

Series V: DSCR

Single Investment Property				
Maximum LTV/CLTVs		DSCR >= 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
700+	1,000,000	80	75	75
	1,500,000	80	75	75
	2,000,000	75	70	70
	3,000,000	70	65	65
	3,500,000	70	65	N/A
660 - 699	1,000,000	75	75	70
	1,500,000	75	70	70
	2,000,000	70	65	65
	2,500,000	70	65	65
	3,000,000	65	N/A	N/A
640 - 659	1,000,000	75	70	N/A
	1,500,000	65	65	N/A
	2,000,000	65	N/A	N/A
	3,000,000	60	N/A	N/A
Maximum LTV/CLTVs		DSCR < 1.00		
700+	1,000,000	75	70	70
	1,500,000	75	70	70
	2,000,000	70	65	65
	2,500,000	65	N/A	N/A
	3,000,000	60	N/A	N/A
680 - 699	1,000,000	70	65	N/A
	1,500,000	70	65	N/A
	2,000,000	65	60	N/A
	3,000,000	60	N/A	N/A
660 - 679	1,000,000	65	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 LTV: Purchase – 70% LTV, Rate/Term – 65% LTV, Cash-out – 65% LTV</li> </ul>	<p>BK/FC/SS/DIL:</p> <ul style="list-style-type: none"> <li>&gt;=36 Mo – No reduction</li> <li>&gt;=24 Mo – Max LTV: Purchase – 75% LTV, Rate/Term &amp; Cash-out – 70% LTV</li> </ul> <p><b>Housing Event Seasoning:</b> Forbearance, Mod or Deferral: See Eligibility Guide</p>	<p><b>Experienced Investor:</b> Borrower/Guarantor 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.</p> <p><b>First Time Investor:</b> A borrower/guarantor not meeting the experienced investor criteria.</p> <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>No mortgage late payments during the past 36 Mo</li> <li>Own a primary residence for at least 1-year</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>		
<b>Unleased Properties</b>	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.			
Declining Market and State/CBSA Restrictions				
<ul style="list-style-type: none"> <li>If the appraisal report identifies the property in a declining market, maximum LTV/CLTV is limited to 75% for purchase and 70% for rate/term and cash-out transactions and the maximum loan amount is \$2M.</li> <li>State Overlays for CT, IL, NJ: Max LTV/CLTV 75% purchase/70% refinance (rate/term and cash-out), max loan amount \$2M</li> </ul>				
Ineligible locations: Puerto Rico, Guam, & the US Virgin Islands				
General Requirements				
<b>Product Type</b>	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)			
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>Min Credit Score: 680</li> <li>Max LTV: Purchase – 75%, Rate/Term – 75%, Cash-Out – 70%</li> </ul>			
<b>Loan Amounts</b>	<ul style="list-style-type: none"> <li>Min: 100,000</li> <li>Max: 3,500,000</li> </ul>			
<b>Loan Amt &lt; 150K</b>	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.25)			
<b>Loan Purpose</b>	Purchase, Rate/Term, and Cash Out			
<b>Occupancy</b>	Investment			
<b>Property Type</b>	<ul style="list-style-type: none"> <li>Single Family, Attached, Detached</li> <li>2-4 Units &amp; Condos: Max LTV/CLTV: Purchase – 75%, Refinance – 70%</li> <li>Condo Hotel: Max LTV/CLTV: Purchase – 75%, Refinance – 65%, Max Loan Amount – \$1,500,000</li> <li>Rural – Not eligible</li> </ul>		<p><b>Florida Condominiums:</b></p> <ul style="list-style-type: none"> <li>A structural inspection is required for projects <ul style="list-style-type: none"> <li>Greater than 5 years; and</li> <li>Over 30 years old or 25 years old if within 3 miles of the coast.</li> </ul> </li> <li>Projects with an unacceptable or no inspection are not eligible.</li> </ul>	
<b>Acreage</b>	Property up to 2-acres, not meeting the rural definition, eligible			
<b>Cash-In-Hand</b>	LTV ≥ 65% - \$500,000; LTV < 65% - \$1,000,000; Total equity withdrawn cannot exceed above limits (Not applicable to Delayed Financing)			

<b>Appraisals</b>	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.
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**Series V: DSCR, continued**

<b>Income Requirements</b>	
<b>Income</b>	<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. <ul style="list-style-type: none"> <li>▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix</li> </ul> </li> </ul> </li> <li>○ Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025 as follows: <ul style="list-style-type: none"> <li>▪ If using the lower of the actual lease amount or estimated market rent, nothing further is required.</li> <li>▪ 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%.</li> <li>▪ 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%.</li> </ul> </li> <li>○ A vacant or unleased property is allowed subject to the following: <ul style="list-style-type: none"> <li>▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix</li> </ul> </li> </ul> </li> <li>• <b>DSCR Calculation:</b> <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> <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>○ LTV is lesser of 75% for a purchase and 70% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance (Excludes Condo Hotel projects).</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. 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.</li> <li>▪ (Gross Rents * .80) divided by PITIA = DSCR.</li> </ul> </li> <li>○ When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR.</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>▪ The 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.</li> <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>▫ Gross rents equal the revenue projection from the Rentalizer Report less the 20% extraordinary expense factor</li> <li>▫ Forecast period must cover 12 months from the Note date</li> <li>▫ Maximum occupancy limited to 2 individuals per bedroom</li> <li>▫ Must have <b>three (3)</b> comparable properties, all within the same ZIP code <ul style="list-style-type: none"> <li>i. Must be similar in size, room count, amenities, availability, and occupancy</li> </ul> </li> </ul> </li> <li>▪ Overview Report (Evaluate a Market) <ul style="list-style-type: none"> <li>▫ Market score or Sub-Market score by zip code</li> <li>▫ Market score or Sub-Market score must be 60 or greater</li> <li>▫ <b>When both a Market and Sub-Market score are present, use the lower of the two.</b> <ul style="list-style-type: none"> <li>a. <b>Both the Market and Sub-Market score must be at the zip code level</b></li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul> </li></ul>

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Underwriting Requirements			
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Use highest decision score amongst all borrower(s)/guarantor(s).</li> <li>Middle of 3 scores or lower of 2</li> </ul>	<b>Tradelines</b>	<ul style="list-style-type: none"> <li>If borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived</li> <li>Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity</li> </ul>
<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 &gt; \$1.5M: 6-months of PITIA</li> <li>Loan Amount &gt; \$2.5M: 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, OH 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 \$312,159 in PA</li> <li>Only declining prepayment penalty structures allowed in MS</li> </ul>
<b>Escrows</b>	<ul style="list-style-type: none"> <li>Escrows for hazard insurance and taxes are required</li> <li>Flood insurance escrow cannot be waived for non-business purpose loans</li> <li>Escrows may be waived for non-HPML loans with:               <ul style="list-style-type: none"> <li>LTV &lt;= 80%</li> <li>Min 720</li> <li>Min 12 months reserves</li> </ul> </li> </ul> Escrow waiver is subject to LLPA adjustment		

Change Log:

Effective 7/15/2024	Added state overlays for CT, IL, NJ, NY: <ul style="list-style-type: none"> <li>• Max Loan Amount \$2M</li> <li>• Standard: (Max 75% LTV/CLTV purchase/70% refinance)</li> <li>• Alt: Max 75% LTV/CLTV purchase/70% refinance)</li> </ul>
Effective 7/15/2024	If the appraisal report identifies the property in a declining market, maximum LTV/CLTV is limited to 75% for purchase and 70% for rate/term and cash-out transactions and the maximum loan amount is \$2M.
Effective 7/15/2024	Short Term Rentals – AirDNA updates: <ul style="list-style-type: none"> <li>• Reduced to 3 comparables</li> <li>• Use lower of market or sub-market score – must be at zip code level</li> </ul>