



Rental Portfolio Program

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: 70%	≤ \$3MM: 70% > \$3MM: 70%
680 - 699	≤ \$3MM: 75% > \$3MM: 70%	≤ \$3MM: 70% > \$3MM: 65%
660 - 679	≤ \$2MM AND ≤ 10 properties only: 65%	≤ \$2MM AND ≤ 10 properties only: 60%

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

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

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 \$2,000,000 (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

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

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

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 1.1x is required, based on initial payment amount at close. Loans with DSCRs between 1.1x - 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

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)

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

STATE RESTRICTIONS

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