

Series A: DSCR Fixed Rate and ARM (including IO)

Occupancy	Purpose	Units	Loan Amount Maximum	Credit Score Minimum	LTV	Minimum DSCR
Investment	Purchase	1 unit	\$1,000,000	680	80% ^{2,3,4}	1.00
	Purchase and Rate/Term	1-4 Units	\$2,500,000	740	70%	1.00
			\$2,000,000	720	75%	
			\$2,000,000	700	70%	
			\$2,000,000	680	65%	
			\$2,000,000	660	60%	
			\$1,500,000	700	75%	
			\$1,500,000	680	70%	
			\$1,500,000	660	65%	
			\$1,000,000	680	75%	
			\$1,000,000	640	70%-1 Unit 65%-2-4 Units	
	\$750,000	680	70%	.75 ⁵		
	Cash-out ¹	1-4 Units	\$2,000,000	740	70%	1.00
			\$1,500,000	720	75% ³	
			\$1,000,000	700	70%	
\$1,000,000			660	65%		

1. **Cash-Out transactions:**
 - ≤60% LTV: Unlimited cash-in-hand
 - >60% LTV: Max \$500,000 cash-in-hand
2. **Warrantable Condos:** Max 75% LTV
3. **Non-Warrantable Condos, including condotels:** Max 75% LTV on purchase/rate and term and max 70% LTV on cash out transactions.
4. **Rural Properties:** Max 75% LTV
5. **Interest-Only loans** require DSCR > 1.00

Amortization Type	Full Principal and Interest: <ul style="list-style-type: none"> • 15 Year and 30 Year • 5/6m SOFR ARM, 7/6m SOFR ARM Interest Only: <ul style="list-style-type: none"> • 30 Year Interest only Fixed Rate • 5/6m SOFR IO ARM, 7/6m SOFR Interest only ARM
ARM Information	Caps: 2/2/5 Index: 30 Day SOFR Margin: 3.75% Floor: Margin
Credit/Payment History Requirements	<ul style="list-style-type: none"> • No Derogatory Credit Event allowed within the last 36 months. Refer to the Underwriting Guide for the Derogatory Credit Event definition and seasoning measurement. • All applicant(s) and co-borrowers must meet the credit score requirements individually. • Non-traditional credit report is not permitted. • Payment history requirements: 0x30x12 mortgage/rental history on the subject property and the borrower's primary residence; however, any mortgages reported on the credit report must reflect a 0x30x12 payment history. All other REOs are not required to be disclosed on the 1003. • Any derogatory credit events reported on the credit report must meet seasoning requirements.
Declining Market	Refer to the Underwriting Guide
Minimum Loan Amount	<ul style="list-style-type: none"> • Minimum \$200,000 for LTV > 75% • Minimum \$125,000 for LTV ≤ 75%

Prepayment Penalty	Allowed on Investment Property transactions, which are treated as and Business Purpose loans. May be subject to up to a five-year prepayment penalty or the maximum permitted by state law, whichever is lower. Refer to the Underwriting Guide for state specific requirements.
Property Types	<p>Eligible:</p> <ul style="list-style-type: none"> • 1-4 unit (Detached, Semi Detached, Attached) • PUD (Detached, Attached) • Warrantable Condominium (Detached, Attached) • Non-Warrantable Condominiums. Refer to the Underwriting Guide for details. • Condotels. Refer to the LTV Matrix for LTV restrictions. Refer to the Underwriting Guide for details. • Maximum acreage is 2 acres. Acreage and land value must be typical and common for the subject's market. • Rural properties. <p>Ineligible:</p> <ul style="list-style-type: none"> • Mixed Use properties • Refer to the Underwriting Guide for ineligible property types.
Reserve Requirements	Reserve requirements are based on the PITIA of the subject property. <ul style="list-style-type: none"> • Loan amount of \$125,000 - \$500,000 and $\leq 70\%$ LTV: 3 months PITIA • Loan amount of \$125,000 - \$500,000 and $> 70\%$ LTV: 6 months PITIA • Loan amount $> \\$500,000$: 6 months PITIA • Cash-out funds are allowed to be used as reserves regardless of LTV.

Product Specific Requirements

Appraisal Requirement	<ul style="list-style-type: none"> • One appraisal is required for loan amounts $\leq \\$2,000,000$. • Two appraisals are required for loan amounts $> \\$2,000,000$.
	<ul style="list-style-type: none"> • Form 1007 must be included with the appraisal for both Purchase and Refinance Transactions on one-unit properties. If the property is a 2-4 unit, Fannie Mae form 1025 must be utilized. • Follow the Underwriting Guide for Collateral Review requirements.
Assets/Borrower Contribution	<p>Gift funds are permitted for down payment and closing costs on purchase transactions with a 10% borrower contribution and minimum 1.00 DSCR.</p> <p>Gift funds are not permitted for reserves.</p> <p>Gift of equity are not permitted for down payment, closing costs or reserves. Large deposits do not need to be sourced on purchase or refinance transactions.</p>
Attestations	<p>All DSCR loans are "Business Purpose Loans"; therefore, to be eligible for the product, the owner cannot occupy the property for more than 14 days during the coming year and all cash out proceeds must only be used for business purposes (e.g., acquisition/maintenance/improvement of rental properties).</p> <p>Borrowers obtaining a loan under the DSCR Program must certify that they understand that consumer protection laws applicable to consumer loans will not apply to their business purpose loan and complete the Business Purpose Affidavit.</p>

<p>Borrower Eligibility</p>	<p>Eligible:</p> <ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens • LLC and Corporation provided that the Vesting in the Name of an Entity requirements in the Underwriting Guidelines are met. • All borrowers must maintain a primary residence. Evidence of primary occupancy is required. <ul style="list-style-type: none"> ○ Borrowers who own a primary residence must provide proof of ownership. The primary residence must meet one of the following: <ul style="list-style-type: none"> ▪ Must be superior in value and/or appeal to subject property ▪ Is not superior in value only due to the subject property being in a resort area or a 2-4 - unit property ▪ Has been owned for 3 or more years prior to application date ▪ If the primary residence does not meet one of the above reasons, then additional review by underwriting management is required. ○ Non-first-time investors who rent a primary residence must provide evidence of an active lease. The primary residence must meet one of the following: <ul style="list-style-type: none"> ▪ Geographically consistent with the borrower’s place of employment ▪ General appeal and location is superior to subject property ▪ If the primary residence does not meet one of the above reasons, then additional review by underwriting management is required. ○ Non-first-time investors who are living rent free must provide proof of a 12-month ownership and rental history on an REO property. An additional review by underwriting management is required. • For Professional Investors: Investors must have a history of owning and managing commercial or residential real estate for at least 12 months prior to note date in the last 3 years. Experience can be documented by a letter of explanation (LOE) by borrower/guarantor detailing relevant real estate experience supported by a property profile report or other 3rd party documentation. Additional documents may be requested to validate investor experience. • First Time Investors (Any borrower who does not have a history of owning and managing a rental property for 12 months in last 3 years prior to note date.): <ul style="list-style-type: none"> ○ Purchase Only ○ Min 680 credit score ○ All borrowers must currently own and be obligated on a mortgage for at least 1 primary or second home in the United States. Evidence of a 0x30x12 payment history or that the property is owned free and clear is required. Borrower may have sold their property in the most recent 3 months prior to application and currently be renting; however, they must provide proof that they either owned the property free and clear or had a 0x30x12 mortgage payment history prior to selling the property. Borrowers currently living rent free are not allowed.
	<p>Ineligible:</p> <ul style="list-style-type: none"> • First Time Home Buyers • Foreign Nationals • Inter-Vivos trusts • Using a Power of Attorney when vesting in the name of an entity or on a cash-out transaction
<p>Documentation Type</p>	<p>Doc Type must reflect “Debt Service Coverage (DSCR)”</p>

<p>DSCR Calculation</p>	<p>DSCR calculation:</p> <ul style="list-style-type: none"> • Full Principal and Interest loans: Gross Income divided by PITIA of the subject rental. • Interest Only loans: Gross Income divided by ITIA of the subject rental. <p>Lease agreement: Monthly Gross Rents are determined by the lower of the lease agreement amount or market rent from 1007/1025. On refinances, the higher 12-month lease agreement amount may be used with evidence of 2-months history of timely receipt and the lease agreement amount may not be greater than 125% of the market rent from the 1007/1025.</p> <p>Short term rental income (such as AirBNB/VRBO income):</p> <ul style="list-style-type: none"> • On purchase transactions, monthly Gross Rents are determined by the higher of the short- term market rent from 1007/1025 or the 12-month average revenue from AirDNA as long as the AirDNA is not greater than 125% of the short term market rent. If the 1007/1025 was completed with long term rents, the 12-month average revenue from AirDNA may be used regardless of the higher percentage. • On Refinances, the monthly Gross Rents are determined by the 12-month average payout amount. If the property has not been rented 12 months, use the short-term market rent from 1007/1025. Min 1.00 DSCR is required. <p>DSCRs down to 0.75 are eligible, see LTV matrix for eligibility details.</p>
<p>DSCR Documentation</p>	<p>All transactions require a landlord’s hazard insurance policy on the subject property.</p> <p>For purchase transactions:</p> <ul style="list-style-type: none"> • Long-Term Rental Income (Any term between month to month and 12 months): Provide a long- term Comparable Rent Schedule Form 1007/1025. When the borrower has an executed lease agreement that will commence within 60 days after the note date, then a copy must be provided. When the property has a current tenant who will continue to occupy the property, the transferred lease agreement from the existing tenant/landlord is required. • Short-Term Rental Income (such as AirBNB/VRBO income): Allowed with the following parameters: <ul style="list-style-type: none"> ○ Use either the nightly, weekly, or seasonal market rent from the Comparable Rent Schedule Form 1007 or 1025 (as available per market) OR an AIRDNA Rentalizer report provided by the broker or correspondent. The AirDNA Rentalizer must meet the following requirements. <ul style="list-style-type: none"> ▪ Forecast period must cover 12 months from the Note date ▪ The occupancy rate must be >60% ▪ Must have five (5) comparable properties, all within the same ZIP code or within 5 miles of the subject property ▪ Must be similar in size, room count, amenities, availability, and occupancy ○ Subject property must in an area that is common for short term rentals ○ DSCR calculation: Projected Revenue divided by 12 months ○ Min 1.50 DSCR at 80% LTV ○ Min 1.25 DSCR at 75% LTV ○ First time investor not allowed <p>For all refinance transactions:</p> <ul style="list-style-type: none"> • Provide a nightly, weekly, monthly, seasonal, or long-term (as available per market) Comparable Rent Schedule Form 1007 or 1025 and either: <ul style="list-style-type: none"> ○ Long-Term Rental Income (Any term between month to month and 12 months): When the property is currently occupied by a tenant, an executed lease agreement is

	<p>required. For month-to-month lease agreements, a 12-month rental payment history must be documented.</p> <ul style="list-style-type: none"> ▪ If a new lease agreement has been executed, it must commence within 60 days after the note date and proof of receipt of security deposit is required. ▪ When the property is currently vacant, the market rent from 1007/1025 must be used to determine the monthly gross rent. 3rd party appraisal review is required when the LTV > 65%. Borrower must provide a letter of explanation for why the property is vacant. <ul style="list-style-type: none"> ○ Short-Term Rental Income (such as AirBNB/VRBO income): Remittance statements from the renting entity covering the most recent 12-month period is required. The payout amount must be used for qualifying. Refer to the LTV Matrix for additional DSCR requirements. Delayed financing with short term rental income is not allowed. <p>Accessory Dwelling Unit (ADU) Income: Long-Term Rental income from permitted Accessory Dwelling Unit may be included in the gross rental income per the Long-Term documentation requirements above. Security deposits that have been drawn by the landlord in lieu of one or more rental payments will not qualify as monthly rental payment. Follow Fannie Mae for all appraisal requirements.</p>
Employment/Income	In Illinois, the employment information must be completed on the 1003; however, the income must be blank. For all other states, the employment information may be blank.
Impound/Escrow Accounts	Escrow funds/impound accounts may be waived for taxes and hazard insurance in accordance with the Arc Selling Guide.
Lien Position	First
Number of Financed Properties	<ul style="list-style-type: none"> • A single borrower can have no more than 20 financed properties including subject property. All properties in which the borrower is personally obligated must be included in the financed property maximum. • Each borrower may not exceed either an aggregate unpaid principal balance amount of \$5MM or 10 loans (including the subject property) financed with Series A.
Occupancy	Investment only
Secondary Financing	Not allowed
State Licensing Requirements	<p>Option 1: Brokers, and the LO's authorized to represent those brokers, may originate DSCR (business purpose) loans for properties that are in the Permitted States below without any applicable state license as a Broker and Loan Officer respectively.</p> <p>Permitted states:</p> <ul style="list-style-type: none"> • AK, AL, AR, CO, CT, DE, FL, GA, HI, IN, KS, KY, LA, ME, MA, MD, MO, MS, MT, NE, NH, NM, OH, OK, SC, TX, VA, WA, WI, WV, and WY <p>Option 2: Brokers, and the LO's authorized to represent those brokers, may originate DSCR (business purpose) loans for properties located in Michigan, New Jersey, and Pennsylvania without an applicable state license as a Broker and Loan Officer respectively; however, they must provide a Real Estate Broker License for the representative agent originating the DSCR loan.</p>
Tax Transcripts	A signed 4506-C and IRS Tax Transcripts are not required during the loan process.

Transaction Types	<p>Eligible:</p> <ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Delayed Financing as a Rate/Term Refinance • Cash Out Refinance: At least one borrower must have been on title for at least six months prior to the note date of the new mortgage except for Delayed Financing transactions. Properties inherited in the last 6 months are not permitted. <p>Ineligible:</p> <ul style="list-style-type: none"> • Non-Arm’s Length Transactions • Texas 50(a)(6) Rate Term and Cash Out refinances
Underwriting	Manual underwriting required. AUS not allowed. Refer to the Underwriting Guide for complete program requirements.