



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

Effective Date  
1/3/2023

NONI58			DSCR ≥ 1.00	
FICO	Loan Amount	Reserves	Purchase	R/T & Cash Out
700+	\$1,500,000	6 Months	75%	70%
	\$2,000,000	9 Months	70%	65%
660+	\$1,500,000	6 Months	70%	65%
	\$2,000,000	9 Months	65%	60%

Appraisals - 5-8 Units
A Full interior inspection with photos is required for all units FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ unit properties or Narrative report can be utilized but not required
Appraisals - 2-8 Mixed Use
Commercial use limited to retail or office space. Residential or commercial zoning acceptable. • General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic la mode) • 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)

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	Must have a history of owning & managing commercial or non-owner residential real estate for at least 1 yrs in the last 3 yrs
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	Maximum 2 vacant units
Max # of Financed Properties	Committee review over 4
LLCs	All members must be individuals
Assets	Min of 30 days asset verification required.
Gift Funds- Allowed	After min 10% borrower contribution
Cashout	Business Purpose Only

Required Attachments	
* Rent Roll * Income and Expense statement * Photos of subject including exterior/interior and street scene * Aerial Photo Note: *Commercial Income and Sales BPO Required for all Loans - External	* Sketch or floor plan of typical units * Map * Plot plan or survey * Appraiser qualifications

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 NOT be used for reserves				
State Specific: *PA- Loan amounts < \$301,022 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							
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		
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 2%						

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	
* 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	
Credit	
Mortgage History	0x30x24
FC, DIL, SS, 120+ Days late	24 Months
Chapter 7/11/13 BK Seasoning	24 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)
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, 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".  
Gross Rents = \$1500  
ITIA = \$1500 = 1.00 DSCR

