

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).

- Down payment sought 20% or an amount not materially different from this percentage.
- 30 year (or shorter if desired) amortization term. Interest only payments will be considered for down payments exceeding 25%.
- 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). Refinance may be with us [same lender] depending on circumstances at that time.
- 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 & credit score, see table below for examples.
- 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:	269,726	20%
Down payment:	53,945	
Amount Financed:	215,781	
Tax Rate:	2.699030	
Insurance (est):	1,800	
Annual HOA:	515	

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+	6.00%	\$1,293.71	697.25	150.00	42.92	2183.88	81,896	6,825
700	6.25%	\$1,328.60	697.25	150.00	42.92	2218.77	83,204	6,934
680	6.50%	\$1,363.88	697.25	150.00	42.92	2254.05	84,527	7,044
660	6.75%	\$1,399.55	697.25	150.00	42.92	2289.72	85,864	7,155
640	7.00%	\$1,435.60	697.25	150.00	42.92	2325.76	87,216	7,268
620	7.25%	\$1,472.01	697.25	150.00	42.92	2362.17	88,581	7,382
600	7.50%	\$1,508.77	697.25	150.00	42.92	2398.94	89,960	7,497
580	7.75%	\$1,545.88	697.25	150.00	42.92	2436.05	91,352	7,613
560	8.00%	\$1,583.32	697.25	150.00	42.92	2473.49	92,756	7,730