none"><li>Davenport (Polk County) -Veranda Palms, Reunion, Bellavida, Solara Resort Vacation Villas Replat</li><li>Kissimmee (Osceola County) -Watersong Community</li></ul> • MD: Baltimore • NJ: Bergen County, Essex County • NY: Rockland County		
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	• 30-Yr Fixed, 15-Yr Fixed, 30 YR I/O, 40 YR I/O			
Interest Only	• Min Credit Score: 720 • Max LTV: 75% • Borrower to qualify using the IO payment based on the qualifying rate (Greater of the fully indexed rate or note rate).			
Loan Amounts	• Min: 250,000 • Max \$3,000,000 • Loans < 400,000 require a 5% LTV reduction			
Loan Purpose	• Purchase, Rate/Term, and Cash Out • FSBOs are not allowed			
Cash-In-Hand	• Max cash-in-hand \$1,000,000			
Occupancy	• Investment (business purpose only)			
Eligible Borrower	• U.S. Citizen • Permanent Resident Alien • Non-Permanent Resident Alien • Foreign National			
Eligibility Restrictions	• Citizens and individuals from OFAC sanctioned countries are not eligible			
Escrow Impounds	• Required, cannot be waived			

<b>Foreign National</b>	<ul style="list-style-type: none"> <li>• DSCR <math>\geq 1.00</math></li> <li>• Min Score: 720 if using US Credit</li> <li>• Foreign Credit is permitted.</li> <li>• Reserves: 12 months PITIA</li> </ul> <p>LTV requirements:</p> <ul style="list-style-type: none"> <li>• <math>\leq \\$2.0M</math> = Purch &amp; R/T: 70% LTV or Cash-Out: 65% LTV</li> <li>• <math>&gt; \\$2.0M - \\$2.5M</math> = Purch &amp; R/T: 65% LTV or Cash-Out: 60% LTV</li> <li>• <math>&gt; \\$2.5M - \\$3.0M</math> = Purch &amp; R/T: 60% LTV or Cash-Out: 55% LTV</li> </ul>
<b>Property Type</b>	<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>
<b>Property Requirements</b>	<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>
<b>Property Condition</b>	<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. Broken 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>
<b>Rural Properties</b>	<ul style="list-style-type: none"> <li>• Rural properties are ineligible</li> </ul>
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<b>Unleased Units</b>	<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>
<b>Acreage</b>	<ul style="list-style-type: none"> <li>• Property up to 2-acres, not meeting the rural definition, eligible</li> </ul>
<b>Appraisals</b>	<p>Residential 5-10 units:</p> <ul style="list-style-type: none"> <li>• FHLMC 71A</li> <li>• FHLMC 71B for loan amounts <math>&lt; \\$750K</math></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 <math>&lt; \\$750</math></li> <li>• General Purpose Commercial Forms (ex. GP Commercial Summary Form) or Narrative report</li> </ul> <p>For loan amounts <math>&gt; \\$2M</math>, 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>
<b>Property Condition</b>	<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>
<b>Declining Markets</b>	<ul style="list-style-type: none"> <li>• Declining markets, as identified by the appraiser, require a 5% LTV reduction off Matrix Max LTV, when <math>&gt;65\%</math> LTV.</li> </ul>
<b>Mixed Use</b>	<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>

Income Requirements			
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 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.</li></ul></li><li>•</li><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>		
Settlement Agent	<p>Ineligible:</p> <ul style="list-style-type: none"><li>• Block Land Transfer LLC</li><li>• Edge Abstract Independence LLC</li><li>• Lichter Law Group – Erik Lichter</li><li>• MidLantic Abstract</li></ul>		