

## 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 \$37,200 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:	187,359
Down payment:	37,200
Amount Financed:	150,159
Tax Rate:	3.225978
Insurance (est):	1,800
Annual HOA:	250

  

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%	\$999.01	459.25	150.00	20.83	1,629.09	61,091	5,091
700	7.25%	\$1,024.35	459.25	150.00	20.83	1,654.43	62,041	5,170
680	7.50%	\$1,049.93	459.25	150.00	20.83	1,680.01	63,001	5,250
660	7.75%	\$1,075.76	459.25	150.00	20.83	1,705.84	63,969	5,331
640	8.00%	\$1,101.81	459.25	150.00	20.83	1,731.89	64,946	5,412
620	8.25%	\$1,128.09	459.25	150.00	20.83	1,758.18	65,932	5,494
600	8.50%	\$1,154.59	459.25	150.00	20.83	1,784.67	66,925	5,577
580	8.75%	\$1,181.30	459.25	150.00	20.83	1,811.38	67,927	5,661
560	9.00%	\$1,208.21	459.25	150.00	20.83	1,838.29	68,936	5,745