

Foreign National

Lead Foreign National DSCR is designed for the Investor who is not a citizen of the United States.

DSCR >= 1.00						
Credit	Reserve	Loan Amount		Purchase	Rate/Term	Cash out
680	6	\$1,000,000		75	65	65
		\$1,500,000		70	60	60
No Score		\$1,000,000		75	65	65
		\$1,500,000		70	60	60

DSCR < 1.0*						
Credit	Reserve	Loan Amount		Purchase	Rate/Term	Cash out
680	6	\$1,000,000		65	60	60
		\$1,500,000		65	NA	NA
No score		\$1,000,000		65	60	60
		\$1,500,000		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	Eligible		
Loan Amounts	Minimum : 150,000 Maximum : 1,500,000		
Property Types	SFR 2-4 units/ condos purch: 70% Refi 65% Condotel purch 70% Refi 65% Rural is ineligible <i>Florida Condo requirements : Structural inspection is required for projects</i> <i>1) Greater than 5 stories 2) over 30 years old (25yrs if 3 miles from coast)</i>		
Eligibility Restrictions	· Citizens and individuals from OFAC sanctioned countries are not eligible Florida Purchases: Loans secured by property located in the state of Florida made to foreign principals, persons, and entities are to include one of the following Affidavits published by the Florida Land Title Association: o Conveyances to Foreign Entities – By Individual Buyer o Conveyances to Foreign Entities – By Entity Buyer		
Acreage	Maximum 2 Acres, Rural is ineligible		
Cash In Hand	· \$300,000 if LTV > 50% · \$500,000 for LTV <= 50% · Total equity withdrawn cannot exceed above limits		
Appraisals	FNMA 1004, 1025, 1073 with interior /exterior inspections Appraised review product required unless 2nd appraisal obtained		

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Requirements (continued)

Long-Term Rental Documentation and DSCR Calculation

Purchase Transactions:

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.

- 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 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%.

Refinance Transactions:

Required documentation:

- 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.

Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows:

- 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 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%.

A vacant or unleased property is allowed subject to the following:

- A vacant or unleased property is allowed, LTV reduction not required.
- o **Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.**

DSCR Calculation:

Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios.

Gross rents divided by PITIA = DSCR

Income

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Requirements (continued)

Income
(continued)

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 – Purchase and Refinance Transactions:

LTV is lesser of 70% for a purchase and 65% 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.

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Requirements (continued)	
Income (continued)	<p>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation (continued)</p> <p>Borrower/guarantor must provide rental records for the subject property to support monthly deposits.</p> <p>AIRDNA Rentalizer/Property Earning Potential Report accessed using the Explore Short-Term Rental data, must meet the following:</p> <ul style="list-style-type: none"> Rentalizer (Property Earning Potential Report) <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 § 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.
Prepays 5% (Investment only)	<p>Penalties Not Allowed:</p> <p>States AK, KS, MI, MN, MS, NM, and RI</p> <p>On Loans vested to Individuals in IL and NJ</p> <p>Loan amounts less than 312,159 in PA</p> <p>DSCR <.75 a Pre payment is required</p>
Credit Scores	If score available, use representative credit score of the borrower/guarantor with the highest representative score.
First Time	Permitted
Investor: Reserves	<p>6-months of PITIA</p> <p>Min of 30-days asset verification required; any large deposit must be sourced</p> <p>Cash out may be used to satisfy Reserve Requirements</p>
Gift Funds	Permitted with Minimum 10 % contribution from borrowers
Tradelines	Tradelines not required, if borrower has U.S. credit score see the Non-Agency Seller Guide
Credit History	<p>Housing History : 0x30x12, if documented</p> <p>Credit event BK/FC/SS/DIL</p> <p>>= 36 Mo No Restrictions</p> <p>>= 24 mo Max 75% purchase, 70% ltv for Rate and Term & Cash out</p>
Escrows	Escrows may be waived, see seller guides Escrow/Impounds for requirements
Geographical Restrictions	<p>We do not lend in Puerto Rico, Guam and US Virgin Islands</p> <p>We will not lend on loans meeting the New York Sub Prime definitions</p>