

DSCR Matrix

1-Unit Investment Property				
Maximum LTV/CLTVs		≥ 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
700+	≤1,000,000	80	75	75
	1,000,001 – 1,500,000	80	75	75
	1,500,001 – 2,000,000	75	70	70
	2,000,001 – 3,000,000	70	65	65
	3,000,001 – 3,500,000	70	65	NA
660 - 699	≤1,000,000	75	75	75
	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
620 - 659	≤1,000,000	75	70	70
	1,000,001 – 1,500,000	65	65	65
	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	65	65
	1,500,001 – 2,000,000	70	60	60
	2,000,001 – 2,500,000	65	NA	NA
	2,500,001 – 3,000,000	60	NA	NA
660 - 699	≤1,000,000	70	65	65
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	NA	NA
Housing History	Credit Event Seasoning	Investor Experience		
<ul style="list-style-type: none"> 1x30x12 – No reduction 0x60x12 – Max 70% LTV Purchase & Max 65% LTV Rate/Term & Cash-out 	BK/FC/SS/DIL/Mod: <ul style="list-style-type: none"> ≥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. <ul style="list-style-type: none"> First Time investors eligible subject to the following restrictions: <ul style="list-style-type: none"> Min FICO: 680 0x30x36 mortgage late ≥ 36 Mo from any credit event Cash-out refinance not eligible. First Time Home Buyer not eligible. 		
State Restrictions CT, IL, NJ & NY	Max LTV/CLTV: 75% (Purchase) Max LTV/CLTV: 70 (R/T or Cash out)	Unleased Properties		
All refinances: If appraisal reflects any unit vacant, a 5% LTV reduction is required. N/A for Short-term rental. Refer to Short-term 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	<ul style="list-style-type: none"> Min Credit Score: 660 	<ul style="list-style-type: none"> Max LTV: 80% 		
Loan Amounts	<ul style="list-style-type: none"> Min: 150,000 	<ul style="list-style-type: none"> Max: 3,500,000 		
Loan Amt < 150K	Not allowed			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Occupancy	Investment			
Property Type	Single Family, Attached, Detached: no restrictions. 2-4 Units, Condominium: Max LTV/CLTV: 75% (Purchase) -- Max LTV/CLTV: 70% (R/T or Cash-out) Condotels or Non-Warrantable Condo 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 (no exceptions) Florida Condominiums: A structural inspection is required if the project is over 30 years old or 25 years old if within 3 miles of the coast. Projects with an acceptable inspection, max LTV is reduced 5% Projects with an unacceptable or no inspection are not eligible.			
Acresage	Property up to 2-acres, not meeting the rural definition, eligible.			
Cash-In-Hand	Max cash-in-hand: LTV < 65% - \$1,000,000; LTV => 65% - \$500,000 Total cash-out cannot exceed the limits above.			
Appraisals	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2 nd appraisal obtained. 2 nd Appraisal required for loans > \$2,000,000.			

DSCR Matrix, continued

Income Requirements			
Income	<ul style="list-style-type: none"> • Long-Term Rental Documentation and DSCR Calculation: <ul style="list-style-type: none"> <u>Purchase Transactions:</u> <ul style="list-style-type: none"> ○ Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents. ○ If subject property currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent. ○ Vacant or unleased properties are allowed without LTV restriction. <u>Refinance Transactions:</u> <ul style="list-style-type: none"> ○ Required documentation: <ul style="list-style-type: none"> ▪ FNMA Form 1007 or 1025 reflecting long-term market rents and lease agreement. ▪ If the lease has been converted month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. ○ Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025. If using a higher monthly actual lease amount, evidence of 2-month of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025. ○ Vacant or unleased properties are allowed, and the maximum LTV allowed is reduced by 5%. <u>DSCR Calculation:</u> <ul style="list-style-type: none"> ○ 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. <u>Short-Term Rental Income – Purchase and Refinance Transactions:</u> <ul style="list-style-type: none"> ○ A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is ≥ 1.00 (Excludes Condo Hotel Project. When the DSCR is < 1.00, the DSCR Ratio < 1 Eligibility Matrix must be used. ○ DSCR Calculation: <ul style="list-style-type: none"> ❖ 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. ❖ (Gross Rents *.80) divided by PITIA = DSCR. ○ Any of the following methods may be used to determine gross month rental income: <ul style="list-style-type: none"> ❖ A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents. ❖ The most recent 12-month rental history statement from 3rd party rental/management service. <ul style="list-style-type: none"> ▪ The statement must identify the subject property/unit, rent collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees. ❖ The most recent 12-month bank statements from the borrower evidence short-term rental deposits. The borrower must provide rental records for the subject property to support monthly deposits. ○ AIRDNA Rentalizer and Overview reports must meet the following requirements: <ul style="list-style-type: none"> ❖ Rentalizer <ul style="list-style-type: none"> ✚ Only allowed for purchase transaction ✚ Forecast period must cover 12 months from the Note Date ✚ The occupancy rate must be $> 60\%$ ✚ Must have five (5) comparison properties. ✚ All five (5) comparison must be within the same ZIP code of subject property. ✚ Must be similar in size, room count, amenities, availability, and occupancy. ❖ Overview Report <ul style="list-style-type: none"> ✚ Market grade by zip code ✚ Must be B or greater. ✚ Income Calculation = Annual revenue / 12 		
	Underwriting Requirements		
Credit Score	Use the lowest decision score amongst all borrowers. Middle of 3 scores or lower of 2	Tradelines	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Gift funds are allowed after a minimum of 10% borrower contribution. 	Document Age	<ul style="list-style-type: none"> • 120-days – Credit Report • 90-days - Assets
Prepayment Penalty - Investment Property Only	Acceptable Structures include the following: <ul style="list-style-type: none"> • 5% fixed up to 5 years. • Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period. 		<ul style="list-style-type: none"> • Prepayment periods up to 5-Years eligible, see rate sheet. • Penalties not allowed in KS, NM and OH • Penalties not allowed on loans vested to individuals in IL and NJ • Penalties not allowed on loan amounts less than \$278,204 in PA

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	70
	1,500,001 – 2,000,000	70	65	65
660 - 699	<=1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
Housing History	Housing Event Seasoning	Investor Experience		
<ul style="list-style-type: none"> 0x30x24 	BK/FC/SS/DIL/Mod: <ul style="list-style-type: none"> >=24 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		
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	<ul style="list-style-type: none"> Min: 400,000 Max: 2,000,000 			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Cash-In-Hand	<ul style="list-style-type: none"> Max cash-in-hand \$1,000,000 			
Occupancy	Investment			
Restrictions	Citizens & individuals from OFAC sanctioned counties including Russia & Belarus are not eligible. Foreign Nationals: Use 660 – 699 credit score Loan/LTV eligibility criteria			
Property Type	<ul style="list-style-type: none"> Residential 5 – 8 Units Mixed use 2 – 8 Units (Residential with Retail/Office) <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> A full interior inspection with photos is required for all units. 5-8 Residential <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 			
Property Condition	<ul style="list-style-type: none"> 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) 			
Mixed Use	Commercial use is limited to retail or office space. Residential/Commercial zoning acceptable.			
Income Requirements				
Income	<ul style="list-style-type: none"> 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. 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	<ul style="list-style-type: none"> Minimum DSCR >= 1.00 DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment). Loan amounts >= \$2,000,000 require DSCR >= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater) Reduce qualifying rents by any management fee reflected on the appraisal report 			

DSCR (5-8 Units or 2-8 Mixed Use), continued

Underwriting Requirements			
Credit Score	Use the lowest decision score amongst all borrowers. Middle of 3 scores or lower of 2	Tradelines	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 6 months of PITIA Loan Amount > \$1.5M: 12-months of PITIA Cash out may not be used to satisfy requirement
Gift Funds	<ul style="list-style-type: none"> Gift funds is allowed after minimum of 10% borrower contribution. 	Document Age	90-days (Credit Report and Assets)
Prepayment Penalty	<ul style="list-style-type: none"> Acceptable structures include the following: <ul style="list-style-type: none"> Six (6) months of interest in prepayments not available. 5% fixed up to 5-years 		<ul style="list-style-type: none"> Prepayment periods up to 5-Years eligible, see rate sheet. Penalties not allowed in KS, NM and OH Penalties not allowed on loans vested to individuals in IL and NJ Penalties not allowed on loan amounts less than \$301,022 in PA