

DSCR Matrix

1-Unit Investment Property				
Maximum LTV/CLTVs		=> 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
740+	<=1,000,000	85	80	75
700+	<=1,000,000	80	80	75
	1,000,001 – 1,500,000	80	80	75
	1,500,001 – 2,000,000	75	75	70
	2,000,001 – 3,000,000	70	70	65
	3,000,001 – 3,500,000	70	70	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		
<ul style="list-style-type: none">1x30x12 – No reduction0x60x12 – Max 70% LTV Purchase & Max 65% LTV Rate/Term & Cash-out	<p>BK/FC/SS/DIL/Mod:</p> <ul style="list-style-type: none">>=36 Mo – No reduction>=24 Mo – Max 75% LTV Purchase & Max 70% LTV Rate/Term & Cash-out <p>Forbearance, Mod or Deferral – Refer to the guideline.</p>	<p>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.</p> <p>First Time Investor: A borrower not meeting the experienced investor criteria.</p> <ul style="list-style-type: none">First Time investors and/or First Time Home Buyer eligible subject to the following restrictions:<ul style="list-style-type: none">Min FICO: 720 - Min Loan Amt: \$150K - Max Loan Amt: \$750K – Max 70% LTV/CLTV0x30x24 mortgage or rent; >= 36 mo. from any credit event; Rent free not allow1-unit or Warrantable condo onlyDSCR > 1Cash-out refinance not eligible.Leasehold, STR, IO and/or 40-Year are not eligible.Motivation letter required for purchasing investment and not owing a primary.		
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	<ul style="list-style-type: none">Min Credit Score: 680Max LTV: 75% (Purchase/R/T)Max LTV: 70% Cash out			
Loan Amounts	<ul style="list-style-type: none">Min: 100,000Max: 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 – DSCR => 1 no restrictions. 2-4 Units DSCR < 1, 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 Florida Condominiums: An inspection is required for projects 3 stories or greater and over 30 years old (or 25 years if within 3 miles of the coast). Projects with an unacceptable or no inspection are ineligible.			
Acreage	Property up to 5-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	<p>Long-Term Rental Documentation and DSCR Calculation:</p> <p><u>Purchase Transactions:</u></p> <ul style="list-style-type: none"> Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents. If subject property is currently occupied, 1007 or 1025 must reflect the current monthly rent. Monthly gross rent is to be evaluated for each unit individually. <ul style="list-style-type: none"> If using the lower of the actual lease amount or estimated market rent, nothing further is required. 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 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%. 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%. Vacant or unleased properties are allowed without LTV restriction. Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR. <p><u>Refinance Transactions:</u></p> <ul style="list-style-type: none"> Required documentation: <ul style="list-style-type: none"> Original appraisal report reflecting tenant-occupied, and FNMA Form 1007 or 1025 reflecting long-term market rents and lease agreement. Executed lease agreement <ul style="list-style-type: none"> Leases that have been converted to month-to-month are allowed. If lease agreement is not provided, LTV/CLTV is limited to lesser of 70% or per DSCR/FICO/Loan balance matrix A vacant property as indicated on the is allowed subject to the following: <ul style="list-style-type: none"> LTV/CLTV limits: Lesser of 70% or the LTV/CLTV based upon the DSCR/FICO/Loan Balance matrix. Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025. Monthly gross rent is to be evaluated for each unit individually. <ul style="list-style-type: none"> If using the lower of the actual lease amount or estimated market rent, nothing further is required. 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 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%. 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%. Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR. <p><u>DSCR Calculation:</u></p> <ul style="list-style-type: none"> DSCR Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required DSCR Ratios. Gross Rents divided by PITIA = DSCR. <p>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.</p> <ul style="list-style-type: none"> Short-Term Rental Income (STR) – Purchase and Refinance Transactions: <ul style="list-style-type: none"> LTV is lesser of 75% for purchase and 70% for refinance, or the LTV based upon the DSCR/FICO/Loan balance. (Excludes Condo Hotel projects). DSCR Calculation: <ul style="list-style-type: none"> 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 STR 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: <ul style="list-style-type: none"> STR analysis form or 1007/1025 may be used. The analysis must include the following: <ul style="list-style-type: none"> Provided the source of the data used to complete the STR analysis. Include comparable STR properties, focusing on room count, gross living area, location & market appeal. Include daily rental rate and occupancy percentage. Factor seasoning & vacancies into the analysis. Must be completed by a licensed appraiser. The most recent 12-month rental history statement from the 3rd party rental/management service. <ul style="list-style-type: none"> 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. The most recent 12-month bank statements from the borrower/guarantor evidencing short-term rental deposits. Borrower/guarantor must provide rental records for the subject property to support monthly deposits. AIRDNA (www.Aurdna.co) Rentalizer/Property Earning Potential Report accessed using the Explore Short-Term Rental data, must meet the following: <ul style="list-style-type: none"> Rentalizer (Property Earning Potential) <ul style="list-style-type: none"> Only allowed for purchase transaction. Gross rents equal the revenue projection from the Property Earning Potential Report less the 20% extraordinary expense factor. The forecast Period must cover 12 months and dated 90-days within the Note date. Maximum occupancy limited to 2 individuals per bedroom Must have three (3) comparable properties, all within the same ZIP code. Must be similar in size, room count, amenities, availability, and occupancy. Market score must be 60 or greater as reflected on the Property Earning Potential Report.

DSCR Matrix, continued

Underwriting Requirements			
LTV>80% Requirements	Purchase Only Minimum FICO score of 740 1 unit only Interest Only not allowed. 30 Year Fixed Only No Condo-hotel, Warrantable or Non-Warrantable condo Property not in declining markets No Rural properties No Short-term Rentals No Leasehold 6 months of PITIA reserves required DSCR => 1.25 Experienced investor only. Minimum Loan amount \$150K and Maximum Loan Amount \$1MM The following states are not allowed: AL, AR, GA, FL, KS, ME, MO, MS, NY, WI & WY		
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.		
State Restrictions	MD: Baltimore City Row Homes are ineligible. NY: STRs in the 5 NYC Boroughs are ineligible FL: DSCR => 1		
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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Gift funds are allowed after a minimum of 10% borrower contribution. • Gift funds cannot be counted towards reserves. 	Document Age	<ul style="list-style-type: none"> • 120-days – Credit Report • 90-days - Assets
Prepayment Penalty – Investment Property Only	Acceptable structures include the following: <ul style="list-style-type: none"> 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. 		<ul style="list-style-type: none"> • 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 IL & NJ. • Penalties not allowed on loan amounts less than \$319,777 in PA
Escrows	Escrows may be waived, see Section 5.5 – Escrow/Impounds for requirements		