



# Rental Portfolio Program

These represent general guidelines and loan terms are subject to lender discretion.

MAXIMUM LTVs		
FICO	PURCH/RT REFI	CASHOUT
> 740	80%	75%
720 - 739	75%	75%
700 - 719	75%	70%
680 - 699	75%	70%
U.S. non-permanent residents/foreign nationals: 65%		

PREPAYMENT PENALTIES
For loans < \$3MM <ul style="list-style-type: none"><li>1 year penalty with 1%, 0%, 0% stepdown structure (UPB ≤ \$2MM AND ≥ 10 properties only)</li><li>1 year penalty with 3%, 0%, 0% stepdown structure (UPB ≤ \$2MM AND ≥ 10 properties only)</li><li>3 years penalty with 3%, 2%, 1% stepdown structure</li><li>5 years penalty with 5%, 4%, 3%, 2%, 1% stepdown structure</li><li>Yield maintenance (YM) with 6 month open prepay window at end of YM period<ul style="list-style-type: none"><li>5 year loan term: 5 year YM period</li><li>10 year loan term: 10 year YM period</li><li>30 year loan term: 5 year YM period for 5/6 ARMs and 10 year YM period for 10/6 ARMs</li></ul></li></ul>
For loans ≥ \$3MM <ul style="list-style-type: none"><li>5 years penalty with 5%, 4%, 3%, 2%, 1% stepdown structure (5/10/30 year loan term)</li><li>Yield maintenance (YM) with 6 month open prepay window at end of YM period<ul style="list-style-type: none"><li>5 year loan term: 5 year YM period</li><li>10 year loan term: 10 year YM period</li><li>30 year loan term: 5 year YM period for 5/6 ARMs and 10 year YM period for 10/6 ARMs</li></ul></li></ul>

MAXIMUM LTC FOR C/O REFI LOANS
Subject to LTV limits: <ul style="list-style-type: none"><li>80% if property purchased &lt; 6 months</li><li>Additional 5% haircut on Max LTV if property purchased between 3 and 6 months (for borrowers with &lt; 5 rental properties owned in the last 24 months)</li></ul>

BORROWER/GUARANTOR REQUIREMENTS	
CREDIT & BACKGROUND	LIQUIDITY
<ul style="list-style-type: none"><li>New borrower: Tri-Merge credit report no older than 90 days</li><li>Existing borrower with 0x30x12 payment history: Tri-Merge credit report no older than 120 days</li></ul> 680 minimum qualifying FICO Qualifying FICO determined as: <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><li>Bankruptcy discharge date must be no less than 3 years prior to closing date</li><li>Foreclosure/deed-in-lieu/short sale date must be no less than 3 years prior to closing date</li></ul> <ul style="list-style-type: none"><li>No first time borrowers, need prior rental property ownership experience</li><li>Full Recourse with pledge of equity of borrowing entity</li><li>LLCs and US corporations only</li></ul>	<ul style="list-style-type: none"><li>Lower of 10% of loan balance and 9 months of PITIA (12 months for Foreign Nationals)</li><li>Two most recent consecutive months of bank statements or investment account statements required</li><li>Up to 50% of the cashout 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>IRAs/401Ks and other restricted assets are considered with a 50% haircut to market value</li></ul>

LOAN PRODUCTS/AMORTIZATION
<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: 30-year term loans</li><li>5-year FRM (Fixed Rate Mortgage); 5-year term loans</li><li>10-year FRM: 10-year term loans</li><li>30-year FRM: 30-year term loans &amp; loan amount ≤ \$5MM</li><li>Maximum IO periods<ul style="list-style-type: none"><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></li></ul>

THIRD PARTY REPORTS
<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><li>For purchase loans, the lowest of<ol style="list-style-type: none"><li>Purchase price</li><li>Appraised value and</li><li>ARR/CDA value is used to calculate LTV</li></ol></li></ul>

LOAN GENERAL
<ul style="list-style-type: none"><li>Min property value: \$100,000</li><li>Max loan amount: \$2,000,000</li><li>1-4 unit properties/PUDs/warrantable condos/townhomes</li><li>No vacation or seasonal rentals</li><li>Properties without existing debt financed within 180 days of purchase are considered delayed purchase loans, and eligible for all terms applicable to purchase loans</li></ul>

DEBT SERVICE COVERAGE RATIO (DSCR)
For loans with ≤ \$2MM AND ≤ 10 properties <ul style="list-style-type: none"><li>Calculation: Monthly in-place gross rental income divided by monthly PITIA</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 1.10x 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.</li></ul>
For all other loans: <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</li></ul>

RESERVES/ESCROWS
At closing: <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> Ongoing monthly: <ul style="list-style-type: none"><li>Real estate taxes: 1/12<sup>th</sup> annual taxes due</li><li>Insurance: 1/12<sup>th</sup> annual insurance costs</li><li>Capital expenditures: 1/12<sup>th</sup> annual capital expenditures budget, as reasonably determined by lender</li></ul>

STATE RESTRICTIONS
<ul style="list-style-type: none"><li>All US, except MN, ND, OR, SD, UT &amp; VT</li><li>For NV and AZ: all lenders and brokers must provide evidence that they are licensed to close NV and AZ loans with us. Required licenses are - Mortgage Company License for the lender or broker and Mortgage Loan Originator (MLO) license for individuals at the lender</li></ul>