



First National Bank  
of America

# Non-Recourse IRA Lending Frequently Asked Questions

## Q: What is a Non-Recourse loan?

A: The owner of the self-directed retirement account is not personally liable for the repayment of the loan. Simply said, the bank's security is the property itself and there is no recourse against the owner of the self-directed retirement account. In the event of default, the property is the only source of repayment.

## Q: How can I apply for a Non-Recourse loan?

A: Complete a non-recourse loan application and return to **First National Bank of America** by email, fax, or mail. Contact data is as follows:

Address: **First National Bank of America**  
attn: Scott Raymond  
4660 Kalamazoo Ave SE  
Grand Rapids, MI 49508

Phone: **616-538-6017**  
Fax: **616-827-8707**  
Email: **sraymond@fnba.com**

## Q: Who is eligible for a Non-Recourse loan?

A: Anyone who has the required 40% to 50% down payment and liquidity reserves available in their self-directed IRA. This is subject to underwriting approval, which will include satisfactory review of the subject appraisal and liquidity verification.

## Q: Can properties be held in a LLC?

A: Yes. Please consult with your tax and/or legal advisor or self-directed retirement account administrator to set up the entity structure most applicable to your situation.

## Q: What is the processing time for a Non-Recourse loan?

A: Typical processing time is 30 to 45 days from application to close.

## Q: Is your program offered in all 50 states?

A: FNBA will finance 1 to 4 family homes in all 50 states. 5+ unit properties need to be located within the state of Michigan.

## Q: Can FNBA set up my Self-directed IRA?

A: No. You will need to select your own administrator.

## Q: Is there an income requirement for my rental property?

A: Yes. The property must generate net operating income that exceeds debt payments by 20% to 25% based on either existing leases or projections based upon local rental comparables.

## Q: Do you require an escrow account for property taxes?

A: Yes. It will be included in your monthly payment.

## Q: What type of rental properties are eligible for FNBA's program?

A: Single family residential, duplexes, 4-plexes, and multi-family.

## Q: What terms are available?

A: 3, 5, 7, and 10 year balloons with up to 20 year amortizations are all available.

## Q: What fees and costs will I pay for a Non-Recourse loan?

- 1 to 3% origination fee
- \$250 Underwriting fee
- \$595 appraisal fee (due with application)
- \$1,500 attorney reviewed/prepared closing documents
- Title insurance, pre-paid taxes & insurance, survey, appraisal, mortgage recording, and settlement fees which will vary depending on your location and purchase specifics.

## Q: Are there any liquidity requirements?

A: Yes, if the property is leased at the time of close the self-directed retirement account must have at least 6 months of PITI payments in the account after the loan is closed. If the property is not leased at the time of close then there would need to be 12 months of PITI payments in the account after the loan is closed. This will lower to 6 months PITI payments when the property is leased.

## Q: What information will I need to include along with my application?

A: Please review the "Required Documentation Checklist" included with the application packet.

