

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