

# 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: 70%	≤ \$2MM AND ≤ 10 properties only: 65%
U.S. non-permanent residents/foreign nationals: 65%		

RESERVES/ESCROWS
<p>At closing:</p> <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> <p>Ongoing monthly:</p> <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>

MAXIMUM LTC FOR C/O REFI LOANS
<p>Subject to LTV limits:</p> <ul style="list-style-type: none"> <li>80% if property purchased &lt; 3 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> <p>For loans with ≤ \$2MM AND ≤ 10 properties: 660 minimum qualifying FICO. For all other loans: 680 minimum qualifying FICO</p> <p>Qualifying FICO determined as:</p> <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>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>
<ul style="list-style-type: none"> <li>No first time borrowers, need prior rental property ownership experience</li> <li>Self-managed properties may be allowed for loans ≤ \$3MM, at lender discretion</li> <li>Third party property manager required for loans &gt; \$5MM</li> <li>Non Recourse with pledge of equity of borrowing entity and customary bad-boy carveouts</li> <li>LLCs and US corporations only</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 ARMs: initial fixed rate period (5, 7 or 10 years) <ul style="list-style-type: none"> <li>5/10-year FRM: 5 years</li> <li>30-year FRM: 10 years</li> </ul> </li> </ul>

PREPAYMENT PENALTIES
<p>For loans &lt; \$3MM</p> <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> <p>For loans ≥ \$3MM</p> <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>

LOAN GENERAL
<ul style="list-style-type: none"> <li>Min loan amount: <ul style="list-style-type: none"> <li>\$75,000 per property for portfolios &lt; \$500,000</li> <li>\$50,000 per property for portfolios ≥ \$500,000</li> </ul> </li> <li>Max loan amount: \$50MM+, subject to \$1MM (1-unit) and \$2,000,000 (2-4 units) individual property limits</li> <li>1-4 unit properties/PUDs/warrantable condos/townhomes/5-8 unit MF/eligible mixed use (&gt; 50% residential)</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)
<p>For loans with ≤ \$2MM AND ≤ 10 properties</p> <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 1.0x is required, based on initial payment amount at close. Loans with DSCRs between 1.0x - 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>

<p>For all other loans:</p> <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> <li>All 80 LTV hybrid ARMs with IO periods must also qualify with a minimum in-place DSCR of 1.0x, with debt service including the fully amortizing principal payment at the end of IO period</li> </ul>
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STATE RESTRICTIONS
<ul style="list-style-type: none"> <li>All US, except MN, ND, SD, UT, &amp; VT</li> </ul>