

Effective Date: May 2, 2023
 theLender Non-QM Business Purpose 5- 8 Unit Rate Sheet

LOCK DESK

CONTACT:
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Lock Desk Closes at 3:00 PM PST

APPRAISAL ORDER PROCEDURES

AMC selection can be made at:
<https://www.thelender.com/appraisals/>

TABLE OF CONTENTS

Noni58 Products	
NONI58	Page 2
NONI58 Matrix	Page 3

NON QM Fees

Underwriting Fee: \$1,995
 *Doc Prep Fee: \$599 (Business Purpose Only)

*EXTENSION FEES	
NON QM	
5 day	-0.125
7 day	-0.250
10 day	-0.375
15 day	-0.500
*2 total lock extensions allowed	

Eligible States

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

*See Matrix for restrictions and additional details regarding Prepayment Penalty

MEET
theLender NONI™
NON OWNER NO INCOME

Click HERE
for more information

LOSS PAYEE

Hometown Equity Mortgage, LLC dba theLender its successors and/or assigns
 25531 Commercentre Dr #250, Lake Forest, CA 92630

DSCR Multi Property (5-8 Residential Units)

Note Rate	7/6 ARM	10/6 ARM	30 Yr Fx
7.500	93.600	93.050	93.050
7.625	94.350	93.800	93.800
7.750	95.100	94.550	94.550
7.875	95.850	95.300	95.300
8.000	96.475	96.050	96.050
8.125	97.100	96.800	96.800
8.250	97.475	97.175	97.175
8.375	97.850	97.550	97.550
8.500	98.225	97.925	97.925
8.625	98.600	98.300	98.300
8.750	98.975	98.675	98.675
8.875	99.350	99.050	99.050
9.000	99.725	99.425	99.425
9.125	100.100	99.800	99.800
9.250	100.475	100.175	100.175
9.375	100.850	100.550	100.550
9.500	101.225	100.925	100.925
9.625	101.600	101.300	101.300
9.750	101.975	101.675	101.675
9.875	102.350	102.050	102.050
10.000	102.725	102.425	102.425
10.125	102.975	102.675	102.675
10.250	103.225	102.925	102.925
10.375	103.475	103.175	103.175
10.500	103.725	103.425	103.425
10.625	103.975	103.675	103.675
10.750	104.225	103.925	103.925
10.875	104.475	104.175	104.175
11.000	104.725	104.425	104.425

MAX PRICE AND LOCK TERM

15 Lock Period	0.0000
30 Lock Period	-0.3750

Prepay Term	Max Price
60 Months	101.000
48 Months	101.000
36 Months	101.000
24 Months	100.750
12 Months	99.500
No Penalty	98.500

- 1) Prepayment penalties not allowed in AK, KS, MI, MN, MS, NM, OH, and RI
2) Prepayment penalties not allowed on loans vested to individuals in IL and NJ
3) Prepayment penalties not allowed on loan amounts less than \$301,022 in PA

Program Codes

TBD58-FX30	Beacon DSCR 30 Yr Fixed
TBD58-FX30IO	Beacon DSCR 30 Yr Fixed IO
TBD58-30AL07	Beacon DSCR 7/6 ARM
TBD58-30AL07IO	Beacon DSCR 7/6 ARM IO
TBD58-30AL010	Beacon DSCR 10/6 ARM
TBD58-30AL010IO	Beacon DSCR 10/6 ARM IO

ARM Requirements

ARM Index	SOFR 30AVG
ARM Margin	6.50%
7yr & 10yr ARM Caps	5/1/5
Reset Frequency	6 mo

FICO/LTV LLPAs (Price Adjustments)

DSCR >= 1.00	760+	<=50.00	50.01-55.00	55.01-60.00	60.01-65.00	65.01-70.00	70.01-75.00
	740-759	1.250	1.000	0.750	0.375	0.125	-0.250
	720-739	1.125	0.875	0.500	0.250	-0.125	-0.625
	700-719	0.625	0.375	0.250	0.000	-0.375	-1.000
	680-699	0.000	-0.250	-0.375	-0.625	-1.000	-1.625
	660-679	-0.375	-0.625	-0.625	-1.000	-1.500	NA
		-0.625	-0.875	-1.125	-1.500	-2.125	NA

OTHER LLPAs (Price Adjustments)

		<=50	50.01-55	55.01-60	60.01-65	65.01-70	70.01-75
Housing Event Seasoning	24 - 35 Mo	-0.500	-0.500	-0.500	-0.500	-0.500	-0.500
Loan Balance	400,000-500,000	-0.250	-0.250	-0.250	-0.250	-0.250	-0.250
	500,001-1,000,000	0.000	0.000	0.000	0.000	0.000	0.000
	1,000,001-1,500,000	0.000	0.000	0.000	0.000	0.000	0.000
	1,500,001-2,000,000	0.000	0.000	0.000	0.000	0.000	NA
	2,000,001-2,500,000	NA	NA	NA	NA	NA	NA
	2,500,001-3,000,000	NA	NA	NA	NA	NA	NA
	3,000,001-3,500,000	NA	NA	NA	NA	NA	NA
Purpose	CO Refi & FICO>=700	-0.375	-0.375	-0.375	-0.500	-0.625	NA
	CO Refi & FICO<700	-0.500	-0.500	-0.500	-0.500	NA	NA
Property Type	2-8 Mixed Use	-0.500	-0.500	-0.500	-0.500	-0.500	-0.500
Amortization	IO - 30 Yr Term	-0.500	-0.500	-0.500	-0.500	-0.625	-0.750
5% Fixed Prepayment Penalty Term ¹⁻³	60 Months	0.750	0.750	0.750	0.750	1.000	1.250
	48 Months	0.625	0.625	0.625	0.625	0.750	1.000
	36 Months	0.125	0.125	0.125	0.125	0.125	0.125
	24 Months	-0.500	-0.500	-0.500	-0.500	-0.500	-0.500
	12 Months	-1.625	-1.625	-1.625	-1.625	-1.625	-1.625
	No Penalty	-2.250	-2.250	-2.250	-2.250	-2.250	-2.250
Other	Escrow Waiver	-0.250	-0.250	-0.250	-0.250	-0.250	-0.250
	ACH Waiver	-0.250	-0.250	-0.250	-0.250	-0.250	-0.250

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 a 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)

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

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 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					C/O proceeds can NOT be used for reserves		
					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%					

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 to 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

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

