

## Owner Financing Guidelines

*(The owner financing is intended to facilitate the transaction and provide a transitional solution for up to 60 months for the buyer).*

- 20% or \$49,000 minimum down payment sought. Sellers will not consider amounts of less than that at this point in time.
- 30 year (or shorter if desired) amortization term. Interest only payments will be considered for down payments exceeding 30%.
- Initial 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). Depending on market circumstances near the end of the initial term, seller may consider renewal.
- 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:	246,688
Down payment:	49,000
Amount Financed:	197,688
Tax Rate:	2.522675
Insurance (est):	1,500
Annual HOA:	350

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%	\$1,315.22	565.17	125.00	29.17	2034.56	76,296	6,358
700	7.25%	\$1,348.58	565.17	125.00	29.17	2067.92	77,547	6,462
680	7.50%	\$1,382.26	565.17	125.00	29.17	2101.60	78,810	6,567
660	7.75%	\$1,416.26	565.17	125.00	29.17	2135.60	80,085	6,674
640	8.00%	\$1,450.56	565.17	125.00	29.17	2169.90	81,371	6,781
620	8.25%	\$1,485.16	565.17	125.00	29.17	2204.50	82,669	6,889
600	8.50%	\$1,520.05	565.17	125.00	29.17	2239.39	83,977	6,998
580	8.75%	\$1,555.21	565.17	125.00	29.17	2274.55	85,296	7,108
560	9.00%	\$1,590.64	565.17	125.00	29.17	2309.98	86,624	7,219