

DSCR

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	Reserve	Loan Amount
Credit 700	2	\$1,000,000
	6	\$1,500,000
		\$2,000,000
		\$2,500,000
		\$3,000,000
	12	\$3,500,000
660	2	\$1,000,000
	6	\$1,500,000
		\$2,000,000
		\$2,500,000
		\$3,000,000
	12	\$3,000,000
640	2	\$1,000,000
	6	\$1,500,000
		\$2,000,000
		\$2,500,000
		\$3,000,000
	12	\$3,000,000

DSCR >= 1.00		
Purchase	Rate/Term	Cash out
80	75	75
80	75	75
75	70	70
70	65	65
70	65	65
70	65	NA
75	75	70
75	70	70
70	65	65
70	65	65
65	NA	NA
75	70	NA
65	65	NA
65	NA	NA
60	NA	NA
60	NA	NA

Credit	Reserve	Loan Amount
700	2	\$1,000,000
	6	\$1,500,000
		\$2,000,000
		\$2,500,000
		\$3,000,000
	12	\$3,000,000
680	2	\$1,000,000
	6	\$1,500,000
		\$2,000,000
		\$2,500,000
		\$3,000,000
	12	\$3,000,000
660	2	\$1,000,000

DSCR < 1.0		
Purchase	Rate/Term	Cash out
75	70	70
75	70	70
70	65	65
65	NA	NA
60	NA	NA
70	65	NA
70	65	NA
65	60	NA
60	NA	NA
60	NA	NA
65	NA	NA

***DSCR < .75 a Prepayment is required**

Requirements	
Products	Fixed rate terms of 40, 30, and 15 year terms. ARMS: 10/6, 7/6, 5/6 year terms (amortized over 30) 40 year allowed with IO
Interest Only	Credit score 680 Max ltv 75% Purchase, 75% Rate/Term, 70% Cash-Out
Loan Amounts	Minimum : 100,000 Loan amounts < 150,000 Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.25) Maximum : 3,500,000
Property Types	SFR 2-4 units/ condos purch: 75% Refi 75% CO 70% Condotel purch 75% Refi 70% CO 65% (Max loan amount 1,500,000) Rural is ineligible <i>Florida Condo requirements : Structural inspection is required for projects 1) Greater than 5 stories 2) over 30 years old (25yrs if 3 miles from coast)</i>
Unleased Properties	All long-term rental refinances: A vacant or unleased property is allowed subject to max LTV of 70%. Not applicable for short-term rentals, see short-term rental income section for specific criteria
Acreage	Maximum 2 Acres, Rural is ineligible
Cash In Hand	Maximum : LTV >= 65% 500,000 LTV < 65% 1,000,000 Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions)

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Requirements (continued)	
Appraisals	FNMA 1004, 1025, 1073 with interior /exterior inspections Appraised review product required unless 2nd appraisal obtained 2nd appraisal required for loans greater than \$2,000,000
Income	<p>Long-Term Rental Documentation and DSCR Calculation</p> <p>Purchase Transactions:</p> <p>Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents. If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.</p> <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 the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped ▪ 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%. <p>Refinance Transactions:</p> <p>Required documentation:</p> <ul style="list-style-type: none"> ▪ FNMA Form 1007 or 1025 reflecting long-term market rents, and lease agreement. ▪ If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following: LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix <p>Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows</p> <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 the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped ▪ 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%. <p>A vacant or unleased property is allowed subject to the following:</p> <ul style="list-style-type: none"> ▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix <p>o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.</p> <p>DSCR Calculation:</p> <p>Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. Gross rents divided by PITIA = DSCR</p>

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Requirements (continued)

Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation

Short-Term Rental Income – Purchase and Refinance Transactions:

LTV is lesser of 75% for a purchase and 70% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance.
(Excludes Condo Hotel projects)

o DSCR Calculation:

1. Monthly gross rents based upon a 12-month average to account for seasonality required.
2. 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.
3. (Gross Rents * .80) divided by PITIA = DSCR.

When short-term rental 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 monthly rental income:
 - o A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.
 - If long-term rent is utilized, 20% expense factor is not to be applied.
 - o An alternative market rent analysis similar to FNMA Form 1007/1025 is allowed, subject to the following:
 - Analysis must be completed pursuant to the lender's appraisal management process.
 - Must be completed by a licensed appraiser.
 - Must include daily rental rate and occupancy percentage.
 - 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 Rentalizer/Property Earning Potential Report accessed using the Explore Short-Term Rental data, must meet the following:
 - Rentalizer (Property Earning Potential Report)

§ Only allowed for purchase transaction

Gross rents equal the revenue projection from the Property Earning Potential Report less the 20% extraordinary expense factor

§ 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 similar in size, room count, amenities, availability, and occupancy

Market score must be 60 or greater as reflected on the Property Earning Potential Report.

Income
(continued)

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Requirements (continued)	
Prepays 5% (Investment only)	Penalties Not Allowed: States AK, KS, MI, MN, MS, NM, and RI On Loans vested to Individuals in IL and NJ Loan amounts less than 312,159 in PA DSCR <.75 a Prepayment is required
Credit scores	Use the representative credit score of the borrower with the highest qualifying income
Borrower Experience	Experienced Investor: Borrower/guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years. First Time Investor: A borrower/guarantor not meeting the experienced investor criteria. o First time investors eligible subject to the following restrictions: <ul style="list-style-type: none"> ▪ Min credit score: 680 ▪ If reported, no mortgage late payments during the past 36 Mo ▪ >= 36 Mo from any credit event ▪ Own a primary residence for at least 1-year ▪ Cash-out not eligible First Time Homebuyer: Not eligible except as allowed in Seller Guide
Reserves	<ul style="list-style-type: none"> • 2-months of PITIA • Loan Amount > \$1.5M: 6-months of PITIA • Loan Amount > \$2.5M: 12-months of PITIA Cash out may be used to satisfy Reserve Requirements Min of 30-days asset verification required; any large deposit must be sourced
Gift Funds	Permitted with Minimum 10 % contribution from borrowers
Tradelines	Minimum 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity IF the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived
Credit History	Housing History : 1x30x12 No restrictions 0x60x12 Max 70% ltv purchase, 65% ltv for Rate and Term & Cash Out Credit event BK/FC/SS/DIL >= 36 Mo No Restrictions >= 24 mo Max 75% purchase, 70% ltv for Rate and Term & Cash out
Escrows	Escrows may be waived, see seller guides Escrow/Impounds for requirements
Geographical Restrictions	CT, FL, IL, NJ, and NY MAX ltv/cltv limited to 85% purchase and 75% Rate and Term, Cash outs We do not lend in Puerto Rico, Guam and US Virgin Islands We will not lend on loans meeting the New York Sub Prime definitions