

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. Loan amounts up to \$1 Million or more!

Flexible Underwriting

- **Need more money?** We lend up to \$2.5 million with required LLPAs and LTV adjustments. No cash-out limits. Call for larger requests and more information.
- **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.
- **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 Up To \$1 Million

| 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 95% 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-, 7- or 10-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: Properties using short-term rents to qualify, 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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