

# Multifamily Bridge Program

MAXIMUM ARLTVs		
FICO	PURCH/RT REFI	CASHOUT
≥ 740	< \$3MM: 70% > \$3MM: 70%	< \$3MM: 65% > \$3MM: 65%
720 - 739	< \$3MM: 70% > \$3MM: 70%	< \$3MM: 60% > \$3MM: 60%
700 - 719	< \$3MM: 70% > \$3MM: 70%	< \$3MM: 55% > \$3MM: 55%
680 - 699	< \$3MM: 70% > \$3MM: 65%	not permitted
U.S. Non-Permanent Residents/Foreign Nationals with Acceptable US Credit History: 55%		

MAXIMUM LTCs
<ul style="list-style-type: none"> <li>Subject to LTV limits:           <ul style="list-style-type: none"> <li>Purchase: 75% of (lower of Purchase Price &amp; As-Is Value) + 100% of Reno</li> <li>Rate/Term: 65% of As-Is Value + 100% of Reno.</li> <li>Cash out: Subject to % above + 100% of Reno: not to exceed 75% of PP and 100% of renovation.</li> <li>Max Total LTC of 80% (Total LTC = Purchase Price + Capex + Completed Capex) *subject to change based on market</li> </ul> </li> </ul>

DEBT SERVICE COVERAGE RATIO (DSCR)
<ul style="list-style-type: none"> <li>NCF DSCR Calculation: In-Place OR Stabilized 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>Min underwritten Stabilized NCF DSCR of 1.25x based on prevailing agency rates is required to qualify (check with your underwriter for current rates)</li> <li>Cash out: Min in-place DSCR of 1.00x based on actual rate</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> <li>680 minimum 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> </ul> </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>15% of loan amount</li> <li>Two most recent consecutive months of bank statements or investment account statements required.</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> <li>50% of cash out amount may be used to satisfy reserve requirement</li> </ul>
<ul style="list-style-type: none"> <li>No first-time borrowers, need prior multifamily property ownership experience.</li> <li>Self-managed properties may be allowed for loans ≤ \$5MM, at lender discretion</li> <li>Third party property manager required for loans &gt; \$5MM.</li> <li>Full Recourse with warm body guaranty from all members with ≥ 20% ownership OR Non-Recourse with pledge of equity of borrowing entity and customary bad-boy carveouts</li> <li>LLCs and US corporations only</li> </ul>	

LOAN STRUCTURE
<ul style="list-style-type: none"> <li>Initial Term: 12 months to 24 months</li> <li>Extension: 3 months or 6 months, with a total term not longer than 36 months           <ul style="list-style-type: none"> <li>Extension fee of 0.50% per extension</li> </ul> </li> <li>Amortization: Interest only</li> <li>Renovation Budget: &lt; 50% of PP OR &lt; 50% of As-is value for Rate/Term Refi</li> <li>Recourse:           <ol style="list-style-type: none"> <li>All loans &lt; \$2MM are Full Recourse to warm body guarantor.</li> <li>All loans ≥ \$2MM are Non-Recourse with standard bad-boy carveouts, Completion guaranty &amp; interest reserve replenishment guaranty as applicable</li> </ol> </li> <li>Renovation Budget: Required to hold back 100% of budget and any applicable deferred maintenance.</li> <li>Fixed rate available for loans &lt; \$2MM.</li> <li>Loans ≥ \$2MM float based on SOFR</li> </ul>

RESERVES/ESCROWS
<ul style="list-style-type: none"> <li>Interest/Operating Reserves: at closing, reserves are held back to fund deficits in operating expenses and debt service payments (if any), estimated based on in-place and underwritten proforma cashflows for the first 12 months.</li> <li>Construction/Renovation Reserve: 100% of the renovation budget (including contingencies), 100% of any identified deferred maintenance in third party reports and 100% of any other project funds (such as tenant buyout expenses) are reserved at closing and released via subsequent draws</li> </ul>

LOAN GENERAL
<ul style="list-style-type: none"> <li>Min/Max loan amount: \$500,000/\$5,000,000</li> <li>Min loan amount per unit: \$35,000</li> <li>Portfolios allowed with cross collateralization, release provisions at lender's discretion subject to minimum of 120% of allocated loan amount per property.</li> <li>5+ unit 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>

PREPAYMENT PENALTIES
<p>For all loans:</p> <ul style="list-style-type: none"> <li>&lt; 12-month initial term: 3 months of minimum interest</li> <li>12-month initial term: 9 months of minimum interest</li> <li>18-month initial term: 12 months of minimum interest</li> <li>24-month initial term: 18 months of minimum interest</li> </ul>

STATE RESTRICTIONS
<ul style="list-style-type: none"> <li>All US, except MN, ND, SD, UT &amp; VT</li> </ul>

THIRD PARTY REPORTS
<ul style="list-style-type: none"> <li>One full independent narrative commercial appraisal required from approved list of appraisers.</li> <li>USPAP/FIRREA compliant interior/exterior appraisals with As-is and As-Stabilized value.</li> <li>Appraisals dated within 120 days of closing date are required. Appraisals dated between 120 and 180 days may be acceptable at lender discretion with a recertification of value.</li> <li>Environmental Database Survey or HRDR for loans &lt; \$3MM</li> <li>Phase I Environmental Report are required for all loans ≥ \$3MM.</li> <li>Property Condition Report (PCR) &amp; Construction Budget Review are required for all loans ≥ \$3MM, and at underwriter's discretion for loans &lt; \$3MM depending on project specifics. PCRs are required for vacant or damaged buildings.</li> <li>All third-party reports need to be addressed and assigned to lender per guidelines</li> </ul>