

Non-Recourse IRA Lending Frequently Asked Questions



First National Bank
of America

What is a Non-Recourse loan?

A non-recourse mortgage loan is a transaction where the bank only has a security interest in the property being mortgaged not any other assets in the IRA or to the IRA owner. In the event of default, the bank's only remedy is to take the property back and try to resell it.

How can I apply for a Non-Recourse loan?

Complete a non-recourse loan application, property and eligibility form, provide the necessary documentation and return to First National Bank of America by email or mail. Contact data is as follows:

Address: First National Bank of America

Attn: Michael McDowell

4660 Kalamazoo Ave SE
Grand Rapids, MI 49508

Phone: 833.557.2316

Email: Michael.McDowell@fnba.com

Who is eligible for a Non-Recourse loan?

Anyone who has the required 40% to 55% 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.

Can the subject properties be held in a LLC?

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.

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

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

Is your program offered in all 50 states?

FNBA will finance residential use properties in all 50 states. (subject to change from time to time)

Can FNBA set up my self-directed retirement account?

No. You will need to select your own Custodian.

Is there an income requirement for my rental property?

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.

Do you require an escrow account for property taxes?

Yes. It will be included in your monthly payment.

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

Single family residential, duplexes, triplexes, 4-plexes, and multi-family are eligible.

What terms are available?

We offer 5, 10, and 15 year ARMS and a 20 year fixed mortgage. All with 20 year amortizations.

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

- 1.50 to 2.75% origination fee
- \$250 processing fee
- \$500 documentation fee (payable at time of close)
- Title insurance, pre-paid taxes & insurance, survey, appraisal, mortgage recording, and settlement fees which will vary depending on your location and purchase specifics.

Are there any liquidity requirements?

Yes, either 6 months of Principal Interest, Taxes and Insurance if the property is leased at close or 12 months if the property is not leased or will be used as a short term rental.