theLender

NONI58

10.27.2026

(5-8 Units or 2-8 Mixed Use)

5 – 8 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**
700	1,500,000	75	70	65
	2,000,000	70	65	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	• Borrower/guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years
First Time Investor	• Not Eligible
Frist 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 Restrictions

- State Overlays for CT, FL, NJ:
  - Purchase Transactions
    - Max LTV/CLTV 70%, min credit score 720
  - Refinance Transactions
    - Max LTV/CLTV 65%, min credit score 720

- Enhanced Valuation Review Required: 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

- Ineligible: IL, MD (Baltimore City), NY, PA (Philadelphia County)

Declining Market

Maximum eligible LTVs do not require a market adjustment for the 5-8 multifamily and 2-8 mixed use property types.

General Requirements	
Product Type	Fixed Rate Terms: 15, 30-years; 5/6 ARM, 7/6 ARM, 10/6 ARM. Maximum loan term cannot exceed 30-years.
Interest Only	• Eligible
Loan Amounts	• Min: 400,000 • Max: 2,000,000
Loan Purpose	• Purchase, Rate/Term, and Cash Out
Cash-In-Hand	• Max cash-in-hand $1,000,000
Occupancy	• Investment
Eligible Borrower	• U.S. Citizen • Non-Permanent Resident Alien • Permanent Resident Alien
Eligibility Restrictions	• Citizens and individuals from OFAC sanctioned countries are not eligible

Property Type	• Residential 5 – 8 Units
	• Mixed use 2 – 8 Units
	  ○ Commercial usage limited to Retail/Office/Restaurant
	  ▪ 2-3 Units: Max 1 commercial Unit
	  ▪ 4-5 Units: Max 2 commercial Units
	  ▪ 6-8 Units: Max 3 commercial Units
	  ▪ Commercial space must not exceed 49.99% of the total building area
	• Rural: Not eligible

Acreage	• Property up to 2-acres, not meeting the rural definition, eligible

Appraisals	• A full interior inspection with photos is required for all units.
	• Sales comparison value is used for LTV determination
	• 5-8 Residential
	  ○ FHLMC 71A, FHLMC 71B, FNMA 1050 or similar short form used to appraise 5+ residential properties, or
	  ○ Narrative report can be utilized but not required.

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	• 2-8 Mixed Use
	  ○ General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic a la mode) or
	  ○ MAI Narrative appraisal
	• The following attachments required for 5-8 Residential and 2-8 Mixed Use appraisal reports:
	  ○ 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
	• Review Product – A commercial BPO or second appraisal.
	  ○ In Pennsylvania and North Carolina, a commercial evaluation product is used instead of a commercial BPO.

Property Condition	• 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) • No excessive deferred maintenance that could become a health or safety issue for tenants • No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)
Mixed Use	• Commercial use limited to retail, restaurant, or office space. Residential/Commercial zoning acceptable. • Vacant commercial space not allowed.
Income Requirements	

Income	• Leased – Use lower of Estimated market rent or lease agreement.
	• Short-Term Rental Income not eligible
	• Vacant Unit(s) – Use 75% of market rents.
	  ○ Max: 1 vacant unit on 2-3 Unit property: 2 vacancies on 4+ Units.
	  ○ Vacant residential units must be actively marketed for rent. Provide screenshot of listing or other documentation.
	  ○ Vacant commercial space not allowed.
	• Reduce qualifying rents by any management fee reflected on appraisal report.
	• 2-8 Mixed Use – Income from commercial space must not exceed 49.99% of the total property income

DSCR	• Minimum DSCR ≥ 1.00 • DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment). • Loan amounts ≥ $2,000,000 require DSCR ≥ 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater) • Reduce qualifying rents by any management fee reflected on the appraisal report
Underwriting Requirements	
Assets	• Min of 30-days asset verification required
Credit Score	• Credit Score Model- Classic FICO® only. VantageScore® 4.0 and FICO® Score 10T are ineligible. • Use representative credit score of the borrower/guarantor with the highest representative score.
Document Age	• 120-days
Escrow	• Escrows may be waived, see Section 1.4.5 – Escrow/Impounds for requirements
Forbearance, Modification, or Deferral	• See HEM Non-Agency guide for details
Gift Funds	• Not eligible
Prepayment Penalty	• Acceptable structures include the following: ○ Fixed percentage of no less than 5% • 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 $329,411 in PA • Only declining prepayment penalty structures allowed in MS
Reserves	• 6-months of PITIA • Loan Amount > $1.5M: 9-months of PITIA • Loan Amount > $2.5M: 12-months of PITIA • Cash out may not be used to satisfy requirement

Refinance – R/T	• At least one borrower must have ownership interest (vested on title) in the subject property at the time of the initial application.
	Proceeds from the transaction are used to:
	• Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
	• Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply:
	  ○ Closed-end loan, at least 12-months of seasoning has occurred.
	  ○ HELOC, at least 12-months of seasoning has occurred, and total draws over the past 12-months are less than $2,000.
	• Buy out a co-owner pursuant to an agreement.
	• Pay off an installment land contract executed more than 12-months from the loan application date.
	Other considerations:
	• Cash back in an amount not to exceed the lesser of 2% of the new loan amount or $5,000 can be included in the transaction.
	• If the subject property was acquired greater than six (6) months, as measured from the property acquisition date (Note date) to the subject transaction Note date, the appraised value will be used to determine LTV/CLTV.

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	• If the subject property was acquired less than or equal to six (6) months, as measured from the property acquisition date (Note date) to the subject transaction Note date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required. • Refinance of a previous loan that provided cash out, as measured from the previous Note date to the new Note date, and is seasoned less than 12-months, will be considered a cash out refinance. • • The transaction must be treated as cash-out when the subject property is encumbered by one of the following: • Blanket/Cross-Collateralized loan, or • Loan that allows for Paid in Kind (PIK) interest

Refinance – Cash Out	Cash-Out Seasoning is defined as the length of time the subject property has been owned by the borrower (on title), as measured by the property acquisition date (Note date) to the subject transaction Note date.
	• Minimum borrower seasoning requirement of six (6) months is required.
	• Less than six (6) months seasoning is allowed, the current appraised value may be used, with one of the following documented circumstances:
	  ○ Borrower acquired the subject property through an inheritance, or
	  ○ Subject property was legally awarded the property through divorce, separation, or dissolution of a domestic partnership.
	• Property Value Determination
	  ○ For properties owned 12-months or longer: LTV/CLTV is based upon the appraised value.
	  ○ For properties owned greater than 6 months but less than 12-months: LTV/CLTV is limited to the lower of the current appraised value or the property's purchase price plus documented improvements.
	  ○ For properties owned less than 6 months, see Delayed Financing for eligibility.
	• A mortgage secured by a property currently owned free and clear is considered cash-out.
	• The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
	Loans not eligible for cash-out:
	• Properties listed for sale in the past six (6) months.
	• There has been a prior cash-out transaction within the past six (6) months
	• Payoff of a Land Contract/Contract for Deed.
	• When proceeds from the loan transaction are used for consumer purpose, i.e., payoff personal debt, personal tax lien(s), personal judgments, personal collection, or lines of credit secured by the subject property.
	• Loans with Power of Attorney.

Tradelines	• Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity • For each borrower/guarantor who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers/guarantors must be evaluated individually).
Settlement Agent	Ineligible: • Block Land Transfer LLC • Edge Abstract Independence LLC • Lichter Law Group – Erik Lichter • MidLantic Abstract • Sperry & Hatley, PC (atty Ryan Hatley)

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