

Rental360

Long--Term Rental Loan

Pricing and Underwriting Guidelines

Loan Program

7/1 LIBOR ARM -- 30 year term

Index: 12 month LIBOR

Margin: 5.25%, Floor: Start Rate

Financing Types: Purchase, Refinance, Rate and Term, Cash Out

Minimum Loan Amount: \$45,000

Prepayment Penalty: 5% stepping down 1% every year

	By LTV, >= 1.2-<1.3				By LTV, 1.3-1.5 DSCR				By LTV,>1.5 DSCR			
	<=60	60.01-65	65.01-70	70.01-75	<=60	60.01-65	65.01-70	70.01-75	<=60	60.01-65	65.01-70	70.01-75
>=740	7.40	7.75	7.85	7.95	7.20	7.55	7.65	7.75	6.90	7.35	7.45	7.55
720-739	8.10	8.15	8.20	8.30	7.90	7.95	8.00	8.10	7.70	7.75	7.80	7.90
700-719	8.15	8.20	8.30	8.70	7.95	8.00	8.10	8.50	7.75	7.80	7.90	8.30
660-699	9.00	9.10	9.50	9.90	8.80	8.90	9.30	9.70	8.60	8.70	9.10	9.50
630-659	9.70	9.95			9.50	9.75			9.30	9.55		

Eligible Borrowers:

- US Citizens
- Permanent Resident Aliens

DSCR (Property Level) Calculation¹:

Gross rents divided by the PITIA of the subject property.

Lease income is lesser of lease agreement or rent survey (Form 1007).

PITIA is calculated at the initial rate.

¹Example of DSCR (Property Level) Calculation: \$100,000 loan, 30 year fixed

PI (at 7.25%) = \$682.18 Gross Rent = \$1,100

TIA = \$100 PITIA = \$782.18

PITIA = \$782.18 DSCR = 1.41

Property Underwriting

Eligible Property Types:

- Single Family Detached
- 1 -- 2 Family
- 3 -- 4 Family
- Townhomes
- Warrantable Condominiums
- Must be non--owner occupied
- Must be less than 2 acres
- Minimum gross living area of 750 sq. ft

Ineligible Property Types:

- Non--Warrantable Condominiums
- PUDs
- Timeshares
- Condotels
- Mixed use
- Fractional ownership
- Mobile homes
- Unimproved land
- Zoned Agricultural
- Commercial property
- Working farms / Ranches / Orchards
- Homes with deferred maintenance
- Multifamily housing greater than 4 units
- Unique or over--improved properties
- Geodesic domes or Earth Homes
- Properties subject to oil or gas leases

Appraisal Requirements:

All loans require a full Form 1007 appraisal with internal property pictures. Appraisals that are over 90 days old must be updated.

Property Management:

Escrow for taxes, insurance, and association dues is required on all loans. Copies of present leases, if applicable, are required. Rent loss insurance required.

Properties Owned	Experience or Property Management Requirement
1 - 3	1 year experience or licensed/professional property manager.
4 - 7	3 years experience or licensed/professional property manager.
8+	Licensed/professional property manager is required.

Borrower Underwriting

Credit:

Minimum FICO Score: 630
Use middle of 3, lesser of 2 scores. Minimum of 2 scores is required. Must have tri-merged credit report.

Minimum 24 months of credit history.
No bankruptcies in past 4 years.
No foreclosures, short sales, or deed in lieu in past 3 years.
Minimum of 3 active trade lines per borrower for at least 24 months.

Vesting:

Individual, Corporation, LLC, and Partnerships are allowed.
No more than 2 individual borrowers per loan.

Fraud and OFAC checks including identity verification are required.

Arms's Length Transactions:

Buyers must not be related to Sellers in any manner without full disclosure.

Borrower's Reserves:

	Liquid Reserves (Months of PITIA)
Per financed property	6

Reserves are calculated net of downpayment.

Asset Verification²:

Most recent 1 year federal tax returns is required.
2 months of bank statements, including average balances, are required.
At least 2 months of asset verification are required for all loans.
The value of any stock, bond or mutual fund are reduced by 30%.
The value of retirement accounts are reduced by 50%.

Subordinate Financing:

Not allowed at origination, unless pre-existing on a rate and term refinance.

²All income/credit/ bank documents that are over 60 days old must be updated.