

Business Purpose (DSCR) Lending in New York

Introduction

Acra Lending outside legal counsel has confirmed **BUSINESS PURPOSE** loans can be originated in several states, including New York, without licensure. However, counsel has also advised that the state of New York requires mortgage brokers to be licensed to broker BUSINESS PURPOSE loans in that state. See table below:

	License Required for BUSINESS PURPOSE LOANS?	
	Lender	Broker
New York	No	Yes

Therefore, Acra Lending is now entering the BUSINESS PURPOSE (BP) lending market in New York through our Debt-Service Credit Ratio (DSCR) loan program. Unique instructions for our retail, wholesale and correspondent lending teams are provided below to ensure compliance to New York licensing requirements:

RETAIL

Acra Lending RETAIL can originate and fund DSCR (BP) loans in the state of New York without the MLO having to be licensed.

WHOLESALE

Acra Lending WHOLESALE can originate and fund DSCR (BP) loans in the state of New York, but **ONLY IF PARTICIPATING BROKERS HAVE A CURRENT NEW YORK BROKER LICENSE**. Note: The MLO working for the Licensed Broker does not have to hold a MLO license to originate the subject loan.

CORRESPONDENT

Acra Lending CORRESPONDENT lending teams can now purchase DSCR and other BP loans in the state of New York, but **ONLY IF THE CORRESPONDENT LENDER FUNDED THE LOAN DIRECTLY THROUGH THEIR RETAIL DEPARTMENT** or the participating broker has a current New York Broker License.

Example:

- Correspondent lender's retail department originates and funds a NY non-licensed loan: Acra Lending would be able to purchase the loan accordingly.



- Correspondent lender aggregates loans through their broker network, Acra Lending would be able to purchase NY non-licensed and licensed BP loans if they were brokered by a NY licensed broker.

In the coming months, we should obtain our New York mortgage lending license, which will allow us to originate consumer mortgage loans secured by New York residential property. Until then, our loan activity in New York will be limited to DSCR and other BP loans **ONLY**.

If you have any questions, please contact your immediate supervisor.

Thank You,

Compliance