



## CFG's BLANKET LOAN PROGRAM FAQ'S

### Q. What does CFG's Blanket Loan Program offer?

A. Our Blanket Loan Program offers financing on portfolios of residential rental properties with a minimum of 3 properties. We can either refinance your existing portfolio or finance the purchase of portfolios of rental investments that are currently leased.

### Q. What Property Types are accepted in this program?

A. CFG lends on a wide range of residential rental property types, including single-family homes, 2-4 family homes, townhomes, condominiums and multifamily apartment buildings. We do not currently finance co-ops or manufactured housing.

- Properties must be owned for investment purposes and therefore may not be occupied by the borrower or a member of their family.
- Section 8 housing is permitted under this program.
- Properties must have initial leases in place for 6 months before units can be leased on a month-to-month basis. Weekly or vacation rentals will not be accepted.
- We will not lend assets that are held on a ground lease or with lease purchase options.

### Q. Where in the U.S. will CFG lend?

A. CFG is a national lender and will lend on residential rental properties. We can provide one blanket mortgage against assets in different states. This allows borrowers who have a portfolio of assets in multiple states to utilize one lender for all properties.

### Q. What are the minimum and maximum loan amounts for this program?

A. Currently, investors can borrow anywhere between \$300,000 and \$50 million, with up to 75% loan to value on portfolios of at least three units that maintain a 1.15x debt service coverage ratio. The 75% maximum loan to value ratio means that to borrow the current minimum of \$300,000, the value of your portfolio will need to be at least \$400,000.

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Q. What kind of products does CFG offer under the Blanket Loan Program?

A. Small Balance Lending Program:

- Loans from \$300,000-\$5,000,000 (Minimum 3 Properties)
- 5 and 10 year fixed rate term
- Up to 30 year amortization
- Up to 75% LTV

Institutional Lending Program:

- Loans over \$3,000,000
- 5 and 10 year fixed rate terms available
- 5 year floating rate term available
- Up to 30 year amortization
- Up to 75% LTV

Q. What is the benefit of a CFG loan versus a traditional residential home loan?

A. CFG lends primarily based upon the value and cash flow of the underlying collateral. We do not review the personal debt to income ratios of our applicants. Most traditional residential lenders place limits on the number of investment properties that can be financed. CFG has no limit on the number of properties or loans per borrower.

For traditional residential loans, individuals are the only acceptable borrower. In contrast, CFG requires that all properties be owned by a single limited liability company or other corporate entity. This enables CFG's borrowers to limit their personal exposure to liability claims related to their rental properties.

CFG offers both full recourse and non-recourse lending products. Traditional residential loans are full recourse to the borrower.

CFG allows borrowers to sell the equity in the corporate entity that owns the collateral properties to an approved qualified borrower during the loan term without repaying the loan. Traditional residential loans have due on sale requirements.

CFG does not limit cash out refinancing loans. Traditional residential lenders frequently limit cash out refinancing loans.



**Q. Does CFG have a loan product for first time investors?**

A. CFG currently lends against portfolios with a minimum of three leased residential rental units. This can consist of any combination to get at least three “doors”. For example, three residential rental units could comprise of a triplex, a duplex, and a single family home, two single family homes and one apartment, etc.

That said, we completely understand the financing needs of first time investors and those with portfolios of fewer than three units. We all have to start somewhere and CFG wants to be your trusted investment partner from the beginning.

**Q. Can I hire a professional property manager to manage my portfolio?**

A. Yes, CFG supports and encourages the use of professional property management. Borrowers who wish to self-manage their properties must meet certain criteria.

**Q. Can I manage my own properties?**

A. Yes. Borrowers may self-manage their properties with approval from CFG. Approval is based on the experience and background of the property manager. Generally, a minimum of 2 years property management experience managing at least the number of homes that CFG is financing is required.

**Q. What is Debt Service Coverage Ratio (DSCR)?**

A. Debt Service Coverage Ratio (DSCR) helps to determine if an investment property (or a portfolio of investment properties) are generating enough income to make its loan payment obligations. DSCR is calculated as property rent less property expenses and capital expenditures, divided by scheduled principal and interest payments on the loan.

In very simplistic terms, you can think of DSCR as the following formula:

$$= \frac{\text{Net Operating Income}}{\text{Total Debt Service}}$$

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**Q. Does CFG require reserves?**

A. Yes. Monthly reserves are required for taxes and insurance in the same manner as many traditional residential loans. These reserves are used to pay tax and insurance bills as they become due. Capital expenditure reserves will be collected on a monthly basis to pay for significant repairs and/or replacement of capitalized items (i.e. roof, HVAC, appliances, etc.). The borrower can draw these reserves to pay for expenses. Reserves are also required for HOA and condominium assessments for properties located in certain states.

**Q. Can I finance properties that are not currently leased?**

A. Yes. CFG requires that financed portfolios be at least 90% leased at the time of loan closing. Properties that are not leased must be in lease-ready condition. As your property cash flow improves as more properties are leased, your maximum loan proceeds may be higher.

**Q. Are there minimum seasoning requirements on ownership?**

A. No. There are no minimum seasoning requirements for properties in a portfolio loan. If the borrower has owned the property for at least 3 months, CFG will loan up to 75% Loan to Value (LTV). For acquisitions or properties owned for less than 3 months, CFG will loan up to 75% Loan to Cost (LTC). Cost is defined as the purchase price plus the rehab.

**Q. What type of entities can qualify as borrowers?**

A. CFG requires that all properties be owned by a corporate entity, such as a limited liability company, that only owns the properties that will be financed and no other assets. If the borrower does not have a qualifying corporate entity, CFG can assist in creating one for the borrower during the underwriting process.

If you are ready to begin our Blanket Loan Application, click below:

