

MAXIMUM LTVs

FICO	PURCH/RT REFI	CASHOUT
> 740	< \$3MM: 80% > \$3MM: 75%	< \$3MM: 75% > \$3MM: 75%
720 - 739	≤ \$3MM: 75% > \$3MM: 75%	≤ \$3MM: 75% > \$3MM: 70%
700 - 719	≤ \$3MM: 75% > \$3MM: 75%	≤ \$3MM: 70% > \$3MM: 70%
680 - 699	≤ \$3MM: 75% > \$3MM: 70%	≤ \$3MM: 70% > \$3MM: 65%
660 - 679	≤ \$2MM AND ≤ 10 properties only: 70%	≤ \$2MM AND ≤ 10 properties only: 65%

PREPAYMENT PENALTIES

For loans < \$3MM

- ③ 1-year penalty with 1%, 0%, 0% stepdown structure (UPB ≤ \$2MM AND ≥ 10 properties only)
- ③ 1 year penalty with 3%, 0%, 0% stepdown structure (UPB ≤ \$2MM AND ≥ 10 properties only)
- ③ 3 years penalty with 3%, 2%, 1% stepdown structure
- ③ 5 years penalty with 5%, 4%, 3%, 2%, 1% stepdown structure
- ③ Yield maintenance (YM) with 6 month open prepay window at end of YM period
 - 5 year loan term: 5 year YM period
 - 10 year loan term: 10 year YM period
 - 30 year loan term: 5 year YM period for 5/6 ARMs and 10 year YM period for 10/6 ARMs

For loans ≥ \$3MM

- ③ 5 years penalty with 5%, 4%, 3%, 2%, 1% stepdown structure (5/10/30 year loan term)
- ③ Yield maintenance (YM) with 6 month open prepay window at end of YM period
 - 5 year loan term: 5 year YM period
 - 10 year loan term: 10 year YM period
 - 30 year loan term: 5 year YM period for 5/6 ARMs and 10 year YM period for 10/6 ARMs

LOAN PRODUCTS/AMORTIZATION

- ③ 5/6 & 7/6 ARM (Adjustable Rate Mortgage): 10 & 30-year term loans
- ③ 10/6 ARM; 30-year term loans
- ③ 5-year FRM (Fixed Rate Mortgage); 5-year term loans
- ③ 10-year FRM; 10-year term loans
- ③ 30-year FRM: 30-year term loans & loan amount ≤ \$5MM
- ③ Maximum IO periods ARMs: initial fixed rate period (5, 7 or 10 years)
 - 5/10-year FRM: 5 years
 - 30-year FRM: 10 years

THIRD PARTY REPORTS

- ③ Loan amount ≤ \$1,500,000:
 - One full independent appraisal required
 - Market rent estimate included in appraisal
 - Appraisal Risk Review (ARR) or Collateral Desktop Analysis (CDA) required
 - If Appraisal-ARR/CDA variance exceeds 10%, second full independent appraisal required
 - Lower of two appraised values to be used in LTV calculations
- ③ Loan amount > \$1,500,000:
 - Two full independent appraisals required
 - Market rent estimate included in appraisal
 - Lower of two appraised values to be used in LTV calculations
- ③ USPAP/FIRREA compliant interior/exterior Appraisals with As-is value
- ③ Appraisals must be dated within 120 days of closing date, or within 180 days with recertification of value
- ③ All third party reports need to be addressed and assigned to lender per guidelines
- ③ For purchase loans, the lowest of
 1. Purchase price
 2. Appraised value and
 3. ARR/CDA value is used to calculate LTV

STATE RESTRICTIONS

- ③ All US, except MN, ND, SD, UT & VT

LOAN GENERAL

- ③ Min loan amount:
 - \$75,000 per property for portfolios < \$500,000
 - \$50,000 per property for portfolios ≥ \$500,000
- ③ Max loan amount: \$50MM+, subject to \$1MM (1-unit) and \$2,000,000 (2-4 units) individual property limits
- ③ 1-4 unit properties/PUDs/warrantable condos/townhomes/eligible mixed use (> 50% of SF must be residential)
- ③ No vacation or seasonal rentals
- ③ Properties without existing debt financed within 180 days of purchase are considered delayed purchase loans, and eligible for all terms applicable to purchase loans

DEBT SERVICE COVERAGE RATIO (DSCR)

For loans with ≤ \$2MM AND ≤ 10 properties

- ③ Calculation: Monthly in-place gross rental income divided by monthly PITIA
- ③ PITIA: total monthly payments of
 - Monthly mortgage principal and interest payment at qualifying rate
 - Monthly property tax payment
 - Monthly home insurance payment
 - Monthly HOA payment or property management fee
- ③ Minimum In-Place DSCR of 1.0x is required, based on initial payment amount at close. Loans with DSCRs between 1.0x - 1.19x must be 30-year fully amortizing loans and are subject to a 5% reduction to the max allowable LTV based on the borrower's FICO.

For all other loans:

- ③ 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
- ③ Gross Rental Income: the lower of
 - Actual monthly rent in the lease agreement
 - Market monthly rent in the appraisal
 - 10% haircut of market monthly rent for unleased properties
- ③ Mortgage payment: initial payment amount at close
- ③ Minimum NCF DSCR of 1.20x
- ③ 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 IO period

BORROWER/GUARANTOR REQUIREMENTS

CREDIT & BACKGROUND

- ③ New borrower: Tri-Merge credit report no older than 90 days
- ③ Existing borrower with 0x30x12 payment history: Tri-Merge credit report no older than 120 days
- For loans with ≤ \$2MM AND ≤ 10 properties: 660 minimum qualifying FICO. For all other loans: 680 minimum qualifying FICO
- Qualifying FICO determined as:
 - ③ Mid score if 3 scores are available
 - ③ Low score if 2 scores are available
 - ③ For multiple guarantors, lowest score calculated above is used
- ③ Bankruptcy discharge date must be no less than 3 years prior to closing date
- ③ Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date

LIQUIDITY

- ③ Lower of 10% of loan balance and 9 months of PITIA
- ③ Two most recent consecutive months of bank statements or investment account statements required
- ③ Cashout amounts from subject loan may be used to satisfy reserve requirements
- ③ Liquid reserves must be seasoned for a minimum of 3 months for purchase transactions
- ③ The cumulative amount including all guarantors considered for loans with multiple guarantors
- ③ IRAs/401Ks and other restricted assets are considered with a 50% haircut to market value

- ③ No first time borrowers, need prior rental property ownership experience
- ③ Self-managed properties may be allowed for loans ≤ \$3MM, at lender discretion
- ③ Third party property manager required for loans > \$5MM
- ③ Non Recourse with pledge of equity of borrowing entity and customary bad-boy carveouts
- ③ LLCs and US corporations only

RESERVES/ESCROWS

At closing:

- ③ First 3 months of debt service, not including sub interest for closing month
 - ③ Pro-rata property taxes for next tax due date, such that tax due is fully funded 30 days in advance of due date
- Ongoing monthly:
- ③ Real estate taxes: 1/12th annual taxes due
 - ③ Insurance: 1/12th annual insurance costs
 - ③ Capital expenditures: 1/12th annual capital expenditures budget, as reasonably determined by lender

MAXIMUM LTC FOR C/O REFI LOANS

Subject to LTV limits:

- ③ 80% if property purchased < 3 months
- ③ Additional 5% haircut on Max LTV if property purchased between 3 and 6 months (for borrowers with < 5 rental properties owned in the last 24 months)