

DSCR ≥ 1.20

FICO	Max Loan Amount	Purchase	R/T	Cash-Out
700	\$3.0M	70%	65%	65%
660	\$3.0M	65%	N/A	N/A

Property Eligibility		Program Parameters	
Eligible Properties	1-4 Unit, Condo, Condotels All properties must be in the same state	Minimum Loan Amount	\$400,000
Impounds	Escrow required - cannot be waived	Maximum Loan Amount	\$3,000,000
Property Count	Minimum: 3 Maximum: 25	Cash-Out	Unlimited
Ineligible Properties	5-8 units 2-8 mixed use	Reserves	2-months of PITIA for each property - Total Loan Amount > \$1.5M: 6-months of PITIA for each property - Total Loan Amount > \$2.5M: 12-months of PITIA for each property - Cash out may be used to satisfy requirement
Mixed Transactions	(Purchase, Cash-out) permitted, however, eligibility/pricing is based upon most conservative transaction type.	Property worksheet	Must be submitted with the loan
Property Level Allocated Balance	Min - \$50,000 Max - \$1,000,000	Vesting	- U.S. Citizen - Permanent Resident - Limited Liability Company, Partnership, or Corporation
Appraisal Reviews	CDA for SSR scores > 2.50 2 appraisals for loan amts ≥ \$2M	Unleased Property	- Max 1 unit 75% of Market rent for qualifying
DSCR	- Minimum Loan DSCR: ≥ 1.20 - Minimum Property DSCR: ≥ 1.00 fully amortizing or ≥ 1.20 interest only - the Blanket workbook to be completed, see website for form	Partial Release	120% of the allocated balance required to be paid to obtain a partial release.
Borrower Eligibility		Start Term Rental	Treat as vacant
First-Time Investor/Homebuyer	Not Allowed, Experience Investor Only	Gift Funds	Not allowed
First-Time Homebuyers	Not Allowed	Credit Events	36 months seasoning required 1x30x12; 2x30x24; ;0x60x12 mortgage lates
Quick Reference Guidelines		Subordinate Financing	Not Allowed
Qualifying Rate	Note Rate	Max # of HEM Financed Properties	Committee review over 4
Qualifying Payment	Full Amortization: PITIA based on note rate; IO: Initial ITIA based on note rate	Non Arm's Length Transactions	Not Eligible
Seller Concessions	6%	Vesting in LLC's	All Members must be individuals
Assets	1 Mo's recent Statements Req	Compliance	Points & Fees may not exceed 5%

Citizenship	US Citizen & Permanent Resident Alien	Eligible States
Prepayment Penalty		AK, AL, AR, AZ, CA, CO, CT, DE, DC, FL, GA, HI, IA, ID, IL*, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NM, NJ, NV, NY, OH, OK, OR, PA*, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY
• Prepayment periods up to 5-Years eligible, see rate sheet • Penalties not allowed in AK, KS, MI, MN, NM, OH and RI • Penalties not allowed on loans vested to individuals in IL and NJ • Penalties not allowed on loan amounts less than \$312,159 in PA • Only declining prepayment penalty structures allowed in MS		Follow NONI Guidelines for all items not addressed here
Guidelines		
Geographic Restriction	<u>Enhanced Valuation Review Required:</u> Follow Review Protocols by Seasoning & Value Increase for the following – • FL: ZIP 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: Brooklyn, Orange County, Rockland County <u>Ineligible:</u> • MD: Baltimore City, • PA: Philadelphia County	
Rent Documentation	• Purchase ○ FNMA Form 1007, if applicable. ○ Existing lease agreement(s), if applicable. ○ If the existing lease is being transferred to the borrower, the Seller must verify that it does not contain any provisions that could affect the first lien position of the subject property. • Refinance ○ FNMA Form 1007, if applicable. ○ Existing lease agreement(s), if applicable. ○ If subject property leased on a short-term basis is utilizing an on-line service such as Airbnb; gross monthly rents can be determined by using a 12-month look back period; and either 12-monthly statements, or an annual statement provided by the on-line service to document receipt of rental income.	
DSCR Calculation	• Leased property: DSCR is based upon the contracted monthly rent amount from the lease: ○ A property is considered "Leased" when there is an executed long term (Min. 12-months) lease agreement between the lessor and lessee. ○ Most recent two months of rent payment per lease agreement is required. • Unleased and vacant property: DSCR is based upon the estimate of the monthly rent of the subject. The final reconciliation of Market Rent must be based on a 12-month rent schedule. ○ A property is considered unleased and vacant when no long term executed lease is in place. The Borrower should provide the cause of vacancy (Letter of Explanation) for refinance transactions, such as recently completed renovation, tenant turnover, etc. • Vacancies ○ 2-4 Units – Vacant unit qualify at 75% of market rent (Maximum 1 vacancy).	
Eligible Tenant	• Neither the Borrower(s) nor the borrower's immediate family shall at any time occupy the properties. • Borrower affiliated tenants are defined as any borrower or guarantor, any affiliate of the borrower/guarantor, any holder of a direct or indirect interest in Borrower or such affiliate, any officer, director, executive employee, or manager of the borrowing entity, and any family member (including spouse, siblings, ancestors, and lineal descendants) of any person or entity described in the preceding. • Borrower(s) must attest that all tenants are non-borrower affiliated.	
Lease and Occupancy Requirements	• All units must be residential units that are currently occupied and leased to tenants, except that up to 10% of the units for a loan may be comprised of units which are currently vacant, but in lease-ready condition. Notwithstanding the foregoing, for portfolios of less than 10 units, up to one (1) unit may be vacant in the normal course of lease turnover. • All properties must be either leased to an eligible tenant or in lease ready condition meaning the properties have been cleaned, no renovations or repairs to the properties are needed and the properties are immediately available to be leased to an eligible tenant.	

	• Corporate lease agreements are acceptable with lease terms consistent with typical market standards and will be subject to standard market rent verification. • Lease Agreements that allow Single Room Occupancy (SRO), or boarder leases are not permitted. • Third-party sale-and-leaseback agreements and contracts for deed transactions will not be permitted. • Leases must be in U.S. dollars.
Asset Documentation	• Follow NONI Guidelines
Settlement Agent	Ineligible: • Block Land Transfer LLC • Edge Abstract Independence LLC • Lichter Law Group – Erik Lichter • MidLantic Abstract • Sperry & Hatley, PC (atty Ryan Hatley)