

NONI58+

Multi 5-8 Residential Units				
Investment Property DSCR ≥ 1.00		Maximum LTV / CLTV		
Minimum Credit Score	Maximum Loan Amount ¹	Purchase ^{2,3}	Rate/Term ^{2,3}	Cash-Out ^{2,3}
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
LTV Restrictions:				
¹ Loan amount < \$400,000 requires a 5% LTV reduction. ² Declining Market: Require a 5% LTV reduction when > 65% LTV.		³ Foreign National LTV Requirements: <ul style="list-style-type: none"> L/A ≤ \$2,000,000: 70% LTV –Purchase & Rate/Term; 65% LTV –Cash-Out L/A > \$2,000,000 - \$2,500,000: 65% LTV -Purchase & Rate/Term; 60% LTV –Cash-Out L/A > \$2,500,000 - \$3,000,000: 60% LTV -Purchase & Rate/Term; 55% LTV –Cash-Out 		

Program Requirements	
Appraisal	<ul style="list-style-type: none"> A full appraisal with interior inspection is required for all units – 5-8 Residential: <ul style="list-style-type: none"> FHLMC 71A, FHLMC 71B for loan amounts < \$750,000, Narrative report. The property condition must not exhibit any of the following: <ul style="list-style-type: none"> No fair or poor ratings, No environmental issues (Storage or use of hazardous material- i.e. dry cleaners, laundromat) No health or safety issues as noted by appraiser (i.e., broken windows, stairs, etc.), Properties are expected to be free of deferred maintenance. The property must: <ul style="list-style-type: none"> Be accessible for year-round residential use. Contain a full kitchen and bath. Represent highest and best use of the property. Not contain any health or safety issues. Not have multiple building on one parcel. The following attachments required for each 5-8 Residential <ul style="list-style-type: none"> Rent Roll Income and Expense Statement Photos of subject including exterior/interior and street scene Aerial photo Sketch or floor plan of typical units Map Appraiser qualifications Second Appraisal: Loans > \$2,000,000 require a second appraisal unless a 71A or Commercial Narrative report is provided. Review Product: BPO required on all transactions except for those including two full appraisals. <ul style="list-style-type: none"> PA & NC: a commercial evaluation product is used instead of a BPO. Transferred Appraisal: Ineligible <p>Declining Market: Refer to LTV Restrictions.</p>
Assets	<ul style="list-style-type: none"> Minimum 30-days asset verification required. Refer to Non-Agency Guide – Section 1.6.2 Asset Documentation for details. Gift Funds – Eligible after min 10% borrower contribution regardless of LTV; cannot be used to meet reserve requirements.
Borrower Eligibility	<ul style="list-style-type: none"> U.S. Citizen Permanent Resident Alien Non-Permanent Resident Alien Foreign National <p>Note: Citizens and individuals from OFAC sanctioned countries and ITINs/DACA are not eligible.</p>
Cash-Out	<ul style="list-style-type: none"> Max cash-out: \$1,000,000.



<p>Credit</p>	<ul style="list-style-type: none"> • Three credit scores: use middle of 3. Two credit scores: use lowest of 2. • The minimum credit score requirement applies to all borrowers. • When there are multiple borrowers, use the highest representative score. • Entity vesting: Use representative score for the borrower with the highest percentage of ownership. <ul style="list-style-type: none"> ○ For equal ownership, use highest representative score. ○ Minimum 25% ownership for the member whose score is used for qualifying. <p>Tradelines: All borrowers have 3 scores or minimum 2 open and reporting 24-months or 3 open and reporting 12-months.</p> <p>Credit Event: Borrower(s) with significant derogatory credit events such as BK, Foreclosure, Short Sale, DIL are eligible provided the credit event meets the seasoning requirement- Minimum ≥ 2 years. See HEM Non-Agency Specialty Guide for details.</p> <ul style="list-style-type: none"> • Chapter 13: use filing date if discharged; use dismissal date if dismissed. <p>Housing History: 0x30x24; rent free not permitted. The most recent 12-month housing history review is required for borrower’s primary residence, subject property, and any mortgaged property reported on the credit report; it is not required for free and clear properties.</p> <ul style="list-style-type: none"> • Housing payment must be paid current as of the funding date. <ul style="list-style-type: none"> ○ An updated mortgage history is only required for the primary residence and subject property.
<p>Debt Service Coverage Ratio (DSCR) Calculation</p>	<ul style="list-style-type: none"> • Employment/income, and 4506-C are not required. Cash flow from the subject property for income qualification, utilizing the market rent survey and/or lease agreements. • DSCR ≥ 1.00; Eligible monthly rents divided by PITIA (subject property). Use Note rate to calculate PITIA payment. • Interest Only – qualify using the interest only payment (ITIA).
<p>DSCR Documentation</p>	<p>Short Term Rental Income – Ineligible</p> <p>Lease Requirements: All leases must be in U.S. dollars.</p> <ul style="list-style-type: none"> • Leased – Use lower of estimated market rent or lease agreement on a refinance; purchases use the estimated market rent. • For leases that have been converted to month-to-month, provide two (2) months bank statements to support rental income. • Reduce qualifying rents by any management fee reflected on appraisal report. • Purchase/Refinance: All units must be either leased or in lease ready condition -properties have been cleaned, no renovations or repairs needed and properties are immediately available to be leased. • Corporate lease agreements are acceptable with lease terms consistent with typical market standards and will be subject to standard market rent verification. • Third party sale and leaseback agreements or contract for deed restrictions will not be permitted. • Neither the borrower(s) nor the borrower’s immediate family shall at any time occupy the property. • Borrowers must attest that all residential tenants are non-borrower affiliated. <p>Vacant/unleased property: Vacant unit(s) qualify at 75% of the market rent.</p> <ul style="list-style-type: none"> • Maximum 2 vacancies; purchase -max 3 vacancies on a 7+ Unit property. • Unleased units must be in lease ready condition; units cannot undergo rehab. • Vacant residential units must be actively listed for rent or have a recent executed lease in place.
<p>Document Age</p>	<ul style="list-style-type: none"> • 120 Days – Credit • 90 Days – Assets/Income
<p>Escrow / Impounds</p>	<ul style="list-style-type: none"> • Required, cannot be waived
<p>Experienced Investor</p>	<ul style="list-style-type: none"> • Borrower/guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for a minimum of 1 year within last 3 years.
<p>First Time Investor</p>	<ul style="list-style-type: none"> • Eligible with 0x30x24 housing or when the primary is owned free & clear.
<p>First Time HomeBuyer (FTHB)</p>	<ul style="list-style-type: none"> • Ineligible
<p>Foreign National</p>	<ul style="list-style-type: none"> • Must meet US Credit Requirements. • Refer to Reserves section for FN reserves required. • See LTV Restrictions for FN LTV requirements.
<p>Geographic Restriction</p>	<p>QC & Appraisal Review Required:</p> <ul style="list-style-type: none"> • 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 <p>Enhanced Valuation Review Required: Follow Review Protocols by Seasoning & Value Increase for the following –</p> <ul style="list-style-type: none"> • FL: Zip Codes 33837, 34746 & 34747 Communities <ul style="list-style-type: none"> ○ Davenport (Polk County) – Veranda Palms, Reunion, Bellavida, Solara Resort Vacation Villas Replat ○ Kissimmee (Osceola County) – Watersong Community • MD: Baltimore • NJ: Bergen County, Essex County • NY: Rockland County <p>Ineligible -Geographic Restriction</p> <ul style="list-style-type: none"> • DC



	<ul style="list-style-type: none"> • FL: Foreign National & Non-Permanent Resident Aliens from China • HI • Ineligible Counties/Cities: <ul style="list-style-type: none"> ○ FL: Charlotte, Lee, Hendry & Glades counties; ○ IL: Cook County ○ IN: Indianapolis ○ MD: Baltimore City ○ NJ: Patterson ○ NY: Brooklyn, Orange County; STRs in the 5 NYC Boroughs ○ PA: Philadelphia County ○ TN: Memphis ○ TX: Lubbock 				
Insurance Requirements	<ul style="list-style-type: none"> • Rent loss insurance is required -6 months PITIA. Blanket policies covering the subject property are permitted. 				
Interested Party Contribution	<ul style="list-style-type: none"> • 6% maximum 				
Loan Amount	<ul style="list-style-type: none"> • MIN \$250,000; Loans < 400,000, see LTV Restriction • MAX \$3,000,000 				
Loan Purpose	<ul style="list-style-type: none"> • Purchase, Rate/Term, and Cash-Out • FSBOs are not allowed • Non-Arm's Length Transactions are ineligible 				
Loan Terms	<ul style="list-style-type: none"> • Fixed Rate Term: 15-years, 30-years, 30yr IO, 40yr IO • Use Note rate to calculate PITIA or IO payment 				
Max LTV / CLTV	<ul style="list-style-type: none"> • See LTV eligibility table above. 				
Occupancy	<ul style="list-style-type: none"> • Investment 				
Prepayment Penalty	<table border="0"> <tr> <td> Acceptable Structures include the following: <ul style="list-style-type: none"> • Fixed percentage: 3% or 5% • Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%) </td> <td> <ul style="list-style-type: none"> • Prepayment periods up to 5-Years eligible, see rate sheet <ul style="list-style-type: none"> ○ Prepay terms: 12, 24, 36, 48, and 60 months • IL, NJ: Penalties not allowed on loans vested to individuals. • MS: Only declining prepayment penalty structures are allowed. • PA: Penalties not allowed on loan amounts ≤\$329,411. • Buyout required for AK, KS, MD, MI, NH, NM, & OH. </td> </tr> </table>	Acceptable Structures include the following: <ul style="list-style-type: none"> • Fixed percentage: 3% or 5% • Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%) 	<ul style="list-style-type: none"> • Prepayment periods up to 5-Years eligible, see rate sheet <ul style="list-style-type: none"> ○ Prepay terms: 12, 24, 36, 48, and 60 months • IL, NJ: Penalties not allowed on loans vested to individuals. • MS: Only declining prepayment penalty structures are allowed. • PA: Penalties not allowed on loan amounts ≤\$329,411. • Buyout required for AK, KS, MD, MI, NH, NM, & OH. 		
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<p>⁴Minimum 400 square feet per unit.</p> <p>⁵Max 2-acres; acreage and land value must be typical/common for the subject's market.</p>					
Reserves	<table border="0"> <tr> <td> <ul style="list-style-type: none"> • Loan Amount ≤ \$1,500,000: 6-months PITIA/ITIA • Loan Amount > \$1,500,000 - \$2,000,000: – 9-months PITIA/ITIA • Loan Amount > \$2,000,000 - \$3,000,000: – 12-months PITIA/ITIA </td> <td> Foreign National Reserves: 12 months PITIA </td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> • Cash-out may be used to satisfy reserves requirement. </td> </tr> </table>	<ul style="list-style-type: none"> • Loan Amount ≤ \$1,500,000: 6-months PITIA/ITIA • Loan Amount > \$1,500,000 - \$2,000,000: – 9-months PITIA/ITIA • Loan Amount > \$2,000,000 - \$3,000,000: – 12-months PITIA/ITIA 	Foreign National Reserves: 12 months PITIA	<ul style="list-style-type: none"> • Cash-out may be used to satisfy reserves requirement. 	
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Settlement Agent	<p><u>Ineligible:</u></p> <ul style="list-style-type: none"> • Block Land Transfer LLC • Edge Abstract Independence LLC • Lichter Law Group – Erik Lichter • MidLantic Abstract 				
Subordinate Financing	<ul style="list-style-type: none"> • Ineligible 				
Other Requirements					
HEM Lending Resources	<ul style="list-style-type: none"> • All loans must be underwritten to the standards contained within this product matrix and HEM Non-Agency Specialty Guidelines. 				
Loan Exposure	<ul style="list-style-type: none"> • Aggregate exposure shall not exceed \$6,000,000 or 6 loans. 				

ELIGIBLE TERMS		PRODUCT CODES
FIXED	DSCR Multi+ 15 YR FIXED	TBD58+ FX15
	DSCR Multi+ 30 YR FIXED DSCR Multi+ 30 YR FIXED IO	TBD58+ FX30 TBD58+ FX30IO
	DSCR Multi+ 40 YR FIXED DSCR Multi+ 40 YR FIXED IO	TBD58+ FX40 TBD58+ FX40IO

