

# DSCR - Debt Service Coverage Ratio

Program Codes: DSCR -40, 30, 15, 7/6, 30 IO, 40 IO

Single Investment Property					
FICO	Loan Amount	DSCR ≥ 1.00		DSCR < 1.00	
		Max LTV/CLTV		Max LTV/CLTV	
		Purchase	R/T & Cash-Out	Purchase	R/T & Cash-Out
700-719	≤\$1,000,000	80%	75%	75%	70%
	\$1,000,001-1,500,000	75%	70%	70%	65%
	\$1,500,001 - \$2,000,000	70%	65%	65%	60%
	\$2,000,001 - \$2,500,000	70%	NA	60%	NA
660-699	≤\$1,500,000	75%	70%	70%	65%
	\$1,500,001 - \$2,000,000	70%	65%	65%	60%
	\$2,000,001-\$2,500,000	65%	NA	60%	NA
620-659	≤\$1,000,000	70%	65%	NA	
	\$1,000,001 - \$2,000,000	65%	NA		
	\$2,000,001-\$2,500,000	60%	NA		
Borrower Eligibility					
Investor Experience	<ul style="list-style-type: none"> <li>▪ Experienced Investor: Borrower must have a history of owning and managing commercial or residential real estate for at least 1 year in last 3</li> <li>▪ First Time Investor: A borrower that does not meet the Experienced Investor criteria. First Time Investors must have owned a property for twelve (12)                             <ul style="list-style-type: none"> <li>- Min FICO 680   Max LTV 75%</li> <li>- No mortgage late payments during the past 36 Mo   ≥ 36 Mo from any credit event   Cash-out not eligible</li> </ul> </li> </ul>				
Income Requirement					
Income	<ul style="list-style-type: none"> <li>▪ Purchase Transactions:                             <ul style="list-style-type: none"> <li>- Rents determined by FNMA Form 1007 or 1025 reflecting long term market rents. If subject property currently tenant occupied, the 1007 or 1025 must include the current monthly rent.</li> <li>- Vacant or unleased properties are allowed.</li> </ul> </li> <li>▪ Refinance Transactions:                             <ul style="list-style-type: none"> <li>- Rents determined by FNMA Form 1007 or 1025 reflecting market rents; and</li> <li>- Lease agreement, if lease converted month to month, then provide most recent two (2) months proof of receipt.</li> <li>- Vacant or unleased properties are allowed, and the maximum LTV allowed is reduced by 5%.</li> </ul> </li> <li>▪ DSCR Calculation:                             <ul style="list-style-type: none"> <li>- 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.</li> <li>- Gross rents divided by PITIA = DSCR</li> </ul> </li> </ul>				
General Requirements					
Product Type	40-Yr Fixed, 30-Yr Fixed, 15-Yr Fixed, 7/6 ARM, 30-Yr I/O, 40-Yr I/O				
Loan Amount	Min: \$100,000   Max: \$2,500,000				
Loan Purpose	Purchase, Rate/Term, and Cash Out				
Occupancy	Investment				
Property Type	Single Family   Attached   Detached (No restrictions) 2-4 Units & Condo Max LTV/CLTV <ul style="list-style-type: none"> <li>▪ Purchase &amp; R/T: 75%</li> <li>▪ Cash-out: 70%</li> </ul>				
Acreage	Property up to 2-acres, not meeting the rural definition, eligible				
Rural Property	Not Eligible				
Cash-Out	Max Cash-Out (Max LTV 70% for NJ) (2-4 Units, Condos Max LTV: 70%) <ul style="list-style-type: none"> <li>▪ LTV ≥ 65%: \$500,000</li> <li>▪ LTV &lt; 65%: \$1,000,000</li> <li>▪ Total equity withdrawn can't exceed above limits</li> <li>▪ Cash-out not allowed for first time investor</li> </ul>				
Cash-Out Seasoning	<ul style="list-style-type: none"> <li>▪ For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value.</li> <li>▪ 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.</li> </ul>				
Appraisals	<ul style="list-style-type: none"> <li>▪ FNMA Form 1004, 1025, 1073 with interior / exterior inspection.</li> <li>▪ Appraisal review product required unless 2nd appraisal obtained.</li> <li>▪ 2nd Appraisal required for loans &gt; \$2,000,000.</li> <li>▪ Transferred Appraisal are acceptable</li> </ul>				
Unleased Properties	All refinances: A 5% LTV reduction is required for all properties with any unleased (vacant) units.				
Escrow Impound	Taxes and insurance escrows				
State/CBSA Restrictions	<ul style="list-style-type: none"> <li>▪ Property in State or CBSA in the link below is subject to max loan amount \$2,000,000 and 5% LTV reduction to all transactions (<a href="#">Click to see list of zip code</a>)</li> <li>▪ FL Condo: Upto 7 Stories. No High Rise Condo (8+)</li> </ul>				
Loan Amount < \$150K	Max LTV/CLTV: Purchase: 70%   Any Refinance: 65% (Min DSCR 1.50)				
Interest-Only Restriction	Min FICO: 660 Max LTV/CLTV: 80% Min Loan Amount: \$200,000 Fixed term only				
Underwriting Requirements					
Housing History	<ul style="list-style-type: none"> <li>▪ 1x30x12 (No reduction)</li> <li>▪ 0x60x12 Max LTV: Purchase: 70%   Any Refinance: 65%</li> </ul>				
Forbearance, Modification, and Deferrals	<ul style="list-style-type: none"> <li>▪ Forebearance and Deferrals are considered under housing payment history.</li> <li>▪ 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.</li> <li>▪ Within 12 months of note date: Forebearance, 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.</li> </ul>				
Housing Event Seasoning	BK/FC/SS/DIL/Mod <ul style="list-style-type: none"> <li>▪ ≥ 36 Mo (No reduction)</li> <li>▪ ≥ 24 Mo Max LTV: Purchase: 75%   Any Refinance: 70%</li> </ul>				
Credit Score	<ul style="list-style-type: none"> <li>▪ Middle of 3 scores or lower of 2</li> <li>▪ Use lowest decision score amongst all borrowers</li> </ul>				
DTI	NA				
Assets Requirements	Asset documentation of at least one month required				
Reserves	<ul style="list-style-type: none"> <li>▪ 2 months of PITIA</li> <li>▪ Loan Amount &gt; \$1.5M: 6-months of PITIA</li> <li>▪ Cash out may be used to satisfy requirement</li> </ul>				
Gift Funds	Allowed after min 10% borrower contribution				
Document Age	90-days				
Tradelines	Min: 2 reporting 24-months w/ activity in last 12-months or 3 reporting 12-months w/ recent activity				
Prepayment Penalty	<ul style="list-style-type: none"> <li>▪ Prepayment periods up to 5-years eligible, see rate sheet</li> <li>▪ Penalties not allowed on loans vested to individuals in NJ</li> </ul> <p><b>Acceptable Structures included the following:</b></p> <ul style="list-style-type: none"> <li>▪ 5% fixed up to 5-years (Must be paid as scheduled. Additional payment not allowed)</li> <li>▪ Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period.</li> </ul>				