

DG Non QM FN – DSCR

Maximum LTV/CLTV			DSCR (Investment Only)		
DSCR	Minimum Credit Score	Maximum Loan Amount	Purchase	Rate/Term Refinance	Cash-Out Refinance
>=1.00	680	1,000,000	75	65	65
		1,500,000	70	60	60
	No Credit Score	1,000,000	75	65	65
		1,500,000	70	60	60
<1.00	680	1,000,000	65	60	60
		1,500,000	65	NA	NA
	No Credit Score	1,000,000	65	60	60
		1,500,000	65	NA	NA
Property Type					
<div><div><ul style="list-style-type: none">Single Family: Attached, Detached2-4 Units and Condominiums: Max LTV/CLTV Purchase 70%, Refinance 65%</div><div><ul style="list-style-type: none">Condo Hotel: Max LTV/CLTV Purchase 70%, Refinance 65%Rural: Not Eligible</div></div>					
Housing History	Credit Event Seasoning		First Time Investor	Unleased Properties	
0x30x12, if documented	BK/FC/SS/DIL/PreFC/MC: >= 36 Mo Forbearance, Modification, or Deferral: > 12 Mo		Allowed	Refinance: LTV reduction not required	
State Restrictions					
IL, NY: 2-4 Units not eligible Ineligible locations: Puerto Rico, Guam, & the US Virgin Islands					
Declining Markets and State Overlays					
Maximum eligible LTVs do not require a market adjustment for the Foreign National program.					
General Requirements					
Product Type	<div><div><ul style="list-style-type: none">Fixed Rate Terms: 15, 30, 40-years</div><div><ul style="list-style-type: none">5/6 ARM, 7/6 ARM, 10/6 ARM with 30-year term</div></div>				
Interest Only	<div><div><ul style="list-style-type: none">Eligible</div><div><ul style="list-style-type: none">40-year term ARMs eligible when combined with interest only feature</div></div>				
Loan Amounts	<div><div><ul style="list-style-type: none">Min: 150,000</div><div><ul style="list-style-type: none">Max: 1,500,000</div></div>				
Loan Purpose	<ul style="list-style-type: none">Purchase, Rate/Term, and Cash Out				
Occupancy	<ul style="list-style-type: none">Investment for all eligible foreign citizens				
Eligible Borrowers	<ul style="list-style-type: none">Foreign Nationals				
Eligibility Restrictions	<ul style="list-style-type: none">Citizens and individuals from OFAC sanctioned countries are not eligibleFlorida 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:<ul style="list-style-type: none">Conveyances to Foreign Entities – By Individual BuyerConveyances to Foreign Entities – By Entity Buyer				
Acreage	<ul style="list-style-type: none">Property up to 2-acres, not meeting the rural definition, eligible				
Cash-In-Hand	<div><div><ul style="list-style-type: none">\$300,000 if LTV > 50%</div><div><ul style="list-style-type: none">\$500,000 for LTV <= 50%</div><div><ul style="list-style-type: none">Total equity withdrawn cannot exceed above limits</div></div>				
Appraisals	<ul style="list-style-type: none">FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2nd appraisal obtained.				
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 the subject property is currently tenant occupied, the 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 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%.
 - o A vacant or unleased property is 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:
 - Original appraisal report reflecting tenant-occupied, and
 - FNMA Form 1007 or 1025 reflecting long-term market rents, and
 - Executed lease agreement
 - Leases that have converted to month-to-month are allowed.
 - 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.
 - 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%.
 - o 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.

DG Non QM FN – DSCR. continued

Income, continued	<ul style="list-style-type: none">• DSCR Calculation:<ul style="list-style-type: none">o Debt Service Coverage Ratio is the Monthly required Debt Service Coverage Ratios.o PITIA: Gross rents divided by PITIA = DSCRo ITIA: Gross rents divided by ITIA = DSCR <p>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.</p> <ul style="list-style-type: none">• Short-Term Rental Income – Purchase and Refinance Transactions:<ul style="list-style-type: none">o 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:<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. 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.▪ PITIA: (Gross Rents * .80) divided by PITIA = DSCR▪ ITIA: (Gross Rents * .80) divided by ITIA = 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:<ul style="list-style-type: none">o Short-term rental (STR) analysis form or 1007/1025 may be used. The analysis must include the following:<ul style="list-style-type: none">▪ Provide the source of the data used to complete the STR analysis.▪ Include comparable STR properties, focusing on room count, gross living area (GLA), location, and market appeal.▪ Include daily rental rate and occupancy percentage.▪ Factor seasonality and vacancy 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.<ul style="list-style-type: none">▪ The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The qualifying rental 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 requirements:<ul style="list-style-type: none">▪ Rentalizer (Property Earning Potential Report)<ul style="list-style-type: none">▪ Only allowed for purchase transaction<ul style="list-style-type: none">▪ 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 or Sub-Market Score must be 60 or greater as reflected on the Property Earning Potential Report		
	Underwriting Requirements		
Credit Score	<ul style="list-style-type: none">• If score available, use representative credit score of the borrower/guarantor with the highest representative score.	DTI Requirements	(DSCR – no DTI component)
Assets	<ul style="list-style-type: none">• Min of 30-days asset verification	Reserves	<ul style="list-style-type: none">• 6-months of PITIA• Cash out may be used to satisfy requirement
Gift Funds	<ul style="list-style-type: none">• Not allowed	Document Age	<ul style="list-style-type: none">• 120-days
Tradelines	<ul style="list-style-type: none">• Tradelines not required, if borrower has U.S. credit score see section 2.5.12 of the Non- Agency Seller Guide	Prepayment Penalty - Investment Property Only	<ul style="list-style-type: none">• Prepayment periods up to 5-Years eligible, see rate sheet• Penalties not allowed in AK, KS, MI, MN, NM, and RI• Penalties not allowed on loans vested to individuals in IL and NJ• Penalties not allowed on loan amounts less than \$319,777 in PA• Only declining prepayment penalty structures allowed in MS• Penalties on 1-2 unit properties cannot exceed 1% of the loan balance during the 1st five years in OH
Escrows	<ul style="list-style-type: none">• Escrows may be waived, see Section 2.4.5 – Escrow/Impounds for requirements		