

DSCR Plus

Program Codes: DSCR PLUS-30 & 7/6 A

FICO	Loan Size	DSCR ≥ 1			DSCR ≥ 0.75			No Ratio DSCR		
		Purchase	R/T	Cash Out	Purchase	R/T	Cash Out	Purchase	R/T	Cash Out
740+	≤ 1,000,000	75%	75%	70%	75%	75%	70%	65%	65%	60%
	1,000,001 - 1,500,000	75%	75%	70%	70%	70%	65%	65%	65%	60%
	1,500,001 - 2,000,000	75%	75%	60%	65%	65%	NA	NA	NA	NA
720 - 739	≤ 1,000,000	75%	75%	70%	75%	75%	70%	65%	65%	60%
	1,000,001 - 1,500,000	75%	75%	70%	70%	70%	65%	65%	65%	60%
	1,500,001 - 2,000,000	75%	75%	60%	65%	65%	NA	NA	NA	NA
700 - 719	≤ 1,000,000	75%	75%	70%	75%	75%	65%	65%	65%	60%
	1,000,001 - 1,500,000	75%	75%	70%	70%	70%	65%	65%	65%	60%
	1,500,001 - 2,000,000	70%	70%	60%	65%	65%	NA	NA	NA	NA
680 - 699	≤ 1,000,000	75%	75%	65%	65%	65%	60%	NA	NA	NA
	1,000,001 - 1,500,000	70%	70%	60%	NA	NA	NA			
	1,500,001 - 2,000,000	65%	65%	NA						
660 - 679	≤ 1,000,000	70%	70%	65%	NA	NA	NA	NA	NA	NA
	1,000,001 - 1,500,000	65%	65%	60%						
	1,500,001 - 2,000,000	60%	60%	NA						

General Requirements

DTI	NA
Product Type	30-Yr Fixed, 7/6 ARM
Loan Amount	Min: \$125,000 Max: \$2,000,000
Loan Purpose	<ul style="list-style-type: none"> ▪ Purchase <ul style="list-style-type: none"> - Sellers must have owned the property more than 6 months. ▪ Rate/Term <ul style="list-style-type: none"> - A Rate / Term Refinance transaction is when the new loan amount is limited to the payoff of a present seasoned twelve (12) months or used as purchase money mortgage first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaids, or a court ordered buyout settlement - A seasoned non-first lien mortgage is (1) a purchase money mortgage or (2) a closed end or HELOC mortgage that has been in place for more than twelve (12) months and/or not having any draws greater than \$2,000 in the past twelve (12) months - If the property is owned less than six (6) months at the time of application, the LTV / CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior settlement statement will be required for proof of purchase price. Proof of improvements is required - There is no waiting period if the lender documents that the Borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership). If the Borrower acquired the property at any time as a gift, award, inheritance or other non-purchase transaction, the LTV will be based on the current appraised value. The lender must obtain appropriate documentation to verify the acquisition and transfer of ownership - Properties listed for sale by the Borrower within the last six (6) months are not eligible - Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance ▪ Cash Out <ul style="list-style-type: none"> - Borrower must have owned the subject property 12+ months using date of original acquisition and subject loan note date for timing - Properties listed for sale by the Borrower within the last twelve (12) months are not eligible - Cash out is for business purposes only and the borrower must provide an LOE detailing the purpose and use of the proceeds - Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance - Borrower must sign both the Business Purpose and Occupancy Affidavit and Occupancy Certification
Max Cash-Out Limit	<ul style="list-style-type: none"> ▪ LTV > 60%: Max Cash-out \$500,000 ▪ LTV ≤ 60%: Unlimited Cash-out
Occupancy	Investment <ul style="list-style-type: none"> ▪ Occupancy designation for an income producing property where the Borrower does not occupy the Subject property ▪ Rural properties not permitted
Property Type	Single Family Attached Detached *2-4 Units *Condo *Non-Warrantable Condo * Max LTV 75%
Rural Property	Not eligible
Appraisals	<ul style="list-style-type: none"> ▪ FNMA Form 1004, 1025, 1073 with interior / exterior inspection. ▪ Form 1007 Schedule of Rents is required for all Non-Owner-Occupied loans ▪ Appraisals with condition or quality ratings of C5 or C6 not allowed. ▪ 2nd Appraisal required for loans > \$1,500,000 or HPML flip transactions as defined by the CFPB. ▪ Appraisals are good for one hundred twenty (120) days.
Appraisal Review	<ul style="list-style-type: none"> ▪ Collateral Underwriter (CU) as a secondary valuation if the score is ≤ 2.5. ▪ CDA if the score is > 2.5
Escrow Impound	Mandatory Impound
State Restrictions	FL Condo: Upto 7 Stories. No High Rise Condo (8+)
Prepayment Penalty (Investment Property Only)	<ul style="list-style-type: none"> ▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period.
Document Age	Ninety (90) days prior to the note date

Underwriting Requirements

Credit Score	Middle of 3 scores or lower of 2
Tradelines	<ul style="list-style-type: none"> ▪ Each Borrower's credit profile must include a minimum of two (2) trade lines within the last twenty-four (24) months that show a twelve (12) month history, or a combined credit profile between Borrower and co-Borrower with a minimum of three (3) tradelines ▪ Eligible tradeline cannot have any derogatory history in previous twenty-four (24) months
Housing History	0x30x12 (for subject property and borrower primary only)
Housing Event Seasoning	BK/FC/SS/DIL/Mod/NOD ≥ 36 Mo
Reserves	<ul style="list-style-type: none"> ▪ Loan Amt ≤ 500,000: 3 Months ▪ Loan Amt > 500,000: 6 Months ▪ Cash out may be used to satisfy requirement ▪ No requirement for additional reserves for other financed properties, Subject Property reserves only ▪ Must be own fund

Assets Requirements	<ul style="list-style-type: none"> 1 month bank statement <u>or</u> VOD with 30 day average Any large deposit must be sourced
Asset Source	<ul style="list-style-type: none"> Eligible <ul style="list-style-type: none"> Business accounts may only be used to meet down payment and/or reserve requirements if the Borrower(s) are 100% owners of the business and requires A letter from the accountant for business Publicly traded Stocks / Bonds / Mutual Funds – 100% may be used for reserves Vested Retirement Accounts – 100% may be considered for reserves Bitcoin or other forms of cryptocurrency are permitted for both funds to close and reserves provided the cryptocurrency has been converted or liquidated to cash. Seasoning requirements not applicable given liquidation Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves Foreign assets are acceptable and must be sixty (60) days seasoned with two (2) most recent bank statements. A currency calculation must be provided 1031 administrator / agent or permitted for down payment and closing costs Ineligible <ul style="list-style-type: none"> Assets being used for dividend and interest income may not be used to meet reserve requirements Gift of Equity is not allowed Rent credits not permitted Restricted stock is ineligible for to be used for reserves Sale of Personal Assets Employer assistance
Gift Funds	<ul style="list-style-type: none"> Gift funds cannot be counted towards reserves Purchase transactions only LTV ≤ 75%: 100% gift allowed LTV > 75%: Min contribution 5%
Income	<ul style="list-style-type: none"> A Debt Service Coverage Ratio (DSCR) ratio is required. DSCR = Gross Rental Income/ PITIA DSCR loans will be qualified at original Note Rate, regardless of ARM or Fixed Use lower of Estimated market rent from 1007 or executed lease agreement if provided. If executed lease agreement reflects a higher monthly rent than Appraisal, it may be used in the calculation with sufficient evidence of receipt. Three (3) most recent, consecutive months should be provided Short Term Rental Income/AirBnB Income not eligible Vacant properties not eligible for Refinance Any loan where Cash-Out proceeds would be utilized for personal use will not be eligible.
Insurance	<ul style="list-style-type: none"> Rent loss insurance for the subject property is required and must equal at least six (6) months of local average monthly rents Blanket policies covering the subject property are permitted
Continuity Obligation	<ul style="list-style-type: none"> Continuity of obligation occurs on a refinance transaction when at least one of the Borrower(s) (or members of the LLC) on the existing mortgage is also a Borrower / LLC on the new refinance transaction secured by the subject property When an existing Mortgage will be satisfied as a result of a refinance <ul style="list-style-type: none"> At least one Borrower on the refinance mortgage held title to for the most recent six (6) month period and the mortgage file contains documentation evidencing that the Borrower has been making timely mortgage payments, including the payments for any secondary financing, for the most recent six (6) month period At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation, or dissolution of a domestic partnership
Subordinate Financing	<ul style="list-style-type: none"> New subordinate financing (institutional) allowed for purchase transactions only Primary residences only If a HELOC is present the LTV / CLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the line amount of the HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property's sales price or appraised value All subordinate loan obligations must be considered, verified, and considered when calculating the Borrower's DTI If the subordinate financing is a HELOC secured by the subject property, monthly payments equal to the minimum payment required under the HELOC terms considering all draws made on or before closing of the subject transaction Existing subordination is permitted on refinances
Flip Transactions	<p>When the subject property is being resold within three hundred sixty-five (365) days of its acquisition by the seller and the sales price has increased more than ten (10%), the transaction is considered a "flip". To determine the three hundred sixty-five (365) day period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) should be used</p> <ul style="list-style-type: none"> must be arm's length (the property was marketed openly and fairly through a multiple listing service) with no identity of interest between the buyer and property seller or other parties participating in the sales transaction No pattern of previous flipping activity may exist in the last twelve (12) months. <ul style="list-style-type: none"> Exclude transaction: ownership transfers may include sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan Second Appraisal Required <ul style="list-style-type: none"> Greater than ten (10%) increase in sales price if seller acquired the property in the past ninety (90) days Greater than twenty (20%) increase in sales price if seller acquired the property in the past one hundred eighty (180) days
Delayed Financing	Allowed
Interested Party Contribution	<ul style="list-style-type: none"> LTV/CLTV = 80%: 3% LTV/CLTV < 80%: 6%
Ineligible Transactions	<ul style="list-style-type: none"> Construction Loans Temporary Buydowns Builder Bailout & Model leasebacks Rent Credits Non-Arm's Length Conversion Loans Lease Option
Borrower Eligibility	<ul style="list-style-type: none"> Experienced Investor: Borrower must have at least twelve (12) months of experience managing income-producing real estate First Time Home Buyer not allowed
Non Permanent Resident Alien	<ul style="list-style-type: none"> Cash-out not allowed VISA Allowed: (E-1, E-2, E-3, EB-5, G-1 through G-5, H-1B, L-1, NATO, O-1, R-1, TN (NAFTA) R-1. Copy of unexpired passport and visa required
Ineligible Borrower	<ul style="list-style-type: none"> Borrowers with diplomatic immunity Non Occupant Co-Borrower Self-employed Borrower deriving their income from any Cannabis related business Borrower(s) with residence of any country not permitted to conduct business with US Companies as determined by US government authority Irrevocable or Blind Trusts DACA & asylum applicants Land Trusts ITIN Borrower
Ineligible Property Type	<ul style="list-style-type: none"> Manufactured Homes Log Homes Condotels Living/Work Condos Working Farm Zonining violation Mixed Use Boarding Houses Unique Properties/Geodesic Domes Assisted Living Continuing Care Facilities Properties Under Construction
Power of Attorney	<ul style="list-style-type: none"> Limited Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial 1003 is signed by the Borrower executing the POA Not permitted on Cash-Out transactions
Student Loan	Student loan payments must be included regardless of deferment or repayment in the DTI ratio. If a payment amount is not identified, 1% of the current loan balance may be utilized
Solar Lease	<ul style="list-style-type: none"> Must conform to FNMA guidelines PACE loans (or any similar loans with payments that are included in property taxes or take lien priority) are not eligible
Payoff Debt To Qualify	<p>Installment and revolving debt paid at closing may be excluded from the debt-to-income ratio with i. a credit supplement, ii. Verification from the creditor liability as paid in full or iii. Evidence of payoff on Closing Disclosure</p>
Debts Paid By Others / Contingent Liabilities	<ul style="list-style-type: none"> Contingent liabilities can be excluded from DTI if the Borrower provides evidence that their business or another individual / entity has made payments for twelve (12) months (0x30). Any liability related to a separation or divorce can be omitted if ordered by family court. Excludable if can be tied to business related activities (i.e., – vehicle) and twelve (12) months (0x30) proof that business pays. Expense must be evident on business financials. Cannot exclude mortgage debt
Maximum Financed Properties	The maximum number of financed properties to any one Borrower is limited to twenty (20) residential properties