DSCR Prime v2

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%
	≤ 3M	70%	65%	65%
	≤ 3.5M	70%	65%	NA
660-699	≤ 1M	75%	75%	70%
	≤ 1.5M	75%	70%	70%
	≤ 2M	70%	65%	65%
	≤ 2.5M	70%	65%	65%
	≤ 3M	65%	NA	NA
640-659	≤ 1M	75%	70%	NA
	≤ 1.5M	65%	65%	NA
	≤ 2M	65%	NA	NA
	≤ 3M	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
	≤ 3M	60%	NA	NA
680-699	≤ 1.5M	70%	65%	NA
	≤ 2M	65%	60%	NA
	≤ 3M	60%	NA	NA
660-679	≤ 1M	65%	NA	NA

- **Non-Permanent Resident MAX LTV 75%**
- **First Time Investor Min Fico 700**
- **Ineligible in Baltimore, Maryland**
- **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/PreFC/MC ≥ 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 ▪ **Rural max LTV/CLTV:** Purchase 75%, Refinance 70% ▪ **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 or FL
*** Foreign National see 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 700 ○ ≥ 36 Mo from any credit event ○ SFR; 2-4 Units & Condos ○ DSCR> 1.00 ○ Must own a primary residence ○ FTHB not allowed
Borrower Eligibility	▪ US Citizen ▪ Permanent Resident ▪ Non-Permanent Resident (MAX LTV 75%) ▪ Foreign National (See Foreign National Maxtrix/Guides Below)
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. Monthly gross rent is to be evaluated for each unit individually. ▪ 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%. ○ A vacant or unleased property is allowed without LTV restriction. ○ Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.

Long-Term Rental Documentation and DSCR Calculation (Cont.)	▪ **Refinance Transactions:** o Required documentation: ▪ Original appraisal report reflecting tenant-occupied ▪ FNMA Form 1007 or 1025 reflecting long-term market rents, ▪ Lease agreement o Leases that have converted to month-to-month are allowed. ▪ A vacant property as indicated on the appraisal is allowed subject to the following: o LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix. o Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025. Monthly gross rent is to be evaluated for each unit individually. ▪ 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%. o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR ▪ **DSCR Calculation:** o 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. o 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:** o 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. o 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.

Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation (Cont.)	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: ▪ Short-term rental (STR) analysis form or 1007/1025 may be used. The analysis must include the following: ○ Provide the source of the data used to complete the STR analysis. ○ Include comparable STR properties, focusing on room count, gross living area (GLA), location, and market appeal. ○ Include daily rental rate and occupancy percentage. ○ Factor seasonality and vacancy into the analysis. ○ Must be completed by a licensed appraiser. ▪ 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 Report) ○ 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 and dated 90-days within the Note date ○ Maximum occupancy limited to 2 individuals per bedroom ○ Must have three (3) comparable properties similar in size, room count, amenities, availability, and occupancy ○ Market Score or Sub-Market Score must be 60 or greater as reflected on the Property Earning Potential Report

<table>
<tr><th colspan="6">General Requirements</th></tr>
<tr><td>DTI</td><td colspan="5">▪ NA</td></tr>
<tr><td>Occupancy</td><td colspan="5">▪ Investment</td></tr>
<tr><td rowspan="11">Product Type</td><td>Product</td><td>Term</td><td>Amortization Term</td><td>I/O Term</td><td>Qualifying Rate</td></tr>
<tr><td>40-Yr Fixed</td><td>40 yr</td><td>40 yr</td><td>NA</td><td rowspan="4">Note Rate</td></tr>
<tr><td>40-Yr Fixed IO</td><td>40 yr</td><td>30 yr</td><td>10 yr</td></tr>
<tr><td>30-Yr Fixed</td><td>30 yr</td><td>30 yr</td><td>NA</td></tr>
<tr><td>30-Yr Fixed IO</td><td>30 yr</td><td>20 yr</td><td>10 yr</td></tr>
<tr><td>7/6 ARM</td><td>30 yr</td><td>30 yr</td><td>NA</td><td rowspan="6">Higher of Fully Indexed or Note Rate</td></tr>
<tr><td>7/6 ARM IO</td><td>30 yr</td><td>20 yr</td><td>10 yr</td></tr>
<tr><td>7/6 ARM IO-40Yr Term</td><td>40 yr</td><td>30 yr</td><td>10 yr</td></tr>
<tr><td>5/6 ARM</td><td>30 yr</td><td>30 yr</td><td>NA</td></tr>
<tr><td>5/6 ARM IO</td><td>30 yr</td><td>20 yr</td><td>10 yr</td></tr>
<tr><td>5/6 ARM IO-40Yr Term</td><td>40 yr</td><td>30 yr</td><td>10 yr</td></tr>
<tr><td>Loan Purpose</td><td colspan="5">▪ Purchase
▪ Rate/Term
▪ Cash-Out
▪ Non-Arm’s Length transactions are ineligible</td></tr>
<tr><td>Loan Amount</td><td colspan="5">▪ Min: $100,000
▪ Max: $3,500,000
▪ Loan Amount < $150,000 Max LTV/CLTV
○ Purchase: 70%
○ Any Refinance: 65%
○ Min DSCR 1.25</td></tr>
<tr><td>Cash-Out</td><td colspan="5">▪ Max Cash-Out
○ CLTV ≥ 65%: $500,000
○ CLTV < 65%: $1,000,000
○ Total equity withdrawn can't exceed above limits
▪ 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.
○ A prior cash-out transaction within the past six (6) months is ineligible for another cash-out
○ Refinance of a previous Cash-Out transaction seasoned less than one (1) year will be considered a Cash-Out refinance.</td></tr>
</table>

Property Type	▪ Single Family ▪ 2-4 Units[1] ▪ Condo[1] [1]Max LTV/CLTV: Purchase 75%, Refinance 70%
Acreage	▪ Property up to 5-acres
Rural Property	▪ **Rural max LTV/CLTV:** Purchase 75%, Refinance 70%
State Restrictions	▪ **Ineligible in Baltimore, MD** ▪ 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: o The appraisal report identifies the property as a declining market; o The subject property is in a state of NJ or FL ▪ Florida Condominiums: o Up to 7 Stories. No High Rise Condo (8+) o 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. o 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
Accessory Dwelling Units	▪ Eligible on 1-unit properties with up to 2 ADUs; 3+ ADUs not permitted ▪ Must be smaller than the primary dwelling ▪ Must be similar in quality to the primary dwelling ▪ Must have separate features from the primary dwelling for the following : means of ingress/egress, kitchen, sleeping area, bathroom facilities ▪ Kitchen must include cabinets, countertop, sink with running water, and stove ▪ ADU with access only through or open to primary dwelling is not eligible as an ADU ▪ Appraisal must describe ADU(s), address marketability, and include comparable(s) with same use / same number of ADUs ▪ Form 1025 required for 2 ADUs ▪ **OO / 2nd Home:** ADU income not eligible for qualifying ▪ Investment: rental income eligible per program requirements o LTR: lower of Form 1007/1025 market rent or actual rent o STR: per selected doc type requirements ▪ Rental Income on NOO may be used for the ADU subject to the following: o Appraisal report to reflect zoning compliance is legal or in compliance with zoning laws o Permits must be verified if required by jurisdiction o Appraisal report to include at least one comparable with the same number of ADU's as the subject property o Gross market rents must be itemized when there are two ADU's that generate rental income

Unleased Properties	▪ All long-term rental refinances: A vacant or unleased property is allowed subject to max LTV of 70%. Not applicable for short-term rentals, see short-term rental income section for specific criteria.
Escrow Impound	▪ Mandatory escrow for taxes and insurance will be required for below o HPLMs (5 Years) o Foreign National Loans ▪ Flood insurance escrows are required when the subject property is located in a Special Flood Hazard Area (SFHA)
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
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 ▪ If borrower has three (3) credit scores, the minimum tradeline requirement is waived.
Housing History	▪ 1x30x12: No LTV/CLTV reduction ▪ 0x60x12 Max LTV/CLTV: Purchase 70% & Refinance 65%
Credit Event Seasoning	▪ **BK/FC/SS/DIL/PreFC/MC** ▪ ≥ 36 Mo (No reduction) ▪ ≥ 24 Mo Max LTV/CLTV: Purchase 75% & Any Refinance 70% ▪ The seasoning period is measured from the date of discharge/ dismissal or property resolution (completion date) to the note date. ▪ In the case of a foreclosure which was included in a BK, the seasoning timeline will start from the earlier of the date of discharge of bankruptcy and the foreclosure completion date
Notice of Default	▪ Notice of Default will be considered 1x90x12 under housing history restrictions. ▪ If the borrower cured the default and has made 12 timely payments, they are eligible without any restrictions.
Forbearance, Modification, and Deferrals	▪ Forbearance, modifications and Deferrals (including COVID-19 related events) are considered under housing payment history. o Greater than 12 months from note date: Completed or reinstated greater than 12 months from the note date of the subject transaction may be eligible subject to housing history requirements for the selected program. o Within 12 months of note date: Completed or reinstated within 12 months from the note date of the subject transaction are **Not eligible.**

Reserves	▪ Reserve requirements are determined by loan amount and LTV as follows: o Loan Amount ≤ $1.5 million and LTV ≤ 75% → None required o Loan Amount ≤ $1.5 million and LTV > 75% → 2 months of PI o Loan Amount > $1.5 million → 4 months of PI o Loan Amount > $2.0 million → 6 months of PI ▪ Cash out may be used to satisfy requirement
Assets Requirements	▪ 1 month bank statement or VOD with 30-day average.
Business Funds	▪ Business accounts may be considered for assets. The amount of business assets that may be utilized is limited to the borrower's ownership percentage in the business. ▪ For business purpose loans assets held in the name of the vested entity: 100% of the assets may be used
Interested Party Contribution (IPC)	▪ Max 6%
Gift Funds	▪ LTV/CLTV ≤80%: 100% gift allowed for down payment, closing and reserves ▪ LTV/CLTV >80%: Gift funds allowed for down payment, closing and reserves after Minimum 5% borrower contribution is met ▪ Gift funds are allowed in refinance transactions.
Ineligible Property Type	▪ Properties with agricultural features (e.g., vineyards, farms, ranches, orchards, equestrian facilities) ▪ Properties used as healthcare facilities (e.g., assisted living, elder care, recovery/treatment, Continuing Care Facilities) ▪ Properties used for the cultivation, distribution, manufacture, or sale of Marijuana ▪ Properties with condition rating of C5/C6 or quality rating of Q6 on the appraisal ▪ Barndominiums ▪ Properties under Construction ▪ Units with >= 5 units ▪ Properties > 5 acres ▪ Zoning Violations or illegal use ▪ Properties on Native American Land (Reservations) ▪ Manufactured or Mobile homes ▪ Mixed Use Properties ▪ Faux Log Homes (properties with a Log Cabin aesthetic, may be eligible with exception, subject to LLPA) ▪ Houseboats ▪ Log Homes ▪ Units subject to timeshare arrangements ▪ Properties with fractional ownership ▪ Boarding Houses ▪ Builder Model Leaseback

Ineligible Property Type (Cont.)	▪ Condominium projects with registration services or restrictions on owner's ability to occupy ▪ Condotels ▪ Cooperatives ▪ Earth Berm Homes ▪ Group Homes ▪ Live/Work Condos ▪ Mandatory Country Club Memberships ▪ Unique Properties ▪ Working Farms ▪ Theme Park Resort Properties ▪ Vacant land or land development properties ▪ Properties not readily accessible by roads that meet local standards ▪ Properties not suitable for year-round occupancy, regardless of location ▪ Units in a Co-op development ▪ Properties used as boarding houses, bed/breakfast, or single room occupancy (e.g., pad split app) ▪ Properties with nonresidential, income-producing structures on premise (e.g., billboards, cell phone towers, commercial workshop) ▪ Dome or geodesic properties
Listing Seasoning	▪ Properties that have been listed for sale within the past six (6) months from the Note Date may not be currently listed at the time of Loan Application and will require a borrower LOE and listing cancellation. ▪ Multiple listings in the past twelve (12) months are not eligible. ▪ For all refinances, the LTV/CLTV will be based on lesser of lowest list price in prior 12 months or appraised value.

Foreign National*

FICO	Loan Amt	Max CLTV					
		DSCR ≥ 1.00			DSCR < 1.00		
		Purchase	R/T	Cash-Out	Purchase	R/T	Cash-Out
680+	≤ 1M	75%	75%	70%	70%	70%	65%
	≤ 1.5M	75%	75%	65%	65%	65%	65%
	≤ 2M	70%	70%	60%	60%	60%	60%
	≤ 2.5M	65%	NA	NA	NA	NA	NA
No CREDIT SCORE	≤ 1M	75%	75%	70%	70	70	65
	≤ 1.5M	75%	75%	65%	65	65	65
	≤ 2M	70	70	60	60	60	60
	≤ 2.5M	65	NA	NA	NA	NA	NA

- **2-4 Units & Condo Max LTV/CLTV: 70% Purchase I 65% Refinance**
- **Rural properties: LTV/CLTV Purchase 70%, Rate/Term 70%, Cash-Out 65%**

Loan Amount	▪ Min: $150,000 ▪ Max: $2,500,000

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. Monthly gross rent is to be evaluated for each unit individually. ▪ 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 without LTV restriction. ○ Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR. ▪ **Refinance Transactions:** ○ Required documentation: ▪ Original appraisal report reflecting tenant-occupied ▪ FNMA Form 1007 or 1025 reflecting long-term market rents, ▪ Lease agreement ○ Leases that have converted to month-to-month are allowed. ○ If lease agreement is not provided, LTV/CLTV is limited to lesser of 70% or the DSCR/FICO/Loan balance matrix. ▪ A vacant property as indicated on the appraisal is allowed subject to the following: ○ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix. ○ Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025. Monthly gross rent is to be evaluated for each unit individually. ▪ 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%. ○ Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR ▪ **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 is lesser of 70% for a refinance, or the LTV 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: ▪ Short-term rental (STR) analysis form or 1007/1025 may be used. The analysis must include the following: ○ Provide the source of the data used to complete the STR analysis. ○ Include comparable STR properties, focusing on room count, gross living area (GLA), location, and market appeal. ○ Include daily rental rate and occupancy percentage. ○ Factor seasonality and vacancy into the analysis. ○ Must be completed by a licensed appraiser. ▪ 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 Report) ○ 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 and dated 90-days within the Note date ○ Maximum occupancy limited to 2 individuals per bedroom ○ Must have three (3) comparable properties similar in size, room count, amenities, availability, and occupancy ○ Market Score or Sub-Market Score must be 60 or greater as reflected on the Property Earning Potential Report

Property Type	▪ Single Family ▪ 2-4 Units[1] ▪ Condo[1] ▪ Rural Permitted. ;**max LTV/CLTV: Purchase 70%, Rate/Term 70%, Cash-Out 65%**
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 history not required; subject property only. Refinance requires 12-month subject housing history with max tolerance of 0x30x12.
Acreage	▪ Property up to 5-acres
Credit Event Seasoning	▪ **BK/FC/SS/DIL/PreFC/MC**: ≥ 36 Mo
Notice of Default	▪ Notice of Default will be considered 1x90x12 under housing history restrictions. ▪ If the borrower cured the default and has made 12 timely payments, they are eligible without any restrictions.
Forbearance, Modification, and Deferrals	▪ Forbearance, modifications and Deferrals (including COVID-19 related events) are considered under housing payment history. o Greater than 12 months of note date:Completed or reinstated greater than 12 months from the note date of the subject transaction may be eligible subject to housing history requirements for the selected program. o Within 12 months of note date: Completed or reinstated within 12 months from the note date of the subject transaction are **Not eligible.**
Reserves	▪ Reserve requirements are determined by loan amount and LTV as follows: o Loan Amount ≤ $1.5 million and LTV ≤ 75% → None required o Loan Amount ≤ $1.5 million and LTV > 75% → 2 months of PI o Loan Amount > $1.5 million → 4 months of PI o Loan Amount > $2.0 million → 6 months of PI ▪ Cash out may be used to satisfy requirement
Gift Funds	▪ Allowed after min 10% borrower contribution
State Restrictions	▪ Maximum loan amount is limited to $2,000,000. If either or both of the following apply: o The appraisal report identifies the property as a declining market; o The subject property is in a state of NJ or FL ▪ Florida Condominiums: o Up to 7 Stories. No High Rise Condo (8+) o 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. o Projects with an unacceptable or no inspection are not eligible. ▪ Investment properties are ineligible in Baltimore, Maryland

Borrower Eligibility	▪ The following are required as evidence the borrower is in the U.S. legally: ○ Copy of the borrower's unexpired passport including photograph ○ Copy of the borrower's valid and unexpired visa (including photograph) or and I-797 form with valid extension dates and I-94 ○ Borrowers from countries participating in the State Department's Visa Waiver Program (VWP) are not required to provide a valid visa. Participating countries can be found at Visa Waiver Program ○ The credit file should be documented with a current print-out of the participating countries, with the borrower's country of origin highlighted ○ Citizens of Canada traveling to the United States do not require a nonimmigrant visa ▪ If a non-U.S. citizen is borrowing with a U.S. citizen, foreign national documentation requirements do not apply ▪ 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 - All members signing a Personal Guaranty must sign the affidavit ○ Conveyances to Foreign Entities – By Entity Buyer - All members signing a Personal Guaranty must sign the affidavit ▪ Individuals with Diplomatic immunity are not eligible, immunity status is listed on the reverse side of the U.S. issued ID card or at https://2009-2017.state.gov/s/cpr/rls/dpl//index.htm ▪ Documents signed by borrowers outside of the United States must be notarized by a U.S. embassy or consular official. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal. If the U.S. embassy or consular official is unavailable, a notary is acceptable if the country, where signing is taking place, is part of the Hague Convention and the signed documents are accompanied by an Apostille. See the following link to determine if the country is part of the Hague Convention: https://travel.state.gov/content/travel/en/records-and-authentications/authenticate-your-document/apostille-requirements.html ▪ Model Apostille forms can be found on the following link: https://www.hcch.net/en/instruments/specialised-sections/apostille ▪ Power of Attorney (POA) is not allowed.
Credit/Tradeline	▪ U.S. Qualifying Credit ○ If borrower has a valid SSN, US credit report may be used. ○ Middle of 3 scores or lower of 2 and standard tradeline requirement must be met. ○ 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. ○ 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. ○ 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. ○ 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). ○ 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. ▪ ACH Authorization Form and Borrower Contact Consent Form are required. ▪ Please find above forms on MK Lending Forms
POA (Power of Attorney)	▪ Not Allowed