



DIAMOND • DSCR 1-4

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

Housing History

- 1x30x12: No reduction
- 0x60x12 / >1x30x12 : Max 70% LTV Purchase | Max 65% LTV Rate/Term and Cash-Out
- ≥1x60x12: Not allowed

Housing Event Seasoning

- Bankruptcy, Short Sale, Deed-in-Lieu, Charge-Off Mortgage and/or Foreclosure: *See below Credit Event Seasoning*
- COVID Forbearance must be released and fully current.
- Non-COVID deferred payments would need to meet the following:
 - Mortgage Loan Modifications are acceptable with 36-months seasoning, Min 720 FICO, and no additional credit events after modification. Examples of loan modifications are:
 - Principal and/or Interest Forgiveness on either the first or second mortgage.
 - Principal Curtailment by or on behalf of the investor to simulate principal forgiveness.
 - Conversion of any part of the original mortgage debt from secured to unsecured debt.

Credit Event Seasoning

BK/FC/SS/DIL:

- >=36 Mo: No reduction
- >=24 Mo: Max 75% LTV Purchase | Max 70% LTV Rate/Term and Cash-Out

Unleased Properties

All long-term rental refinances: A vacant or unleased property is allowed subject to **max LTV of 75% for Refinance.**

Not applicable for short-term rental: *See income section for specific criteria on full guidelines.*



Investor Experience

Experienced Investor:

The borrower must have a history of owning and managing commercial or non-owner occupied residential real estate for at least one (1) year in the last three (3) years.

First-Time Investor:

First-Time Investor is a borrower not meeting the Experienced Investor definition, but who currently has a verified 12-month housing payment history with a max LTV of 75% with minimum of 1.00 DSCR ratio with a minimum of 700 FICO score. First-Time Investors are eligible subject to the following restrictions:

- Minimum credit score: 700
- Minimum of 36-months seasoning from any credit event.
- Cash-Out transactions not eligible.
- 12-months minimum rental history fully documented, if private party, must provide cancelled checks/bank statements, or PayPal, etc. proof with copy of lease.
- 12-months reserves for loan amounts >\$2,000,000
- 6-months reserves for loan amounts ≤\$2,000,000

First-Time Homebuyer/First-Time Investor:

- Minimum credit score 700
- 12-months minimum rental history fully documented, if private party, must provide cancelled checks/bank statements, or PayPal, etc. proof with copy of lease. 0x30x12
- Must provide proof of utility bill with address along with valid driver's license.
- Max LTV 75% purchase to LTV matrices limit.
- Minimum DSCR 1.00.
- 12-months reserves.
- No gifts allowed.
- No Cash-Out.

Geographic Restrictions

Ineligible Locations: Baltimore City, MD, Philadelphia, PA, Puerto Rico, Guam, and the U.S. Virgin Islands

DECLINING MARKETS

Required to be applied for LTVs > 65%

Property Value	Demand	Market Time	Reduction to LTV
Declining	Any	Any	5%

General Requirements

Product Type	<ul style="list-style-type: none"> • Fixed Rate Terms: 30, 40-YR fixed, 30 or 40-YR with 10-YR I/O Option; 5/6 ARM, 7/6 ARM – 30-YR Full AM, 30-YR with 10-YR I/O Option.
Interest Only	<ul style="list-style-type: none"> • Min Fico: 680 • FTHB 700 / 12-months reserves. • Max LTV: 75% Purchase 75% Rate/Term 70% Cash-Out
Loan Amounts	<ul style="list-style-type: none"> • Min: \$100,000 • Max: \$3.5MM
Loan Amounts < 150K	<ul style="list-style-type: none"> • Max LTV/CLTV: Purchase 75% Any Refinances 70%.
Loan Purpose	<ul style="list-style-type: none"> • Purchase, Rate/Term, and Cash-Out
Occupancy	<ul style="list-style-type: none"> • Investment
Property Type	<ul style="list-style-type: none"> • Single Family: Attached, Detached • SFR + ADU's allowed up to a maximum of four (4) • Modular • 2-4 Units and Condominiums • Non-Warrantable Condo: Max LTV/CLTV 75% Rate/Term and Cash-Out, Min FICO 700, Loan \$150,000-\$1.5MM • Condo Hotel: Max LTV/CLTV Purchase 75% Rate/Term or Cash-Out 65% (Max Loan Amount \$1.5MM Min Loan Amount \$150,000. • Rural: Max LTV/CLTV 75% Purchase, 70% Refinance



Property Type - Continued	<p><u>Florida Condominiums:</u></p> <ul style="list-style-type: none"> • A structural inspection is required for projects greater than 5 stories; and over 30 years old (or 25 years if within 3 miles of the coast) Projects with unacceptable or no inspection are ineligible
Acreage	<ul style="list-style-type: none"> • Property up to 20 Acres
Vacant Property / Month-to-Month / Using Higher of 1007 or Current Lease	<ul style="list-style-type: none"> • Purchase: No reduction may use 1007 Market Rent. • Refinance: If lease has been converted to month-to-month, then provide the most recent two (2) months proof of receipts to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following: Refinance 75%. • Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows: <ul style="list-style-type: none"> ➢ If using the lower of the actual lease amount or estimated market rent, nothing further is required OR is MINIMUM FICO 700 and you may use the higher of the two provided not exceeding 20%. ➢ If FICO is <700, if using the higher actual lease amount, evidence of 2-months receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025. If the actual rent exceeds the 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.
Cash-In-Hand	<ul style="list-style-type: none"> • LTV > 65% - \$1MM • LTV < 65% - Unlimited • Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions).
Appraisals	<ul style="list-style-type: none"> • FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2nd appraisal obtained. • 2nd Appraisal required for Loan Amounts > \$2.0MM

Income Requirements

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.
- A vacant or unleased property is allowed without LTV restrictions.

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 and subject to the following: Max LTV: **Refinance 75%**.
- Monthly Gross Rents are determined by using the actual lease amount or the estimated market rent from 1007/1025 as follows:
 - If using the lower of the actual lease amount or estimated market rent, nothing further required.
 - If using a higher actual lease amount, evidence of 3-months of receipts required and 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 subject to the following: Max LTV: **Refinance 75%**

DSCR Calculation:

- Debt Service Coverage Ratio (DSCR) is the Monthly Gross Rents divided by the PITIA of the subject property. Gross rents divided by PITIA = DSCR. *See this matrix for required DSCR ratios.*

Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation

Short-term rental 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 75% for a purchase and 70% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance. (Excludes Condo Hotel projects)
- DSCR Calculation:
 - Monthly gross rents based upon a 12-month average to account for seasonality required.
 - Gross rents reduced by 20% to reflect extraordinary costs (e.g., 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.



- o If actual expenses are less than 20%, a minimum of 20% expense factor is required to be utilized. If actual expense exceeds 20%, the actual expense factor should be used.
- (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 income:

- o A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.
- o 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.
- o Must be completed by a licensed appraiser.
- o 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-months bank statements from the borrower/guarantor evidencing short-term rental deposits.
- o 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: Rentalizer (Property Earning Potential Report):
 - o Only allowed for Purchases.
 - o Gross rents equal the revenue projection from the Property Earning Report, less the 20% extraordinary expenses factor.
 - o Forecast period must cover 12-months and dated within 90-days of the Note date.
 - o Maximum occupancy limited to two (2) individuals per bedroom.
 - o Must have three (3) comparable properties similar to size, room count, amenities, availability, and occupancy.

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"> • Use highest decision score amongst all borrower(s)/guarantor(s). • Middle of 3 scores or lower of 2
Assets	<ul style="list-style-type: none"> • Min of 30-days asset verification required.
Reserves	<ul style="list-style-type: none"> • 3-months of PITIA • Loan Amount > \$1.5MM: 6-months of PITIA • Loan Amount > \$2.5MM: 12-months of PITIA • Cash out may be used to satisfy requirement • First-Time Homebuyer 12 Months Reserves Required
Gift Fund	<ul style="list-style-type: none"> • <u>Experienced Investors</u>: 100% of the down payment/closing costs can come from gift funds provided the borrower documents a minimum of 10% of the purchase price from their own funds. • <u>First Time Investors</u>: Gift funds not permitted.
Document Age	<ul style="list-style-type: none"> • Credit Report: 120-days • Other Documents: 90-days (with exception of appraisal, see guidelines for additional information)
Escrows	<ul style="list-style-type: none"> • Escrows for hazard insurance and taxes are required for HPML loans. • Escrow accounts may be waived for loans meeting the following requirements: <ul style="list-style-type: none"> • LTV less than or equal to 80% • Min Fico score of 680 • Min 6-months reserve • Escrow waiver is subject to a loan level pricing adjustment, <i>refer to rate sheet</i>
Tradelines	<ul style="list-style-type: none"> • If borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived. • Min: 2 reporting 24-months with activity in last 12-months or 3 reporting 12-months with recent activity.
Prepayment Penalty Investment Property Only	<ul style="list-style-type: none"> • 6 mo Interest • Declining structures that do not exceed 5% and do not drop below 3% in the first three (3) years • 3%, 4%, or 5% Fixed percentage • For all state restrictions, <i>refer to Prepayment Penalty Matrices.</i>