



Outside Dodd-Frank Plus (ODF+) Program

Frequently Asked Questions (FAQ)

1. Are there any restrictions to the number of properties that an LLC can have in their name?

CSC does not limit the number of properties an LLC or other entity may own. Each property is considered on an individual basis.

2. Would the 1003 be completed in the LLC's name or the borrower's since they have to provide a Personal Guarantee?

If an application is being submitted for a Business Entity, the 1003 should be completed in both the entity's name and separately in the name of the Guarantor(s).

Individuals are permitted to serve as Borrowers but in the event the Borrower is an Entity, there could be multiple 1003s if there are multiple entity owners.

3. Would the 1003 include all properties in both the borrower's name and LLC's?

A 1003 should always be complete and include all properties owned by the applying party(ies), whether an entity or an individual.

4. The matrix says Personal Guarantee is required and additional guidelines apply. Where are the additional guidelines? Can we get a copy of them?

Please see §II.B.1 of the ODF+ Guidelines which states in relevant part:

- CSC requires at least one (1) qualifying individual with direct or indirect ownership $\geq 20\%$ to provide a recourse guarantee in the case of an entity borrower.
- All recourse is joint and several in the case of multiple guarantors.

5. If a borrower wants to buy a property under LLC, and LLC has four (4) owners, do all four (4) have to Personal Guarantee or can they sign a deed waiving their rights in favor of CSC's security in the property?

Any $\geq 20\%$ Owner(s) of an Entity will need to sign jointly and severally to the Guarantee. These Owners cannot waive their rights. Also any control person or owner with $\geq 20\%$ will need to have due diligence performed as required in the ODF+ Guidelines.

6. Page 31. Property Management Questionnaire ("PMQ"): Do we have a standard one that outlines questions CSC requires?

The PMQ has been posted to CSC's website:

<https://www.citadelservicing.com/images/Forms/current/csc-property-manager-questionnaire-110218.pdf>

7. §III.B.2.e (Page 13) – Gifts: States we need borrower / entity bank statement sourcing gift. Are we no longer allowing WIRING to Escrow?

Should a gift be given directly to the Applicant, the bank statement showing receipt of the gift is required. Amongst other items, CSC is looking to validate the source is domestic in origination. Should gift funds be wired directly into Escrow, a receipt with identification of the source will be required for same.

8. Vacation / AirBnB / Seasonal – Are these considered under NP or ODF still?

CSC considers Second Homes under Non-Prime and ODF, but not under ODF+. AirBnB is considered of commercial influence and is exclusively available under ODF+.

9. Will CSC finance an owner-occupied residential property that also serves as a location for a self-employed business (example: adult care facility)?

CSC would NOT consider an owner-occupied property on ODF+, but given it is a residential property (1-4 units), may still qualify under the ODF Program.

10. Ineligible Properties continued: Page 18 / 19: §IV.A.6.: Properties with illegal zoning or illegal use – However under ZONING section (for appraisers) §IV.A.7. states an illegal use under the zoning regulations; or that there is no local zoning. Please define the difference.

Reference §IV.A.6 – Bullet Point 4: "Properties with illegal zoning or illegal use".

Reference §IV.A.7 – Paragraph 4: "If a property is an illegal use under the zoning regulations, it is ineligible for financing."

Both §IV.A.6 and §IV.A.7 consistently state that a property is ineligible if it is illegally used for how it is zoned.

11. Occupancy / ease reqs

Not sure what the question is here.

12. Page 24: All vacant units utilizing 80% of underwritten rent will require receipt of leases. Please explain. Leases for the balance of other units? And if so, do we not require leases if no vacancy? (Page 26 states we just need rent rolls / financial statement.)

Reference §IV.B.1 – Bullet Point 5: "All vacant units utilizing 80% of underwritten rent will require receipt of leases."

Please note the immediately preceding bullet, which states “Leased units for purchase transactions can verify rent by providing copies of recent rental payments or a seller or property manager signed verification of rent form.”

This statement should be interpreted that CSC will require either (i) rental payment copies OR (ii) a completed rent roll form as verification. In the instance a property is vacant, (i) will not apply so consistent to BP 5, the rent roll and a copy of the prior lease will be required.

The rent roll and prior lease of a property should display the duration a unit is vacant, whereas if a unit has vacancy for an extended period, CSC may decline to give any revenue credit to a number of units within the property for the calculation of DSCR.

13. Can we provide any / part of these guides (especially appraisal regulations) to our brokers so the appraisers know EXACTLY what we require, and thereby save UW time for relooks?

Consistent with all CSC program guidelines, Account Executives and Transaction Managers are encouraged to review and copy relevant portions of the guidelines on an as needed basis to interested parties such as Brokers. However, dissemination of the entire booklet(s) is prohibited to protect CSC's proprietary work.

14. Page 37 lists several items we consider for approval. And page 1 #2 list specific items for submission. I would imagine an appraisal would be best at submission to determine if prop is acceptable, correct? Do we still need other items found on CSC sub form checklist?

CSC has produced and published an updated Submission form specific to the ODF+ Program delineating requirements for submission. Should an appraisal not be present at submission, an understanding and description of the property and its use would be helpful for an accurate upfront underwrite. Note however if a Broker submits too many applications that fail to proceed or are deemed spurious, that Broker might be precluded from any further submissions.