

# Residential Transitional Loans- Bridge



Effective Date: 2/26/2019

For purchase and refinance transactions			LTV: With Rental Requirements*	
Exit Strategy	Credit Score	Total Loan Amount	Purchase	Refinance
Refinance to Term Rental Loan	660+	<= 1,000,000	80.0	70.0
		1,000,001 - 2,000,000	75.0	65.0
		2,000,001 - 3,000,000	70.0	60.0
		3,000,001 - 4,000,000	65.0	55.0
	600 - 659	<= 1,000,000	75.0	65.0
		1,000,001 - 2,000,000	75.0	60.0
		2,000,001 - 3,000,000	65.0	55.0

*Refinance to Term Rental Loan: Rental Requirements	
Rental Income Determination	Purchase: Estimated Market Rent (Form 1007) Refinance: Lower of Estimated Market Rent from Form 1007 and monthly rent from existing lease. If there is no lease in place, the DSCR is calculated as 0.0x
DSCR Calculation	Rental Income / PITIA
DSCR < 1.25x	Reduce 5% LTV if calculated DSCR is less than 1.25x
Rental Reconciliation	Required from Verus-approved vendor. Greater than 10% variance may be ineligible / subject to LTV

For refinance transactions of a Renovation loan			LTV/LTC: With Documentation Requirements**	
Exit Strategy	Credit Score	Total Loan Amount	LTV	LTC
Bridge to Sale	660+	<= 2,000,000	70.0	95.0
		2,000,001 - 4,000,000	65.0	90.0
	600 - 659	<= 1,000,000	67.5	90.0
		1,000,001 - 2,000,000	65.0	87.5
		2,000,001 - 3,000,000	62.5	85.0

**Bridge to Sale: Documentation Requirements	
Eligible Costs	Purchase price of property plus documented improvements including value-added soft costs
LTC Calculation	LTC = Total Loan Amount / Eligible Costs
Lien Waivers	Required to substantiate Eligible Costs and confirm no mechanic's liens against subject property
Certificate of Occupancy	Required

## Criteria / Requirements for All Bridge Loans

Other		Credit Requirements	
Loan Status	Performing loans only	Guarantor Housing	0x30x12
Amortization	Interest Only Loans	Bankruptcy	24 months
Minimum Loan Amount	Minimum \$75,000; loan amounts less than \$125,000 will have a pricing hit (see rate)	FCL/DIL/SS	24 months
Occupancy	Non-Owner Occupied Only	<b>Area Conformity LTV/ARV Adjustor</b>	
Term	6 - 12 months	150% - 200%	5% reduction
Extensions	Granted at note holder's discretion	200% - 300%	10% reduction
Minimum Equity	\$20,000	300%+	By exception only
Foreign National	By exception only	<b>Max Contribution from Sellers: 3%</b>	
Interest Reserves	Verified minimum 3 months assets covering interest payments; Loan amounts 2m or greater 6 months; may finance below ratio	<b>Declining Market LTV/ARV Adjustor</b>	
Borrower Type	Business Entity/Trusts. Individuals by exception	ZHVI: 2-5% decline	5% reduction
Property Type	SFR, Condo, PUD, 2-4 Units (5+ case-by-case)	ZHVI: 5%+ decline	Ineligible
Reserves	Minimum 3 months payments	On Appraisal	Ineligible
Condition Quality	C4 or Better		
Construction Quality	Q5 or Better		
Personal Guaranty	Required of the Sponsor and individuals with ownership of at least 25% in the borrowing entity. All loans must have guarantees from enough members such that at least 51% ownership in the entity is represented.		
As Is Appraisal	BPO and/or appraisal form that will be acceptable to the rating agencies or warehouse lender and FIRREA compliant for valuations >\$250k. Loans more than \$1.5m for refinance \$1.5m and \$2m require 2 appraisals. Appraisals will be reviewed by an MCM approved third party with an acceptable variance that does not exceed -10%		