

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		
• 0x30x24	BK/FC/SS/DIL/Mod: • >=36 Mo – Any event Forbearance, Mod or Deferral – Refer to the guideline.	Experienced Investor: 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. First Time Investor: Not eligible First Time Homebuyer: 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	• Min: 400,000 • Max: 2,000,000			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Cash-In-Hand	• Max cash-in-hand \$1,000,000			
Occupancy	Investment			
Restrictions	Not Allowed Foreign Nationals			
State Restrictions	• IL, MD (Baltimore), NJ (Bergen and Essex County), PA Row Homes & NY are ineligible • FL & NJ - Max LTV/CLTV: 70% (Purchase) – Max LTV/CLTV: 65% (R/T or Cash-Out) and Min FICO 720			
Property Type	• Residential 5 – 8 Units • Mixed use 2 – 8 Units (Residential with Retail/Office) ○ 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	• A full interior inspection with photos is required for all units. • 5-8 Residential ○ FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or ○ Narrative reports can be utilized but not required. • 2-8 Mixed Use ○ 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: ○ 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 ○ Plot plan or survey ○ Appraiser qualifications • Review Product – A commercial BPO required for all loans. ○ In PA and NC, a commercial product is used instead of a commercial BPO.			
Property Condition	• 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)			
Income Requirements				
Income	• 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. Vacant residential units must be actively marketed for rent. Provide screenshots of listing or other documentation. Vacant commercial space is not allowed. • 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	• Minimum DSCR ≥ 1.00 • DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment). • Reduce qualifying rents by any management fee reflected on the appraisal report
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DSCR (5-8 Units or 2-8 Mixed Use), continued

Underwriting Requirements			
Mixed Use	• Commercial use is limited retail or office space. Residential/Commercial zoning is acceptable. • Vacant commercial space not allowed		
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	• 6 months of PITIA • Loan Amount $> \\$1.5M$: 9-months of PITIA • Cash out may <u>not</u> be used to satisfy requirement
Gift Funds	• Not eligible.	Document Age	90-days (Credit Report and Assets)
Prepayment Penalty	• Acceptable structures include the following: ○ Six (6) months of interest in prepayments <u>not</u> available. ○ 5% fixed up to 5-years • Prepayment periods up to 5-Years eligible, see rate sheet. • Prepayment Penalty – See the Resource Center for details.		