



DSCR 5 – 8 UNITS MATRIX

Investment Property (Business Purpose)

Min Credit Score	Max Loan Amount	Max LTV Purchase	Max LTV R/T Refinance	Max LTV Cash-Out Refi	Property Type
>=1.00 DSCR					
720+	\$1,500,000	75	75	70	Residential 5 – 8 Units
	\$2,000,000	75	70	65	
	\$2,500,000	70	70	65	
	\$3,000,000	70	70	65	

Housing History

- 0x30x24; Rent Free not permitted

Housing / Credit Events Seasoning

- 2 years seasoning is required
- Chapter 13; use filing date if discharged; use dismissal date if dismissed

Borrower Eligibility

Borrower Eligibility	<ul style="list-style-type: none"> <u>Eligible</u>: U.S. Citizens, Permanent Resident Aliens, Non-Permanent Residents, Foreign Nationals <u>Ineligible</u>: ITINs, DACA. See Guide for full restrictions. 	
First Time Homebuyer (FTHB)	<ul style="list-style-type: none"> Not Permitted 	
Entity Vesting	<ul style="list-style-type: none"> Eligible 	
Foreign National	<ul style="list-style-type: none"> Min DSCR >=1.00 Must meet US Credit Requirements Reserves: 12 months PITIA 	<ul style="list-style-type: none"> LTV Requirements <ul style="list-style-type: none"> <=\$2,000,000 = Purch & Rate/Term: 70% LTV or Cash-Out: 65% LTV >\$2,000,000 - \$2,500,000 = Purch & Rate/Term: 65% LTV or Cash-Out: 60% LTV >\$2,500,000 - \$3,000,000 = Purch & Rate/Term: 60% LTV or Cash-Out: 55% LTV

State Overlays

District of Columbia	<ul style="list-style-type: none"> Investment Properties: ineligible
Florida	<ul style="list-style-type: none"> Non-Permanent Resident Aliens from the Peoples Republic of China: ineligible Charlotte, Lee, Hendry, and Glades Counties: ineligible
Illinois	<ul style="list-style-type: none"> Cook County: ineligible
Indiana	<ul style="list-style-type: none"> Indianapolis: ineligible
Maryland	<ul style="list-style-type: none"> Baltimore City: ineligible
New Jersey	<ul style="list-style-type: none"> Patterson: ineligible
New York	<ul style="list-style-type: none"> Brooklyn: Requires a field review*. Orange County: ineligible No 5/6 ARMs below the FNMA loan limit Short Term Rentals (STRs) are ineligible in the five (5) New York City Boroughs (Manhattan, Brooklyn, The Bronx, Queens and Staten Island)
Pennsylvania	<ul style="list-style-type: none"> All lending in zip codes 19121 and 09132: suspended DSCR Row Homes in Philadelphia are not permitted
Tennessee	<ul style="list-style-type: none"> Memphis, TN: Field Review required*
Texas	<ul style="list-style-type: none"> Lubbock: ineligible

*Field Review must be from an AMC other than the one used for the original appraisal

DECLINING MARKETS

- Declining markets require a 5% LTV reduction off Max LTV when the LTV is >65%





General Requirements	
Product Type	<ul style="list-style-type: none"> • 30 Year Fixed, 15 Year Fixed • 40 Year Fixed I/O (10 year I/O period, and remaining term fully amortizing) • 30 Year Fixed I/O (10 year I/O period, and remaining term fully amortizing) • 5/6 and 7/6 SOFR ARMs, 30 Year Term – Fully Amortizing
Interest Only	<ul style="list-style-type: none"> • Permitted
Loan Amounts	<ul style="list-style-type: none"> • Min: \$250,000 and Max \$3,000,000 • Loan sizes under \$400,000 require a 5% reduction to LTV
Loan Purpose	<ul style="list-style-type: none"> • Purchase, Rate & Term Refinance, and Cash-Out Refinance
Occupancy	<ul style="list-style-type: none"> • Investment Properties (Business Purpose)
2-1 Temporary Buydown	<ul style="list-style-type: none"> • Ineligible
Cash Out	<ul style="list-style-type: none"> • Max cash-out: \$1,000,000
Subordinate Financing	<ul style="list-style-type: none"> • Ineligible
Insurance Requirements	<ul style="list-style-type: none"> • In addition to property and title insurance, Rent Loss Insurance for the subject property is required and must equal at least 6 months of PITIA. Blanket policies covering the subject property are permitted
Property Type	<ul style="list-style-type: none"> • Residential 5 – 8 Units
Acreage	<ul style="list-style-type: none"> • Max 2 acres; Acreage and land value must be typical and common for the subject's market
Rural Properties	<ul style="list-style-type: none"> • Ineligible
Property Condition	<ul style="list-style-type: none"> • No fair or poor ratings • No environmental issues • No health or safety issues as noted by the appraiser (e.g., Broken windows, stairs, etc.) • Properties are expected to be free of deferred maintenance
For Sale by Owner	<ul style="list-style-type: none"> • Ineligible
Appraisals	<p><u>Residential 5 – 8 units:</u></p> <ul style="list-style-type: none"> • FHLMC 71A • FHLMC 71B for loan amounts <\$750,000 • Narrative report <p><u>Second Appraisal:</u></p> <ul style="list-style-type: none"> • Loans >\$2,000,000 require a second appraisal unless a 71A or Commercial Narrative report is provided <p><u>Appraisal Review:</u></p> <ul style="list-style-type: none"> • BPO required on all transactions except for those including two full appraisals <p><u>Appraisal Requirements:</u></p> <ul style="list-style-type: none"> • The following are required with each report: Full interior inspection of each unit, Rent Roll, Income and Expense Statement, Photos of subject including exterior/interior and street scene, Aerial photo, Sketch or floor plan of typical unit, Map, and Appraiser's Qualifications
Transferred Appraisal	<ul style="list-style-type: none"> • Not permitted

DSCR and Rental Income Requirements	
DSCR Ratio	<ul style="list-style-type: none"> • Min 1.00 • Debt-Service Coverage Ratio = Gross Income / PITIA
Rental Income Requirements	<ul style="list-style-type: none"> • Use lower of Estimated market rent or lease agreement on a refinance • Purchases use the estimated market rent • For leases that have converted to month-to-month, provide 2 months bank statements to support rental income • Reduce qualifying rents by any management fee reflected on the appraisal report
Lease Requirements	<ul style="list-style-type: none"> • For Purchase, Rate & Term Refinance and Cash-Out transactions, all units must either be leased or in lease ready condition meaning the properties have been cleaned, no renovations or repairs to the properties are needed and the properties are immediately available to be leased to an eligible tenant • On purchase transactions, copies of the leases are not required • Properties with expired leases that have converted to month-to-month per the terms of the lease will require bank statements for the lesser of two months or the period after the lease expired • Corporate lease agreements are acceptable with lease terms consistent with typical market standards and will be subject to standard market rent verification • Lease agreements that allow single room occupancy or boarder leases are not permitted • Short-term rentals are not permitted





Lease Requirements – Continued	<ul style="list-style-type: none"> • Third-party sale and leaseback agreements or contract for deed transactions will not be permitted • All leases must be in U.S. Dollars
Occupancy Requirements	<ul style="list-style-type: none"> • Vacant Unit(s) – Use 75% of the market rents to qualify • Max 2 vacancies • One a purchase, max 3 vacancies on a 7+ Unit property • Must provide evidence vacant units are actively listed for rent or have a recently executed lease in place • All vacant units must be in lease-ready condition
Eligible Tenants	<ul style="list-style-type: none"> • Neither the borrower(s) nor the borrower’s immediate family shall at any time occupy the residential units • Borrowers must attest that all residential tenants are non-borrower affiliated

Underwriting Requirements	
Assets	<ul style="list-style-type: none"> • 30-day asset verification required; Deposit sourcing is not required
Reserves	<ul style="list-style-type: none"> • Loan Amt <=\$1,500,000: 6 Months PITIA or ITIA, as applicable • Loan Amt >\$1,500,000 - \$2,000,000: 9 Months PITIA or ITIA, as applicable • Loan Amt >\$2,000,000 - \$2,500,000: 12 Months PITIA or ITIA, as applicable • Loan Amt >\$2,500,000 - \$3,000,000: 12 Months PITIA or ITIA, as applicable • Cash Out Refinance may be used to meet reserve requirements
Gift Funds	<ul style="list-style-type: none"> • Eligible after meeting min 10% borrower contribution regardless of LTV • Cannot be used to meet reserve requirements
Age of Documents	<ul style="list-style-type: none"> • Credit and Appraisal: 120 days • Income and Assets: 90 days
Escrows	<ul style="list-style-type: none"> • Escrow Waiver Not Permitted
Credit Score	<ul style="list-style-type: none"> • Minimum credit score is 720 for all borrowers • The Representative Score is middle of 3 credit scores or lower of 2 credit scores • For Individual Borrowers: <ul style="list-style-type: none"> ◦ When there are multiple borrowers, use the highest representative score • For Entity Vesting: <ul style="list-style-type: none"> ◦ Use the representative score for the borrower with the highest percentage of ownership. For equal ownership, use the highest representative score. ◦ Minimum 25% ownership for the member whose score is used for qualifying
Tradelines	<ul style="list-style-type: none"> • All borrowers have 3 scores; or • Minimum 2 open and reporting 24 months; or • 3 open and reporting 12-months
Prepayment Penalty	<ul style="list-style-type: none"> • 5% Fixed PPP required where permitted for Investment Properties • Min. PPP term 3 Yrs unless otherwise restricted by law • Refer to the Business Purpose State Restrictions and PPP Matrix
Interested Party Contributions	<ul style="list-style-type: none"> • Max 6%

