

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 buildings 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 • <u>Second Appraisal</u>: Loans > \$2,000,000 require a second appraisal unless a 71A or Commercial Narrative report is provided. • <u>Review Product</u>: BPO required on all transactions except for those including two full appraisals. ○ PA & NC: a commercial evaluation product is used instead of a BPO. • <u>Transferred Appraisal</u>: Ineligible • <u>Declining Market</u>: 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	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}		Ineligible
	• Residential 5-8 Units		• > 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	<u>Ineligible:</u> • 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

