Investor Solutions - DSCR

Single Investment Property – Maximum LTV/CLTV				
Maximum LTV/CLTV		**≥ 1.00**		
Minimum Credit Score	**Maximum Loan Amount**	**Purchase**	**Rate/Term**	**Cash-Out**
700	1,000,000	80	80	75
	1,500,000	80	80	75
	2,000,000	75	75	70
	3,000,000	70	70	65
	3,500,000	70	70	NA
660	1,000,000	75	75	70
	1,500,000	75	75	70
	2,000,000	70	70	65
	2,500,000	70	70	65
	3,000,000	65	NA	NA
640	1,000,000	75	75	NA
	1,500,000	65	65	NA
	2,000,000	65	NA	NA
	3,000,000	60	NA	NA
Maximum LTV/CLTV		**< 1.00**		
700	1,000,000	75	75	70
	1,500,000	75	75	70
	2,000,000	70	70	65
	2,500,000	65	NA	NA
	3,000,000	60	NA	NA
680	1,000,000	70	70	NA
	1,500,000	70	70	NA
	2,000,000	65	65	NA
	3,000,000	60	NA	NA
660	1,000,000	65	NA	NA

Property Type

- Single Family: Attached, Detached
- 2-4 Unit and Condominium: Max LTV/CLTV Purchase 75%, Refinance 70%
- Condo Hotel (Condotel): Max LTV/CLTV Purchase 75%, Refinance 65%, Max Loan Amount $1,500,000
- Rural: Max LTV/CLTV 75% Purchase, 70% Refinance

Housing History	Credit Event Seasoning	Investor Experience

• 1x30x12: No reduction
• 0x60x12:
  ○ Max 70% LTV Purchase
  ○ Max 65% LTV Refinance
	BK/FC/DIL/PreFC/SS/MC/LP/NoD:
	• ≥ 36 Mo: No reduction
	• ≥ 24 Mo:
	  ○ Max 75% LTV Purchase
	  ○ Max 70% LTV Refinance
	
	Forbearance, Modification, Deferral:
	See Non-Agency Seller Guide
		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 that is purchasing an investment property for the first time, meaning they have not previously owned a property intended for rental income, resale, or other investment purposes.
		○ First time investors are eligible subject to the following restrictions:
		▪ First-time homebuyer (FTHB) not allowed
		▪ Min credit score: 700
		▪ ≥ 36 Mo seasoning from any credit event
		▪ DSCR ≥ 1.00
		▪ Must own a primary residence
		First Time Homebuyer (FTHB): Not eligible except as allowed in Seller Guide

Long-Term Rental – Vacant Refinance	LTV is lesser of 70% for refinance, or LTV based upon the DSCR/Credit Score/Loan Balance table.
Short-Term Rental – All Transactions	LTV is lesser of 75% for purchase and 70% for refinance, or LTV based upon the DSCR/Credit Score/Loan Balance table.

State Restrictions

- IL, NY: 2-4 Unit not eligible
- Ineligible Locations:
  - Baltimore City, MD
  - Philadelphia County, PA
  - Puerto Rico, Guam, & the US Virgin Islands
- State Overlays for CT, IL, NJ, NY: Max LTV/CLTV limited to 75% for purchase and 70% for refinance, max loan amount limited to $2.0MM

Declining Market

If appraisal report identifies the property in declining market, max LTV/CLTV is limited to 75% for purchase and 70% for refinance, max loan amount limited to $2.0MM

General Requirements

Product Type	• Fixed Rate Terms: 15, 30, 40 years • 5/6 ARM, 7/6 ARM, 10/6 ARM with 30 and 40-year terms; ARM 40-year must be combined with interest only feature		
Interest Only (IO)	• Min Credit Score: 680	• Max LTV/CLTV: 75% Purchase & Rate/Term, 70% Cash-Out	• 30 and 40-year total terms, qualification based upon the interest only payment
Loan Amount	• Min: $100,000	• Max: $3,500,000	
Loan Amt < 150K	• Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.25)		

Investor Solutions - DSCR

General Requirements, continued			
Loan Purpose	• Purchase, Rate/Term, Cash-Out	• Non-Arm's Length transactions are ineligible	
Occupancy	• Investment		
Eligible Borrower	• U.S. Citizen	• Permanent Resident Alien	• Non-Permanent Resident Alien
Acreage	• Max: 5-acres		
Cash-In-Hand	• Max: $500,000 if LTV ≥ 65%	• Max: $1,000,000 if LTV < 65%	• Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions)
Appraisals	• FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2nd appraisal obtained. • 2nd Appraisal required for loans > $2,000,000.		

Income Requirements	

Income	**Long-Term Rental Documentation and DSCR Calculation**
	• **DSCR Calculation:**
	  ○ Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA (or ITIA) of the subject property.
	  ○ PITIA: Gross rents divided by PITIA = DSCR, ITIA: Gross rents divided by ITIA = DSCR
	• **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. 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%.
	  ○ A vacant or unleased property is allowed without LTV restriction.
	• **Refinance Transactions:**
	  ○ 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
	  ▫ If lease agreement is not provided, LTV/CLTV is limited to lesser of 70% or the DSCR/Credit Score/Loan Balance matrix.
	  ○ 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%.
	  ○ A vacant property as indicated on the appraisal is allowed subject to the following:
	  ▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/Credit Score/Loan Balance matrix.
	• **Restrictions:**
	  ○ Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.
	  ○ Lease agreement(s) cannot be with an interested party or a family member.
	Short-Term Rental Documentation and DSCR Calculation
	Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.
	• **DSCR Calculation:**
	  ○ PITIA: (Gross Rents * .80) divided by PITIA = DSCR, ITIA: (Gross Rents * .80) divided by ITIA = DSCR
	  ○ 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.
	  ○ Monthly gross rents based upon a 12-month average to account for seasonality required.
	• LTV Overlays: LTV is the lesser of 75% for purchase and 70% for refinance, or the LTV based upon the DSCR/Credit Score/Loan Balance matrix (excludes condotels).
	• 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:
	  ○ Short-term rental (STR) analysis form or 1007/1025 may be used, must include the following:
	  ▪ 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.
	  ○ The most recent 12-month rental history statement from the Third 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.
	  ○ 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.
	  ○ AIRDNA Rentalizer/Property Earning Potential Report accessed using the Explore Short-Term Rental data, must meet the following:
	  ▪ Only allowed for purchase transactions
	  ▪ Gross rents equal revenue projection from 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
	  ▪ Must use default comparable properties generated by AirDNA for gross rent, use of custom compara

Investor Solutions - DSCR

Underwriting Requirements			
Credit Score	• Use representative credit score of the borrower/ guarantor with the highest representative score • Representative score for each borrower is the lower of two (2) or middle of three (3) credit scores	**Tradelines**	• If borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived • Min: 2 reporting 24-months w/activity in last 12-months or 3 reporting 12-months w/recent activity
Assets	• Min of 30-days asset verification required	**Reserves**	• 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 requirement
Gift Funds	• Allowed after min borrower contribution of 10%	**Document Age**	• 120-days

Prepayment Penalty	• Acceptable structures include the following:
	  ○ Fixed percentage of no less than 3%
	  ○ Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years
	  Example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%)
	  ○ 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
			• **AK, MI, NM, OH:** Penalties not allowed
			• **IL, NJ:** Penalties not allowed on loans vested to individuals
			• **MS:** Only declining prepayment penalty structures are allowed
			• **PA:** Penalties not allowed on 1-2 unit loans with a loan amount less than or equal to the base figure ($329,411 for 2026; adjusted annually). This restriction applies to business purpose loans whether vested to an individual or an entity. 3+ unit loans, or with a loan amount greater than $329,411 are not subject to prepayment restrictions.

Escrows	• Escrows may be waived, see Section 2.5.5 – Escrow/Impounds for requirements		