

DSCR Multi

Program Code: DSCRM -30, -7/6, -5/6, -30 IO, -7/6 IO, -5/6 IO

| Investment Property (5-8 Residential Units) | | | | | |
|---|--|-------------|-------------------|----------|--------------------------------------|
| FICO | Loan Amt | Max CLTV | | | |
| | | DSCR ≥ 1.00 | | | DSCR < 1.00 |
| | | Purchase | R/T | Cash-Out | Pur & Refi |
| 700+ | ≤ 1.5M | 75% | 70% | 65% | NA |
| | ≤ 2M | 70% | 65% | 65% | |
| Borrower Eligibility | | | | | |
| Investor Experience | <ul style="list-style-type: none"> ▪ Experienced Investor: Borrower must have a history of owning and managing commercial or residential real estate for at least 1 year in last 3 years. ▪ First Time Investor: Not eligible | | | | |
| Income Requirement | | | | | |
| Income | <ul style="list-style-type: none"> ▪ Leased - Use lower of Estimated market rent or lease agreement. ▪ Short-Term Rental Income not eligible ▪ Vacant Unit(s) - Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties. Max: 2 vacancies on 4+ Units. ▪ Reduce qualifying rents by any management fee reflected on appraisal report. | | | | |
| DSCR Calculation | <ul style="list-style-type: none"> ▪ Minimum DSCR ≥ 1.00 ▪ DSCR = Eligible monthly rent / PITIA (Loans with an interest only feature may use the ITIA payment) ▪ Loan amounts ≥ \$2,000,000 require DSCR ≥ 1.00 and Debt Yield of 9% or greater (Net operating income / Loan amount = 9% or greater) ▪ Reduce qualifying rents by any management fee reflected on appraisal report ▪ DSCR loans will be qualified at original Note Rate, regardless of ARM or Fixed | | | | |
| General Requirements | | | | | |
| DTI | <ul style="list-style-type: none"> ▪ NA | | | | |
| Occupancy | <ul style="list-style-type: none"> ▪ Investment | | | | |
| Product Type *Interest Only: Amortization term used for Qualification | Product | Term | Amortization Term | I/O Term | Qualifying Rate |
| | 30-Yr Fixed | 30 yr | 30 yr | NA | Note Rate |
| | 30-Yr Fixed IO | 30 yr | 20 yr | 10 yr | |
| | 7/6 ARM | 30 yr | 30 yr | NA | Higher of Fully Indexed or Note Rate |
| | 7/6 ARM IO | 30 yr | 20 yr | 10 yr | |
| | 5/6 ARM | 30 yr | 30 yr | NA | |
| 5/6 ARM IO | 30 yr | 20 yr | 10 yr | | |
| Loan Purpose | <ul style="list-style-type: none"> ▪ Purchase ▪ Rate/Term ▪ Cash-Out | | | | |

| | |
|----------------------------|---|
| Loan Amount | <ul style="list-style-type: none"> ▪ Min: \$400,000 ▪ Max: \$2,000,000 |
| Cash-Out | <ul style="list-style-type: none"> ▪ Max Cash-Out: \$1,000,000 ▪ Cash-Out Seasoning <ul style="list-style-type: none"> ○ For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value. ○ If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements. |
| Property Type | <ul style="list-style-type: none"> ▪ Residential 5-8 Units <ul style="list-style-type: none"> ○ Min 400 sq. ft per individual unit ○ Must be improved real property ○ Must be accessible and available for year-round residential use ○ Must contain a full kitchen and a bathroom ○ Represent the highest and best use of the property ○ Not contain any health or safety issues ○ No fair or poor ratings ○ No environmental issues ○ No health or safety issues (As noted by appraiser, i.e., broken windows, stairs) ○ No excessive deferred maintenance that could become a health or safety issue for tenants ○ No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing) |
| Acreage | <ul style="list-style-type: none"> ▪ Property up to 2-acres, not meeting the rural definition, eligible |
| Rural Property | <ul style="list-style-type: none"> ▪ Not eligible |
| Appraisals | <ul style="list-style-type: none"> ▪ FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or ▪ Narrative report can be utilized but not required. ▪ The following attachments required: <ul style="list-style-type: none"> ○ Rent Roll ○ Income and Expense Statement ○ Photos of subject including exterior/interior and street scene ○ Aerial photo ○ Sketch or floor plan of typical units ○ Map ○ Plot plan or survey ○ Appraiser qualifications ▪ Review Product – A commercial BPO required for all loans. |
| Unleased Properties | <ul style="list-style-type: none"> ▪ Maximum: 1 vacant unit on 2-3 unit property. ▪ Maximum: 2 vacancies on 4+ units. |
| Escrow Impound | <ul style="list-style-type: none"> ▪ Taxes and insurance escrows required |
| Prepayment Penalty | <ul style="list-style-type: none"> ▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ Penalties not allowed on loans vested to individuals in NJ ▪ Prepayment not allowed on MD ▪ 5% fixed up to 5-years (Must be paid as scheduled. Additional payment not allowed) |
| Document Age | <ul style="list-style-type: none"> ▪ Ninety (90) days prior to the note date |

| General Underwriting Guidelines | |
|---|---|
| Credit Score | <ul style="list-style-type: none"> ▪ Middle of 3 scores or lower of 2 ▪ Use lowest decision score amongst all borrowers |
| Tradelines | <ul style="list-style-type: none"> ▪ Min: 2 reporting 24-months w/ activity in last 12-months or 3 reporting 12-months w/ recent activity |
| Housing History | <ul style="list-style-type: none"> ▪ 0x30x12 |
| Housing Event Seasoning | <ul style="list-style-type: none"> ▪ BK/FC/SS/DIL/Mod ≥ 36 Mo |
| Forbearance, Modification, and Deferrals | <ul style="list-style-type: none"> ▪ Forbearance and Deferrals are considered under housing payment history. ▪ Greater than 12 months from note date: Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated greater than 12 months from the note date of the subject transaction and having a 0x30x12 housing history are allowed. ▪ Within 12 months of note date: Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated within 12 months of the note date of the subject transaction will be treated as a 0x90x12 and not eligible for this program. |
| Reserves | <ul style="list-style-type: none"> ▪ 6 months of PITIA ▪ Loan Amount > \$1.5M: 9-months of PITIA ▪ Loan Amount > \$2.0M: 12-months of PITIA ▪ Cash out may be used to satisfy requirement |
| Assets Requirements | <ul style="list-style-type: none"> ▪ Asset documentation of at least one month required |
| Gift Funds | <ul style="list-style-type: none"> ▪ Not Eligible |