theLender

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:
- 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	• A full appraisal with interior inspection is required for all units – 5-8 Residential:
	  ○ FHLMC 71A,
	  ○ FHLMC 71B for loan amounts < $750,000,
	  ○ Narrative report.
	• The property condition must not exhibit any of the following:
	  ○ 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:
	  ○ 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
	  ○ 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.
	  ○ PA & NC: a commercial evaluation product is used instead of a BPO.
	• Transferred Appraisal: Ineligible
	Declining Market: Refer to LTV Restrictions.

Assets	• 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	• U.S. Citizen • Permanent Resident Alien • Non-Permanent Resident Alien • Foreign National **Note:** Citizens and individuals from OFAC sanctioned countries and ITINs/DACA are not eligible.
Cash-Out	• Max cash-out: $1,000,000.

Credit	• 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.
	  ○ For equal ownership, use highest representative score.
	  ○ Minimum 25% ownership for the member whose score is used for qualifying.
	Tradelines: All borrowers have 3 scores or minimum 2 open and reporting 24-months or 3 open and reporting 12-months.

	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. • Chapter 13: use filing date if discharged; use dismissal date if dismissed.
	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. • Housing payment must be paid current as of the funding date. ○ An updated mortgage history is only required for the primary residence and subject property.
Debt Service Coverage Ratio (DSCR) Calculation	• 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).
DSCR Documentation	Short Term Rental Income – Ineligible Lease Requirements: All leases must be in U.S. dollars. • 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. Vacant/unleased property: Vacant unit(s) qualify at 75% of the market rent. • 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.
Document Age	• 120 Days – Credit • 90 Days – Assets/Income
Escrow / Impounds	• Required, cannot be waived
Experienced Investor	• 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.
First Time Investor	• Eligible with 0x30x24 housing or when the primary is owned free & clear.
First Time HomeBuyer (FTHB)	• Ineligible
Foreign National	• Must meet US Credit Requirements. • Refer to Reserves section for FN reserves required. • See LTV Restrictions for FN LTV requirements.

Geographic Restriction	QC & Appraisal Review Required:
	• 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
	
	Enhanced Valuation Review Required: Follow Review Protocols by Seasoning & Value Increase for the following –
	• FL: Zip Codes 33837, 34746 & 34747 Communities
	  ○ 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
	
	Ineligible -Geographic Restriction
	• DC

	• FL: Foreign National & Non-Permanent Resident Aliens from China
	• HI
	• Ineligible Counties/Cities:
	  ○ 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	• Rent loss insurance is required -6 months PITIA. Blanket policies covering the subject property are permitted.
Interested Party Contribution	• 6% maximum
Loan Amount	• MIN $250,000; Loans < 400,000, see LTV Restriction • MAX $3,000,000
Loan Purpose	• Purchase, Rate/Term, and Cash-Out • FSBOs are not allowed • Non-Arm's Length Transactions are ineligible
Loan Terms	• Fixed Rate Term: 15-years, 30-years, 30yr IO, 40yr IO • Use Note rate to calculate PITIA or IO payment
Max LTV / CLTV	• See LTV eligibility table above.
Occupancy	• Investment
Prepayment Penalty	Acceptable Structures include the following: • 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%) • Prepayment periods up to 5-Years eligible, see rate sheet ○ 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.
Property Types	**Eligible[4,5]** • Residential 5-8 Units **Ineligible** • > 8 Units • Mixed Use • Rural [4]Minimum 400 square feet per unit. [5]Max 2-acres; acreage and land value must be typical/common for the subject's market.
Reserves	• 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 • Cash-out may be used to satisfy reserves requirement.
Settlement Agent	Ineligible: • Block Land Transfer LLC • Edge Abstract Independence LLC • Lichter Law Group – Erik Lichter • MidLantic Abstract • Sperry & Hatley, PC (atty Ryan Hatley)
Subordinate Financing	• Ineligible
Other Requirements	
HEM Lending Resources	• All loans must be underwritten to the standards contained within this product matrix and HEM Non-Agency Specialty Guidelines.
Loan Exposure	• 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