

**DSCR Matrix (5-8 Units or 2-8 Mixed Use)**

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		
<ul style="list-style-type: none"> <li>0x30x24</li> </ul>	BK/FC/SS/DIL/Mod: <ul style="list-style-type: none"> <li>&gt;=36 Mo – Any event Forbearance, Mod or Deferral – Refer to the guideline.</li> </ul>	<b>Experienced Investor:</b> Borrower must have a history of owning and managing (one) commercial or residential real estate for at least 1 year in the last 3 years. <b>First Time Investor:</b> Not eligible		
Unleased Units				
Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units.				
Declining Market Restrictions				
Maximum eligible LTVs do not require a market adjustment for the 5-8 multifamily and 2-8 mixed use property types.				
General Requirements				
Product Type	15-Yr Fixed, 30-Yr Fixed, 5/6 ARM, 7/6 ARM, 10/6 ARM. The maximum loan term cannot exceed 30 years.			
Interest Only	Eligible			
Loan Amounts	<ul style="list-style-type: none"> <li>Min: 400,000</li> <li>Max: 2,000,000</li> </ul>			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Cash-In-Hand	<ul style="list-style-type: none"> <li>Max cash-in-hand \$1,000,000</li> </ul>			
Occupancy	Investment			
Restrictions	Not Allowed Foreign Nationals			
Property Type	<ul style="list-style-type: none"> <li>Residential 5 – 8 Units</li> <li>Mixed use 2 – 8 Units (Residential with Retail/Office)               <ul style="list-style-type: none"> <li>2-3 Units: Max 1 commercial Unit</li> <li>4-5 Units: Max 2 commercial Units</li> <li>6-8 Units: Max 3 commercial Units</li> <li>Commercial space must not exceed 49% of the total building area</li> </ul> </li> </ul>			
Acres	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"> <li>A full interior inspection with photos is required for all units.</li> <li>5-8 Residential               <ul style="list-style-type: none"> <li>FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or</li> <li>Narrative reports can be utilized but not required.</li> </ul> </li> <li>2-8 Mixed Use               <ul style="list-style-type: none"> <li>General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic a la mode)</li> </ul> </li> <li>The following attachments required for 5-8 Residential and 2-8 Mixed Use appraisal reports:               <ul style="list-style-type: none"> <li>Rent Roll</li> <li>Income and Expense Statement</li> <li>Photos of subject including exterior/interior and street scene</li> <li>Aerial photo</li> <li>Sketch or floor plan of typical units</li> <li>Map</li> <li>Plot plan or survey</li> <li>Appraiser qualifications</li> </ul> </li> <li>Review Product – A commercial BPO required for all loans.</li> </ul>			
Property Condition	<ul style="list-style-type: none"> <li>No fair or poor ratings</li> <li>No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat)</li> <li>No health or safety issues (As noted by appraiser, i.e., broken windows, stairs)</li> <li>No excessive deferred maintenance that could become a health or safety issue for tenants.</li> <li>No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)</li> </ul>			
Mixed Use	Commercial use is limited to retail or office space. Residential/Commercial zoning acceptable.			
Income Requirements				
Income	<ul style="list-style-type: none"> <li>Leased - Use lower of Estimated market rent or lease agreement. Short-Term Rental Income not eligible</li> <li>Vacant Unit(s) – Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties: 2 vacancies on 4+ Units.</li> <li>Reduce qualifying rents by any management fee reflected on appraisal report.</li> <li>2-8 Mixed Use – Income from commercial space must not exceed 49% of the total property income</li> </ul>			
DSCR	<ul style="list-style-type: none"> <li>Minimum DSCR &gt;= 1.00</li> <li>DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment).</li> <li>Loan amounts = \$2,000,000 require DSCR &gt;= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater)</li> <li>Reduce qualifying rents by any management fee reflected on the appraisal report</li> </ul>			

DSCR (5-8 Units or 2-8 Mixed Use), continued

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>The minimum tradeline is not required if the primary borrower has three (3) credit scores OR</li> <li>Minimum 2 tradelines reporting 24-months with activity in last 12 months OR</li> <li>Minimum 3 tradelines 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>6 months of PITIA</li> <li>Loan Amount &gt; \$1.5M: 9-months of PITIA</li> <li>Cash out may <b>not</b> be used to satisfy requirement</li> </ul>
<b>Gift Funds</b>	<ul style="list-style-type: none"> <li>Not eligible.</li> </ul>	<b>Document Age</b>	90-days (Credit Report and Assets)
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>Acceptable structures include the following:               <ul style="list-style-type: none"> <li>Six (6) months of interest in prepayments <b>not</b> available.</li> <li>5% fixed up to 5-years</li> </ul> </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 KS, NM, OH and RI.</li> <li>Penalties not allowed on loans vested to individuals in NJ.</li> <li>Penalties not allowed on loan amounts less than \$312,159 in PA</li> </ul>