



## Fix and Flip Bridge Loan Pricing Matrix

12 Months Interest-Only \* No Prepayment Penalty \* No Interest on Unused Repair Holdback

Minimum Loan Amount \$75K \* Minimum Purchase Price \$70K \* Minimum FICO = 600

LOAN FACTORS	PLATINUM	LEVEL 1	LEVEL 2	LEVEL 3
FIX/FLIP EXITS (LAST 2 YEARS)	15+	8-14	3-7	1-2
MAX SIMULTANEOUS \$\$	\$10M	\$5M	\$5M	\$1M
LTC UP TO 75.00%	7.99%	7.99%	8.95%	9.95%
LTC 75.01 TO 80%	7.99%	8.25%	9.50%	10.95%
LTC 80.01 TO 85%	7.99%	8.75%	9.95%	11.50%
LTC 85.01 TO 90%	7.99%	9.50%	10.50%	N/A
LTV (ARV) MAX	75%	75%	70%	65%

\*\*\*For every two (2) Rental properties held, we will count one (1) Flip toward experience number

CREDIT SCORE ADJUSTMENTS			
SCORE	RATE	LTC	LTV
640 - 659	.50%	(5%)	(5%)
600 - 639	1.00%	(10%)	(10%)

LEVERAGE / RATE ADJUSTMENTS	
Condo and 2-4 Units	.50%
5-10 Units	(Reduce LTC/LTV 5%) 1.00%
California	(Reduce Rate) (.50%)

STATE RATE ADJUSTMENTS	
DE, OH, PA, SC	.25%
AK, AL, AZ, HI, IA, ID, IL, IN, KS, KY, LA, ME, MO, MS, MT, NH, NM, OK, RI, TN, WI, WV	.50%

Ineligible States
Alaska, Nevada, North Dakota, South Dakota, Utah

LARGE REPAIR BUDGETS (% OF REHAB TO PURCHASE PRICE)				
EXPERIENCE LEVEL	# FLIPS LAST 2 YEARS	LIGHT / AVG 15 - 49%	ABOVE AVG 50 - 99%	HEAVY 100% +
Platinum	15 +	90/90/75%	80/100/70%	75/100/65%
Level 1	8 to 14	90/90/75%	80/100/70%	75/100/65%
Level 2	3 to 7	90/90/70%	80/100/70%	75/100/65%
Level 3	1 to 2	80/100/65%	75/100/60%	NOT AVAILABLE
<ul style="list-style-type: none"> <li>Number of Flips must be documented and verified as completed in last 24 months</li> <li>Maximum "As-Is" LTV remains limited to 85%</li> <li>Square Footage Expansion of more than 15% is considered "Heavy" Rehab</li> </ul>				

Fees
Doc Prep Fee: \$595
Processing Fee: \$100
Minimum Origination Fee: \$1,500
All fees subject to change without notice

The REI Loans Originator is the originating entity for all loans, not REI Loans, LLC. Loans close in all states except Alaska, Nevada, North Dakota, South Dakota and Utah. Loans only apply to residential, non-owner occupied properties. Rates, terms and conditions offered only to qualified borrowers, may vary upon loan product, deal structure, property state or other applicable considerations, and are subject to change at any time without notice.  
As of 04/30/2019



## FIX AND FLIP GUIDELINE OVERVIEW

LOAN TERMS
12 Month Interest-Only (Extension: 3 Months = 1% of Loan Amount on exception basis) Loan Amount: \$75,000 to \$3,500,000 (Exception required above \$3.5M) Minimum Purchase Price: \$70,000 Minimum Property Value per Unit also Applies (see <b>Minimum Property Value Section</b> ) Loans greater than \$3.5M require Senior Management approval Subordinate Financing, Seller 2nd, Gap Funding and 3rd party funding NOT allowed Purchase transactions only
<b>Refinance considered <i>case-by-case only</i> (per below):</b>
Delayed Purchase Refinance – Cash purchase <b>within 6 months prior</b> to application Cash out to borrower based on original purchase price, qualified LTC Rehab holdback based on qualified LTC, amount of budget, and ARV
<b>Parameters for Delayed Purchase Refi:</b>
Purchased > 2 months from application, qualified LTC/LTV reduced by 5% Cash purchases only (Verified via HUD1, Closing Statement or Title Report) <ul style="list-style-type: none"><li>▪ Exception considered if existing financing is a bank, credit union etc., and</li><li>▪ &lt; 3 months from purchase date</li><li>▪ Payoff of Private or Hard Money bridge loans not allowed)</li><li>▪ Construction Holdback is required</li><li>▪ We will consider Purchase Price + Cost of documented (complete) per below: Original Budget and/or Construction Contract and Lien Waivers Before After Pictures (MLS Photos, prior appraisal, etc.)</li></ul>
TITLE/CLOSING REQUIREMENTS (VESTING)
LendingOne requires that loans are closed in the name of an entity (LLC, LLP, Corp)
BACKGROUND REQUIREMENTS
Entity background check will be performed All entity members with >5% interest will be subject to background check The following are considered generally unacceptable: <ul style="list-style-type: none"><li>○ Any convictions related to financial fraud or similar crimes NOT permitted</li><li>○ Felony convictions case-by-case depending on type, severity and explanation</li></ul>
CONSUMER CREDIT CHARGE-OFFS AND COLLECTIONS
Not required to be paid off prior to closing
JUDGMENT / LIENS
Income Tax liens over \$10,000 should be on a documented payment plan < \$10,000 unsecured liens permitted subject to UW approval based on borrower profile < \$5,000 aged 3+ years may be left open if dispute is documented <b><i>Any other judgment or lien not described must be paid prior to closing</i></b>
INCOME TAX LIENS
\$10,000 must be paid off prior to loan closing or on documented payment plan
BANKRUPTCY / SHORT-SALE / FORECLOSURE SEASONING
Bankruptcies, short-sales, deeds-in-lieu, loan mods, foreclosures < 24 months not permitted

<b>ASSETS</b>
<ul style="list-style-type: none"> <li>• Statement must be less than 45 days* from note date per the following:</li> <li>• Checking, savings and money market accounts – 100% of balance is considered</li> <li>• Brokerage Accounts (Not Retirement Accounts) –100% of balance is considered</li> <li>• Self-Directed IRA – 90% of balance is considered</li> <li>• Business accounts of non-real estate related businesses are NOT ALLOWED</li> <li>• Proceeds from credit card or personal loans NOT ALLOWED</li> </ul>
<b>DEPOSIT SOURCING</b>
<ul style="list-style-type: none"> <li>• Deposits greater than 40% of statement balance will be sourced. <ul style="list-style-type: none"> <li>○ Not required if account is solely for Real Estate, and;</li> <li>○ if source is listed on the statement as title and/or abstract company.</li> </ul> </li> <li>• Deposits that can't be sourced are subtracted from balance, use remaining to qualify</li> <li>• Common assets red flags that required an explanation include but are not limited to: <ul style="list-style-type: none"> <li>○ Recently opened accounts</li> <li>○ Excessive large deposits as determined above</li> <li>○ Owned by entity in which guarantor was recently added and/or is a minority owner</li> </ul> </li> </ul>
<b>RESERVES</b>
<ul style="list-style-type: none"> <li>• Three (3) months of reserves are required, plus any borrower equity requirements.</li> <li>• Level 3 borrowers must also show 25% of the construction budget post-closing in addition.</li> </ul>
<b>COUNTING CURRENTLY OWNED RENTALS TOWARD EXPERIENCE</b>
<ul style="list-style-type: none"> <li>• We may count owned rental properties toward fix &amp; flip experience on a 2:1 basis <b><i>As such, 2 currently owned rentals = 1 “completed fix/flip” for “experience” calculation</i></b></li> <li>• The <b>pricing benefit</b> of the level upgrade applies on all deals</li> <li>• The <b>leverage benefit</b> is allowed only on <b>Average Rehabs</b> (see Heavy Rehab Grid – Page 4)</li> </ul>
<b>ELIGIBLE PROPERTY TYPES</b>
<ul style="list-style-type: none"> <li>• Single Family Residence (SFR)</li> <li>• 2-4 Unit Residential Properties</li> <li>• Condominiums* - See Condo Eligibility Requirement Guide</li> <li>• Townhouse</li> <li>• 5 to 10</li> <li>• Multi-Use - Class A or B buildings ONLY and Residential SF must be &gt; 60% of Total SF.</li> </ul>
<b>MINIMUM PROPERTY VALUE</b>
<p>“As Is” appraised value must be equal to at least the greater of:</p> <ol style="list-style-type: none"> <li>1. \$75,000</li> <li>2. 30% of the median home value for the applicable zip code</li> </ol>
<b>Market specific required values per below:</b>
<ul style="list-style-type: none"> <li>❖ <b>\$100K per unit:</b> Los Angeles, Miami, New Orleans, Oakland</li> <li>❖ <b>\$150K per unit:</b> Atlanta, Baltimore, Chicago/Gary, Cleveland, Detroit/Flint, New Haven, New Jersey, Philadelphia.</li> </ul>
<b>DECLINING MARKETS</b>
<p>For properties located in declining markets, below adjustments apply (per percentage of decline):</p> <ul style="list-style-type: none"> <li>• 1% to 5% decline - Reduce LTC/LTV/As Is LTV by 5%</li> <li>• Decline greater than 5% - <i>Not Allowed</i></li> </ul>

<b>DAYS ON MARKET</b>	
<p>If appraisal notes more than 150 days on market, the following adjustments will apply:</p> <ul style="list-style-type: none"> <li>• DOM between 150 to 200 days - Reduce LTC/LTV/As Is LTV 5%</li> <li>• DOM between 200 to 250 days - Reduce LTC/LTV/As Is LTV 10%</li> <li>• DOM greater than 250 days – Not Allowed</li> </ul>	
<b>NO INTERIOR ACCESS</b>	
<p>When an interior inspection of the subject is not possible, an exception is required:</p> <ul style="list-style-type: none"> <li>• Only for experienced borrowers with acceptable overall profile.</li> <li>• 100% Holdback will be required based on estimated repair cost and/or a minimum of \$25/SF.</li> <li>• Minimum 10% of purchase price held back until access granted and condition confirmed.</li> <li>• LTC may be reduced by 10% at the underwriter's discretion.</li> </ul>	
<b>DEAL GROSS MARGIN REQUIREMENT</b>	
<p>Gross Profit minus Total Costs, divided by the Total Costs, as forecasted by LendingOne per below:</p> <ul style="list-style-type: none"> <li>• Level 3 (1-2 Flips): Minimum 20%</li> <li>• Level 2, 1, Platinum (3+ Flips): Minimum 15%</li> </ul>	
<b>CONTRACT PREMIUM AND ASSIGNMENT FEE</b>	
<p>Acceptable contract premiums and assignment fees are defined below:</p> <ul style="list-style-type: none"> <li>• Contract / Buyer / Auction Premiums permitted IF &lt; 5% of purchase price</li> <li>• Assignment Fees allowed up to 10% of original purchase price. May be included in total cost</li> <li>• Fee &gt; 10% of original price not eligible for financing, but borrower may cover the difference</li> <li>• Non-Arms-Length Transactions ONLY</li> <li>• As-Is value must support adjusted purchase price including fee</li> </ul>	
<b>PROPERTY FLIPPING (<i>Does not apply to foreclosure sales and subsequent sales with institutional sellers</i>)</b>	
<p>Seller purchased property within previous 12 months and new contract price is <math>\geq 110\%</math> of original:</p> <ul style="list-style-type: none"> <li>• Property seller on the purchase contract must be the owner of record</li> <li>• Increases should be addressed up front and supported (recent comparable sales, etc.).</li> </ul>	
<b>CONSTRUCTION HOLD-BACK WAIVER</b>	
<ul style="list-style-type: none"> <li>• Only for experienced borrowers (Level 1 or greater).</li> <li>• Maximum 80% LTC on Purchases, <i>not to exceed 75% of As-Is Value</i>.</li> <li>• Rehab must be &lt; 50% of purchase price.</li> <li>• Rehab budget must be &lt; \$75,000; exceptions considered up to \$200K in High Value Markets.</li> <li>• Must verify borrower's available assets to cover the renovation costs.</li> <li>• Requires approval from underwriting manager.</li> </ul>	
<b>MINIMUM SQUARE FOOTAGE</b>	
	<p>SFR: 700 SF</p> <p>Condo: 500 SF</p> <p>2-4 units: 500 SF</p>
<b>SECOND APPRAISAL</b>	
<ul style="list-style-type: none"> <li>• Loan amount &gt; \$1,500,000.</li> <li>• The transaction is a flip as defined in the Property Flipping section of this guide.</li> <li>• Waiver considered in a high value market area or if deemed reasonable by LendingOne.</li> <li>• The lower of the two appraised values will be used.</li> </ul>	
<b>LEASEHOLD PROPERTIES</b>	<b><i>Leasehold properties are NOT PERMITTED</i></b>

### NON-ARM'S LENGTH TRANSACTIONS

Non-arm's length occurs when the borrower has a direct relationship or business affiliation with subject property Builder, Developer, or Seller. family sales, estate sales, employer sales and flips.

- When the property seller is a corporation, partnership or any other business entity it must be ensured that the borrower is not an owner of the business entity selling the property.
- A non-arm's length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment.
- A thorough review of the title report in these cases is required as well as the payment history pattern (VOM on the Seller's mortgage)

### INTERESTED PARTY TRANSACTIONS

A Conflict-Of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker/r Agent, or any other interested party.

- In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent extra due diligence must be exercised. **Example:** Seller's realtor for subject property may not act as borrowers' loan officer for subject property.
- An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined.
- A Letter of Explanation regarding the relationship between the parties is required

### ELIGIBLE NON-ARM'S LENGTH AND INTERESTED PARTY TRANSACTIONS

Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction

- Commission earned by borrower will not count as down payment, closing costs, or reserves
- Seller(s) representing themselves as agent in real estate transaction
- Entity Membership changes are permitted between husband/wife and children (Refi's Only)

### NON-ARM'S LENGTH AND INTERESTED PARTY RESTRICTIONS

- Borrower must provide cancelled check to verify earnest money deposit.
- Employer to employee sales, property trades, renter(s) buying from Landlord, all not allowed.
- Purchase between family members not allowed.
- Other transactions not listed as eligible above are not allowed.
- For-Sale-By-Owner (FSBO) transactions must be arms-length.
- Maximum 3% allowed for Third Party Contributions/Seller Concessions.

## Large Rehab Budgets - Leverage Adjustment Grid

LTC / LTV Levels will be Modified Based on Ratio of Rehab Budget to Purchase Price

% of Rehab to Purchase Price		15-49%	50-99%	100% + *
Experience Level	# Flips	Light / Average	Above Average	Heavy
Platinum	15 +	90/90/75%	80/100/70%	75/100/65%
Level 1	8 to 14	90/90/75%	80/100/70%	75/100/65%
Level 2	3 to 7	90/90/70%	80/100/70%	75/100/65%
Level 3	1 to 2	80/100/65%	75/100/60%	Not Allowed
❖ Number of Flips must be documented and verified as completed in last 24 months ❖ Grid = LTC/LTV limits for purchase transactions only (delayed purchase < 6 months) ❖ Maximum "As-Is" LTV remains limited to 85% ❖ Square Footage Expansion of >15% is considered - SEE "Heavy" Rehab				