

Agency Loans Special Conditions

In order for a property to be eligible for an Agency loan, the following special conditions shall apply:

A. The Amortization Period of 30 years is subject to Lender's underwriting inspection and review of the Property Condition Assessment (PCA), which may result in a shorter amortization period.

B. The loan terms are subject to Lender's verification of the Borrower's total acquisition cost for the Property.

C. A fully executed Purchase and Sale Agreement and a completed Purchase and Sale abstract must be submitted along with an executed application (for purchases).

D. The Property may not have a physical occupancy level of less than 90% for the ninety (90) days immediately preceding the origination date.

E. The Loan Amount assumes an underwritten management fee of 4.00%, which is subject to market support.

Any management fee above 4.00% must be made subordinate to the right of payment to all indebtedness related to the Loan.

F. Lender's underwriting will include a comprehensive review of the Key Principal(s) real estate experience, financial strength and overall credit.

G. Borrowers living over 100 miles away from the subject property must have the property managed by a third party professional management company or managed by an acceptable property manager.

H. At least one Key Principal must have inspected the property prior to execution of a Loan Application and must certify to the inspection as part of underwriting.

I. The combined net worth of the Borrower and all Key Principals must be at least equal to the Loan Amount. Key Principals who are not U.S. citizens are subject to a higher standard.

J. The combined post-closing liquid assets of the Borrower and all Key Principals must equal nine

(9) monthly payments of principal and interest on the Loan. Liquidity must be verified by account statements for the 60 days preceding the Borrower's execution of this application. Liquidity generated by excess proceeds ("cash out") as a result of a refinancing cannot be used to satisfy this requirement. Key Principals who are not U.S. citizens are subject to a higher standard.

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K. The minimum FICO score requirement for all Key Principals (based on an average of all FICO scores) is 680. No Key Principal can have a FICO score below 620.

L. Lender assumes there are no covenants, income restrictions, or deed restrictions associated with the Property.

The presence of such restrictions will result in different underwriting standards.

M. The Loan Amount assumes no tenant concentrations greater than 20% (including, but not limited to, student, employer and/or military) are present at the Property.

N. The loan structure is subject to review of the military influence & student influence on the subject property and overall market, if any.

O. For refinancings, the Loan Amount and terms of a Loan Application are subject to Lender's review of the refinance risk at loan maturity using standard assumptions for income and expense growth and a projected interest rate (the "Exit Analysis").

Borrower/Key Principals have reviewed all the statements above and certifies that the Borrower and Key Principals can comply with terms outlined above

Name: _____

Date: _____

Initials _____