DSCR

Program Code: DSCR -30, -40, -7/6, -5/6, -30 IO, -40 IO, -7/6 IO, -7/6 IO-40, -5/6 IO, -5/6 IO-40

Investment Property				
FICO	**Loan Amt**	**Max CLTV**		
		DSCR ≥ 1.00		
		Purchase	**R/T**	**Cash-Out**
700+	≤ 1.5M	80%	75%	75%
	≤ 2M	75%	70%	70%
	≤ 2.5M	70%	65%	65%
660-699	≤ 1M	75%	75%	70%
	≤ 1.5M	75%	70%	70%
	≤ 2M	70%	65%	65%
	≤ 2.5M	65%	65%	65%
640-659	≤ 1M	75%	70%	NA
	≤ 1.5M	65%	65%	NA
	≤ 2M	65%	NA	NA
	≤ 2.5M	60%	NA	NA
FICO	**Loan Amt**	**Max CLTV**		
		DSCR < 1.00		
		Purchase	**R/T**	**Cash-Out**
700+	≤ 1.5M	75%	70%	70%
	≤ 2M	70%	65%	65%
	≤ 2.5M	65%	NA	NA
680-699	≤ 1.5M	70%	65%	NA
	≤ 2M	65%	60%	NA
	≤ 2.5M	60%	NA	NA
660-679	≤ 1M	65%	NA	NA

- **First Time Investor Max LTV/CLTV:** 75% (Min FICO 680)
- **Loan Amount < $150K Max LTV/CLTV:** 70% Purchase | 65% Any Refinance (Min DSCR 1.25 for Refinance)
- **2-4 Units & Condo Max LTV/CLTV:** 75% Purchase | 70% Refinance
- **Housing History 0x60x12 Max LTV/CLTV:** 70% Purchase | 65% Any Refinance
- **BK/FC/SS/DIL/Mod ≥ 24 Mo Max LTV/CLTV:** 75% Purchase | 70% Any Refinance
- **Interest-Only Restriction:** Max LTV/CLTV: 75% Purchase or Rate/Term, 70% Cash-Out, Min FICO 680 & Min Loan Amount $200,000
- **Unleased Properties:** All long-term rental refinances: A vacant or unleased property is allowed subject to max LTV/CLTV of 70%. Not applicable for short-term rentals.
- **Declining Market:** Maximum LTV/CLTV is limited to 75% for Purchases and 70% for all refinances and the max loan amount is limited to $2,000,000. If either or both of the following apply:
  - The appraisal report identifies the property as a declining market;
  - The subject property is in a state of NJ

* See Foreign National requirements below

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: A borrower that does not meet the Experienced Investor criteria. First Time Investors
	  ○ Min FICO 680 | Max LTV 75%
	  ○ No mortgage late payments during the past 36 Mo | ≥ 36 Mo from any credit event | Cash-out not eligible

Income Requirement

Long-Term Rental Documentation and DSCR Calculation	▪ **Purchase Transactions:**
	  ○ Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents.
	  ○ If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.
	  ○ A vacant or unleased property is allowed without LTV restriction.
	
	▪ **Refinance Transactions:**
	  ○ Required documentation:
	    ▪ FNMA Form 1007 or 1025 reflecting long-term market rents, and lease agreement.
	    ▪ If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following:
	      • Max LTV/CLTV: 70%
	  ○ Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows:
	    ▪ If using the lower of the actual lease amount or estimated market rent, nothing further is required.
	    ▪ If using a higher actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%.
	    ▪ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%
	  ○ A vacant or unleased property is allowed subject to the following: Max LTV/CLTV 70%.
	
	▪ **DSCR Calculation:**
	  ○ Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios.
	  ○ Gross rents divided by PITIA = DSCR

Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation	**Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.** **Short-Term Rental Income – Purchase and Refinance Transactions:** - LTV/CLTV is lesser of 75% for a purchase and 70% for a refinance, or the LTV/CLTV based upon the DSCR/FICO/Loan balance. (Excludes Condo Hotel projects) - DSCR Calculation: - Monthly gross rents based upon a 12-month average to account for seasonality required. - Gross rents reduced by 20% to reflect extraordinary costs (i.e., advertising, furnishings, cleaning) associated with operating short-term rental property compared to non-short term property. If the rental documentation referenced below includes expenses, actual expenses should be compared to the 20% expense factor. If actual expenses are less than 20%, a minimum 20% expense factor is required to be utilized. If actual expense exceeds 20%, the actual expense factor should be used. (Gross Rents * .80) divided by PITIA = DSCR. - When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR. - Any of the following methods may be used to determine gross monthly rental income: - A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents. - The most recent 12-month rental history statement from the 3rd party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees. - The most recent 12-month bank statements from the borrower evidencing short-term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits. - AIRDNA Rentalizer and Overview reports, accessed using the Explore Short-Term Rental data, must meet the following requirements: - Rentalizer (Property Earning Potential) - Only allowed for purchase transaction - Gross rents equal the revenue projection from the Rentalizer Report less the 20% extraordinary expense factor - Forecast period must cover 12 months from the Note date The occupancy rate must be > 60% - Maximum occupancy limited to 2 individuals per bedroom - Must have five (5) comparable properties, all within the same ZIP code - Must be similar in size, room count, amenities, availability, and occupancy - Overview Report (Evaluate a Market) - Market score or ==Sub-Market score== by zip code - Market score or ==Sub-Market score== must be 60 or greater

General Requirements

DTI	▪ NA
Occupancy	▪ Investment

Product Type

Product	Term	Amortization Term	I/O Term	Qualifying Rate
40-Yr Fixed	40 yr	40 yr	NA	Note Rate
40-Yr Fixed IO	40 yr	30 yr	10 yr	
30-Yr Fixed	30 yr	30 yr	NA	
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	
7/6 ARM IO-40Yr Term	40 yr	30 yr	10 yr	
5/6 ARM	30 yr	30 yr	NA	
5/6 ARM IO	30 yr	20 yr	10 yr	
5/6 ARM IO-40Yr Term	40 yr	30 yr	10 yr	

Loan Purpose	▪ Purchase ▪ Rate/Term ▪ Cash-Out

Loan Amount	▪ Min: $100,000
	▪ Max: $2,500,000
	▪ Loan Amount < $150,000 Max LTV/CLTV
	  ○ Purchase: 70%
	  ○ Any Refinance: 65% (Min DSCR 1.25)

Cash-Out	▪ **Max Cash-Out**
	  ○ CLTV ≥ 65%: $500,000
	  ○ CLTV < 65%: $1,000,000
	  ○ Total equity withdrawn can't exceed above limits
	  ○ Cash-out not allowed for first time investor
	
	▪ **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.
	
	▪ **2-4 Units & Condo Max LTV/CLTV:** Cash-out: 70%

Property Type	▪ Single Family ▪ 2-4 Units[1] ▪ Condo[1] [1]Max LTV/CLTV: Purchase 75%, Refinance 70%
Acreage	▪ Property up to 2-acres, not meeting the rural definition, eligible
Rural Property	▪ Not eligible

State Restrictions	- Maximum LTV/CLTV is limited to 75% for Purchases and 70% for all refinances and the max loan amount is limited to $2,000,000. If either or both of the following apply: - The appraisal report identifies the property as a declining market; The subject property is in a state of NJ - Florida Condominiums: - Up to 7 Stories. No High Rise Condo (8+) - A structural inspection is required if the project is greater than 5 stories and over 30 years old or 25 years old if within 3 miles of the coast. - Projects with an unacceptable or no inspection are not eligible.
Appraisals	- FNMA Form 1004, 1025, 1073 with interior/exterior inspection - Appraisal review product required unless 2nd appraisal obtained 2nd Appraisal required for loans > $2,000,000 - Transferred Appraisal are acceptable
Unleased Properties	All refinances: Eligibility (LTV) must use the DSCR < 1.00 matrix for all properties with any unleased (vacant) units. Pricing is based upon the DSCR from the gross rents on the 1007. Not applicable for short-term rentals
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
Interest-Only Restriction	- Min FICO: 680 - Max LTV/CLTV: 75% Purchase or Rate/Term, 70% Cash-Out - Min Loan Amount: $200,000
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
Housing History	1x30x12: No LTV/CLTV reduction 0x60x12 Max LTV/CLTV: Purchase 70% & Refinance 65%
Housing Event Seasoning	- BK/FC/SS/DIL/Mod ≥ 36 Mo (No reduction) ≥ 24 Mo Max LTV/CLTV: Purchase 75% & Any Refinance 70%
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: Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated within 12 months of the note date of the subject transaction will be treated as a 0x90x12 and not eligible for this program.

Reserves	• 2 months of PITIA • Loan Amount > $1.5M: 6-months of PITIA • Cash out may be used to satisfy requirement
Assets Requirements	• Asset documentation of at least one month required
Interested Party Contribution (IPC)	• May not exceed 3%
Gift Funds	• Allowed after min 10% borrower contribution

Foreign National*

FICO	Loan Amt	Max CLTV			
		DSCR ≥ 1.00		DSCR < 1.00	
		Purchase	R/T & Cash-Out	Purchase	R/T & Cash-Out
680+ or Foreign Credit	≤ 1M	75%	65%	65%	60%
	≤ 1.5M	70%	60%	65%	NA

- **2-4 Units & Condo Max LTV/CLTV: 70% Purchase I 65% Refinance**
- **Interest-Only Restriction:** Min FICO 660 & Min Loan Amount $200,000

Loan Amount	• Min: $150,000 • Max: $1,500,000
Property Type	• Single Family • 2-4 Units[1] • Condo[1] • [1]Max LTV/CLTV: 70% Purchase and 65% Refinance

Cash-Out	• **Max Cash-Out**
	  o CLTV > 50%: $300,000
	  o CLTV ≤ 50%: $500,000
	  o Total equity withdrawn can't exceed above limits
	  o Cash-out not allowed for first time investor

Housing History	• Primary housing payment is not required, only required on Subject. Refinance transactions require the most recent 12-month housing history for the subject property.
Housing Event Seasoning	• BK/FC/SS/DIL/Mod: ≥ 36 Mo
Reserves	• 6 months of PITIA
Gift Funds	• Not Allowed

Borrower Eligibility	▪ Must meet all of the following:
	 o Copy of Unexpired Passport with photo
	 o A list of nonimmigrant Visa types is located on the U.S. Department of State web site https://travel.state.gov/content/travel/en/us-visas/visa-information-resources/all-visa-categories.html
	 o Borrowers from OFAC sanctioned countries are ineligible http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs/aspx
	 o Florida Purchases: Loans secured by property located in the state of Florida made to foreign principals, persons, and entities are to include one of the following Affidavits published by the Florida Land Title Association:
	  ▪ Conveyances to Foreign Entities – By Individual Buyer
	  ▪ Conveyances to Foreign Entities – By Entity Buyer

Credit/Tradeline	▪ U.S. Qualifying Credit o If borrower has a valid SSN or ITIN, US credit report may be used. o Middle of 3 scores or lower of 2 and standard tradeline requirement must be met. o Min score 680
Foreign Residency	▪ A foreign national borrower must evidence their primary residence for the country issuing their Passport. Foreign National borrowers may not occupy the subject property as a primary residence. o A complete loan application (Form 1003) is required on all loan files reflecting the borrowers address for their primary residence in their country of origin. o The application must include the borrower's full legal name, phone number, address including flat, floor, unit or house number, street name, city, province/state along with a postal code. o Borrower to provide a third-party document with an address that matches the primary residence on the application (e.g., lease agreement, utility bill, financial statement). o Borrower to provide a third-party document with an address that matches the primary residence on the application (e.g., lease agreement, utility bill, financial statement).
ACH (Automatic Payment Authorization)	▪ Automatic Payment Authorization (ACH) Form is required for all foreign national borrowers. Funds must be from a U.S. Bank. The executed (ACH) enrollment form must be included in the closed loan submission package. The (ACH) enrollment form must include the bank routing number, account number, and account type. Borrowers may select a date within the grace period stated on the Note.
POA (Power of Attorney)	▪ Not Allowed