

Owner Financing Guidelines

(The owner financing is intended to facilitate the transaction and provide a transitional solution for up to 5 years for the buyer).

- 20% or \$34,600 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)
- Borrower will **not** be able to further encumber the home during the duration of the note (**no second liens**).
- 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:	174,287
Down payment:	34,600
Amount Financed:	139,687
Tax Rate:	3.004918
Insurance (est):	1,200
Annual HOA:	350

		Monthly Expense					Needed for Approval (.32 front end)	
Credit Score	Interest Rate	P&I	Tax (Est)	Ins (Est)	HOA	Total Cost	Documentable Annual Income	Monthly Income
720+	7.00%	\$929.34	427.74	100.00	29.17	1,486.25	55,734	4,645
700	7.25%	\$952.91	427.74	100.00	29.17	1,509.82	56,618	4,718
680	7.50%	\$976.71	427.74	100.00	29.17	1,533.62	57,511	4,793
660	7.75%	\$1,000.73	427.74	100.00	29.17	1,557.64	58,412	4,868
640	8.00%	\$1,024.97	427.74	100.00	29.17	1,581.88	59,321	4,943
620	8.25%	\$1,049.42	427.74	100.00	29.17	1,606.33	60,237	5,020
600	8.50%	\$1,074.07	427.74	100.00	29.17	1,630.98	61,162	5,097
580	8.75%	\$1,098.92	427.74	100.00	29.17	1,655.82	62,093	5,174
560	9.00%	\$1,123.95	427.74	100.00	29.17	1,680.86	63,032	5,253