

Series V: DSCR (5-8 Units or 2-8 Mixed Use)

Single Investment Property 5 – 8 Residential Units and 2 – 8 Mixed Use				
Maximum LTV/CLTVs		>= 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
700+	<= 1,500,000	75	70	65
	1,500,001 – 2,000,000	70	65	65
Housing History	Housing Event Seasoning	Investor Experience		
0x30x12	BK/FC/SS/DIL: <ul style="list-style-type: none"> • >=36 Mo – Any event Forbearance, Mod or Deferral: See Eligibility Guide	Experienced Investor: 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 First Time Investor: Not eligible		
Unleased Units				
Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units.				
Declining Market and State/CBSA Restrictions				
Maximum eligible LTVs do not require a market adjustment for the 5-8 multifamily and 2-8 mixed use property types.				
Ineligible locations: Puerto Rico, Guam, & the US Virgin Islands				
General Requirements				
Product Type	Fixed Rate Terms: 1.5, 30-years; 5/6 ARM, 7/6 ARM, 10/6 ARM. Maximum loan term cannot exceed 30-years.			
Interest Only	Eligible			
Loan Amounts	<ul style="list-style-type: none"> • Min: 400,000 • Max: 2,000,000 			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Cash-In-Hand	<ul style="list-style-type: none"> • Max cash-in-hand \$1,000,000 			
Occupancy	<ul style="list-style-type: none"> • Investment 			
Eligibility Restrictions	<ul style="list-style-type: none"> • Citizens and individuals from OFAC sanctioned countries including Russia and Belarus are not eligible 			
Property Type	<ul style="list-style-type: none"> • Residential 5 – 8 Units • Mixed use 2 – 8 Units <ul style="list-style-type: none"> ○ Commercial usage limited to Retail/Office/Restaurant <ul style="list-style-type: none"> ▪ 2-3 Units: Max 1 commercial Unit ▪ 4-5 Units: Max 2 commercial Units ▪ 6-8 Units: Max 3 commercial Units ▪ Commercial space must not exceed 49% of the total building area 			
Acreage	Property up to 2-acres, not meeting the rural definition, eligible			
Unleased Units	Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units.			
Appraisals	<ul style="list-style-type: none"> • A full interior inspection with photos is required for all units. • 5-8 Residential <ul style="list-style-type: none"> ○ FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or ○ Narrative report can be utilized but not required. • 2-8 Mixed Use <ul style="list-style-type: none"> ○ General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic a la mode) • The following attachments required for 5-8 Residential and 2-8 Mixed Use appraisal reports: <ul style="list-style-type: none"> ○ Rent Roll ○ Income and Expense Statement ○ Photos of subject including exterior/interior and street scene ○ Aerial photo ○ Sketch or floor plan of typical units ○ Map ○ Appraiser qualifications • Review Product – A commercial BPO required for all loans. <ul style="list-style-type: none"> ○ In Pennsylvania, a commercial evaluation product is used instead of a commercial BPO. 			
Property Condition	<ul style="list-style-type: none"> • No fair or poor ratings • No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat) • No health or safety issues (As noted by appraiser, i.e., broken windows, stairs) • No excessive deferred maintenance that could become a health or safety issue for tenants • No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing) 			
Mixed Use	Commercial use limited to retail or office space. Residential/Commercial zoning acceptable.			

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Income Requirements			
Income	<ul style="list-style-type: none"> Leased – Use lower of Estimated market rent or lease agreement. Short-Term Rental Income not eligible Vacant Unit(s) – Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties: 2 vacancies on 4+ Units. Reduce qualifying rents by any management fee reflected on appraisal report. 2-8 Mixed Use – Income from commercial space must not exceed 49% of the total property income 		
DSCR	<ul style="list-style-type: none"> Minimum DSCR >= 1.00 DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment). Loan amounts >= \$2,000,000 require DSCR >= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater) Reduce qualifying rents by any management fee reflected on the appraisal report 		
Underwriting Requirements			
Credit Score	<ul style="list-style-type: none"> Use highest decision score amongst all borrower(s)/guarantor(s). Middle of 3 scores or lower of 2 	Tradelines	Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity For each borrower who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually).
Assets	Min of 30-days asset verification required;	Reserves	<ul style="list-style-type: none"> 6 months of PITIA Loan Amount > \$1.5M: 9-months of PITIA Loan Amount > \$2.5M: 12-months of PITIA Cash out may not be used to satisfy requirement
Gift Funds	Not eligible	Document Age	90-days
Prepayment Penalty	<ul style="list-style-type: none"> Acceptable structures include the following: <ul style="list-style-type: none"> Fixed percentage of no less than 3% 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%) 	<ul style="list-style-type: none"> Prepayment periods up to 5-Years eligible, see rate sheet Penalties not allowed on loans vested to individuals in IL and NJ Penalties not allowed on loan amounts less than \$312,159 in PA Only declining prepayment penalty structures allowed in MS 	
Escrows	<ul style="list-style-type: none"> Escrows for hazard insurance and taxes are required Flood insurance escrow cannot be waived for non-business purpose loans Escrows may be waived for non-HPML loans with: <ul style="list-style-type: none"> LTV <= 80% Min 720 Min 12 months reserves Escrow waiver is subject to LLPA adjustment 		