BFF BROKERS FIRST FUNDING
YOUR BFF IN WHOLESALE

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.
		  o First Time Investor, subject to the following restrictions:
		   • Max 80% LTV/CLTV; Min DSCR = 1; Min FICO: 680
		  o First Time investors and First Time Home Buyer eligible subject to the following restrictions:
		   ▪ Max Loan Amt: $750K w/ 70% LTV – 6 Mos reserves or Max Loan Amt: $1.5M – Max 75% LTV/CLTV -12 mos reserves is required.
		   ▪ 0x30x24 mortgage or rent; >= 36 mo. from any credit event; Rent free not allow
		   ▪ 1-unit or Warrantable condo only; Cash-out refinance not eligible.
		   ▪ DSCR => 1; Min FICO; 700; Min Loan Amount: $150K
		   ▪ Leasehold, STR, IO and/or 40-Year are not eligible.
		   ▪ Motivation letter required for purchasing investment and not owing a primary.
		   ▪ No exception will be granted.

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: 640 • 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**:
	 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 is currently occupied, 1007 or 1025 must reflect the current monthly rent. Monthly gross rent is to be evaluated for each unit individually.
	    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 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 without LTV restriction.
	 o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.
	 Refinance Transactions:
	 o Required documentation:
	    o Original appraisal report reflecting tenant-occupied, and
	    o FNMA Form 1007 or 1025 reflecting long-term market rents and lease agreement.
	    o 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
	 o A vacant property as indicated on the is allowed subject to the following:
	    o 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. Monthly gross rent is to be evaluated for each unit individually.
	    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 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 Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.
	 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 (STR) – Purchase and Refinance Transactions:
	    o LTV is lesser of 75% for purchase and 70% for refinance, or the LTV based upon the DSCR/FICO/Loan balance.
	    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 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:
	    o 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.
	    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 statements from the borrower/guarantor evidencing short-term rental deposits. Borrower/guarantor must provide rental records for the subject property to support monthly deposits.
	    o 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 1unit 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 and/or Philadelphia County 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-monnths of PITIA • 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		