



NONI58 - 5-8 Unit Residential/2-8 Unit Mixed Use Matrix

Effective Date
3/14/2024

NONI58			DSCR ≥ 1.00	
FICO	Loan Amount	Reserves	Purchase	R/T & Cash Out
700+	\$1,500,000	3 Months	75%	70%
	\$2,000,000	6 Months	70%	65%

Appraisals - 5-8 Units
A Full interior inspection with photos is required for all units
Acceptable appraisal forms are: * FHLMC 71A * FHLMC 71B (<\$750,000) * Narrative Appraisal
Appraisals - 2-8 Mixed Use
Commercial use cannot employ the use of hazardous materials. Residential or commercial zoning acceptable. • General Purpose Commercial or Narrative appraisal is required • A full interior inspection with photos is required for all units. • Commercial space must not exceed 49% of the total building area. • The sales comparison approach should be used as the appraised value.
Property Condition
* No Fair or poor ratings * No environmental issues (Storage or use of hazardous material) * No health or safety issues (As noted by appraiser, i.e. broken windows, stairs) * No excessive deferred maintenance that could become a health or safety issue * No structural deferred maintenance (i.e Foundation, roof, electrical, plumbing etc) * 400 m ² min sq ft per unit * All units must have a full kitchen
Required Attachments
* Rent Roll * Income and Expense statement * Photos of subject including exterior/interior and street scene * Aerial Photo * Sketch or floor plan of typical units * Map * Plot plan or survey * Appraiser qualifications
Note: *Commercial Income and Sales BPO Required for all Loans - External

Program Parameters	
Minimum Loan Amount	\$400,000
Maximum Loan Amount	\$2,000,000
Maximum Cash Out	\$1,000,000
General Guidelines	
1st Time Investor	Not Eligible
First Time Home Buyers	Not Eligible
Experienced Investor	A history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years
Property Type	Residential 5-8 Units / 2-8 unit Mixed Use
Rural Properties	Not Eligible
Max Acreage	Up 2 acres, not meeting rural definition
Unleased Units (Refinance)	Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties: 2 vacancies on 4+ Units.
Max # of Financed Properties	Committee review over 4
LLCs	Layered LLCs OK
Assets	Min of 30 days asset verification required.
100% Gift Funds	Spouse only
Cashout	Can be used for reserves
AirBnB / Short Term Rentals	Not allowed, treat as unleased

Prepayment Penalty	Reserves
Standard prepay is 5% of the amount prepaid Prepay Options: *0, 1, 2, 3, 4 & 5 year prepay options available Not allowed in AK, KS, MI, MN, MS, NM, OH & RI; Must buyout PPP	C/O proceeds can be used for reserves
State Specific: *PA- Loan amounts < \$312,159 cannot have a prepayment penalty *IL - Loan with a rate ≥ 8% must close in the name of an entity IL & NJ - Must buy out prepay if vested to an individual	Reserves based PITIA payment or ITIA if interest only
	Gift Funds cannot be used for reserves

Income Requirements	
Leased- Use Lower of Estimated market rent or lease agreement	
Vacant Unit(s)- Use 75% of market rents	
Reduce qualifying rents by any management fee reflected on appraisal report	
DSCR	
• Minimum DSCR >= 1.00	
• DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment).	
• Loan amounts >= \$2,000,000 require DSCR >= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater)	
• Reduce qualifying rents by any management fee reflected on the appraisal report	

Products	Margin	Caps	IO (Y/N)	IO Period	Maturity
7/6 ARM 10/6 ARM	4.5	5/1/5	N	NA	30 Years
7/6 ARM-IO 10/6 ARM- IO	4.5	5/1/5	Y	10 Years	30 Years
5/6 ARM-IO 5/6 ARM- IO	4.5	2/1/5	Y	10 Years	30 Years
30 Year Fixed	NA	NA	N	NA	30 Years
30 Year Fixed- IO	NA	NA	Y	10 Years	30 Years

Credit	
Mortgage History	0x30x12
FC, DIL, SS, 120+ Days late	36 Months
Chapter 7/11/13 BK Seasoning	36 Months
Credit Score	Middle of 3 or lower of 2
Tradelines	Two (2) reporting 24 months with activity in last 12 months or 3 reporting 12 months with recent activity. For each borrower who has 3 credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually)

Guideline Quick Reference	
ARM Index & Floor	Index: 30 day SOFR Floor = Note Rate
Qualifying Payment	Full Amortization: PITIA based on note rate; IO: Initial ITIA based on note rate
Qualifying Rate	Note Rate
Compliance	Points & Fees may not exceed 5%
Citizenship	US Citizen, Perm/NonPerm Res. Alien w/ E,G,H,L,O,P or TN
Seller Concessions	Max 3%

Eligible States
AK, AL, AR, AZ, CA, CO, CT, DE, DC, FL, GA, HI, IA, ID, IL*, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NM, NJ, NV, NY, OH, OK, OR, PA*, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY

What is a DSCR Loan? How do you qualify?		
DSCR stands for Debt-Service-Coverage-Ratio. This means your loan is qualified based on the cash flow/ market rents of the subject property. How do I qualify? Take your gross rents based off the lesser of market rents or lease agreement / by the PITIA (Full Am) or ITIA (Interest Only)	Interest Only Example: If your DSCR ≥ 1.00 you've got a "NONI". $\frac{\text{Gross Rents} = \$1500}{\text{ITIA} = \$1500} = 1.00 \text{ DSCR}$	