

# Gap Financing: ARM Loans



## Filling the gap between conforming and portfolio loans

Our Gap Adjustable Rate Mortgage (ARM) Loan programs are designed for borrowers with good credit scores who just miss qualifying for a conforming loan due to income, collateral or other issues. If your client has a FICO score above 700 but cannot qualify for a conforming loan, this loan can “fill the gap” between a conforming loan and our traditional portfolio loan.

### Flexible Underwriting

- **Insufficient down payment?** Cross-collateralize another property and use the Combined Loan-to-Value (CLTV) to finance 100% or more of a purchase.
- **Investor loan?** We have no minimum owner-occupancy ratio or maximum financed properties. We also allow for an entity to be on the Title or the Note: LLCs, Corporations, Partnerships, and Trusts accepted with a personal guarantor.
- **Need more money?** We lend up to \$5 million. No cash out limits. Call for larger requests and more information.
- **Problems with the qualifying income?** Tell us the story behind the borrower’s income or employment situation.
- **Non-conforming property?** We lend on legal non-conforming properties and properties with unusual zoning.
- **Property needs repairs?** We allow up to \$20,000 in repairs as long as the borrower can demonstrate that they have the resources for the repairs.

### LTV Guidelines

Program	740 FICO Score	700 FICO Score	Below 700 FICO Score
Maximum LTV for primary residence	80%	75%	Program not available
Maximum LTV for investors or second home	75%	70%	Program not available

- Maximum CLTV of 90% allowed.
- Property must be fee simple 1-4 units, located in Hawaii or Guam.



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## General Guidelines

- Choose your ARM term: 1-, 3-, 5-, or 7-year initial fixed rate period. Adjusts annually thereafter with maximum adjustment caps of 2.00% per year and 6.00% over the life of the loan.
- Adjustment index is the 1-year Treasury Bill rate.
- Fully amortized 30-year term with no prepayment penalty.
- Not eligible: resort properties, condotels, lava zone 1 and 2 properties, properties in poor condition with repairs in excess of \$20,000, properties with unpermitted improvements, and agriculture-zoned properties 5 acres or more
- Agricultural-zoned properties of 5 acres or more considered under standard ARM programs.

***Need an exception? Call today to discuss your loan situation.***

**We are experts at crafting custom, common sense solutions for uncommon lending problems!**



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