

BRIDGE LOANS
DSCR LOANS

Residential Real Estate Investor

LOANS



**Roc
Capital**
by Roc360

www.roccapital.com

	FIX & FLIP	GROUND UP	MULTIFAMILY BRIDGE	STABILIZED BRIDGE
Loan Amount	\$50K - \$5MM	\$50K - \$5MM	\$500K+	\$75K - \$2MM
Max LTC	90% / 100% (Purchase price / Rehab)	75% / 100% (60% / 100% for non-permitted projects) Max 90% of total project costs	75% / 100% (65% / 100% for Refi)	85% on purchases, (Purchase price/ completed rehab)
Max LTV	70% (Loan to after repair value)	70% (Loan to after repair value)	70% (Loan to after repair value)	70%
Minimum FICO (Mid-Score)	N/A	N/A	680	660
Minimum DSCR	N/A	N/A	N/A	1.00x

● **Bridge Loans** (Short Term Financing)

	SINGLE PROPERTY RENTAL	RENTAL PORTFOLIO	MULTIFAMILY TERM
Loan Amount	\$75K - \$2MM	\$250K - \$50MM	\$250K - \$3MM (\$50K UPB min per door)
Max LTC	80%	80%	70%
Max LTV	80% (75% for Cashout Refi)	80% (75% for Cashout Refi)	70%
Minimum FICO (Mid-Score)	660	660	680
Minimum DSCR	1.10x	1.10x	1.2x

● **Rental Property Loans** (Long Term Financing)

Fix and Flip Program

BRIDGE LOANS

LOAN GENERAL	
Loan Amount	<ul style="list-style-type: none"> Min: \$50,000 Max: \$5,000,000
Maximum Loan to Cost	<ul style="list-style-type: none"> Up to 90% of purchase price Up to 100% of rehab costs
Maximum Loan to ARV	<ul style="list-style-type: none"> Up to 70%
FICO	<ul style="list-style-type: none"> Minimum IR = 1 month If past bankruptcy, foreclosure, or FICO < 620: 12 month IR
Term Length	<ul style="list-style-type: none"> 12 months, up to 18 at lender discretion
Recourse	<ul style="list-style-type: none"> Full Recourse Pledge of shares
Experience	<ul style="list-style-type: none"> All levels considered (leverage based on experience)
Profit Test	<ul style="list-style-type: none"> Minimum 30% ROI If fail, must pass 1.20 DSCR test on a market 30-year FRM

LOAN CLOSING ISSUES	
PROBLEM	GUIDELINE
Loan Amount > \$250,000	<ul style="list-style-type: none"> Survey or survey exception required
Loan Amount > \$500,000	<ul style="list-style-type: none"> Attorney opinion letter required Survey or survey exception required
Entity Status	<ul style="list-style-type: none"> Certificate of good standing required if entity is ≥ 1 year old Certificate cannot be older than 90 days Foreign entity registration required in all states where the loan attaches to a property
Title Issues	<ul style="list-style-type: none"> Clean title No exceptions to Schedule B permitted Will not fund unless gap insurance provided
Closing Attendance	<ul style="list-style-type: none"> All guarantors must sign loan documents Digital closings permitted
Insurance	<ul style="list-style-type: none"> Must conform to guidelines, no exceptions

HARD NO LOAN TYPE	
<ul style="list-style-type: none"> Financial crimes on background check > 85% initial loan to cost; > 100% construction holdback/reno budget; > 70% ARLTV Owner occupied properties Exotic properties in rural areas 	<ul style="list-style-type: none"> Advancing against 'finder's fees' – wholesalers are OK, see guidelines below Deals without a viable exit (profitable flip or rental loan refinance)

LETTER OF EXPLANATION BACKGROUND	
Traffic	No
Driving under the influence	2 or more times
Marijuana	2 or more times
Misdemeanor	Always
Felony	Always

LETTER OF EXPLANATION REQUIREMENTS CREDIT	
	WHEN TO COLLECT LOE
30D	if past due > \$0 and <> EDU
60D	if past due > \$0 and <> EDU
90D	if past due > \$0 and <> EDU
Collection Account	if > \$2K tradeline and no medical or utility
Bankruptcy	if < 7 years old
Foreclosure	if < 7 years old
Forbearance	if active and not COVID-related
IRS Lien	if active
Liens	if active and > \$10,000
Judgments	if active and > \$10,000

PROBLEM LOAN TYPES AND GUIDELINES	
PROBLEM	GUIDELINE
Foreign National Borrower	<ul style="list-style-type: none"> Eligible with valid visa or green card and U.S. credit history
Lop-Sided Loans (renovation budget > purchase price)	<ul style="list-style-type: none"> Borrower must have at least 10% of the total project cost in at closing Full boat interest strongly encouraged
Inexperienced Flippers / First Timers (experience score=1)	<ul style="list-style-type: none"> No more than 70% initial LTC (70/100)
IRS Tax Liens / Federal Tax Liens	<ul style="list-style-type: none"> Must be cleared prior to closing
Rural Areas	<ul style="list-style-type: none"> Low initial advance rate (~55% of purchase price) Should generally stick to lending in densely populated areas
Borrower Background Issues	<ul style="list-style-type: none"> Must not be financial crimes Professional flipper or repeat borrower at lender's discretion
Heavy Construction	<ul style="list-style-type: none"> Highly experienced borrower Verifiable track record Liquid takeout (the properties sell easily)
High Loan to Cost (85/100)	<ul style="list-style-type: none"> Experienced borrowers, profitable flips, liquid properties
High ARLTV	<ul style="list-style-type: none"> Capped at 70%
Cashouts	<ul style="list-style-type: none"> Borrower should have 15% skin in the game at all times All members of borrowing entity must PG the loan and show up to closing to sign the loan documents Should be a well-defined exit strategy
Mid-construction Projects	<ul style="list-style-type: none"> Need As-is AND ARV Appraised values (same report) The entire rehab budget must be specified in the appraisal with a % complete per line item of work that has been completed Receipts help to justify work completed Property taxes, interest/debt payments, insurance, legal fees, and closing costs do not qualify as reimbursable costs Our initial release will be based on the lesser of As-Is value and cost basis
Refinancing Another Hard Money Lender	<ul style="list-style-type: none"> Are we the market fool? Borrower must have at least 15% skin in the game at all times Reasonableness test
Low Profit Deals	<ul style="list-style-type: none"> Minimum profit 30% ROI Experienced borrower (at least 3 on a scale of 1-5) with verifiable track record Lower advance rates Liquid takeout (the properties sell easily)
Wholesaler	<ul style="list-style-type: none"> Not higher than 15-20% of total purchase price Wholesaler sourcing from MLS is awkward - why wouldn't the borrower buy the property directly if publicly listed? High degree of scrutiny required. Transparency: we need full chain of title from owner of record to borrower: <ul style="list-style-type: none"> Wholesaler assigns contract to borrower <ul style="list-style-type: none"> Need wholesaler contract and assignment agreement Wholesaler sells entity that is in contract to borrower <ul style="list-style-type: none"> Need wholesaler contract and share purchase agreement Wholesaler double closing (A->Wholesaler->B) <ul style="list-style-type: none"> Need contract from A->Wholesaler and contract Wholesaler->B Transaction should not 'shock the conscience'
Non Arm's Length Transactions	<ul style="list-style-type: none"> Need an As-is AND ARV Appraisal (2 separate) Reasonableness test
Marginal Urban Areas (high crime, poverty, transitional, etc)	<ul style="list-style-type: none"> Lower advance rates Experienced borrowers with verifiable track records in subject area Liquid takeout (the properties sell easily)
Condo Conversions	<ul style="list-style-type: none"> Architect letter, condo questionnaire, and feasibility study required Legal opinion regarding conversion required As-is on the current collateral and ARV on each unit (Separate appraisals)
Adding Square footage (vertical and/or horizontal expansion) or change of use (2 family to 4 family)	<ul style="list-style-type: none"> Zoning analysis from architect. The project must conform to local zoning code and be as-of right (no variances required). Experienced borrower with verifiable track record of similar projects Permits in place preferred Lower advance rates Construction budget feasibility study by engineering firm (at Roc Capital's discretion)
Subdivision of Lot	<ul style="list-style-type: none"> Loan terms to be based on the property as if the subdivided lot land value is \$0
Luxury Properties	<ul style="list-style-type: none"> Property must be liquid
Appraisals	<ul style="list-style-type: none"> Appraisals > 6 months old not accepted

Ground Up Construction Program

BRIDGE LOANS

		GROUND UP PROGRAM	EXPERIENCED DEVELOPER PROGRAM <small>(3+ SIMILAR PAST PROJECTS)</small>
ELIGIBLE COLLATERAL	Loan Amount	<ul style="list-style-type: none"> Min: \$50,000 Max: \$5,000,000 	
	Property Count	<ul style="list-style-type: none"> Min: 1 Max: 2 	<ul style="list-style-type: none"> Min: 1 Max: 10
	Permitted Property Types	<ul style="list-style-type: none"> Eligible <ul style="list-style-type: none"> - Non-owner Occupied 1-4 unit residential - Townhomes - Condos 	<ul style="list-style-type: none"> Ineligible <ul style="list-style-type: none"> - Mixed use properties - 5+ unit multifamily properties - Condotels - Co-ops / TICs - Commercial Property - Log Homes - Properties Subject to Oil and/or Gas Leases - Operating Farms, Ranches, or Orchards - Vacation or Seasonal Rentals - Rural properties
	Submarket Liquidity	<ul style="list-style-type: none"> Top 90%, Top 10% case by case with potential LTC cuts 	
	Maximum Loan to Cost	<ul style="list-style-type: none"> Up to 75% of the lower of land value or purchase price/60% if unpermitted, plus 100% of construction Max 85% of total project costs LTC Catch Up Draw to raise initial advance to 75% at approval of required plans/permits post-closing 	<ul style="list-style-type: none"> Up to 75% of the lower of land value or purchase price/60% if unpermitted, plus 100% of construction Max 90% of total project costs LTC Catch Up Draw to raise initial advance to 75% at approval of required plans/permits post-closing
	Maximum Loan to ARV	<ul style="list-style-type: none"> Up to 70% 	
LOAN TERMS	Reserves/Escrows	<ul style="list-style-type: none"> Interest Reserve: Minimum 1 month 	<ul style="list-style-type: none"> Interest Reserve: Minimum 1 month. Minimum 6 months full boat IR funded with initial loan amount for 90% LTC loans
	Term Length	<ul style="list-style-type: none"> 12 months, Up to 18 at Lender Discretion 	<ul style="list-style-type: none"> 12 months, Up to 24 at Lender Discretion
	Recourse	<ul style="list-style-type: none"> Full Recourse 	
	Minimum FICO	<ul style="list-style-type: none"> 620 Midscore 	<ul style="list-style-type: none"> 620 Midscore (680 for developments)
	Third Party Construction Reports		<ul style="list-style-type: none"> 3rd party feasibility study for 3+ unit developments 3rd party vendor to monitor draws for developments
	Minimum Net Worth & Liquidity	<ul style="list-style-type: none"> Minimum net worth of 10% of the loan amount 	<ul style="list-style-type: none"> Minimum net worth of 10% of the loan amount Bank statements showing 10% of the loan amount post-close liquidity for developments
GUARANTOR REQUIREMENTS	Experience	<ul style="list-style-type: none"> Previous real estate experience required: 1-2 Ground ups GCs if experience if permits tie to Ground ups Guarantors with no experience permitted on a case by case basis 	<ul style="list-style-type: none"> Previous real estate experience required: 3+ similar Ground-up builds + heavy rehabs with expansion. Professional development / builder. Guarantors with no experience permitted with experienced guarantor that meets the above experience criteria
	Profit Test	<ul style="list-style-type: none"> Minimum 30% ROI If fail, must pass 1.20 DSCR test on a market 30-year FRM 	

Multifamily Bridge Program

BRIDGE LOANS

MAXIMUM ARLTVs

FICO	PURCH/RT REFI	CASHOUT
≥ 740	< \$3MM: 70% > \$3MM: 70%	< \$3MM: 65% > \$3MM: 65%
720 - 739	< \$3MM: 70% > \$3MM: 70%	< \$3MM: 60% > \$3MM: 60%
700 - 719	< \$3MM: 70% > \$3MM: 70%	< \$3MM: 55% > \$3MM: 55%
680 - 699	< \$3MM: 70% > \$3MM: 65%	not permitted

U.S. Non-Permanent Residents/Foreign Nationals with Acceptable US Credit History: 55%

MAXIMUM LTCs

- Subject to LTV limits:
 - Purchase: 75% of (lower of Purchase Price & As-Is Value) + 100% of Reno
 - Rate/Term: 65% of As-Is Value + 100% of Reno
 - Cashout refinance: Subject to % above + 100% of Reno: not to exceed 75% of PP and 100% of renovation

DEBT SERVICE COVERAGE RATIO (DSCR)

- NCF DSCR calculation: In-place OR Stabilized 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
- Min underwritten stabilized NCF DSCR of 1.25x is required to qualify
- Cashout: Min in-place DSCR of 1.00x based on actual rate

BORROWER/GUARANTOR REQUIREMENTS

CREDIT & BACKGROUND	LIQUIDITY
<ul style="list-style-type: none"> New borrower: Tri-Merge Credit Report no older than 90 days Existing borrower with 0x30x12 payment history: Tri-Merge Credit Report no older than 120 days <p>680 minimum qualifying FICO determined as:</p> <ul style="list-style-type: none"> Mid score if 3 scores are available Low score if 2 scores are available For multiple guarantors, lowest score calculated as above is used Bankruptcy discharge date must be no less than 3 years prior to closing date Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date 	<ul style="list-style-type: none"> 15% of loan amount Two most recent consecutive months of bank statements or investment account statements required Liquid reserves must be seasoned for a minimum of 3 months for purchase transactions The cumulative amount including all guarantors is considered for loans with multiple guarantors IRAs/401Ks and other restricted assets are considered with a 50% haircut to market value 50% of cashout amount may be used to satisfy reserve requirement
<ul style="list-style-type: none"> No first time borrowers, need prior multifamily property ownership experience Self-managed properties may be allowed for loans ≤ \$5MM, at lender discretion Third party property manager required for loans > \$5MM Full Recourse with warm body guaranty from all members with ≥ 20% ownership OR Non-Recourse with pledge of equity of borrowing entity and customary bad-boy carveouts LLCs and US corporations only 	

LOAN STRUCTURE

- Initial term: 12 months to 24 months
- Extension: 3 months or 6 months, with a total term not longer than 36 months
- Extension fee of 0.50% per extension
- Amortization: Interest only
- Renovation budget: < 50% of PP OR < 50% of as-is value for Rate/Term Refi
- Recourse:
 - All loans < \$2MM are Full Recourse to warm body guarantor
 - All loans ≥ \$2MM are Non-Recourse with standard bad boy carveouts, completion guaranty & interest reserve replenishment guaranty as applicable
- Renovation budget: Required to hold back 100% of budget and any applicable deferred maintenance
 - Fixed rate available for loans < \$2MM
 - Loans ≥ \$2MM float based on SOFR

RESERVES/ESCROWS

- Interest/operating reserves: at closing, reserves are held back to fund deficits in operating expenses and debt service payments (if any), estimated based on in-place and underwritten proforma cashflows for the first 12 months
- Construction/renovation reserve: 100% of the renovation budget (including contingencies), 100% of any identified deferred maintenance in third party reports and 100% of any other project funds (such as tenant buyout expenses) are reserved at closing and released via subsequent draws

STATE RESTRICTIONS

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

LOAN GENERAL

- Min/Max loan amount: \$500,000/\$5,000,000
- Min loan amount per unit: \$35,000
- Portfolios allowed with cross collateralization, release provisions at lender's discretion subject to minimum of 120% of allocated loan amount per property
- 5+ unit residential
- Mixed-Use Property only if residential units > 50% of total SF AND commercial income is not > 35% of gross potential income
- No vacation or seasonal rentals
- Properties without existing debt financed within 180 days of purchase are considered delayed purchase loans, and eligible for all terms applicable to purchase loans

PREPAYMENT PENALTIES

For all loans:

- < 12 month initial term: 3 months of minimum interest
- 12 month initial term: 9 months of minimum interest
- 18 month initial term: 12 months of minimum interest
- 24 month initial term: 18 months of minimum interest

THIRD PARTY REPORTS

- One full independent narrative commercial appraisal required from approved list of appraisers
- USPAP/FIRREA compliant interior/exterior appraisals with as-is and as-stabilized value
- Appraisals dated within 120 days of closing date are required. Appraisals dated between 120 and 180 days may be acceptable at lender discretion with a recertification of value
- Environmental Database Survey or HRDR for loans < \$3MM
- Phase I Environmental Report are required for all loans ≥ \$3MM
- Property Condition Report (PCR) & Construction Budget Review are required for all loans ≥ \$3MM, and at underwriter's discretion for loans < \$3MM depending on project specifics. PCRs are required for vacant or damaged buildings
- All third party reports need to be addressed and assigned to lender per guidelines

Stabilized Bridge Program

BRIDGE LOANS		NO DSCR	DSCR EXIT
	PURPOSE	To provide bridge financing on a property that was recently renovated or constructed and is currently/soon to be listed for sale	To provide bridge financing on a property that is currently rented or soon to be rented, but is not yet ready for permanent financing
	LOAN AMOUNT	Min: \$75,000 Max: \$1,500,000 / larger loans allowed at lender discretion	Min: \$75,000 Max: \$1,000,000 for SFR, \$2,000,000 for 2-4 Unit / larger loans allowed at lender discretion
	TERM LENGTH	12 months, up to 18 at lender discretion	12 months, up to 18 at lender discretion
	PROPERTY TYPES	Single Family/2-4 Unit/Townhomes/PUD/Warrantable Condos	Single Family/2-4 Unit/Townhomes/PUD/Warrantable Condos
	MAX LTC	85% of purchase price + verified completed capex if property owned < 6 months	85% of purchase price + verified completed capex if property owned < 6 months
	MAX LTV	700 FICO: 70% if property owned > 6 months 660-699 FICO: 65% if property owned > 6 months	70% LTV
	MIN DSCR	N/A	1.10 Exit DSCR based on lower of in place rent and market rent
	PROPERTY CONDITION	C2 or better	C4 or better with no deferred maintenance
	MIN FICO	660	660
COLLATERAL RESTRICTIONS	Property value within 90th percentile of market No rural, exotic, or unique properties	No rural, exotic, or unique properties	

Single Property Rental Program

RENTAL LOANS

MAXIMUM LTVs

FICO	PURCH/RT REFI	CASHOUT
≥ 740	80%	75%
720 - 739	75%	75%
700 - 719	75%	70%
680 - 699	70%	65%
660 - 679	65%	60%

MAXIMUM LTC FOR C/O REFI LOANS

Subject to LTV limits:

- 80% if property purchased < 3 months
- 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)

PREPAYMENT PENALTIES

- 1 year: 3%, 0%, 0%
- 1 year: 1%, 0%, 0%
- 3 years: 3%, 2%, 1%, 0%
- 4 years: 4%, 3%, 2%, 1%, 0%
- 5 years: 5%, 4%, 3%, 2%, 1%, 0%

STATE RESTRICTIONS

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

OTHER LTC/LTV LIMITS

- U.S. non-permanent residents/foreign nationals: Max 65% LTV
- For purchase loans, the lowest of
 - Purchase price
 - Appraised value and
 - ARR/CDA value is used to calculate LTV

BORROWER/GUARANTOR REQUIREMENTS

CREDIT & BACKGROUND

- New borrower: Tri-Merge Credit Report no older than 90 days
- Existing borrower with 0x30x12 payment history: Tri-Merge Credit Report no older than 120 days
- 660 minimum qualifying FICO determined as:
 - Mid score if 3 scores are available
 - Low score if 2 scores are available
 - For multiple guarantors, lowest score calculated as above is used
 - Bankruptcy discharge date must be no less than 3 years prior to closing date
 - Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date

LIQUIDITY

- Loan amount ≤ \$1,000,000: 6 months of PITIA
- Loan amount > \$1,000,000: 9 months of PITIA
- Subject to:
 - Non-permanent residents & foreign nationals: Minimum 12 months of PITIA
 - Cashout amounts from subject loan may be used to satisfy reserve requirements
 - Liquid reserves must be seasoned for a minimum of 3 months for purchase transactions
- The cumulative amount including all guarantors is considered for loans with multiple guarantors

- First time borrowers may be allowed at lender discretion
- Full Recourse with warm body guaranty from all members with ≥ 20% ownership
- LLCs and US corporations only

LOAN GENERAL

- Min loan amount: \$75,000
- Max loan amount: \$2,500,000
- 1-4 unit properties/PUDs/warrantable condos/townhomes
- No vacation or seasonal rentals
- Properties without existing debt financed within 180 days of purchase are considered delayed purchase loans, and eligible for all terms applicable to purchase loans

LOAN PRODUCTS/AMORTIZATION

- 5/6, 7/6 or 10/6 ARM (Adjustable Rate Mortgage) or 30-year FRM (Fixed Rate Mortgage)
- Maximum IO periods for ARMs: initial fixed rate period (5, 7 or 10 years)
- 30-year FRM loans are offered as fully amortizing or 10-year IO/20-year fully amortizing options
- 30-year amortization term
- 5-year interest only period + 25-year amortization term
- 7-year interest only period + 23-year amortization term
- 10-year interest only period + 20-year amortization term

RESERVES/ESCROWS

At Closing:

- First 3 months of PITI, not including stub interest for closing month
- 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:

- Real estate taxes: 1/12th annual taxes due
- Insurance: 1/12th annual insurance costs

DEBT SERVICE COVERAGE RATIO (DSCR)

- Calculation: Monthly in-place gross rental income divided by monthly PITIA
- 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
- 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
- Minimum In-Place DSCR of 1.10x is required, based on initial payment amount at close. The loan is subject to a 5% reduction to the max allowable LTV based on the borrower's FICO for DSCRs between 1.10x - 1.19x
- Leased properties are defined as those with:
 - A currently active lease with a minimum initial term of 12 months, between unrelated parties
 - Month-to-month lease with evidence of a prior active lease
 - A lease with a start date within 30 days of closing date and proof of receipt of security deposit
- Unleased properties are defined as those with:
 - No current tenant/vacant
 - Month-to-month lease with no evidence of prior active lease
 - Unleased properties are only allowed for purchase loans

THIRD PARTY REPORTS

- Loan amount ≤ \$1,500,000
 - One full independent 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
- Loan amount > \$1,500,000:
 - Two full independent appraisals
 - Lower of two appraised values to be used in LTV calculations
- Appraisals dated within 180 days of closing date are required

Rental Portfolio Program

RENTAL LOANS

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%
U.S. non-permanent residents/foreign nationals: 65%		

PREPAYMENT PENALTIES

For loans < \$3MM

- 1 year penalty with 1%, 0%, 0% stepdown structure (UPB ≤ \$2MM AND ≥ 10 properties only)
- 1 year penalty with 3%, 0%, 0% stepdown structure (UPB ≤ \$2MM AND ≥ 10 properties only)
- 3 years penalty with 3%, 2%, 1% stepdown structure
- 5 years penalty with 5%, 4%, 3%, 2%, 1% stepdown structure
- 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

- 5 years penalty with 5%, 4%, 3%, 2%, 1% stepdown structure (5/10/30 year loan term)
- 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

- 5/6 & 7/6 ARM (Adjustable Rate Mortgage): 10 & 30-year term loans
- 10/6 ARM: 30-year term loans
- 5-year FRM (Fixed Rate Mortgage); 5-year term loans
- 10-year FRM; 10-year term loans
- 30-year FRM: 30-year term loans & loan amount ≤ \$5MM
- 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

- 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
- 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
- USPAP/FIRREA compliant interior/exterior Appraisals with As-is value
- Appraisals must be dated within 120 days of closing date, or within 180 days with recertification of value
- All third party reports need to be addressed and assigned to lender per guidelines
- For purchase loans, the lowest of
 - Purchase price
 - Appraised value and
 - ARR/CDA value is used to calculate LTV

STATE RESTRICTIONS

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

LOAN GENERAL

- Min loan amount:
 - \$250,000 min portfolio UPB
 - \$50,000 min UPB per Property
 - If >25% of total portfolio comprised of properties with UPB \$50-75k, min 1.25x DSCR and 70% maximum LTV
- Max loan amount: \$50MM+, subject to \$1MM (1-unit) and \$2MM (2-4 units) individual property limits
- 1-4 unit properties/PUDs/warrantable condos/townhomes/5-8 unit MF
- No vacation or seasonal rentals
- 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

- Calculation: Monthly in-place gross rental income divided by monthly PITIA
- 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
- Minimum In-Place DSCR of 1.10x is required, based on initial payment amount at close. Loans with DSCRs between 1.10x - 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:

- 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
- 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
- Mortgage payment: initial payment amount at close
- Minimum NCF DSCR of 1.20x

BORROWER/GUARANTOR REQUIREMENTS

CREDIT & BACKGROUND

- New borrower: Tri-Merge credit report no older than 90 days
- 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:
 - Mid score if 3 scores are available
 - Low score if 2 scores are available
 - For multiple guarantors, lowest score calculated as above is used
- Bankruptcy discharge date must be no less than 3 years prior to closing date
- Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date

LIQUIDITY

- Lower of 10% of loan balance and 9 months of PITIA (12 months for Foreign Nationals)
- Two most recent consecutive months of bank statements or investment account statements required
- Up to 50% of the cashout amounts from subject loan may be used to satisfy reserve requirements
- Liquid reserves must be seasoned for a minimum of 3 months for purchase transactions
- The cumulative amount including all guarantors is considered for loans with multiple guarantors
- IRAs/401Ks and other restricted assets are considered with a 50% haircut to market value

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

RESERVES/ESCROWS

At closing:

- First 3 months of PITI, not including Stub Interest for closing month
- 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:

- Real estate taxes: 1/12th annual taxes due
- Insurance: 1/12th annual insurance costs
- Capital expenditures: 1/12th annual capital expenditures budget, as reasonably determined by lender

MAXIMUM LTC FOR C/O REFI LOANS

Subject to LTV limits:

- 80% if property purchased < 6 months
- 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)

Multifamily Term Program

RENTAL LOANS

MAXIMUM LTVs		
FICO	PURCH/RT REFI	CASHOUT
≥ 740	≤ \$3MM: 70% > \$3MM: 70%	≤ \$3MM: 70% > \$3MM: 70%
720 - 739	≤ \$3MM: 70% > \$3MM: 70%	≤ \$3MM: 70% > \$3MM: 70%
700 - 719	≤ \$3MM: 70% > \$3MM: 70%	≤ \$3MM: 70% > \$3MM: 70%
680 - 699	≤ \$3MM: 70% > \$3MM: 70%	≤ \$3MM: 70% > \$3MM: 65%

- U.S. non-permanent residents/foreign nationals: 65%
- UPB per door \$50k-75k: 5% haircut to max allowable LTV

PREPAYMENT PENALTIES
<p>For all loans:</p> <ul style="list-style-type: none"> 1 year Penalty with 3%, 0%, 0% Stepdown Structure, OR 1 year Penalty with 1%, 0%, 0% Stepdown Structure, OR 3 years Penalty with 3%, 2%, 1% Stepdown Structure, OR 4 years Penalty with 4%, 3%, 2%, 1% Stepdown Structure, OR 5 years Penalty with 5%, 4%, 3%, 2%, 1% Stepdown Structure

BORROWER/GUARANTOR REQUIREMENTS	
CREDIT & BACKGROUND	LIQUIDITY
<ul style="list-style-type: none"> New borrower: Tri-Merge Credit Report no older than 90 days Existing borrower with 0x30x12 payment History: Tri-Merge Credit Report no older than 120 days <p>660 minimum qualifying FICO determined as:</p> <ul style="list-style-type: none"> Mid score if 3 scores are available Low score if 2 scores are available For multiple guarantors, lowest score calculated as above is used Bankruptcy discharge date must be no less than 3 years prior to closing date Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date 	<ul style="list-style-type: none"> Lower of 10% of loan balance and 9 months of PITIA (12 months for Foreign Nationals) Two most recent consecutive months of bank statements or investment account statements required Up to 50% of the cashout amounts from subject loan may be used to satisfy reserve requirements Liquid reserves must be seasoned for a minimum of 3 months for purchase transactions The cumulative amount including all guarantors is considered for loans with multiple guarantors IRAs/401Ks and other restricted assets are considered with a 50% haircut to market value
<ul style="list-style-type: none"> No first time borrowers, need prior multifamily property ownership experience Self-managed properties may be allowed for loans ≤ \$5MM, at lender discretion Third party property manager required for loans > \$5MM Full Recourse with warm body guaranty from all members with ≥ 20% ownership OR Non-Recourse with pledge of equity of borrowing entity and customary bad-boy carveouts LLCs and US corporations only 	

LOAN GENERAL
<ul style="list-style-type: none"> Min/Max loan amount: \$250,000 with \$50k UPB min per door/\$3,000,000 5-10 unit residential No vacation or seasonal rentals Properties without existing debt financed within 180 days of purchase are considered delayed purchase loans, and eligible for all terms applicable to purchase loans

LOAN PRODUCTS/AMORTIZATION
<ul style="list-style-type: none"> 5/6, 7/6 and 10/6 ARMs (Adjustable Rate Mortgages): 30-year term loans, with or without partial IOs 30-year FRM (Fixed Rate Mortgage): 30-year term loans & loan amount ≤ \$2MM 30-year FRM: 30-year amortization 5/6 ARM IO: 5-year interest only period + 25-year amortization 7/6 ARM IO: 7-year interest only period + 23-year amortization 10/6 ARM IO: 10-year interest only period + 20-year amortization

MAXIMUM LTC FOR C/O REFI LOANS
<ul style="list-style-type: none"> Subject to LTV limits: <ul style="list-style-type: none"> 80% if property purchased < 6 months 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)

DEBT SERVICE COVERAGE RATIO (DSCR)
<ul style="list-style-type: none"> 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 Gross Rental Income: the lower of <ul style="list-style-type: none"> Actual monthly rent in the lease agreement Market monthly rent in the appraisal 10% haircut of market monthly rent for unleased properties Mortgage payment: Initial payment amount at close Minimum NCF DSCR of 1.20x

RESERVES/ESCROWS
<p>At closing:</p> <ul style="list-style-type: none"> First 3 months of PITI, not including stub interest for closing month Pro-rata property taxes for next tax due date, such that tax due is fully funded 30 days in advance of due date <p>Ongoing monthly:</p> <ul style="list-style-type: none"> Real estate taxes: 1/12th annual taxes due Insurance: 1/12th annual insurance costs Capital expenditures: 1/12th annual capital expenditures budget, as reasonably determined by lender

STATE RESTRICTIONS
<ul style="list-style-type: none"> All US, except MN, ND, OR, SD, UT & VT

THIRD PARTY REPORTS
<ul style="list-style-type: none"> One full independent Narrative Commercial Appraisal required USPAP/FIRREA compliant interior/exterior appraisals with as-is value Appraisals dated within 120 days of closing date are required. Appraisals dated between 120 and 180 days are acceptable with a recertification of value Environmental Database Survey if loan amount < \$3MM Phase I Environmental Report if loan amount ≥ \$3MM All third party reports need to be addressed and assigned to lender per guidelines

At this time, we are unable to lend in Minnesota, North Dakota, Oregon, South Dakota, Utah, and Vermont.

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