

Owner Financing Guidelines

(The owner financing is intended to facilitate the transaction and provide a transitional solution for up to 60 months [at least initially] for the buyer).

- \$47,200 minimum down payment sought. Seller will not consider amounts of less than that
- 30 year (or shorter if desired) amortization term. Interest only payments will be considered for down payments exceeding 25%.
- Note balloon due in no more than 5 years (meaning the buyer will have to refinance or pay it off within [the first] 60 months)
- Payment to include tax & insurance escrow, and, if desired, HOA escrow.
- 3-4 months reserves or access to reserves.
- Debt to income ratio sufficient to support the payment (borrower's cash-flow should be sufficient to ensure affordability). Looking for no more than .32 front end ratio.
- Interest rate to depend on financial profile, but, in general, will not exceed 9% or be lower than 7%
- Insurance to be carried naming note holder as beneficiary. Deductible of the insurance flexible depending on reserve amount. Low reserves 1% deductible, high reserves, higher deductible (=lower premium).
- No fees, points or any other lender expenses. **No wraps or senior liens to the property either.** Clean and straightforward.

While there can be a large number of financing permutations, here are some sample numbers to share with prospective buyers (on a 20% down, 30Yr Amortization assumption):

Variable	Amount
Purchase Price:	236,000
Down payment:	47,200
Amount Financed:	188,800
Tax Rate:	2.778600
Insurance (est):	1,500
Annual HOA:	480

Credit Score	Interest Rate	Monthly Expense					Needed for Approval (.32 front end)	
		P&I	Tax (Est)	Ins (Est)	HOA	Total Cost	Documentable Annual Income	Monthly Income
720+	7.00%	\$1,256.09	505.77	125.00	40.00	1926.86	72,257	6,021
700	7.25%	\$1,287.95	505.77	125.00	40.00	1958.72	73,452	6,121
680	7.50%	\$1,320.12	505.77	125.00	40.00	1990.89	74,658	6,222
660	7.75%	\$1,352.59	505.77	125.00	40.00	2023.35	75,876	6,323
640	8.00%	\$1,385.35	505.77	125.00	40.00	2056.12	77,104	6,425
620	8.25%	\$1,418.39	505.77	125.00	40.00	2089.16	78,343	6,529
600	8.50%	\$1,451.71	505.77	125.00	40.00	2122.48	79,593	6,633
580	8.75%	\$1,485.29	505.77	125.00	40.00	2156.06	80,852	6,738
560	9.00%	\$1,519.13	505.77	125.00	40.00	2189.90	82,121	6,843