

# 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   | <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><li>First Time Home Buyer: 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></ul> |             |                   |          |                                      |
| DSCR Calculation  | <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>Reduce qualifying rents by any management fee reflected on appraisal report</li><li>DSCR loans will be qualified at original Note Rate, regardless of ARM or Fixed</li></ul>                |             |                   |          |                                      |
| General Requirements  |   |             |                   |          |                                      |
| DTI   | <ul style="list-style-type: none"><li>NA</li></ul>  |             |                   |          |                                      |
| Occupancy   | <ul style="list-style-type: none"><li>Investment</li></ul>  |             |                   |          |                                      |
| Product Type  | Product   | Term        | Amortization Term | I/O Term | Qualifying Rate                      |
| *Interest Only:<br>Amortization term used for Qualification | 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  | <ul style="list-style-type: none"><li>Purchase</li><li>Rate/Term</li><li>Cash-Out</li></ul>   |             |                   |          |                                      |

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| <b>Loan Amount</b>                     | <ul style="list-style-type: none"> <li>Min: \$400,000</li> <li>Max: \$2,000,000</li> </ul>  |
| <b>Cash-Out</b>                        | <ul style="list-style-type: none"> <li><b>Max Cash-Out:</b> \$1,000,000</li> <li><b>Cash-Out Seasoning</b> <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> </li> </ul>  |
| <b>Property Type</b>                   | <ul style="list-style-type: none"> <li>Residential 5-8 Units <ul style="list-style-type: none"> <li>Min 400 sq. ft per individual unit</li> <li>Must be improved real property</li> <li>Must be accessible and available for year-round residential use</li> <li>Must contain a full kitchen and a bathroom</li> <li>Represent the highest and best use of the property</li> <li>No fair or poor ratings</li> <li>No environmental issues (i.e. Storage of use of Hazardous Materials)</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> </li> </ul> |
| <b>Acreage</b>                         | <ul style="list-style-type: none"> <li>Property up to 2-acres, not meeting the rural definition, eligible</li> </ul>  |
| <b>Rural Property</b>                  | <ul style="list-style-type: none"> <li>Not eligible</li> </ul>  |
| <b>Appraisals</b>                      | <ul style="list-style-type: none"> <li>FHLMC 71A, <b>FHLMC 71B</b>, FNMA 1050</li> <li>Narrative report can be utilized but not required.</li> <li>The following attachments required: <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>Appraiser qualifications</li> </ul> </li> <li>Review Product – A commercial BPO required for all loans.</li> </ul>   |
| <b>Unleased Properties</b>             | <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>   |
| <b>Escrow Impound</b>                  | <ul style="list-style-type: none"> <li>Taxes and insurance escrows required</li> </ul>  |
| <b>Prepayment Penalty</b>              | <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> <li>Prepayment not allowed on MD</li> <li>5% fixed up to 5-years (Must be paid as scheduled. Additional payment not allowed)</li> </ul>   |
| <b>Document Age</b>                    | <ul style="list-style-type: none"> <li>Ninety (90) days prior to the note date</li> </ul>   |
| <b>General Underwriting Guidelines</b> |   |
| <b>Credit Score</b>                    | <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>   |

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| <b>Tradelines</b>                               | <ul style="list-style-type: none"> <li>Min: 2 reporting 24-months w/ activity in last 12-months or 3 reporting 12-months w/ recent activity</li> <li>If the borrower has three (3) credit scores, the minimum tradeline requirement is waived (All borrowers must be evaluated individually)</li> </ul>  |
| <b>Housing History</b>                          | <ul style="list-style-type: none"> <li>0x30x12</li> </ul>  |
| <b>Housing Event Seasoning</b>                  | <ul style="list-style-type: none"> <li>BK/FC/SS/DIL/Mod ≥ 36 Mo</li> </ul>   |
| <b>Forbearance, Modification, and Deferrals</b> | <ul style="list-style-type: none"> <li>Forbearance 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: Not Eligible</li> </ul> |
| <b>Reserves</b>                                 | <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 proceeds May NOT be used to satisfy requirement</li> </ul>   |
| <b>Assets Requirements</b>                      | <ul style="list-style-type: none"> <li>Asset documentation of at least one month required</li> </ul>   |
| <b>Gift Funds</b>                               | <ul style="list-style-type: none"> <li>Not Eligible</li> </ul>   |
| <b>State Restrictions</b>                       | <ul style="list-style-type: none"> <li>State Overlays for NJ and FL <ul style="list-style-type: none"> <li>Purchase Max LTV/CLTV 70%</li> <li>Refinance Max LTV/CLTV 65%</li> <li>Min Fico 720</li> </ul> </li> </ul>  |