

DSCR	DSCR ≥ 1.00				DSCR ≥ .75 and < 1.00			
	Purchase and Rate & Term Refinance		Cash-Out Refinance		Purchase and Rate & Term Refinance		Cash-Out Refinance	
Maximum Loan Amount	Maximum LTV/CLTV	Minimum Credit Score	Maximum LTV/CLTV	Minimum Credit Score	Maximum LTV/CLTV	Minimum Credit Score	Maximum LTV/CLTV	Minimum Credit Score
\$1,000,000	80%	680	75%	680	70%	680	65%	680
	75%	640	70%	640	65%	640	60%	660
\$1,500,000	80%	680	75%	680	70%	680	65%	680
	75%	640	70%	640	N/A	N/A	N/A	N/A
\$2,000,000	80%	680	75%	680	N/A	N/A	N/A	N/A
Additional Requirements								
Minimum Loan Amount		\$100,000						
Interest Only		Reduce maximum LTV/CLTV 5%						
Maximum Cash-Out		\$1,000,000						
Minimum Reserves		6 months PITIA						
Refinances of Unleased Properties		Reduce maximum LTV/CLTV 5%						
Declining Markets		Reduce maximum LTV/CLTV by 10% for any property located in an area of declining value as reported by the appraiser.						
Land to Value		Acreage and land value must be typical and common for the subject's market. Maximum acreage permitted is 20 acres. Special consideration must be taken for properties with land values that exceed 35% of the total property value to ensure the value is justified and the property has marketability. The appraisal report must provide data which indicates like-size properties with similar land values are typical and common in the subject's market area.						
General Requirements								
<ul style="list-style-type: none"> • Investment properties only. • Loan must be deemed business purpose loans and be exempt from the ATR, QM and HPML requirements. • Maximum loan term 360 months. • Interest Only Permitted. • Must have a minimum of twelve (12) months' ownership and management of income-producing residential or commercial real estate within the past 24 months. At least one borrower must meet the experience requirement. • Business Purpose and Occupancy Affidavit. 								
Borrower Eligibility		Maximum exposure: 10 loans or \$5,000,000 per borrower/guarantor						
		Eligible				Ineligible		
		<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens 				<ul style="list-style-type: none"> • Irrevocable Trusts • Land Trusts 		
		<ul style="list-style-type: none"> • Non-Permanent Resident Aliens with a lawful residency 				<ul style="list-style-type: none"> • Borrowers with diplomatic immunity or otherwise excluded from United States jurisdiction 		
		<ul style="list-style-type: none"> • US Based LLC, partnerships or Corporation • Revocable Trust 				<ul style="list-style-type: none"> • Borrowers less than 18 years old 		
Non-Occupant Co-borrowers		<ul style="list-style-type: none"> • Not allowed 						
First Time Homebuyer		<ul style="list-style-type: none"> • Not allowed 						
Age of Document		<ul style="list-style-type: none"> • 120 days at time of closing 						
Minimum Credit Requirements		<p>Each borrower must have an established credit history, and the following must appear on the credit report:</p> <ul style="list-style-type: none"> • A minimum of 3 trade lines with 24 months history or more • At least 1 of these must be opened/active for at least 12 months. • Authorized user accounts will be considered as credit reference. • Documented VOR may be count as a tradeline 						
Mortgage/Rental History		<ul style="list-style-type: none"> • A 12-month mortgage rating is required. If it is a private mortgage, a 12-month bank statements or cancelled checks will be required or • A 12-month VOR through professional management or a 12-month cancelled checks 						

	<ul style="list-style-type: none"> Forbearance or repayment for any financed property must be completed with all related financial obligations satisfactorily met and at least 3 consecutive timely payments made as of the application date of the new loan. 	
Credit Events	BK, Foreclosure, NOD, DIL, Short Sales	<ul style="list-style-type: none"> 2 years must have elapsed from completion date to application date If multiple events, at least 7 years have elapsed since the last event
	Collections, Charge-Offs, Judgments & Liens	<ul style="list-style-type: none"> Any delinquent that will impact title must be paid prior to or at closing Non-medical collection, judgment, charge off that are not title impact are not required to be paid if the total sum is < \$5,000. When total exceeds \$5000, all must be paid in entirety and all past due accounts brought current.
		<ul style="list-style-type: none"> Copy of the final divorce decree or separation agreement which shows the derogatory accounts belong solely to the ex-spouse
	Delinquent Credit belonging to an Ex-spouse	<ul style="list-style-type: none"> Late payments occurred after the date of the final divorce/separation agreement.
		<ul style="list-style-type: none"> If debt is a mortgage, evidence of title transfer PRIOR to any delinquent must be provided & evidence of buyout as part of court proceedings.
	Delinquent Credit belonging to Co-Signer	<ul style="list-style-type: none"> Delinquent credit belongs to a co-signer must be considered when evaluating the loan.
	<ul style="list-style-type: none"> A written explanation is required for all significant derogatory information. 	
Multiple Financed Properties	<ul style="list-style-type: none"> Max 20 financed properties for borrowers/guarantors including primary residence and subject property. 	
Ineligible Transaction	<ul style="list-style-type: none"> Blanket Loans 	<ul style="list-style-type: none"> Loans with Shared Appreciation 2nd liens
	<ul style="list-style-type: none"> Bridge Loans on subject property 	<ul style="list-style-type: none"> Model Home Lease Back
	<ul style="list-style-type: none"> Builder/Seller Bailout 	<ul style="list-style-type: none"> Refinancing a subsidized loan including Habitat for Humanity, USDA, FHA w/recapture or any City/County Grant
	<ul style="list-style-type: none"> Foreclosure Bailout 	
	<ul style="list-style-type: none"> Lease Purchase Option 	
Property Types	Eligible	Ineligible
	<ul style="list-style-type: none"> 1-4-unit investment Properties PUD FNMA warrantable condominium Max 20 acres 	<ul style="list-style-type: none"> Manufactured/Modular Homes Geodesic/Dome Homes Earth/Berm Homes Condotels or Condo Hotels Log Homes Condominium Conversions Non-Warrantable Condominiums Timeshares Unique Properties Mixed Use Properties Commercial/Commercially Zoned Properties Properties Greater than 20 Acres

		<ul style="list-style-type: none"> • Properties with less than 600 Square Feet • Farms/Working farms • Primary residence and second homes located in the state of New York (investment properties held for business purposes are allowed) • Properties located in the state of North Dakota , Puerto Rico, Guam and US Virgin Islands • Corporate Properties • Properties with Environmental Hazards • Dwellings with >4 Units • Rooming/Boarding Houses • Properties Purchased through Auctions • Raw Land • Properties with Lagoons/Cesspools • Properties designated by the government as places of worship • Escrow Holdback is not allowed. Any inadequacies determined by the appraisal must be remediated prior to closing. • Properties located in Lava Zones • Properties located on Indian/Tribal Land • Rural Properties • Leasehold Properties
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • One full appraisal is required on all loans. Two full appraisals are required for loan amounts >\$2,000,000 and loans subject to 12 C.F.R. § 1026.35 of Regulation Z. The lower of the two (2) appraised values will be used to determine the LTV/CLTV/HCLTV, unless the sales price is lower than both appraisals (in which case the sales price will be used to determine loan to value). Appraisals must be completed by two (2) different, independent appraisers. • Appraisals transfer or assigned from another lender are acceptable. • CDA is required when the FNMA CU score is > 2.5 and file does not include two appraisals • If the desk review produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible for purchase; however, the seller has the option to order a Field Review to support value. If the field review also produces a value in excess of a 10% negative variance to the appraised value, then the loan remains not eligible for purchase. 	
<p>Rate & Term Refinance</p>	<ul style="list-style-type: none"> • Max cash to borrower may not exceed \$5,000 • Property listed for the sale in the last 6 months is not eligible. • Property owned free & clear is not eligible • Buyout an owner's interest is permitted, follow FNMA guidelines 	
<p>Cash-Out Refinance</p>	<ul style="list-style-type: none"> • Borrower received more than \$5,000 cash back will be considered a cash-out transaction. • A minimum of 6 months must have elapsed since the most recent mortgage transaction on the subject property from existing Note date to proposed Note date. • Financing of a free & clear property • Maximum amount of cashout for a cash-out transaction is \$1,000,000 • TX50(a)(6) must comply with Article 16, Section 50 of the TX Constitution. 	

<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Subject property last purchase transaction is within 6 months (measured from date of purchase to disbursement date of new loan) • The original purchase transaction was an arms-length transaction • Borrower initially purchased the property must be one of the following: <ul style="list-style-type: none"> ○ A natural person, an eligible inter-vivos revocable trust, when the borrower is both the individual establishing the trust & the beneficiary of the trust. ○ An eligible land trust when the borrower is the beneficiary of the land trust or an LLC/partnership in which the borrower has an individual or joint ownership of 100%. • Final Closing Disclosure to confirm no mortgage financing was used and provide source of funds for the purchase transaction. • Prelim must not reflect any existing liens. • Document source of funds used for purchase transaction • New loan amount can be no more than the actual documented amount of borrower's initial investment to purchase the property plus the financing of all closing costs for the new mortgage. Subject to the max LTV/CLTV/HCLTV for the transaction using current appraised value. • Cash-out pricing is applicable
<p>Continuity of Obligation for all Refinance transaction</p>	<ul style="list-style-type: none"> • At least 1 borrower obligated to a new loan was also on the existing loan that is being refinanced. • Borrower has been on title for at least 6 months and has either paid the mortgage for last 6 months or can demonstrate a relationship (parent, spouse, domestic partner, sibling) with current obligor. • Borrower has recently inherited or was legally awarded the property. • The existing loan being refinanced and title has been held in the name of a natural person or an LLC as long as the borrower was a member of the LLC prior to transfer. The loan must have been transferred out of LLC and CORP prior to application.
<p>Subordinating Financing</p>	<ul style="list-style-type: none"> • A fully executed copy of the subordination agreement verifying our lien is in first lien position. • The subordinate financing was provided by a financial institution. • Copy of the note is provided and reviewed to ensure terms are consistent with other requirements of program guides • Property was not listed for the last 6 months from the date of the initial URLA
<p>DSCR Calculation</p>	
<p>Debt Service Coverage Ratio = Gross Income / Proposed PITIA or ITIA</p> <p>Tenant Occupied: Use the lower of the (a) executed lease agreement or (b) market rent from appraisal. If the current rent is more than the market rent, the current rent amount up to 120% of the market rent may be used with two most recent months proof of receipt showing consecutive rental payments. The security deposit does not count as one month proof of receipt.</p> <ul style="list-style-type: none"> • Determined by fully executed lease in file with tenants currently occupied or will occupy within 30 days of the Note date. • An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed. • On a multi-unit property, the occupancy (tenant occupied or non-tenant occupied) and income calculation method are determined independently for each unit. In addition, a multi-unit property is considered tenant occupied and is not subject to the reduction in maximum LTV/CLTV for a refinance of an unleased property if at least one of the units is tenant occupied. <p>Non-Tenant Occupied: market rent from the appraisal may be used solely.</p> <ul style="list-style-type: none"> • On a multi-unit property, the occupancy (tenant occupied or non-tenant occupied) and income calculation method is determined independently for each unit. In addition, a multi-unit property is considered non-tenant occupied and is subject to the 5% reduction in maximum LTV/CLTV for a refinance of an unleased property if none of the units are tenant occupied. <p>Interest Only: DSCR is based on ITIA payment.</p> <p>Short Term Rental Calculation: The following requirements apply to short-term rentals from on-line services such as Airbnb or VRBO:</p> <ul style="list-style-type: none"> • Mortgage refinancing only (no purchase transactions) 	

- Minimum 12-month rental history
- DSCR would be calculated based on average actual rental income calculated over 12 months based on statements from the on-line service. No market rents are used in calculations and market rents are not required on the appraisal for short term rentals.
- Third party verification (city, county, etc.) required to confirm short term rentals are legally permissible and licensed where applicable.

Assets	
Eligible	Ineligible
<ul style="list-style-type: none"> • Checking/Savings • Money Market/Certificate of deposit • Gift or grant which does not have a repayment • Loan Proceeds from secured asset • Liquidation of stock, retirement account, CD • Proceeds from sale of real estate 	<ul style="list-style-type: none"> • Cash-on-hand • Cryptocurrency • Gift from seller-funded programs • Gift funds which require a repayment • Personal unsecured loans • Shared Appreciation second liens
<ul style="list-style-type: none"> • Funds from a business account (if the Borrower is the sole owner of the company or the other owner is the non-borrowing spouse and the company's CPA or licensed tax preparer provides a statement indicating withdrawal of the funds will not negatively impact the business or meets FNMA guidance for cash flow analysis) may be used for down payment and closing costs. 	<ul style="list-style-type: none"> • Sweat Equity
<ul style="list-style-type: none"> • Any payment received because of being a party to the sales transaction (i.e., real estate sales commission) after Borrower has met the minimum down payment requirement. 	
<p>Funds for the closing & reserves may be verified by any of the following:</p> <ul style="list-style-type: none"> • Verification of Deposit (such as FNMA Form 1006) executed by the financial institution, to include the current balance and the average balances for the preceding two (2) months. • One month checking and/or savings account statements with beginning and ending balance. • One (1) quarterly account statement. • Funds held jointly with a non-borrowing spouse are considered the Borrower's funds. Funds held jointly with any other non-borrowing person may be considered if joint account holder is also a title holder on the subject property or a written verification of deposit or an access letter is provided showing the Borrower has authorized access to all funds as though they solely belong to the Borrower. 	
Downpayment	<ul style="list-style-type: none"> • A minimum of 3% of the purchase price must come from the borrower's own funds.
Chain of Title	<ul style="list-style-type: none"> • All transactions require a minimum 12-month chain of title. • For purchase transactions seller must have taken title to the subject property a minimum of 90 days prior to date sales contract executed.
Prepayment Penalty	<ul style="list-style-type: none"> • Allowed on investment properties held for business purposes.
IPC	<ul style="list-style-type: none"> • Maximum third-party concessions (as a percentage of the purchase price) are equal to 6% for LTVs of 80% and less; 3% for LTVs greater than 80%.