DSCR Multi

Program Code: DSCRM -30, -7/6, -5/6, -30 IO, -7/6 IO, -5/6 IO

Investment Property (5-8 Residential Units)

FICO	Loan Amt	Max CLTV			
		DSCR ≥ 1.00			DSCR < 1.00
		Purchase	R/T	Cash-Out	Pur & Refi
700+	≤ 1.5M	75%	70%	65%	NA
	≤ 2M	70%	65%	65%	

Borrower Eligibility

Investor Experience

- Experienced Investor: Borrower must have a history of owning and managing commercial or residential real estate for at least 1 year in last 3 years.
- First Time Investor: Not eligible
- First Time Home Buyer: Not eligible

Income Requirement

Income

- Leased - Use lower of Estimated market rent or lease agreement.
- Short-Term Rental Income not eligible
- Vacant Unit(s) Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties. Max: 2 vacancies on 4+ Units.
  - Vacant units must be actively marketed for rent with screenshot of listings or other documentation
- Reduce qualifying rents by any management fee reflected on appraisal report.
- Copies of existing leases must be provided. If lease has been converted to month-to-month, then provide the most recent 2 months proof of receipt to evidence continuance of lease.

DSCR Calculation

- Minimum DSCR ≥ 1.00
- DSCR = Eligible monthly rent / PITIA (Loans with an interest only feature may use the ITIA payment)
- Reduce qualifying rents by any management fee reflected on appraisal report
- DSCR loans will be qualified at original Note Rate, regardless of ARM or Fixed

General Requirements

Occupancy

- Investment

Product Type

*Interest Only: Amortization term used for Qualification

Product	Term	Amortization Term	I/O Term	Qualifying Rate
30-Yr Fixed	30 yr	30 yr	NA	Note Rate
30-Yr Fixed IO	30 yr	20 yr	10 yr	
7/6 ARM	30 yr	30 yr	NA	Higher of Fully Indexed or Note Rate
7/6 ARM IO	30 yr	20 yr	10 yr	
5/6 ARM	30 yr	30 yr	NA	
5/6 ARM IO	30 yr	20 yr	10 yr	

Loan Purpose	▪ Purchase ▪ Rate/Term ▪ Cash-Out ▪ **Non Arms Length Transactions are Ineligible**
Loan Amount	▪ Min: $400,000 ▪ Max: $2,000,000
Cash-Out	▪ **Max Cash-In-Hand :** $1,000,000 ▪ **Cash-Out Seasoning** ○ For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value. ○ If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements.
Property Type	▪ Residential 5-8 Units ○ Min 400 sq. ft per individual unit ○ Must be improved real property ○ Must be accessible and available for year-round residential use ○ Must contain a full kitchen and a bathroom ○ Represent the highest and best use of the property ○ No fair or poor ratings ○ No environmental issues (i.e. Storage of use of Hazardous Materials) ○ No health or safety issues (As noted by appraiser, i.e., broken windows, stairs) ○ No excessive deferred maintenance that could become a health or safety issue for tenants ○ No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)
Acreage	▪ Property up to 2-acres, not meeting the rural definition, eligible
Rural Property	▪ Not eligible
Appraisals	▪ FHLMC 71A, FHLMC 71B, FNMA 1050 ▪ Narrative report can be utilized but not required. ▪ The following attachments required: ○ Rent Roll ○ Income and Expense Statement ○ Photos of subject including exterior/interior and street scene Aerial photo ○ Sketch or floor plan of typical units ○ Map ○ Appraiser qualifications ▪ Review Product – A commercial BPO required for all loans.
Unleased Properties	▪ Maximum: 1 vacant unit on 2-3 unit property. ▪ Maximum: 2 vacancies on 4+ units.
Escrow Impound	▪ Taxes and insurance escrows required
Prepayment Penalty	▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ Penalties not allowed on loans vested to individuals in NJ ▪ Prepayment not allowed on MD ▪ 5% fixed up to 5-years (Must be paid as scheduled. Additional payment not allowed)
Document Age	▪ Ninety (90) days prior to the note date

General Underwriting Guidelines	
Credit Score	▪ Middle of 3 scores or lower of 2 ▪ Use lowest decision score amongst all borrowers
Tradelines	▪ Min: 2 reporting 24-months w/ activity in last 12-months or 3 reporting 12-months w/ recent activity ▪ If the borrower has three (3) credit scores, the minimum tradeline requirement is waived (All borrowers must be evaluated individually)
Housing History	▪ 0x30x12
Housing Event Seasoning	▪ BK/FC/SS/DIL/PreFC/MC: ≥ 36 Mo
Forbearance, Modification, and Deferrals	▪ Forbearance and Deferrals are considered under housing payment history. ▪ Greater than 12 months from note date: Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated greater than 12 months from the note date of the subject transaction and having a 0x30x12 housing history are allowed. ▪ Within 12 months of note date: Not Eligible
Reserves	▪ 6 months of PITIA ▪ Loan Amount > $1.5M: 9-months of PITIA ▪ Loan Amount > $2.0M: 12-months of PITIA ▪ Cash out proceeds May NOT be used to satisfy requirement ▪ Reserves Must be own funds (NO GIFT)
Assets Requirements	▪ Asset documentation of at least one month required
Gift Funds	▪ Not Eligible
State Restrictions	▪ New Jersey and Florida: ○ Purchase Max LTV/CLTV 70% ○ Refinance Max LTV/CLTV 65% ○ Min Fico 720 ▪ **Maryland:** ○ Investment property not permitted in Baltimore City, MD ▪ **Texas:** Texas Senate Bill 17 eligibility restrictions see seller guide