

Series V: DSCR

Single Investment Property				
Maximum LTV/CLTVs		>= 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
700+	<=1,000,000	80	75	75
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,000,000	70	65	65
	2,000,001 – 3,500,000	70	N/A	N/A
660 - 699	<=1,000,000	75	70	70
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,000,000	70	65	65
	2,000,001 – 3,000,000	65	N/A	N/A
620 - 659	<=1,000,000	70	65	65
	1,000,001 – 1,500,000	65	N/A	N/A
	1,500,001 – 2,000,000	65	N/A	N/A
	2,000,001 – 3,000,000	60	N/A	N/A
Maximum LTV/CLTVs		< 1.00		
700+	<=1,000,000	75	70	70
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	N/A	N/A
660 - 699	<=1,000,000	70	65	65
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	N/A	N/A
Housing History	Credit Event Seasoning	Investor Experience		
<ul style="list-style-type: none"> <li>1x30x12 – No reduction</li> <li>0x60x12 – Max 70% LTV Purchase &amp; Max 65% LTV Rate/Term &amp; Cash-out</li> </ul>	BK/FC/SS/DIL: <ul style="list-style-type: none"> <li>&gt;=36 Mo – No reduction</li> <li>&gt;=24 Mo – Max 75% LTV Purchase &amp; Max 70% LTV Rate/Term &amp; Cash-out</li> </ul> <p style="background-color: yellow;">Forbearance, Mod or Deferral: See Eligibility Guide</p>	<b>Experienced Investor:</b> Borrower must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years. <b>First Time Investor:</b> A borrower not meeting the experienced investor criteria. <ul style="list-style-type: none"> <li>First Time investors eligible subject to the following restrictions:               <ul style="list-style-type: none"> <li>Min credit score: 680</li> <li>Max LTV: 75%</li> <li>No mortgage late payments during the past 36 Mo</li> <li>&gt;= 36 Mo from any credit event</li> <li>Cash-out not eligible</li> </ul> </li> <li>First Time Home Buyer not eligible</li> </ul>		
State/CBSA Restrictions	Puerto Rico, Guam, & the US Virgin Islands not eligible  <p style="background-color: yellow;">Overlays: Max loan amount \$2MM and 5% LTV reduction apply to all transactions secured by property in a State or CBSA.</p>	Unleased Properties		
		<p style="background-color: yellow;">All refinances: A 5% LTV reduction is required for all properties with any unleased (vacant) units. Not applicable for short-term rentals, see short-term rental income section for specific criteria.</p>		
General Requirements				
Product Type	Fixed Rate Terms: 15, 30, 40-years; 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature)			
Interest Only	<ul style="list-style-type: none"> <li>Min Credit Score: 660</li> </ul>		<ul style="list-style-type: none"> <li>Max LTV: 80%</li> </ul>	
Loan Amounts	<ul style="list-style-type: none"> <li>Min: 100,000</li> </ul>		<ul style="list-style-type: none"> <li>Max: 3,500,000</li> </ul>	
Loan Amt < 150K	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.50)			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Occupancy	Investment			
Property Type	Single Family, Attached, Detached: No restrictions Rural: Not eligible	2-4 Units, Condominium: Max LTV/CLTV Purchase – 75%, Refinance – 70%	Condo Hotel Max LTV: Purchase – 75% Refinance – 65% Occupancy Type: Investment	
Acreage	Property up to 2-acres, not meeting the rural definition, eligible			
Cash-In-Hand	<ul style="list-style-type: none"> <li>Max cash-in-hand:               <ul style="list-style-type: none"> <li>LTV ≥ 65% - \$500,000</li> <li>LTV &lt; 65% - \$1,000,000</li> <li>Total equity withdrawn cannot exceed above limits</li> </ul> </li> </ul>			
Appraisals	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2 <sup>nd</sup> appraisal obtained. 2 <sup>nd</sup> Appraisal required for loans > \$2,000,000.			

Series V: DSCR, continued

Income Requirements			
Income	<p><b>Long-Term Rental Documentation and DSCR Calculation</b></p> <ul style="list-style-type: none"> <li>• <b>Purchase Transactions:</b> <ul style="list-style-type: none"> <li>○ Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents.</li> <li>○ If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.</li> <li>○ A vacant or unleased property is allowed without LTV restriction.</li> </ul> </li> <li>• <b>Refinance Transactions:</b> <ul style="list-style-type: none"> <li>○ Required documentation:                             <ul style="list-style-type: none"> <li>▪ FNMA Form 1007 or 1025 reflecting long term market rents, and lease agreement.</li> <li>▪ If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease.</li> </ul> </li> <li>○ Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025. If using a higher monthly 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 or 1025.</li> <li>○ A vacant or unleased property is allowed, and the maximum LTV allowed is restricted by 5%.</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> </li> </ul> <p><b>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation</b>                      Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.</p> <ul style="list-style-type: none"> <li>• <b>Short-Term Rental Income – Purchase and Refinance Transactions:</b> <ul style="list-style-type: none"> <li>○ A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is <math>\geq 1.00</math></li> <li>○ When the DSCR is <math>&lt; 1.00</math>, the sub-1.00 DSCR Eligibility Matrix must be used.</li> <li>○ DSCR Calculation:                             <ul style="list-style-type: none"> <li>▪ Monthly gross rents based upon a 12-month average to account for seasonality required.</li> <li>▪ 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.</li> <li>▪ (Gross Rents * .80) divided by PITIA = DSCR.</li> </ul> </li> <li>○ Any of the following methods may be used to determine gross monthly rental income:                             <ul style="list-style-type: none"> <li>▪ A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.</li> <li>▪ A most recent 12-month rental history statement from the 3<sup>rd</sup> 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.</li> <li>▪ 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.                                     <ul style="list-style-type: none"> <li>▫ AIRDNA Rentalizer and Overview reports must meet the following requirements:   <ul style="list-style-type: none"> <li>▪ Rentalizer   <ul style="list-style-type: none"> <li>▫ Only allowed for purchase transaction</li> <li>▫ Forecast period must cover 12 months from the Note date</li> <li>▫ The occupancy rate must be <math>&gt; 65\%</math></li> <li>▫ Must have six (6) comparison properties</li> <li>▫ Must be within two (2) miles of subject property.</li> <li>▫ Must be similar in size, room count, amenities, availability, and occupancy</li> </ul> </li> <li>▪ Overview Report   <ul style="list-style-type: none"> <li>▫ Market grade by zip code</li> <li>▫ Must be B or greater</li> </ul> </li> <li>▪ Income Calculation   <ul style="list-style-type: none"> <li>▫ Annual revenue / 12</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul>		
	<b>Underwriting Requirements</b>		
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>• Use lowest decision score amongst all borrowers</li> <li>• Middle of 3 scores or lower of 2</li> </ul>	<b>Tradelines</b>	Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity
<b>Assets</b>	Min of 30-days asset verification required	<b>Reserves</b>	<ul style="list-style-type: none"> <li>• 2 months of PITIA</li> <li>• Loan Amount <math>&gt; \\$1.5M</math>: 6-months of PITIA</li> <li>• Loan Amount <math>&gt; \\$2.5M</math>: 12-months of PITIA</li> <li>• Cash out may be used to satisfy requirement</li> </ul>
<b>Gift Funds</b>	Allowed after min 10% borrower contribution	<b>Document Age</b>	90-days
<b>Prepayment Penalty - Investment Property Only</b>	Acceptable Structures include the following: <ul style="list-style-type: none"> <li>• Fixed percentage of no less than 3%</li> <li>• Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%)</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>		
			<ul style="list-style-type: none"> <li>• Prepayment periods up to 5-Years eligible, see rate sheet</li> <li>• Penalties not allowed in AK, KS, MI, MN, NM and RI</li> <li>• Penalties not allowed on loans vested to individuals in IL and NJ</li> <li>• Penalties not allowed on loan amounts less than \$301,022 in PA</li> <li>• Only declining prepayment penalty structures allowed in MS</li> </ul>

**State/CBSA Overlay Table**

Statewide	
State Name	State
Alaska	AK
Arizona	AZ
Connecticut	CT
Idaho	ID
Illinois	IL
Montana	MT
New Jersey	NJ
New York	NY
Oregon	OR
Tennessee	TN
Utah	UT

CBSA-Specific	
CBSA Name	CBSA Code
San Francisco-Oakland-Hayward, CA	41860
San Jose-Sunnyvale-Santa Clara, CA	41940
Santa Cruz-Watsonville, CA	42100
Boulder, CO	14500
Breckenridge, CO	14720
Cape Coral-Fort Myers, FL	15980
Naples-Immokalee-Marco Island, FL	34940
North Port-Sarasota-Bradenton, FL	35840
Punta Gorda, FL	39460
Reno, NV	39900
Boone, NC	14380
Austin-Round Rock, TX	12420
Aberdeen, WA	10140