

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		
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 Investor, subject to the following restrictions: - Max 80% LTV/CLTV; Min DSCR = 1; Min FICO: 680 - First Time investors and First Time Home Buyer eligible subject to the following restrictions: - Min FICO: 700 - Min Loan Amt: \$150K - Max Loan Amt: \$750K – Max 70% LTV/CLTV 0x30x24 mortgage or rent; >= 36 mo. from any credit event; Rent free not allow 6-Mo of PITIA reserves is required. No exceptions allowed to the file. 1-unit or Warrantable condo only - DSCR >= 1 - Cash-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	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 – DSCR =>1 no restrictions. 2-4 Units DSCR <1, Condominium & NW Condo: Max LTV/CLTV: 75% (Purchase) – Max LTV/CLTV: 70% (R/T or Cash-Out) Condotels 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.			

DSCR Matrix, continued

Income Requirements	
Income	Long-Term Rental Documentation and DSCR Calculation: <u>Purchase Transactions:</u> - 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. - 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. <u>Refinance Transactions:</u> - Required documentation: - Original appraisal report reflecting tenant-occupied, and - FNMA Form 1007 or 1025 reflecting long-term market rents and lease agreement. - Executed lease agreement - 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: - 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. - 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. <u>DSCR Calculation:</u> - 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. 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 (STR) – Purchase and Refinance Transactions: - 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: - 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: - STR analysis form or 1007/1025 may be used. The analysis must include the following: - 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. - 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: - Rentalizer (Property Earning Potential) - 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		
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)		
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.		
Acreage	Property up to 5-acres, not meeting the rural definition, eligible.		
State Restrictions	MD: Baltimore are ineligible. NY: ineligible NJ: Bergen County and Essex County are ineligible. PA: Row Homes are ineligible FL and IL: DSCR =>0.75		
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. • Prepayment Penalty – See the Resource Center for details.
Escrows	Escrows may be waived, see Section 5.5 – Escrow/Impounds for requirements		