

# DSCR Multi - Debt Service Coverage Ratio

## (5-8 Residential Units or 2-8 Mixed Use)

**Program Codes: DSCRM -30, -15, 7/6, 30 IO**

Single Investment Property			
FICO	Loan Amount	DSCR ≥ 1.00	
		Max LTV/CLTV	
		Purchase	R/T & Cash-Out
700+	≤ \$1,500,000	75%	70%
	\$1,500,001 - \$2,000,000	70%	65%
660-699	≤ \$1,500,000	70%	65%
	\$1,500,001 - \$2,000,000	65%	60%
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 years.</li> <li>First Time Investor: Not eligible</li> </ul>		
Income Requirement			
Income	<ul style="list-style-type: none"> <li>Leased - Use lower of Estimated market rent or lease agreement.</li> <li>Short-Term Rental Income not eligible</li> <li>Vacant Unit(s) - Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties. Max: 2 vacancies on 4+ Units.</li> <li>Reduce qualifying rents by any management fee reflected on appraisal report.</li> <li>2-8 Mixed Use - Income from commercial space must not exceed 49% of the total property income</li> </ul>		
DSCR	<ul style="list-style-type: none"> <li>Minimum DSCR ≥ 1.00</li> <li>DSCR = Eligible monthly rent / PITIA (Loans with an interest only feature may use the ITIA payment).</li> <li>Loan amounts ≥ \$2,000,000 require DSCR ≥ 1.00 and Debt Yield of 9% or greater (Net operating income / Loan amount = 9% or greater)</li> <li>Reduce qualifying rents by any management fee reflected on appraisal report.</li> </ul>		
General Requirements			
Product Type	30-Yr Fixed, 15-Yr Fixed, 7/6 ARM, 30-Yr I/O		
Loan Amount	Min: \$400,000   Max: \$2,000,000		
Loan Purpose	Purchase, Rate/Term, and Cash Out		
Occupancy	Investment		
Property Type	Residential 5-8 Units Mixed use 2-8 Units (Residential with Retail/Office) <ul style="list-style-type: none"> <li>2-3 Units: Max 1 commercial Unit</li> <li>4-5 Units: Max 2 commercial Units</li> <li>6-8 Units: Max 3 commercial Units</li> <li>Commercial space must not exceed 49% of the total building area</li> </ul>		
Acreage	Property up to 2-acres, not meeting the rural definition, eligible		
Rural Property	Not Eligible		
Unleased Units	<ul style="list-style-type: none"> <li>Maximum: 1 vacant unit on 2-3 unit property.</li> <li>Maximum: 2 vacancies on 4+ units.</li> </ul>		
Cash-Out	Max cash-in-hand \$1,000,000		
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>5-8 Residential                             <ul style="list-style-type: none"> <li>FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or</li> <li>Narrative report can be utilized but not required.</li> </ul> </li> <li>2-8 Mixed Use                             <ul style="list-style-type: none"> <li>General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic a la mode)</li> </ul> </li> <li>The following attachments required for 5-8 Residential and 2-8 Mixed Use appraisal reports:                             <ul style="list-style-type: none"> <li>Rent Roll</li> <li>Income and Expense Statement</li> <li>Photos of subject including exterior/interior and street scene</li> <li>Aerial photo</li> <li>Sketch or floor plan of typical units</li> <li>Map</li> <li>Plot plan or survey</li> <li>Appraiser qualifications</li> </ul> </li> <li>Review Product - A commercial BPO required for all loans.</li> </ul>		
Property Condition	<ul style="list-style-type: none"> <li>No fair or poor ratings</li> <li>No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat)</li> <li>No health or safety issues (As noted by appraiser, i.e., broken windows, stairs)</li> <li>No excessive deferred maintenance that could become a health or safety issue for tenants</li> <li>No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)</li> </ul>		
Mixed Use	Commercial use limited to retail or office space. Residential/Commercial zoning acceptable.		
Escrow Impound	Mandatory		
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%		
Interest-Only Restriction	Min FICO: 660 Max LTV/CLTV: 80% Min Loan Amount: \$200,000 Fixed 30yr I/O only (10yr I/O + 20yr amortization)		
Underwriting Requirements			
Housing History	<ul style="list-style-type: none"> <li>0x30x24</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: 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.</li> </ul>		
Housing Event Seasoning	BK/FC/SS/DIL/Mod <ul style="list-style-type: none"> <li>≥ 24 Mo - Any event</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>6 months of PITIA</li> <li>Loan Amount &gt; \$1.5M: 9-months of PITIA</li> <li>Loan Amount &gt; \$2.0M: 12-months of PITIA</li> <li>Cash out may be used to satisfy requirement</li> </ul>		
Gift Funds	Not Eligible		
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>Acceptable structures: 5% fixed up to 5-years (Must be paid as scheduled. Additional payment not allowed)</li> <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>		