

DG Non-QM Foreign National DSCR - Series II

Single Investment Property - Maximum LTV /CLTV					
DSCR	Minimum Credit Score	Maximum Loan Amount	Purchase	Rate/Term	Cash-Out
>=1.00	680	1,000,000	75	75	70
		1,500,000	75	75	65
		2,000,000	70	70	60
		2,500,000	65	NA	NA
	No Credit Score	1,000,000	75	75	70
		1,500,000	75	75	65
		2,000,000	70	70	60
		2,500,000	65	NA	NA
<1.00	680	1,000,000	70	70	65
		1,500,000	65	65	65
		2,000,000	60	60	60
		2,000,000	60	60	60
	No Credit Score	1,000,000	70	70	65
		1,500,000	65	65	65
		2,000,000	60	60	60
		2,000,000	60	60	60
Property Type					
<ul style="list-style-type: none"> Single Family: Attached, Detached 2-4 Unit, Condominium, Condo Hotel (Condotel): Mox LTV/CLTV Purchase 70%, Rote/Term 70%, Cash-Out 65% Rural: Mox LTV /CLTV Purchase 70%, Rote/Term 70%, Cash-Out 65% 					
Housing History	Credit Event Seasoning	Investor Experience			
0x30x 1 2, if documented	BK/FC/SS/DIL/PreFC/MC: >= 36 Mo Forbearance, Modification, or Deferral: > 12 Mo	First Time Investor: Allowed			
Long-Term Rental-Vacant Refinance Only	LTV is lesser of 70% for refinance, or LTV based upon the DSCR/Credit Score/Loon Balance table				
Short-Term Rental- Refinance Only	LTV is lesser of 70% for refinance, or LTV based upon the DSCR/Credit Score/Loon Balance table				
State Eligibility					
<ul style="list-style-type: none"> IL, NY: 2-4 Unit not eligible Ineligible Locations: <p>0 Baltimore City, MD 0 Philadelphia County, PA 0 Puerto Rico, Guam, & the US Virgin Islands</p> <ul style="list-style-type: none"> State Overlays for CT, FL, IL, NJ, NY: Mox LTV/CLTV limited to 70% for refinances only, max loon amount limited to \$2.0MM for all transactions 					
Declining Market					
If the appraisal report identifies the property in a declining market, max LTV/CLTV is limited to 70% for refinances and max loon amount \$2.0MM for all transactions.					
General Requirements					
Product Type	<ul style="list-style-type: none"> Fixed Rote Terms: 15, 30, 40 years 5/6 ARM, 7 /6 ARM, 10/6 ARM with 30 and 40-year terms; ARM 40-year term must be combined with interest only feature 				
Interest Only	<ul style="list-style-type: none"> Eligible 30 and 40-year total loon terms, qualification based upon the interest only payment 				
Loan Amounts	<ul style="list-style-type: none"> Min: 150,000 Mox: 2,500,000 				
Loan Purpose	<ul style="list-style-type: none"> Purchase, Rote/Term, and Cash-Out Non-Arm's Length transactions are ineligible 				
Occupancy	<ul style="list-style-type: none"> Investment for all eligible foreign citizens 				
Eligible Borrower	<ul style="list-style-type: none"> Foreign Notional 				
Eligibility Restrictions	<ul style="list-style-type: none"> Citizens and individuals from OFAC sanctioned countries ore not eligible Florida Purchases: Loons secured by property in the state of Florida mode to foreign principals, persons, and entities ore to include one of the following Affidavits published by the Florida Land Title Association: <p>0 Conveyances to Foreign Entities By Individual Buyer 0 Conveyances to Foreign Entities By Entity Buyer</p>				
Acreage	<ul style="list-style-type: none"> Property up to 5-acres 				
Cash-In-Hand	<ul style="list-style-type: none"> Mox: \$300,000 if LTV> 50% Mox: \$500,000 for LTV<= 50% Total equity withdrawn cannot exceed above limits 				
Appraisals	<ul style="list-style-type: none"> FNMA Form 1 004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2,d appraisal obtained. 2,d Appraisal required for loon > \$2,000,000. 				
Income Requirements					
Income	<p>Long-Term Rental Documentation and DSCR Calculation</p> <ul style="list-style-type: none"> Purchase Transactions: <p>0 Monthly Gross Rents ore the monthly rents established on FNMA Form 1007 or 1025 reflecting long-term market rents. 0 If the subject property is currently tenant occupied, the 1 007 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 1 20% 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 1 20%. 0 A vacant or uneased property is allowed without LTV restriction. 0 Units subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.</p>				

Income, continued	<ul style="list-style-type: none"> • Refinance Transactions: <ul style="list-style-type: none"> o Required documentation: <ul style="list-style-type: none"> • Original appraisal report reflecting tenant-occupied, and • FNMA Form 1 007 or 1025 reflecting long-term market rents, and • Executed lease agreement <ul style="list-style-type: none"> ◦ Leases that have converted to month-to-month are allowed. ◦ If lease agreement is not provided, LTV/CLTV is limited to lesser of 70% or 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. <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 1 20% of the estimated market rent from the 1007 /1 025. If the actual rent exceeds the estimated market rent by more than 1 20%, the rents are capped at 1 20%. • 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 1 20%, the estimated market rent is capped at 1 20%. o A vacant property as indicated on the appraisal is allowed subject to the following: <ul style="list-style-type: none"> • LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix. o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR. • DSCR Calculation: <ul style="list-style-type: none"> o Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA (or ITIA) of the subject property. See this matrix for required Debt Service Coverage Ratios. o PITIA: Gross rents divided by PITIA = DSCR o 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 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 1 2-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, 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 Third 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 • 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 • 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
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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 o Representative score for each borrower is the lower of two (2) or middle of three (3) credit scores 	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
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"> • Allowed after min 10% borrower contribution 	Document Age	<ul style="list-style-type: none"> • 120-days
Prepayment Penalty	<ul style="list-style-type: none"> • Acceptable structures include the following: <ul style="list-style-type: none"> o Fixed percentage of no less than 3% o Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years o Example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%) o Six (6) months of interest on prepayments 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 		
Escrows	<ul style="list-style-type: none"> • Escrows may be waived, see Section 2.5.5 - Escrow /Impounds for requirements 		