

Multifamily Bridge SBL | FAQ

Topic	Guideline
Lop-Sided Loans (renovation > purchase price)	<ul style="list-style-type: none"> These loans are not currently eligible for the MF SBL program
Inexperienced Flippers / First Timers (experience score=1) or other Sponsor issues	<ul style="list-style-type: none"> We do not lend to first tiers or those without sufficient experience as compared to the deal being presented When adding a guarantor due to issues with the original Sponsor, that additional guarantor must stand on their own to meet all requirements to be a guarantor for the loan (experience, fico, net worth, liquidity, etc.)
IRS Tax Liens / Federal Tax Liens	<ul style="list-style-type: none"> Must be cleared prior to closing
Markets	<ul style="list-style-type: none"> Primary and secondary markets only; no tertiary markets permitted Refer to submarket list for further information Avoid high crime, poverty, transitional, etc. Tenant base - No Section 8. Avoid areas with high unemployment, low employment differentiators, e.g. one or two major employers in the area
Rent Regulation/Affordable Units	<ul style="list-style-type: none"> Sponsor Experience: need to clearly demonstrate a strong track record of owning and operating properties comprised of rent stabilized / controlled units If business plan includes buying tenants out, additional support needs to be shown for Sponsor's successful track record of doing this at other properties in the same market (tenant buyout amount will be held back as part of renovation budget) Appraisal to include an As Is value assuming rent stabilized / controlled tenants remain in place as an addendum in the report (direct cap for the as is, not the as is concluded by starting with the stabilized value and deducting costs needed to achieve this value) Loan further sized to an In-Place DSCR to be 1.0x on the controlled / stabilized rents and market expenses, on the actual loan rate
Borrower Background Issues	<ul style="list-style-type: none"> No financial crimes
Heavy Renovation	<ul style="list-style-type: none"> Not permitted in the initial SBL program. Initial condition of property is key Future programs will require a highly experienced Borrower with a verifiable track record Liquid takeout (strong refinance / exit potential)
High Loan-to-Cost (80%)	<ul style="list-style-type: none"> Experienced borrower, strong markets, in-place cash flow
High ARLTV/As-Stab LTV	<ul style="list-style-type: none"> Capped at 70%



Cash Outs	<ul style="list-style-type: none"> “Cash out” means at closing the borrower walks away with money at close. We do not provide cash out for acquisitions
Originations Channels	<ul style="list-style-type: none"> Retail Direct to Borrower contact if TPO Channel No Wholesalers Permitted
Condo Conversions	<ul style="list-style-type: none"> Reach out to the Fix & Flip team (we would not consider this a multifamily deal)
Appraisals	<ul style="list-style-type: none"> Appraisals > 6 months old are not accepted If an appraisal was completed for a different borrower with a different business plan, a new appraisal is required
Sponsor/Guarantor	<ul style="list-style-type: none"> Tax returns are NOT required but are a “would like to have” piece
Collateral	<ul style="list-style-type: none"> Site visit is required prior to close Initial condition of property is key

Appendix A - Multifamily Bridge SBL | Credit Box

Category	Guideline	Terms
Originations	Sourcing Channels	Retail Direct to Borrower contact if TPO Channel
General	Minimum Loan Amount	\$2,000,000
	Maximum Loan Amount	\$5,000,000
	Number of Units per Property	5+
	Minimum Value per unit "As-Is"	\$100,000 minimum value per unit
	Permitted Project Types	<=50% Reno Ratio No structural renovations nor expansions No ground up construction
	Permitted Property Types	100% Residential Multifamily No Mixed Use permitted No owner occupied units Single property financing only; no portfolio properties permitted

	Geographic Region	Primary and Secondary Markets Only (NY, NJ, CT, PA, RI, MA, NH, NC, SC, IL, CA)
Loan Details	Loan Term	18-24 month initial term with up to two (2) 6 month extension options
	Pricing	1-Month Term SOFR + [400-500 bps] or Fixed Rate
	Fees	Lender Origination Fee: 100bps Lender Extension Fee: 50bps (per extension)
	Amortization	Interest Only
	Loan Purpose	Purchase & Delayed Purchase up to 6 Months Wholesalers not Permitted
	Lien Types	Senior secured first lien mortgage; no subordinate positions allowed
	Reserves	12 month interest and carry reserves as determined by lender
	Prepayment Penalty	12 month minimum interest due at payoff
Key Metrics	Minimum Occupancy	50% Units, for properties with unit count>=10
	Maximum Loan to Purchase Price (LTPP)	75%
	Maximum Initial Loan to Cost (LTC)	70%
	Construction Holdback to Reno Budget Ratio	100%
	Maximum Fully Funded Loan to Total Cost (TLTC)	80%
	Maximum Initial Loan to As-Is Value (LTV)	75%
	Maximum As Stab LTV (LTV)	70%
	Minimum As Stab NCF Debt Yield	9%
	Stabilized DSCR (NCF / Takeout Debt Service)	1.25x DSCR

Borrower & Guarantor	Borrowing Entities	Newly formed SPEs or existing LLCs or Corps only that have no other existing properties owned
	Eligible Borrowers	US Citizens and Permanent Residents No Foreign Nationals
	Recourse/Guaranty Structure	Full Recourse to Guarantor(s)
	Minimum Guarantor FICO	<ol style="list-style-type: none"> 1. Tri-Merge Credit Report on all members of borrowing entity no older than 90 Days 2. 725 Minimum Qualifying FICO (underwritten to min FICO if multiple members) determined as: 3. Mid Score if 3 Scores are available 4. Low Score if 2 Scores are available 5. Minimum 5 total tradelines (active or closed) with ≥ 1 tradeline with 24 month history 6. Bankruptcy Discharge Date must be 7 years from discharge date 7. Foreclosure - 7 years from completion date
	Guarantor Credit History	<ol style="list-style-type: none"> 1. Mortgage & Mortgage related tradelines (HELOC) - Past due $>\\$0$ not permitted 2. Non-mortgage related tradelines - Past due $>\\$1K$ subject to lender discretion 3. Medical related derogatories subject to lender discretion
	Guarantor Background History	<ol style="list-style-type: none"> 1. Financial Crimes & Serious Felonies not permitted 2. Non-traffic criminal subject to lender discretion 3. Low level drug offenses subject to lender discretion
	Liens and Judgements	<ol style="list-style-type: none"> 1. Within 7 years and $> \\$10,000$, must be paid in full 2. Within 7 years and $< \\$10,000$, subject to lender discretion 3. Child support, if applicable, must be paid in full prior to closing
	Lawsuits	<p>Pending civil suits, small claims, family related, closed lawsuits subject to lender discretion</p> <p>Pending non-civil/non-small claims/non-family related lawsuits not permitted</p>
	Federal or State Tax Lien	Outstanding Federal or State Tax Lien: must be paid in full
	Guarantor(s) Liquidity Requirement	<p>10% of Loan Amount, post close <i>unencumbered</i> liquidity: 3 months asset statements (each month must satisfy liquidity requirement)</p> <p>Liquidity can be verified via:</p> <ol style="list-style-type: none"> 1. Checking Account(s) 2. Savings Account(s) 3. Brokerage Account(s)

	Financial Reporting (Due Diligence)	1. Personal Financial Statement 2. Schedule of Real Estate Owned 3. Personal Liquidity (see above) 4. Personal tax returns (last 2-years) 5. Contingent liabilities
	Guarantor(s) Minimum Net Worth Requirement	100% of loan amount, post-close
	Entity structure	Max two (2) members, must specify managing members (guarantors must be a manager of the Borrower)
	Guarantor(s) Experience Requirement	Must have multifamily operating and relevant rehab experience in same submarket, subject to lender verification and review Reference Check, subject to lender discretion
Property	Third Party Reports	1. Full Commercial Narrative Appraisal 2. Property Condition Report 3. Phase I required, subjects requiring Phase II are not eligible 4. Plan and Cost (Budget) Review (in-house and third party) 5. Construction Monitoring Report
	Occupancy Requirements	Minimum 50% in place occupancy if >10 units, occupied at min UW rents
	Underwritten Rents for Cashout Refinances	Purchase Only
	Property Management	Property Management Agreement or Proof of formal internal management
	Construction Management	1. Construction budget review, internal and/or 3rd party 2. On-site inspections for all draws, subject to lender discretion 3. All draw requests require validated invoices and review and verification by Roc in-house team and third party 4. Down date endorsements for all draw releases 5. List of any down units, reasons, and planned repairs
	Permitted Business Plans/Markets	1. Core Plus 2. Value Add
	Property Condition/Deferred Maintenance	As-Is Appraised Value > Replacement Cost
	Reserves/Escrows	12 months interest and carry reserves as determined by lender

	Good Faith Deposit	Minimum \$10,000 non-refundable upfront fee
	Reporting Covenants	1. Monthly Rent Roll(s) and Collections/ARs 2. Quarterly or Bi-Annual Operating Statements / T12 3. Quarterly Personal Financial (Liquidity) 4. Quarterly leasing updates (if applicable)
	Insurance	Per Roc Guidelines
	Title	National Title Agencies preferred, all others subject to Lender approval
	Legal Opinions/Survey	Attorney Opinion Letter
Due Diligence	Diligence Requirements	1. Site Visit by Roc employee prior to close, subject to lender discretion 2. Purchase and Sale Agreement 3. Rent Roll(s) 4. Borrower's proforma model in excel showing all historical and projected stabilized property level income and expenses 5. Executed lease agreements for all occupied units 6. Renovation Budget 7. T12 Statement 8. 3-Years Operating Statements 9. Aged Receivables 10. Monthly Collection report 11. Down Date Endorsements 12. Organizational Docs 13. Organizational Chart 14. Sources and Uses 15. GC Resume 16. Mortgage Verification and Payment History 17. Real Estate Tax Bills



Closing	Conditions Precedent	Minimum conditions that must be met prior to close: 1. Physical Site Visit by Roc employee 2. Third Parties received, reviewed, and acceptable to Lender 3. Satisfactory review and approval of budget by Roc in house team and approved third-party consultant 4. Satisfactory construction management and controls in-place 5. Borrower/Guarantor(s) interview (in-person or virtual) 6. Completed Credit analysis satisfactory to lender 7. Completed Guarantor Analysis satisfactory to lender 8. Satisfactory background check(s) 9. Receipt of GFD 10. Receipt and review of loan documents acceptable to lender and counsel
----------------	-----------------------------	--