



**Capital Provider for Private Lenders  
and Commercial Mortgage Brokers**

# **Residential Rental Loans Product Guidelines**





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## SINGLE PROPERTY RENTALS & RENTAL PORTFOLIOS ■ ■ ■

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## MULTIFAMILY TERM ■ ■ ■

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# General

# Single Property Rentals & Rental Portfolios

## GENERAL

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>MINIMUM LOAN AMOUNT</b>	\$75,000	<ul style="list-style-type: none"> <li>▪ \$75,000 per Property for portfolios &lt;\$500,000</li> <li>▪ \$50,000 per Property for portfolios &gt;=\$500,000</li> </ul>
<b>MAXIMUM LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>▪ 1 Unit Properties: \$1,000,000</li> <li>▪ 2-4 Unit Properties: \$2,000,000</li> </ul>	Up to \$50MM, subject to single property limits: <ul style="list-style-type: none"> <li>▪ 1 Unit Properties: \$1,000,000</li> <li>▪ 2-4 Unit Properties: \$2,000,000</li> </ul>
<b>MINIMUM NUMBER OF PROPERTIES</b>	1	2
<b>MAXIMUM NUMBER OF PROPERTIES</b>	1	N/A
<b>MINIMUM NUMBER OF UNITS PER PROPERTY</b>	1	1
<b>MAXIMUM NUMBER OF UNITS PER PROPERTY</b>	4	<ul style="list-style-type: none"> <li>▪ 1-4 unit properties only for portfolios &lt;\$500,000</li> <li>▪ 1-20 unit properties for portfolios &gt;=\$500,000 (5+ Unit Properties are restricted to 15% of Loan Amount)</li> </ul>
<b>PERMITTED PROPERTY TYPES</b>	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>✓ Appraised to be in C1 - C4 Condition</li> <li>✓ 1-Unit Single Family Residence</li> <li>✓ 2-4 Unit Residence</li> <li>✓ Warrantable Condominium</li> <li>✓ Townhomes</li> <li>✓ PUDs</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>✗ Multifamily/Mixed Use Properties</li> <li>✗ Properties with Lot Size in Excess of 20 Acres</li> <li>✗ Condotels</li> <li>✗ Co-ops</li> <li>✗ Leaseholds</li> <li>✗ Manufactured Housing</li> <li>✗ Short term vacation or seasonal rentals, including AirBnB, VRBO etc</li> <li>✗ Commercial Property</li> <li>✗ Modular Homes</li> <li>✗ Log Homes</li> <li>✗ Properties Subject to Oil and/or Gas Leases</li> <li>✗ Operating Farms, Ranches, or Orchards</li> </ul>	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>✓ Appraised to be in C1 - C4 Condition</li> <li>✓ 1-Unit Single Family Residence</li> <li>✓ 2-4 Unit Residence</li> <li>✓ Warrantable Condominium</li> <li>✓ Townhomes</li> <li>✓ PUDs</li> <li>✓ 5-20 Units Multifamily Residences</li> <li>✓ Mixed Use Properties, only if residential units&gt;50% of total SF</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>✗ Properties with Lot Size in Excess of 20 Acres</li> <li>✗ Condotels</li> <li>✗ Co-ops</li> <li>✗ Leaseholds</li> <li>✗ Manufactured Housing</li> <li>✗ Short term vacation or seasonal rentals, including AirBnB, VRBO etc</li> <li>✗ Commercial Property</li> <li>✗ Modular Homes</li> </ul>
<b>GEOGRAPHIC REGION</b>	All US, except MN, ND, SD, UT, VT & WV	All US, except MN, ND, SD, UT, VT & WV
<b>PROPERTY LOCATION</b>	Major Markets No Rural Locations	Major Markets No Rural Locations



# Loan Details

# Single Property Rentals & Rental Portfolios

## LOAN DETAILS

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>LOAN PRODUCTS</b>	<ul style="list-style-type: none"> <li>▪ 5/6, 7/6 or 10/6 ARM (Adjustable Rate Mortgage)</li> <li>▪ 30-year FRM (Fixed Rate Mortgage)</li> <li>▪ Maximum IO periods for ARMs: initial fixed rate period (5, 7 or 10 years)</li> <li>▪ 30-year FRM loans are offered as Fully Amortizing or 10-year IO/20-year Fully Amortizing options</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5/6 &amp; 7/6 ARM (Adjustable Rate Mortgage) - 10 &amp; 30 Year Term Loans</li> <li>▪ 10/6 ARM (Adjustable Rate Mortgage) - 30 Year Term Loans</li> <li>▪ 5-year FRM (Fixed Rate Mortgage) - 5 Year Term Loans</li> <li>▪ 10-year FRM (Fixed Rate Mortgage) - 10 Year Term Loans</li> <li>▪ 30-year FRM (Fixed Rate Mortgage) - 30 Year Term Loans &amp; Loan Amount ≤ 5MM</li> <li>▪ Maximum IO period</li> <li>ARMs: initial fixed rate period (5, 7 or 10 years)</li> <li>5/10-year FRM: 5 years</li> <li>30-year FRM: 10 years"</li> </ul>
<b>LOAN PURPOSE</b>	<p>Business Purpose Loan for:</p> <ul style="list-style-type: none"> <li>▪ Purchase</li> <li>▪ Rate-Term Refinance</li> <li>▪ Cash out Refinance (Net Cash to Borrower at Settlement &gt; \$2,000)</li> <li>▪ Delayed Purchase: property without existing debt financed within 180 days of acquisition date. All terms relevant to Purchase loans apply</li> <li>▪ Subordinate financing (2nd Liens) must have a recording date at least 90 days prior to closing date for all Refinance loans</li> </ul>	
<b>AMORTIZATION PERIOD</b>	<ul style="list-style-type: none"> <li>▪ 30-year Amortization Term</li> <li>▪ 5-Year Interest Only Period + 25-year Amortization Term</li> <li>▪ 7-Year Interest Only Period + 23-year Amortization Term</li> <li>▪ 10-Year Interest Only Period + 20-year Amortization Term</li> </ul>	
<b>ADJUSTABLE RATE MORTGAGE (ARM) TERMS</b>	<ul style="list-style-type: none"> <li>▪ Index: 30-Day SOFR</li> <li>▪ Index Floor: 0.25%</li> <li>▪ ARM Margin: 4.50%</li> <li>▪ ARM Loan Rate at Initial Rate Reset = 30-Day SOFR + ARM Margin, subject to applicable caps</li> </ul>	<ul style="list-style-type: none"> <li>▪ Index: 30-Day SOFR</li> <li>▪ Index Floor: 0.25%</li> <li>▪ ARM Margin: 4.50%</li> <li>▪ ARM Loan Rate at Initial Rate Reset = 30-Day SOFR + ARM Margin, subject to applicable caps</li> </ul>

\*Amortization Term | \*\*Stepdown Structure

# Single Property Rentals & Rental Portfolios

## LOAN DETAILS

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>ADJUSTABLE RATE MORTGAGE (ARM) TERMS</b>	<ul style="list-style-type: none"> <li>▪ Caps</li> <li>5/6 Hybrid ARMs               <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: 2.00%</li> <li>▫ Periodic Rate Reset: 2.00%</li> <li>▫ Lifetime Rate Reset: 5.00%</li> </ul> </li> <li>7/6 &amp; 10/6 Hybrid ARMs               <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: 5.00%</li> <li>▫ Periodic Rate Reset: 2.00%</li> <li>▫ Lifetime Rate Reset: 5.00%</li> </ul> </li> <li>▪ Floors               <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: NONE</li> <li>▫ Periodic Rate Reset: NONE</li> <li>▫ Lifetime Floor: ORIGINAL/INITIAL NOTE INTEREST RATE</li> </ul> </li> <li>▪ Daycount Convention: 30/360</li> </ul>	<ul style="list-style-type: none"> <li>▪ Caps</li> <li>5/6 Hybrid ARMs               <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: 2.00%</li> <li>▫ Periodic Rate Reset: 2.00%</li> <li>▫ Lifetime Rate Reset: 5.00%</li> </ul> </li> <li>7/6 &amp; 10/6 Hybrid ARMs               <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: 5.00%</li> <li>▫ Periodic Rate Reset: 2.00%</li> <li>▫ Lifetime Rate Reset: 5.00%</li> </ul> </li> <li>▪ Floors               <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: NONE</li> <li>▫ Periodic Rate Reset: NONE</li> <li>▫ Lifetime Floor: ORIGINAL/INITIAL NOTE INTEREST RATE</li> </ul> </li> <li>▪ Daycount Convention:               <ul style="list-style-type: none"> <li>▫ 30/360 if Loan Amount ≤ \$3MM</li> <li>▫ Act/360 if Loan Amount &gt; \$3MM</li> </ul> </li> </ul>
<b>PREPAYMENT PENALTY</b>	<p>For all Loans:</p> <ul style="list-style-type: none"> <li>▪ 3 years Penalty with 3%, 2%, 1% Stepdown Structure, OR</li> <li>▪ 4 years Penalty with 4%, 3%, 2%, 1% Stepdown Structure, OR</li> <li>▪ 5 years Penalty with 5%, 4%, 3%, 2%, 1% Stepdown Structure</li> </ul>	<p>For all loans ≥ \$500,000:</p> <ul style="list-style-type: none"> <li>▪ 5 year Loan Term:               <ul style="list-style-type: none"> <li>▫ Yield maintenance with 6 month open prepay window at end of loan term</li> <li>▫ 5 years Penalty with 5%, 4%, 3%, 2%, 1% Stepdown Structure</li> <li>▫ 4 years Penalty with 5%, 5%, 5%, 5%, 0% Stepdown Structure</li> </ul> </li> <li>▪ 10 year Loan Term:               <ul style="list-style-type: none"> <li>▫ Yield maintenance with 6 month open prepay window at end of loan term</li> <li>▫ 5 years Penalty with 5%, 4%, 3%, 2%, 1% Stepdown Structure</li> <li>▫ 5 years Penalty with 5%, 5%, 5%, 5%, 5%, 0% Stepdown Structure</li> </ul> </li> <li>▪ 30 year Loan Term:               <ul style="list-style-type: none"> <li>▫ 5 years Penalty with 5%, 4%, 3%, 2%, 1% Stepdown Structure</li> </ul> </li> </ul> <p>Additional options for loans ≤ \$3MM only:</p> <ul style="list-style-type: none"> <li>▪ 3 years Penalty with 3%, 2%, 1% Stepdown Structure</li> </ul>

\*Amortization Term | \*\* Stepdown Structure



# Key Ratios



# Single Property Rentals & Rental Portfolios

## KEY RATIOS

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>MAXIMUM LOAN TO COST (LTC)</b>	<ul style="list-style-type: none"> <li>▪ Calculation: Total Loan Amount divided by total cost of               <ul style="list-style-type: none"> <li>▫ Acquisition Cost</li> <li>▫ Paid Cost of Improvement (Hard Costs only)</li> </ul> </li> <li>▪ Maximum LTC for Cash-Out Refinance Loans Only, subject to LTV limits               <ul style="list-style-type: none"> <li>▫ 80% if Property purchased &lt; 3 months</li> <li>▫ Additional 5% Haircut on Max Allowable LTV on Property purchased between 3 and 6 months for Borrowers with &lt;5 Rental Properties owned in the last 24 months (Experience Score 0-2)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Calculation: Total Loan Amount divided by total cost of               <ul style="list-style-type: none"> <li>▫ Acquisition Cost</li> <li>▫ Paid Cost of Improvement (Hard Costs only)</li> </ul> </li> <li>▪ Maximum LTC for Cash-Out Refinance Loans Only, subject to LTV limits               <ul style="list-style-type: none"> <li>▫ 80% if Property purchased &lt; 3 months</li> <li>▫ Additional 5% Haircut on Max Allowable LTV on Property purchased between 3 and 6 months for Borrowers with &lt;5 Rental Properties owned in the last 24 months (Experience Score 0-2)</li> </ul> </li> </ul>
<b>MAXIMUM LOAN TO AS-IS VALUE (LTV)</b>	<ul style="list-style-type: none"> <li>▪ Calculation: Total Loan Amount divided by the lower of:               <ul style="list-style-type: none"> <li>▫ As-Is Value</li> <li>▫ CDA/ARR Value</li> <li>▫ Purchase Price for purchase transactions</li> </ul> </li> <li>▪ Purchase &amp; Rate Term Refinance:               <ul style="list-style-type: none"> <li>▫ 80% if Qualifying FICO <math>\geq 720</math></li> <li>▫ 75% if Qualifying FICO <math>\geq 700</math></li> <li>▫ 70% if Qualifying FICO is between 680 and 699</li> </ul> </li> <li>▪ Cash Out Refinance:               <ul style="list-style-type: none"> <li>▫ 75% if Qualifying FICO <math>\geq 720</math>, subject to LTC limits</li> <li>▫ 70% if Qualifying FICO <math>\geq 700</math>, subject to LTC limits</li> <li>▫ 65% if Qualifying FICO is between 680 and 699, subject to LTC limits</li> </ul> </li> <li>▪ U.S. Non-Permanent Residents/Foreign Nationals: 65%</li> <li>▪ Loan UPB &lt; \$100,000: 75%</li> <li>▪ Borrower Experience Score 0 (no experience): 75%</li> </ul>	<ul style="list-style-type: none"> <li>▪ Calculation: Total Loan Amount divided by the lower of:               <ul style="list-style-type: none"> <li>▫ As-Is Value</li> <li>▫ CDA/ARR Value (portfolios <math>\leq</math> \$3MM only)</li> <li>▫ Purchase Price for purchase transactions</li> </ul> </li> <li>▪ For loans <math>\leq</math> \$3MM               <ul style="list-style-type: none"> <li>▫ Purchase &amp; Rate Term Refinance:                   <ul style="list-style-type: none"> <li>▫ 80% if Qualifying FICO <math>\geq 740</math></li> <li>▫ 75% if Qualifying FICO is between 680 and 739</li> </ul> </li> <li>▫ Cash Out Refinance:                   <ul style="list-style-type: none"> <li>▫ 75% if Qualifying FICO <math>\geq 720</math></li> <li>▫ 70% if Qualifying FICO is between 680 and 719</li> </ul> </li> </ul> </li> <li>▪ For loans &gt; \$3MM               <ul style="list-style-type: none"> <li>▫ Purchase &amp; Rate Term Refinance:                   <ul style="list-style-type: none"> <li>▫ 75% if Qualifying FICO <math>\geq 720</math></li> <li>▫ 70% if Qualifying FICO is between 680 and 719</li> </ul> </li> <li>▫ Cash Out Refinance:                   <ul style="list-style-type: none"> <li>▫ 75% if Qualifying FICO <math>\geq 740</math></li> <li>▫ 70% if Qualifying FICO is between 700 and 739</li> <li>▫ 65% if Qualifying FICO is between 680 and 699</li> </ul> </li> </ul> </li> <li>▪ U.S. Non-Permanent Residents/Foreign Nationals: 65%</li> </ul>

# Single Property Rentals & Rental Portfolios

## KEY RATIOS

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<p><b>IN-PLACE DSCR</b></p>	<ul style="list-style-type: none"> <li>▪ Calculation: Monthly In-Place Gross Rental Income divided by Monthly PITIA</li> <li>▪ Gross Rental Income: the lower of               <ul style="list-style-type: none"> <li>▫ Actual Monthly Rent in the Lease Agreement</li> <li>▫ Market Monthly Rent in the Appraisal</li> <li>▫ 10% Haircut of Market Monthly Rent for Unleased Properties</li> </ul> </li> <li>▪ PITIA: total monthly payments of               <ul style="list-style-type: none"> <li>▫ Monthly Mortgage Principal and Interest Payment at Qualifying Rate</li> <li>▫ Monthly Property Tax Payment</li> <li>▫ Monthly Home Insurance Payment</li> <li>▫ Monthly HOA Payment or Property Management Fee</li> </ul> </li> <li>▪ Minimum In-Place DSCR of 1.20x is required, based on initial payment amount at close</li> <li>▪ All 80 LTV hybrid ARMs with IO periods must also qualify with a Minimum In-Place DSCR of 1.0x, with debt service including the fully amortizing principal payment at the end of the IO period</li> <li>▪ Leased Properties are defined as those with:               <ul style="list-style-type: none"> <li>▫ A currently active lease with a minimum initial term of 12 months, between unrelated parties</li> <li>▫ Month-to-month lease with evidence of a prior active lease</li> <li>▫ A lease with a start date within 30 days of closing date and proof of receipt of security deposit</li> </ul> </li> <li>▪ Unleased Properties are defined as those with:               <ul style="list-style-type: none"> <li>▫ No Current Tenant/Vacant</li> <li>▫ Month-to-month lease with no evidence of a prior active lease</li> <li>▫ Unleased Properties are only allowed for Purchase loans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Calculation: In-Place Net Cash Flow (NCF) divided by Mortgage Payment, after accounting for all Property Operating Revenues, Expenses and Capital Expenditure Reserves, as reasonably determined by Lender</li> <li>▪ Gross Rental Income: the lower of               <ul style="list-style-type: none"> <li>▫ Actual Monthly Rent in the Lease Agreement</li> <li>▫ Market Monthly Rent in the Appraisal</li> <li>▫ 10% Haircut of Market Monthly Rent for Unleased Properties</li> </ul> </li> <li>▪ Mortgage Payment: initial payment amount at close</li> <li>▪ Minimum NCF DSCR of 1.20x based upon Mortgage Payment, calculated as described in the underwriting guidelines</li> <li>▪ All 80 LTV hybrid ARMs with IO periods must also qualify with a Minimum In-Place DSCR of 1.0x, with debt service including the fully amortizing principal payment at the end of the IO period</li> </ul>



# Borrower & Guarantor

# Single Property Rentals & Rental Portfolios

## BORROWER & GUARANTOR

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>BORROWING ENTITIES</b>	<p>New LLC or the LLC only owns the properties in the subject portfolio</p> <p>Existing LLCs allowed only if Loan Amount &lt; \$1,000,000</p> <p>US Corporations organized in 50 States or in DC</p>	<p>New LLC or the LLC only owns the properties in the subject portfolio</p> <p>Existing LLCs allowed only if Loan Amount &lt; \$1,000,000 and # of Properties &lt; 5</p> <p>US Corporations organized in 50 States or in DC</p>
<b>ELIGIBLE BORROWERS</b>	<ul style="list-style-type: none"> <li>▪ US Citizens</li> <li>▪ US Legal Permanent Residents (Green Card Holders)</li> <li>▪ Non-US Residents/Foreigners, Subject to               <ul style="list-style-type: none"> <li>▫ Valid Passport</li> <li>▫ Valid US Visa (If not Subject to Visa Waiver Program)</li> <li>▫ Maximum Loan-to-Value Ratio (LTV) of 65% for Non-Permanent Residents &amp; Foreign Nationals</li> <li>▫ Required Liquid Reserves of 12 Months of PITIA at Closing for Non-Permanent Residents &amp; Foreign Nationals</li> </ul> </li> </ul>	
<b>RECOURSE/ GUARANTY STRUCTURE</b>	<p>Guarantor: an individual with greater than or equal to 20% ownership in the borrowing entity</p> <ul style="list-style-type: none"> <li>▪ Full Recourse with warm body guaranty for ALL loans</li> <li>▪ No Pledge of Equity required</li> </ul>	<p>Guarantor: an individual with greater than or equal to 20% ownership in the borrowing entity</p> <p>Non-Recourse:</p> <ul style="list-style-type: none"> <li>▪ Standard "bad-boy" carve-outs</li> <li>▪ Environmental Indemnification</li> <li>▪ Pledge of Equity required</li> </ul>
<b>MINIMUM GUARANTOR FICO</b>	<ul style="list-style-type: none"> <li>▪ "Tri-Merge" Credit Report No Older than 90 Days is Required for New Borrower</li> <li>▪ "Tri-Merge" Credit Report No Older than 120 days is Required for Existing Borrower with 0x30x12 Payment History for Roc Loans</li> </ul> <p>680 Minimum Qualifying FICO determined as:</p> <ul style="list-style-type: none"> <li>▪ Mid Score if 3 Scores are available</li> <li>▪ Low Score if 2 Scores are available</li> <li>▪ For Multiple Guarantors, Lowest Score Calculated as above is used</li> </ul>	
<b>GUARANTOR CREDIT HISTORY</b>	<ul style="list-style-type: none"> <li>▪ Credit Pull Must Be Obtained From CIS, DataVerify, CoreLogic, SAS or Similar Engine</li> <li>▪ Minimum of 3 Credit Lines; Minimum 2 Active Credit Lines; At Least 1 Line with 24+ Month Rating</li> <li>▪ Maximum 1x30x12 on mortgage loans</li> <li>▪ Judgments, Tax Liens, Charge-offs, Non-Medical Collections Must Be Paid in Full or in Satisfactory Status and Borrower must provide evidence of being current on payment plan for a minimum of 6 months prior to close</li> </ul>	

# Single Property Rentals & Rental Portfolios

## BORROWER & GUARANTOR

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>GUARANTOR BACKGROUND REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ Bankruptcy Discharge Date must be no less than 3 Years Prior to Closing Date</li> <li>▪ Foreclosure/Deed-in-Lieu/Shortsale Date must be no less than 3 Years Prior to Closing Date</li> <li>▪ Background/OFAC Searches No Older than 90 Days is Required for New Borrower</li> <li>▪ Background/OFAC Searches No Older than 120 days is Required for Existing Borrower with 0x30x12 Payment History for Roc Loans</li> </ul>	
<b>GUARANTOR(S) LIQUIDITY REQUIREMENT</b>	<ul style="list-style-type: none"> <li>▪ Loan Amount ≤ \$1,000,000: 6 Months of PITIA</li> <li>▪ Loan Amount &gt; \$1,000,000: 9 Months of PITIA</li> <li>▪ Subject to               <ul style="list-style-type: none"> <li>▫ Non-Permanent Residents &amp; Foreign Nationals: Minimum 12 Months of PITIA</li> <li>▫ Up to 50% of Cash Out Amount from Subject Loan May Be Used to Satisfy Liquidity Requirements</li> </ul> </li> <li>▪ The cumulative amount including all guarantors is considered for loans with multiple guarantors</li> <li>▪ Assets eligible for liquidity per Lender's underwriting guidelines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lower of 10% of Loan Balance and 9 Months of PITIA</li> <li>▪ Two Most Recent Consecutive Months of Bank Statements or Investment Account Statements required</li> <li>▪ Up to 50% of Cash Out Amounts from Subject Loan May Be Used to Satisfy Reserve Requirements</li> <li>▪ Liquid Reserves Must Be Seasoned for a Minimum of 3 Months for Purchase Transactions</li> <li>▪ The cumulative amount including all guarantors is considered for loans with multiple guarantors</li> <li>▪ Assets eligible for liquidity per Lender's underwriting guidelines</li> </ul>
<b>GUARANTOR(S) MINIMUM NET WORTH REQUIREMENT</b>	N/A	<p>Guarantor(s)' Net Worth should meet the following requirements below:</p> <p>For loans ≤ \$3MM:</p> <ul style="list-style-type: none"> <li>▪ N/A</li> </ul> <p>For loans &gt; \$3MM:</p> <ul style="list-style-type: none"> <li>▪ Minimum 25% of Loan Balance, NOT including borrower's interest in financed property</li> </ul>
<b>GUARANTOR(S) EXPERIENCE REQUIREMENT</b>	<ul style="list-style-type: none"> <li>▪ Borrower with no rental property ownership experience may be allowed at Lender's discretion.</li> </ul>	<ul style="list-style-type: none"> <li>▪ At least 1 year of rental property ownership experience (including subject properties)</li> </ul>



# Property

# Single Property Rentals & Rental Portfolios

## PROPERTY

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>THIRD PARTY REPORTS</b>	<ul style="list-style-type: none"> <li>▪ Loan Amount ≤ \$1,500,000               <ul style="list-style-type: none"> <li>▫ One Full Independent Appraisal Required</li> <li>▫ Market Rent Estimate Included in Appraisal</li> <li>▫ Appraisal Risk Review (ARR) or Collateral Desktop Analysis (CDA) Required</li> <li>▫ If Appraisal-ARR/CDA Variance Exceeds 10%, Second Full Independent Appraisal Required</li> <li>▫ Lower of Two Appraised Values to be Used in LTV Calculations</li> </ul> </li> <li>▪ Loan Amount &gt; \$1,500,000               <ul style="list-style-type: none"> <li>▫ Two Full Independent Appraisals Required</li> <li>▫ Market Rent Estimate Included in Appraisal</li> <li>▫ Lower of Two Appraised Values to be Used in LTV Calculations</li> </ul> </li> <li>▪ USPAP/FIRREA Compliant Interior/Exterior Appraisals with As-is Value</li> <li>▪ Appraisals must be dated within 120 days of closing date, or within 180 days with recertification of value</li> <li>▪ All third party reports need to be addressed and assigned to Lender per guidelines</li> </ul>	<ul style="list-style-type: none"> <li>▪ if Allocated Loan Amount for a Property ≤ \$1,500,000               <ul style="list-style-type: none"> <li>▫ One Full Independent Appraisal Required</li> <li>▫ Market Rent Estimate Included in Appraisal</li> <li>▫ Appraisal Risk Review (ARR) or Collateral Desktop Analysis (CDA) Required for Total Loan Amount ≤ \$3MM</li> <li>▫ If Appraisal-ARR/CDA Variance Exceeds 10%, Second Full Independent Appraisal Required</li> <li>▫ Lower of Two Appraised Values to be Used in LTV Calculations</li> </ul> </li> <li>▪ if Allocated Loan Amount for a Property &gt; \$1,500,000               <ul style="list-style-type: none"> <li>▫ Two Full Independent Appraisals Required</li> <li>▫ Market Rent Estimate Included in Appraisal</li> <li>▫ Lower of Two Appraised Values to be Used in LTV Calculations</li> </ul> </li> <li>▪ USPAP/FIRREA Compliant Interior/Exterior Appraisals with As-is Value</li> <li>▪ Appraisals must be dated within 120 days of closing date, or within 180 days with recertification of value</li> <li>▪ All third party reports need to be addressed and assigned to Lender per guidelines</li> </ul>
<b>PORTFOLIO VALUATION WATERFALL</b>	N/A	<ul style="list-style-type: none"> <li>▪ Full Interior/Exterior Appraisals</li> <li>▪ BPOs may be allowed for a portion of the portfolio, at Lender discretion, for Loans &gt; \$3MM</li> </ul>
<b>PROPERTY MANAGEMENT</b>	<ul style="list-style-type: none"> <li>▪ Self-Managed Properties Allowed</li> <li>▪ Lender may Require Third Party Management on any Property based on Underwriting</li> </ul>	<ul style="list-style-type: none"> <li>▪ Self-management may be allowed for Loans ≤ \$5MM, at Lender discretion</li> <li>▪ A professional third party property management firm is required for all Loans &gt; \$5MM, with exceptions at Lender discretion</li> <li>▪ All property managers are subject to Lender underwriting and approval</li> </ul>

# Single Property Rentals & Rental Portfolios

## PROPERTY

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>OCCUPANCY REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ Investor / Non-Owner [Signed Business Use Affidavit Required ]</li> <li>▪ In-Place Third Party Tenant With Signed Lease &amp; Current on Rent</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>▪ New Tenant with Signed Lease &amp; Proof of Receipt of Security Deposit</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>▪ Vacant Property with no Signed Lease AND no in-place tenant (Purchase Loans only)</li> <li>▪ For cashout refinance loans, no more than one unit of a 2-4 unit property may be vacant at closing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investor / Non-Owner [Signed Business Use Affidavit Required ]</li> <li>▪ In-Place Third Party Tenant With Signed Lease &amp; Current on Rent</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>▪ New Tenant with Signed Lease &amp; Proof of Receipt of Security Deposit</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>▪ Vacant Property with no Signed Lease AND no in-place tenant</li> <li>▪ Minimum Occupancy Rate of 90%, by Number of Units</li> </ul>
<b>LEASE REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ Long Term (12 months initial) Leases Required at Close</li> <li>▪ Month-to-Month Leases Allowed only if in-place for 6 Months Prior to Close. No Vacation or seasonal rentals allowed</li> <li>▪ No Commercial Use Allowed</li> </ul>	
<b>UNDERWRITTEN RENTS</b>	<ul style="list-style-type: none"> <li>▪ Leased Units: <ul style="list-style-type: none"> <li>▫ Lower of In-Place Rent &amp; Market Rent from Valuation Report for Existing Lease</li> <li>▫ Proof of Receipt of Security Deposit for New Lease required if Start Date is post closing date</li> </ul> </li> <li>▪ Unleased Units: <ul style="list-style-type: none"> <li>▫ 90% of Market Rent from Valuation Report</li> </ul> </li> <li>▪ Properties with New Leases and no Proof of Receipt of Security Deposit are considered as Unleased</li> </ul>	
<b>PROPERTY CONDITION/ DEFERRED MAINTENANCE</b>	<ul style="list-style-type: none"> <li>▪ All Properties Required to be in Lease Ready Condition with no Renovations or Repairs required</li> <li>▪ Deferred Maintenance Items identified in 3<sup>rd</sup> Party Reports <ul style="list-style-type: none"> <li>▫ Purchase loans: withheld from Loan Proceeds and must be Completed within 30 Days of Closing</li> <li>▫ Refinance loans: must be completed prior to Closing</li> </ul> </li> </ul>	



A low-angle, upward-looking photograph of a modern, multi-story apartment building. The building features white balconies with glass railings and blue-tinted windows. The sky is a clear, bright blue. The text "Legal & Insurance" is overlaid on a white rectangular background in the center of the image.

# Legal & Insurance

# Single Property Rentals & Rental Portfolios

## LEGAL & INSURANCE

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>LOAN COLLATERAL</b>	<ul style="list-style-type: none"> <li>First Priority Mortgage/Deed of Trust for each Property</li> <li>First Priority Blanket Assignment and Subordination of Leases and Rents</li> <li>Assignment &amp; Subordination of Property Management Agreement (if applicable)</li> </ul>	
<b>RESERVES/ ESCROWS</b>	<p>At Closing:</p> <ul style="list-style-type: none"> <li>First 3 Months of PITI, not including Stub Interest for Closing Month</li> <li>Pro-Rata Property Taxes for next Tax Due Date, such that Tax Due is Fully Funded 30 Days in Advance of Due Date</li> </ul> <p>Ongoing Monthly:</p> <ul style="list-style-type: none"> <li>Real Estate Taxes - 1/12th Annual Taxes Due</li> <li>Insurance - 1/12th Annual Insurance Costs</li> </ul>	<p>At Closing:</p> <ul style="list-style-type: none"> <li>First 3 Months of PITI, not including Stub Interest for Closing Month</li> <li>Pro-Rata Property Taxes for next Tax Due Date, such that Tax Due is Fully Funded 30 Days in Advance of Due Date</li> </ul> <p>Ongoing Monthly:</p> <ul style="list-style-type: none"> <li>Real Estate Taxes - 1/12th Annual Taxes Due</li> <li>Insurance - 1/12th Annual Insurance Costs</li> <li>Capital Expenditures - 1/12th Annual Capital Expenditures Budget, as reasonably determined by Lender (Loans &gt; \$5MM only)</li> <li>Advance Rent is required to be escrowed if any form of Cash Management is in place</li> </ul>
<b>MULTI-PROPERTY LOANS</b>	N/A	<ul style="list-style-type: none"> <li>Cross-Collateralization and Cross Default required</li> <li>Release Pricing @ 120% of allocated loan amount for partial prepayment</li> <li>No Substitution is allowed</li> </ul>
<b>CASH MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Lockbox not required</li> </ul>	<p>Soft Springing Lockbox:</p> <ul style="list-style-type: none"> <li>Not Required if Loan Amount &lt; \$3,000,000</li> <li>Required if Loan Amount &gt;= \$5,000,000</li> <li>At Lender discretion if Loan Amount &gt;=\$3,000,000 and &lt;\$5,000,000</li> </ul> <p>Cash Trap Trigger springs upon:</p> <ul style="list-style-type: none"> <li>The occurrence of an Event of Default</li> <li>If NCF DSCR is less than Required Minimum DSCR, as determined by Lender</li> </ul>

# Single Property Rentals & Rental Portfolios

## LEGAL & INSURANCE

GUIDELINE	SINGLE PROPERTIES	PORTFOLIOS
<b>REPORTING</b>	<p>For All Loans:</p> <ul style="list-style-type: none"> <li>Annual Financial Statements of Borrowing Entity (certified true and correct by Officer of Borrowing Entity)</li> <li>Other financial reporting as reasonably requested by Lender</li> </ul>	<p>For All Loans:</p> <ul style="list-style-type: none"> <li>Annual Financial Statements of Borrowing Entity (certified true and correct by CFO/Officer of Borrowing Entity)</li> <li>Annual Rent Rolls &amp; Property Operating Statements</li> </ul> <p>For All Loans &gt; \$5MM:</p> <ul style="list-style-type: none"> <li>Quarterly Rent Rolls &amp; Property Operating Statements</li> <li>Annual Financial Statements of Borrowing Entity (certified true and correct by CFO/Officer of Borrowing Entity)</li> <li>Other financial reporting as reasonably requested by Lender</li> </ul>
<b>INSURANCE</b>	<ul style="list-style-type: none"> <li>Insurance Carrier must be Rated no less than A-VIII by A.M. Best</li> <li>Property Insurance - "Causes of Loss - Special Form" or "All Risk" Hazard Insurance</li> <li>Liability Insurance</li> <li>Business Interruption/Rent Loss Insurance for 6 Months</li> <li>Flood/Earthquake/Windstorm Insurance Applicable per Guidelines</li> <li>Lender must be included as Additional Mortgagee/Loss Payee/Additional Insured per guidelines</li> </ul>	
<b>LEGAL OPINIONS/ SURVEY</b>	<ul style="list-style-type: none"> <li>Local Law Opinion from Qualified Attorney for all Loans &gt;=\$500,000 OR &gt;=\$1MM in CA</li> <li>Survey required for all Properties unless Approved Title Company Provides Required Endorsements without Survey</li> </ul>	<p>For all Loans &gt;=\$500,000 OR &gt;=\$1MM in CA:</p> <ul style="list-style-type: none"> <li>Local Law Opinion from Qualified Attorney</li> </ul> <p>For all Loans &gt;=\$1MM OR &gt;=\$1.5MM in CA:</p> <ul style="list-style-type: none"> <li>Local Law Opinion</li> <li>NY Enforceability Opinion</li> </ul> <p>For all Loans &gt;\$25MM:</p> <ul style="list-style-type: none"> <li>Non-consolidation Opinion</li> <li>Independent Director Appointment for Borrower Entity</li> <li>Survey required for all Properties unless Approved Title Company Provides Required Endorsements without Survey</li> </ul>



# General

# Multifamily Term

## GENERAL

GUIDELINE	MULTIFAMILY TERM
MINIMUM LOAN AMOUNT	\$500,000
MAXIMUM LOAN AMOUNT	\$5,000,000
MINIMUM NUMBER OF PROPERTIES	1
MAXIMUM NUMBER OF PROPERTIES	5
MINIMUM NUMBER OF UNITS PER PROPERTY	5
MAXIMUM NUMBER OF UNITS PER PROPERTY	N/A
PERMITTED PROPERTY TYPES	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>✓ Appraised to be in C1 - C4 Condition</li> <li>✓ 5+ Unit Residence</li> <li>✓ Mixed Use Properties, only if residential units &gt; 50% of total SF</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>✗ Properties with Lot Size in Excess of 20 Acres</li> <li>✗ Condotels</li> <li>✗ Co-ops</li> <li>✗ Leaseholds</li> <li>✗ Manufactured Housing</li> <li>✗ Short term vacation or seasonal rentals, including AirBnB, VRBO etc</li> <li>✗ Commercial Property</li> <li>✗ Modular Homes</li> <li>✗ Log Homes</li> <li>✗ Properties Subject to Oil and/or Gas Leases</li> <li>✗ Operating Farms, Ranches, or Orchards"</li> </ul>
GEOGRAPHIC REGION	All US, except MN, ND, SD, UT, VT & WV
PROPERTY LOCATION	Major Markets No Rural Locations



# Loan Details

# Multifamily Term

## LOAN DETAILS

GUIDELINE	MULTIFAMILY TERM
LOAN PRODUCTS	<ul style="list-style-type: none"> <li>▪ 5/6 &amp; 7/6 ARM (Adjustable Rate Mortgage) - 10 &amp; 30 Year Term Loans</li> <li>▪ 10/6 ARM (Adjustable Rate Mortgage) - 30 Year Term Loans</li> <li>▪ 5-Year FRM (Fixed Rate Mortgage) - 5 Year Term Loans</li> <li>▪ 10-Year FRM (Fixed Rate Mortgage) - 10 Year Term Loans</li> <li>▪ 30-Year FRM (Fixed Rate Mortgage) - 30 Year Term Loans &amp; Loan Amount ≤ \$2MM</li> </ul>
LOAN PURPOSE	<p>Business Purpose Loan for:</p> <ul style="list-style-type: none"> <li>▪ Purchase</li> <li>▪ Rate-Term Refinance</li> <li>▪ Cash out Refinance (Net Cash to Borrower at Settlement &gt; \$2,000)</li> </ul>
AMORTIZATION PERIOD	<ul style="list-style-type: none"> <li>▪ 30-year Amortization Term</li> <li>▪ 5-Year Interest Only Period + 25-year Amortization Term</li> <li>▪ 7-Year Interest Only Period + 23-year Amortization Term (portfolios ≤ \$3MM only)</li> <li>▪ 10-Year Interest Only Period + 20-year Amortization Term (portfolios ≤ \$3MM only)</li> </ul>
ADJUSTABLE RATE MORTGAGE (ARM) TERMS	<ul style="list-style-type: none"> <li>▪ Index: 30-Day SOFR</li> <li>▪ Index Floor: 0.25%</li> <li>▪ ARM Margin: 4.50%</li> <li>▪ ARM Loan Rate at Initial Rate Reset = 30-Day SOFR + ARM Margin, subject to applicable caps</li> <li>▪ Caps</li> </ul> <p>5/6 Hybrid ARMs</p> <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: 2.00%</li> <li>▫ Periodic Rate Reset: 2.00%</li> <li>▫ Lifetime Rate Reset: 5.00%</li> </ul> <p>7/6 &amp; 10/6 Hybrid ARMs</p> <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: 5.00%</li> <li>▫ Periodic Rate Reset: 2.00%</li> <li>▫ Lifetime Rate Reset: 5.00%</li> </ul> <ul style="list-style-type: none"> <li>▪ Floors <ul style="list-style-type: none"> <li>▫ Initial Rate Reset: NONE</li> <li>▫ Periodic Rate Reset: NONE</li> <li>▫ Lifetime Floor: ORIGINAL/INITIAL NOTE INTEREST RATE</li> </ul> </li> <li>▪ Daycount Convention: 30/360</li> </ul>
PREPAYMENT PENALTY	<p>For Loans ≤ \$3MM only:</p> <ul style="list-style-type: none"> <li>▪ 3 years Penalty with 3%, 2%, 1% Stepdown Structure</li> <li>▪ 4 years Penalty with 4%, 3%, 2%, 1% Stepdown Structure</li> </ul> <p>For All Loans:</p> <ul style="list-style-type: none"> <li>▪ 5 years Penalty with 5%, 4%, 3%, 2%, 1% Stepdown Structure</li> </ul>

\*Amortization Term



# Key Ratios



# Multifamily Term

## KEY RATIOS

GUIDELINE	MULTIFAMILY TERM
<b>MAXIMUM LOAN TO COST (LTC)</b>	<ul style="list-style-type: none"> <li>▪ Calculation: Total Loan Amount divided by total cost of               <ul style="list-style-type: none"> <li>▫ Acquisition Cost</li> <li>▫ Paid Cost of Improvement (Hard Costs only)</li> </ul> </li> <li>▪ Maximum LTC for Cash-Out Refinance Loans Only, subject to LTV limits               <ul style="list-style-type: none"> <li>▫ 80% if Property purchased &lt; 3 months</li> <li>▫ Additional 5% Haircut on Max Allowable LTV on Property purchased between 3 and 6 months for Borrowers with &lt;5 Rental Properties owned in the last 24 months (Experience Score 0-2)</li> </ul> </li> </ul>
<b>MAXIMUM LOAN TO AS-IS VALUE (LTV)</b>	<ul style="list-style-type: none"> <li>▪ Calculation: Total Loan Amount divided by the lower of:               <ul style="list-style-type: none"> <li>▫ As-Is Value</li> <li>▫ Purchase Price for purchase transactions</li> </ul> </li> <li>▪ For loans &lt;=\$3MM Purchase &amp; Rate Term Refinance: 75%  Cash Out Refinance:               <ul style="list-style-type: none"> <li>▫ 75% if Qualifying FICO &gt;=720</li> <li>▫ 70% if Qualifying FICO is between 680 and 719</li> </ul> </li> <li>▪ For loans &gt;\$3MM  Purchase &amp; Rate Term Refinance:               <ul style="list-style-type: none"> <li>▫ 75% if Qualifying FICO &gt;=700</li> <li>▫ 70% if Qualifying FICO is between 680 and 699</li> </ul> </li> <li>▫ Cash Out Refinance:               <ul style="list-style-type: none"> <li>▫ 70% if Qualifying FICO &gt;=700</li> <li>▫ 65% if Qualifying FICO is between 680 and 699</li> </ul> </li> <li>▪ U.S. Non-Permanent Residents/Foreign Nationals: 65%</li> </ul>
<b>IN-PLACE DSCR</b>	<ul style="list-style-type: none"> <li>▪ Calculation: In-Place Net Cash Flow (NCF) divided by Mortgage Payment, after accounting for all Property Operating Revenues, Expenses and Capital Expenditure Reserves, as reasonably determined by Lender</li> <li>▪ Gross Rental Income: the lower of               <ul style="list-style-type: none"> <li>▫ Actual Monthly Rent in the Lease Agreement</li> <li>▫ Market Monthly Rent in the Appraisal</li> <li>▫ 10% Haircut of Market Monthly Rent for Unleased Properties</li> </ul> </li> <li>▪ Mortgage Payment: initial payment amount at close</li> <li>▪ Minimum NCF DSCR of:               <ul style="list-style-type: none"> <li>▫ Top or Standard Market: 1.20x</li> <li>▫ Small Market 1.30x</li> <li>▫ Very Small Market: 1.40x</li> </ul> </li> </ul>



# Borrower & Guarantor

# Multifamily Term

## BORROWER & GUARANTOR

GUIDELINE	MULTIFAMILY TERM
<b>BORROWING ENTITIES</b>	New LLC or the LLC only owns the properties in the subject portfolio
<b>ELIGIBLE BORROWERS</b>	<ul style="list-style-type: none"> <li>▪ US Citizens</li> <li>▪ US Legal Permanent Residents (Green Card Holders)</li> <li>▪ Non-US Residents/Foreigners, Subject to               <ul style="list-style-type: none"> <li>▫ Valid Passport</li> <li>▫ Valid US Visa (If not Subject to Visa Wavier Program)</li> <li>▫ Maximum Loan-to-Value Ratio (LTV) of 65% for Non-Permanent Residents &amp; Foreign Nationals</li> <li>▫ Required Liquid Reserves of 12 Months of PITIA at Closing for Non-Permanent Residents &amp; Foreign Nationals</li> </ul> </li> </ul>
<b>RECOURSE/ GUARANTY STRUCTURE</b>	<p>Guarantor: an individual with greater than or equal to 20% ownership in the borrowing entity</p> <p>Full Recourse</p> <p>OR</p> <p>Non-Recourse:</p> <ul style="list-style-type: none"> <li>▪ Standard "bad-boy" carve-outs</li> <li>▪ Environmental Indemnification</li> <li>▪ Pledge of Equity required</li> <li>▪ Pledge of Equity required for all portfolios</li> </ul>
<b>MINIMUM GUARANTOR FICO</b>	<ul style="list-style-type: none"> <li>▪ "Tri-Merge" Credit Report No Older than 90 Days is Required for New Borrower</li> <li>▪ "Tri-Merge" Credit Report No Older than 120 days is Required for Existing Borrower with 0x30x12 Payment History for Roc Loans</li> </ul> <p>680 Minimum Qualifying FICO determined as:</p> <ul style="list-style-type: none"> <li>▪ Mid Score if 3 Scores are available</li> <li>▪ Low Score if 2 Scores are available</li> <li>▪ For Multiple Guarantors, Lowest Score Calculated as above is used</li> </ul>
<b>GUARANTOR CREDIT HISTORY</b>	<ul style="list-style-type: none"> <li>▪ Credit Pull Must Be Obtained From CIS,DataVerify, CoreLogic, SAS or Similar Engine</li> <li>▪ Minimum of 3 Credit Lines; Minimum 2 Active Credit Lines; At Least 1 Line with 24+ Month Rating</li> <li>▪ Maximum 1x30x12 on mortgage loans</li> <li>▪ Judgments, Tax Liens, Charge-offs, Non-Medical Collections Must Be Paid in Full or in Satisfactory Status and Borrower must provide evidence of being current on payment plan for a minimum of 6 months prior to close</li> </ul>
<b>GUARANTOR BACKGROUND REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ Bankruptcy Discharge Date must be no less than 3 Years Prior to Closing Date</li> <li>▪ Foreclosure/Deed-in-Lieu/Shortsale Date must be no less than 3 Years Prior to Closing Date</li> <li>▪ Background/OFAC Searches No Older than 90 Days is Required for New Borrower</li> <li>▪ Background/OFAC Searches No Older than 120 days is Required for Existing Borrower with 0x30x12 Payment History for Roc Loans</li> </ul>

# Multifamily Term

## BORROWER & GUARANTOR

GUIDELINE	MULTIFAMILY TERM
<b>GUARANTOR(S) LIQUIDITY REQUIREMENT</b>	<ul style="list-style-type: none"><li>▪ Lower of 10% of Loan Balance and 9 Months of PITIA</li><li>▪ Two Most Recent Consecutive Months of Bank Statements or Investment Account Statements required</li><li>▪ Up to 50% of Cash Out Amounts from Subject Loan May Be Used to Satisfy Reserve Requirements</li><li>▪ Liquid Reserves Must Be Seasoned for a Minimum of 3 Months for Purchase Transactions</li><li>▪ The cumulative amount including all guarantors is considered for loans with multiple guarantors</li><li>▪ Assets eligible for liquidity per Lender's underwriting guidelines</li></ul>
<b>GUARANTOR(S) MINIMUM NET WORTH REQUIREMENT</b>	<p>Guarantor(s)' Net Worth should meet the following requirements below:</p> <p>For loans &lt;=\$3MM:</p> <ul style="list-style-type: none"><li>▪ N/A</li></ul> <p>For loans &gt; \$3MM:</p> <ul style="list-style-type: none"><li>▪ Minimum 25% of Loan Balance, NOT including borrower's interest in financed property</li></ul>
<b>GUARANTOR(S) EXPERIENCE REQUIREMENT</b>	<ul style="list-style-type: none"><li>▪ At least 1 year of rental property ownership experience (including subject properties)</li></ul>



# Property

# Multifamily Term

## PROPERTY

GUIDELINE	MULTIFAMILY TERM
<b>THIRD PARTY REPORTS</b>	<ul style="list-style-type: none"> <li>▪ One Full Independent Narrative Commercial Appraisal Required</li> <li>▪ USPAP/FIRREA Compliant Interior/Exterior Appraisals with As-is Value               <ul style="list-style-type: none"> <li>▫ Appraisal must adhere to Freddie Mac Multifamily appraiser / appraisal requirements, comply with and state its compliance with the USPAP and the current version of the FIRREA, including its Title XI regulation.</li> </ul> </li> <li>▪ Appraisals dated within 120 days of closing date are required. Appraisals dated between 120 and 180 days are acceptable with a recertification of value</li> <li>▪ Environmental Database Survey or HRDR if loan amount &lt; \$3MM</li> <li>▪ Phase I Environmental Report if loan amount &gt;= \$3MM</li> <li>▪ All third party reports need to be addressed and assigned to Lender per guidelines</li> </ul>
<b>PORTFOLIO VALUATION WATERFALL</b>	N/A
<b>PROPERTY MANAGEMENT</b>	<ul style="list-style-type: none"> <li>▪ Self-management may be allowed for Loans &lt;=\$5MM, at Lender discretion</li> <li>▪ A professional third party property management firm is required for all Loans &gt;\$5MM, with exceptions at Lender discretion</li> <li>▪ All property managers are subject to Lender underwriting and approval</li> </ul>
<b>OCCUPANCY REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ Investor / Non-Owner</li> <li>▪ Minimum Occupancy Rate of 90%, by Number of Units</li> </ul>
<b>LEASE REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>▪ Long Term (12 months initial) Leases Required at Close</li> <li>▪ Month-to-Month Leases Allowed only if in-place for 6 Months Prior to Close</li> <li>▪ No Commercial Use Allowed</li> </ul>
<b>UNDERWRITTEN RENTS</b>	<ul style="list-style-type: none"> <li>▪ At Lender discretion, using commercially reasonable standards</li> </ul>
<b>PROPERTY CONDITION/ DEFERRED MAINTENANCE</b>	<ul style="list-style-type: none"> <li>▪ All Properties Required to be in Lease Ready Condition with no Renovations or Repairs required</li> <li>▪ Deferred Maintenance Items identified in 3rd Party Reports               <ul style="list-style-type: none"> <li>▫ Purchase loans: withheld from Loan Proceeds and must be Completed within 30 Days of Closing</li> <li>▫ Refinance loans: must be completed prior to Closing</li> </ul> </li> </ul>

A low-angle, upward-looking photograph of a modern, multi-story apartment building. The building features white balconies with glass railings and blue-tinted windows. The sky is a clear, bright blue. The text "Legal & Insurance" is overlaid on a white rectangular background in the center of the image.

# Legal & Insurance

# Multifamily Term

## LEGAL & INSURANCE

GUIDELINE	MULTIFAMILY TERM
LOAN COLLATERAL	<ul style="list-style-type: none"> <li>▪ First Priority Mortgage/Deed of Trust for each Property</li> <li>▪ First Priority Blanket Assignment and Subordination of Leases and Rents</li> <li>▪ Assignment &amp; Subordination of Property Management Agreement (if applicable)</li> </ul>
RESERVES/ ESCROWS	<p>At Closing:</p> <ul style="list-style-type: none"> <li>▪ First 3 Months of PITI, not including Stub Interest for Closing Month</li> <li>▪ Pro-Rata Property Taxes for next Tax Due Date, such that Tax Due is Fully Funded 30 Days in Advance of Due Date</li> </ul> <p>Ongoing Monthly:</p> <ul style="list-style-type: none"> <li>▪ Real Estate Taxes - 1/12th Annual Taxes Due</li> <li>▪ Insurance - 1/12th Annual Insurance Costs</li> <li>▪ Capital Expenditures - 1/12th Annual Capital Expenditures Budget, as reasonably determined by Lender (Loans &gt; \$5MM only)</li> <li>▪ Advance Rent is required to be escrowed if any form of Cash Management is in place</li> </ul>
MULTI-PROPERTY LOANS	N/A
CASH MANAGEMENT	<p>Soft Springing Lockbox:</p> <ul style="list-style-type: none"> <li>▪ Not Required if Loan Amount &lt; \$3,000,000</li> <li>▪ Required if Loan Amount &gt;= \$5,000,000</li> <li>▪ At Lender discretion if Loan Amount &gt;= \$3,000,000 and &lt; \$5,000,000</li> </ul> <p>Cash Trap Trigger springs upon:</p> <ul style="list-style-type: none"> <li>▪ The occurrence of an Event of Default</li> <li>▪ If NCF DSCR is less than Required Minimum DSCR, as determined by Lender</li> </ul>
REPORTING	<p>For All Loans:</p> <ul style="list-style-type: none"> <li>▪ Annual Financial Statements of Borrowing Entity (certified true and correct by CFO/Officer of Borrowing Entity)</li> <li>▪ Annual Rent Rolls &amp; Property Operating Statements</li> </ul> <p>For All Loans &gt; \$3MM:</p> <ul style="list-style-type: none"> <li>▪ Quarterly Rent Rolls &amp; Property Operating Statements</li> <li>▪ Annual Financial Statements of Borrowing Entity (certified true and correct by CFO/Officer of Borrowing Entity)</li> <li>▪ Other financial reporting as reasonably requested by Lender</li> </ul>



# Multifamily Term

## LEGAL & INSURANCE

GUIDELINE	MULTIFAMILY TERM
<b>INSURANCE</b>	<ul style="list-style-type: none"><li>▪ Insurance Carrier must be Rated no less than A-VIII by A.M. Best</li><li>▪ Property Insurance - "Causes of Loss - Special Form" or "All Risk" Hazard Insurance</li><li>▪ Liability Insurance</li><li>▪ Business Interruption/Rent Loss Insurance for 6 Months</li><li>▪ Flood/Earthquake/Windstorm Insurance Applicable per Guidelines</li><li>▪ Lender must be included as Additional Mortgagee/Loss Payee/Additional Insured per guidelines</li></ul>
<b>LEGAL OPINIONS/ SURVEY</b>	<p>For all Loans <math>\geq</math>\$500,000 OR <math>\geq</math>\$1MM in CA:</p> <ul style="list-style-type: none"><li>▪ Local Law Opinion from Qualified Attorney</li></ul> <p>For all Loans <math>\geq</math>\$1MM OR <math>\geq</math>\$1.5MM in CA:</p> <ul style="list-style-type: none"><li>▪ Local Law Opinion</li><li>▪ NY Enforceability Opinion</li><li>▪ Survey required for all Properties unless Approved Title Company Provides Required Endorsements without Survey</li></ul>



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