DSCR Matrix

1-Unit 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	80	75	75
	1,500,001 – 2,000,000	75	70	70
	2,000,001 – 3,000,000	70	65	65
	3,000,001 – 3,500,000	70	65	NA
660 - 699	<=1,000,000	75	75	70
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,500,000	70	65	65
	2,500,001 – 3,000,000	65	NA	NA
640 - 659	<=1,000,000	75	70	NA
	1,000,001 – 1,500,000	65	65	NA
	1,500,001 – 2,000,000	65	NA	NA
	2,000,001 – 3,000,000	60	NA	NA
Maximum LTV/CLTVs		**< 1.00**		
700+	<=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 – 2,500,000	65	NA	NA
	2,500,001 – 3,000,000	60	NA	NA
680 - 699	<=1,000,000	70	65	NA
	1,000,001 – 1,500,000	70	65	NA
	1,500,001 – 2,000,000	65	60	NA
	2,000,001 – 3,000,000	60	NA	NA
660 - 679	<=1,000,000	65	NA	NA

Housing History	Credit Event Seasoning	Investor Experience
• 1x30x12 – No reduction • 0x60x12 – Max 70% LTV Purchase & Max 65% LTV Rate/Term & Cash-out	BK/FC/SS/DIL/Mod: • >=36 Mo – No reduction • >=24 Mo – Max 75% LTV Purchase & Max 70% LTV Rate/Term & Cash-out Forbearance, Mod or Deferral – Refer to the guideline.	**Experienced Investor:** Borrower must have a history of owning and managing commercial or residential real estate for at least 1 year in the last 3 years. **First Time Investor:** A borrower not meeting the experienced investor criteria. ○ First Time investors eligible subject to the following restrictions: ▪ Min FICO: 680 ▪ 0x30x36 mortgage late ▪ >= 36 Mo from any credit event ▪ Cash-out refinance not eligible. ○ First Time Home Buyer not eligible.

Unleased Properties	All long-term refinances: vacant or unleased property allowed subject to a max LTV of 70%. Not applicable for short-term rental, see short-term rental income section for specific criteria.

Declining Market Restrictions
Maximum LTV/CLTV is limited to 5% LTV reduction for purchases and all refinances if the appraisal report identifies the property as a declining market. When the LTV/CLTV is < 65% and the appraisal is in a declining market, no reduction is required.

General Requirements	
Product Type	40-Yr Fixed, 30-Yr Fixed, 15-Yr Fixed, 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature)
Interest Only	• Min Credit Score: 680 • Max LTV: 75% (Purchase/R/T) Max LTV: 70% Cash out
Loan Amounts	• Min: 100,000 • Max: 3,500,000
Loan Amt < 150K	Max LTV/CLTV: Purchase 70%; Refin (R/T or Cash Out) 65%; Min DSCR => 1.25
Loan Purpose	Purchase, Rate/Term, and Cash Out
Occupancy	Investment
Property Type	Single Family, Attached, Detached: no restrictions. 2-4 Units, Condominium: Max LTV/CLTV: 75% (Purchase) – Max LTV/CLTV: 70% (R/T or Cash-Out) Condotels or Non-Warrantable Condo Max LTV/CLTV: 75% (Purchase) -- Max LTV/CLTV: 65% (R/T and Cash-out) – Max Loan Amt: $1.5MM Rural or AG zoned: Not eligible (no exceptions) **Florida Condominiums**: A structural inspection is required if the project is greater than 5 stories; and over 30 years old or 25 years old if within 3 miles of the coast. Projects with an unacceptable or no inspection are not eligible.
Acreage	Property up to 2-acres, not meeting the rural definition, eligible.
Cash-In-Hand	Max cash-in-hand: LTV < 65% - $1,000,000; LTV => 65% - $500,000 Total cash-out cannot exceed the limits above (Not applicable to Delayed Financing Transactions).

DSCR Matrix, continued

Income Requirements

Income	**Long-Term Rental Documentation and DSCR Calculation**:
	
	Purchase Transactions:
	    o Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents.
	    o If subject property currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.
	    o Vacant or unleased properties are allowed without LTV restriction.
	
	Refinance Transactions:
	    o Required documentation:
	          o FNMA Form 1007 or 1025 reflecting long-term market rents and lease agreement.
	          o If the lease has been converted month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following:
	              ▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
	    o Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows:
	          o If using the lower of the actual lease amount or estimated market rent, nothing further is required.
	          o 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%.
	          o 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%.
	    o Vacant or unleased properties are allowed subject to the following:
	          o LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
	DSCR Calculation:
	    o DSCR Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required DSCR Ratios.
	    o Gross Rents divided by PITA = DSCR.
	
	Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation: Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.
	    • Short-Term Rental Income – Purchase and Refinance Transactions:
	        o LTV/CLTV limits:
	            ▪ Purchase: Lesser of 75%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
	            ▪ Refinance: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
	            ▪ See matrix for Condo Hotel LTV/CLTV limits.
	        o DSCR Calculation:
	            ▪ Monthly gross rents based upon a 12-month average to account for seasonality required.
	            ▪ 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.
	            ▪ (Gross Rents *.80) divided by PITIA = DSCR.
	    • When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR.
	    • Any of the following methods may be used to determine gross month rental income:
	        o A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.
	            ▪ If long-term rent is utilized, the 20% expense factor is not to be applied.
	        o The most recent 12-month rental history statement from the 3rd 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 qualifying income must be net of all vendor or management fees.
	        o The most recent 12-month bank statement from the borrower evidenced short-term rental deposits. The borrower must provide rental records for the subject property to support monthly deposits.
	        o AIRDNA (www.Aurdna.co) Rentalizer and Overview reports, accessed using the Explore Short-Term Rental data, must meet the following requirements:
	            ▪ Rentalizer (Property Earning Potential)
	                • Only allowed for purchase transaction.
	                • Gross rents equal the revenue projection from the Rentalizer Report.
	                   o The gross rents are subject to the application fee of the 20% extraordinary expense factor.
	                   o Revenue projection equals the average daily rental rate times the occupancy rate.
	                • The forecast Period must cover 12 months from the Note date.
	                • Must have three (3) comparable properties, all within the same ZIP code.
	                • Must be similar in size, room count, amenities, availability, and occupancy.
	                • Maximum occupancy limited to 2 individuals per bedroom.
	             ▪ Overview Report (Evaluate a Market)
	                • Market score or Sub-Market score by zip code
	                • Market score or Sub-Market score must be 60 or greater.
	                • When both a Market and Sub-Market score are present, use the lower of the two.
	                   o Both the Market and Sub-Market score must be at the zip code level.

DSCR Matrix, continued

Underwriting Requirements			
Appraisals	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2nd appraisal obtained. 2nd Appraisal required for loans > $2,000,000.		
Credit Score	• Use highest decision score amongst all borrower(s)/guarantor(s) • Middle of 3 scores or lower of 2.	**Tradelines**	• The minimum tradeline is not required if the primary borrower has three (3) credit scores OR • Minimum 2 tradelines reporting 24-months with activity in last 12 months OR • Minimum 3 tradelines reporting 12-months w/recent activity.
Assets	Min of 30-days asset verification required.	**Reserves**	• 2 months of PITIA • Loan Amount > $1.5MM: 6-months of PITIA • Loan Amount > $2.5MM: 12 • Cash out may be used to satisfy requirement
Gift Funds	• Gift funds are allowed after a minimum of 10% borrower contribution. • Gift funds cannot be counted towards reserves.	**Document Age**	• 120-days – Credit Report • 90-days - Assets
Prepayment Penalty – Investment Property Only	Acceptable structures include the following: o 5% fixed not available. o Six (6) months of interest on prepayment that exceed 20% of the original principal balance in a given 12-month time period.		• Prepayment periods up to 5-Years eligible, see rate sheet. • Penalties not allowed in KS, NM, OH and RI. • Penalties not allowed on loans vested to individuals in NJ. • Penalties not allowed on loan amounts less than $312,159 in PA