

CHOICE DSCR



Eligibility Matrix

DSCR	Max. Loan Amount	Minimum FICO	Purchase	Rate/Term Refinance	*Cash-Out Refinance
0.75-0.99	\$1,000,000	720	75	75	70
		700	75	75	65
		680	65	65	60
	\$1,500,000	700	70	70	65
	\$2,000,000	700	65	65	N/A
>= 1.00	\$1,000,000	700	80	80	75
		680	75	75	70
		660	70	70	65
	\$1,500,000	700	80	80	75
		680	75	75	70
		660	65	65	60
	\$2,000,000	700	80	80	75
		680	75	75	70
		660	60	60	N/A
	\$2,500,000	700	80	80	75
		680	75	75	70
	\$3,000,000	700	80	80	N/A
		680	75	75	N/A
	>= 1.20	\$3,000,000	660	70	70
Interest Only			*Max Cash-in-hand		
Minimum FICO 700, Reduce Max LTV by 5%			LTV <= 60%: Unlimited, LTV > 60%: \$500,000		
Non-Warrantable Condo					
Max Loan Amount: \$1,500,000, Max LTV: Purchase and Rate/term Refinance 75%, Cash-Out Refinance 70%					
Declining Market					
Reduce Max LTV by 10%					

Program Guidelines

Eligible State	NMLS license not required for the following states: AL, AR, CO, CT, DC, DE, HI, IL, IN, IA, KY, LA, ME, MD, MA, MS, MO, NE, NH, NM, NY, OH, OK, PA, RI, SC, TX, VT, WA, WV, WI, WY																			
Loan Terms	<ul style="list-style-type: none"> Fixed: 30 years ARM: Using 30 days SOFR Avg for Index. Rounding to the nearest one-eighth of 1% (0.125%). <ul style="list-style-type: none"> 5/6 ARM (Margin 4.00%, Cap 2/1/5) 7/6 ARM (Margin 4.00%, Cap 5/1/5) 																			
Min. Loan Amount	\$100,000																			
Underwriting Method	Manual underwriting only. For topics not addressed in this guideline, please contact the underwriting department.																			
Interest Only	<ul style="list-style-type: none"> Minimum FICO 700. Reduce max LTV by 5% from the matrix. <table border="1"> <thead> <tr> <th>Product</th> <th>Term</th> <th>I/O Term</th> <th>Amortization Term</th> </tr> </thead> <tbody> <tr> <td>5/6 ARM I/O</td> <td>360</td> <td>120</td> <td>240</td> </tr> <tr> <td>7/6 ARM I/O</td> <td>360</td> <td>120</td> <td>240</td> </tr> <tr> <td>30 yr Fixed I/O</td> <td>360</td> <td>120</td> <td>240</td> </tr> </tbody> </table>				Product	Term	I/O Term	Amortization Term	5/6 ARM I/O	360	120	240	7/6 ARM I/O	360	120	240	30 yr Fixed I/O	360	120	240
Product	Term	I/O Term	Amortization Term																	
5/6 ARM I/O	360	120	240																	
7/6 ARM I/O	360	120	240																	
30 yr Fixed I/O	360	120	240																	

Last updated on 5/7/2025

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Qualifying Payment	<ul style="list-style-type: none"> • ARM: Using the fully amortizing payment based on the original note rate. • Interest only <ul style="list-style-type: none"> - Fixed: Using interest only payments. - ARM: Using interest only payments based on the original note rate.
Occupancy	Investment property only.
Loan Purpose	Purchase, Rate/term, and Cash-out
Age of Credit Documents	90 days from closing
Investor Experience	Minimum 12 months ownership and management of income-producing residential or commercial real estate within the past 24 months is needed. A letter of explanation is required to detail the relevant real estate experience.
Business Purpose Only	Business purpose & Occupancy Affidavit must be signed on or before closing.
Properties	<ul style="list-style-type: none"> • Eligible Property types: SFR, PUD, Condominium, and 2-4 units • Acreage limit is 10 or less. • Properties with solar panels creating UCC on title is NOT eligible. • Minimum sqft for Condominium: 400 sqft. • Ineligible: Condotels, Rural zoning, Assisted living, Agricultural properties, Boarding Houses, C5/C6 rating, Leasehold, Manufactured homes, mixed use and etc.
Number of Financed Properties	Up to 20 financed properties (including borrower's primary residence and the subject property). Commercial properties or unimproved land can be excluded from the calculation.
Hazard Insurance	Rent loss insurance covering a minimum of 6 months is required.
Appraisal	<ul style="list-style-type: none"> • One full appraisal required for all loans <= \$2,000,000 • Two full appraisals required for all loans > \$2,000,000. LTV is calculated based on the lower value. • Transfer appraisal is NOT allowed. • The effective date of the appraisal report must be dated within 120 days of the note date. If the effective date of the appraisal report is more than 120 days from the note date, the appraiser must acknowledge that the value of the subject property has not declined since the effective date of the original appraisal. The update must be completed on FNMA Form 1004D/FHLMC Form 442 and must be dated within 120 days prior to the note date. • Desk review is required by the underwriter.
Condominiums	<ul style="list-style-type: none"> • Warrantable Condo: Full review required. New condo may not be subject to additional phasing or annexation. The project review must be within 3 months preceding the note date. • Non-Warrantable Condo is eligible for the below characteristics only: <ul style="list-style-type: none"> - Commercial space up to 50%, provided it is common and customary to the area and does not have an adverse impact on marketability. - Investor concentration up to 60%. - Sing-entity ownership up to 25%. (Projects with 10 or less units, max 2 units) - At least 30% of the units must be sold or under bona fide contract. - HOA budget < 10% if the appraisal report notes no significant repairs are needed. Additionally, one of the followings must be met: <ol style="list-style-type: none"> (1) >=3% to 4.99%: Reserve funds balance must be equal to 100% of the annual budgeting income. (2) >=5% to 6.99%: Reserve funds balance must be equal or greater than 75% of the annual budgeting income. (3) >=7% to 9.99%: Reserve funds balance must equal or greater than 50% of the annual budgeting income. • Projects with significant deferred maintenance regarding safety are not eligible.
Eligible Borrowers	<ul style="list-style-type: none"> • US Citizens • Permanent Aliens <ul style="list-style-type: none"> - Unexpired green card (Form I-551) must be documented. • Non-Permanent Resident Aliens

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Eligible Borrowers (Continued)	<ul style="list-style-type: none"> - Must have 2 years credit history in U.S. and must meet the minimum credit requirement of this guideline. - Must be legally present in the U.S. with an acceptable visa. - Allowable visa types are E series (E-1, E-2, E-3), G series (G-1 through G-5), H Series (H-1B, H-1C, H-2, H-3, H-4), L series (L-1A, L-1B, L-2), NATO series (NATO 1-6), O-1, TN-1 and TN-2. - No funds from outside the U.S. are allowed. - Not eligible for cash-out refinance.
First Time Home Buyer	Not eligible.
Housing Payment History	<ul style="list-style-type: none"> • 0x30x12 is required. • Except for borrower’s primary residence and the subject property, the housing payment history verification is limited to properties with mortgages reflected on the credit report. • Borrower(s) living rent-free is eligible if the borrower meets investor experience requirement in this guideline. • Rental payments <ul style="list-style-type: none"> - If was/is renting from a professional management company, fully executed VOR is required. - If was/is renting from a private party, fully executed VOR (or the most recent lease agreement) <u>AND</u> cancelled checks front and back or bank statements showing the timely payments are required. • Mortgage payments <ul style="list-style-type: none"> - When the subject property or primary residence has private mortgages, fully executed VOM <u>AND</u> cancelled checks front and back or bank statements showing the timely payments are required.
Fraud Report	All parties to the transaction must be included in the fraud report performed by an automated fraud and data check vendor solution.
Credit Scores	All borrowers must have a minimum of (2) FICO scores on a tri-merged credit report and sufficient credit experience.
Minimum Tradeline	<ul style="list-style-type: none"> • For each borrower, a minimum of 2 trade lines must be evident and must meet below <ul style="list-style-type: none"> - One trade line must be open for 24 months and active within the most recent 6 months, AND - One trade line must be rated for 12 months and may be open or closed. • Authorized user accounts and/or non-traditional credit do not count towards the above.
Credit inquiry/Refresh	Inquiries do not need to be explained. No credit refresh report is needed.
Derogatory Credit Event	<ul style="list-style-type: none"> • Bankruptcy, Short Sale, Deed-in-Lieu, Charge-off Mortgage and/or Foreclosure, NOD or modification must be seasoned at least 4 years from the time of the application. • A satisfactory LOE for the event from the borrower is required.
Judgments, Liens, Past dues, Charge-offs and Collections	<ul style="list-style-type: none"> • All open judgements, garnishments, and all outstanding liens must be paid off prior to or at closing. Funds sufficient to satisfy these obligations must be verified and documented. • Past-dues must be brought current prior to or at closing. • Charge-offs and collections must be paid in full except below: <ul style="list-style-type: none"> - Individual account less than \$1,000 or multiple accounts the total balance of \$2,500 or less. - A satisfactory explanation for any delinquent credit from the borrower is required.
Employment	The employment section on the loan application should not be completed.
DSCR calculation	<ul style="list-style-type: none"> • Monthly gross rent ÷ Subject PITI(A) (For ARM or I/O loans, refer to the qualifying payment section). • Monthly gross rent documentation for Purchase <ul style="list-style-type: none"> - Currently vacant or seller occupied property: Appraisal rent schedule - Currently Tenant occupied property: Use lower of actual lease agreement or estimated market rent. If the actual rent is higher and needs to be used, evidence of 2 months of receipt is required. • Monthly gross rent for refinance <ul style="list-style-type: none"> - Appraisal rent schedule, AND currently effective lease agreement must be obtained. - Current lease must be supported with 2 months proof of receipt in the bank statements. - An expired lease that has verbiage to become month-to-month is allowed. - DSCR is calculated with the actual rent. • Short Term rent: Allowed for refinance transactions when utilizing

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Assets	<ul style="list-style-type: none"> • Most recent one (2) month bank statements. • Large deposits, defined as a single deposit exceeds 5% of the loan amount, must be sourced. • Checking/savings/CD is used at 100% balance. • Marketable securities (stocks, bonds, or mutual funds that are publicly traded) are used at 100% for down payment, and 70% for reserves. • Life insurance: Surrender value is used. Must be liquidated if used for closing. • Business funds <ul style="list-style-type: none"> - Borrower must own 100% of the business. - A letter is needed from the accountant of the business to confirm the withdrawal will not negatively impact the business.
Gift Funds	Not allowed
Reserves	<ul style="list-style-type: none"> • Varies depending on the Loan amount, calculated as months x subject PITI(A) or ITI(A) <ul style="list-style-type: none"> - =< \$1,000,000: 3 months (less than 6 months may be subject to price adjustments) - \$1,000,001 - \$2,000,000: 6 months - > \$2,000,000: 9 months • Cash Out Net Proceed can be used to satisfy the reserve requirement. • For IO loans, reserves are based on IO payment amount.
Purchase	<ul style="list-style-type: none"> • If Seller has taken title for 90 days or less prior to the date of sales contact, LTV will be based on the lesser of the prior sales price, current purchase price or the current appraisal value. • Personal property may not be included in the sales contract. • Non-Arm's length transactions may be allowed if meeting one of the followings: <ul style="list-style-type: none"> - Sales or transfer between family members. Transaction may not be due to any adverse circumstances such as a bailout. - Property seller acting as his/her own real estate agent. - Borrower/relative acting as buyer's real estate agent.
Max. IPC Limit	3%
Continuity of obligation	<p>For all refinance transactions, the continuity of the obligation must be met with one of the following:</p> <ul style="list-style-type: none"> - At least one borrower is obligated on the new loan who was also a borrower on the existing loan being refinanced. - The borrower has been on title for at least 6 months and has paid the mortgage for the last 6 months. - The borrower has recently been legally awarded the property through divorce, separation or dissolution of a domestic partnership. - Properties owned free & clear by the borrower.
Rate/Term Refinance	<ul style="list-style-type: none"> • Pay off an existing first mortgage loan and any seasoned subordinate liens. • Cash-back to borrower is limited to the lesser of \$2,000 or 1% of the loan amount. • Principal reduction is permitted up to the lesser of \$2,500 or 2% of the loan amount. • If the subject property was acquired less than or equal to six (6) months, as measured from the property acquisition date (Note date) to the subject transaction Note date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required. • If the previous refinance was cash-out, 6 months seasoning from the note date of the subject transaction is required. • Sale restriction: Property listed for sale must withdraw the listing prior to closing. • Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply: <ul style="list-style-type: none"> - Closed-end loan, at least 12 months of seasoning has occurred. - HELOC, at least 12 months of seasoning has occurred, and total draws over the past 12 months are less than \$2,000. Withdrawal activity must be documented with a transaction history of the line of credit. • Buy out a co-owner pursuant to an agreement.

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Cash-Out Refinance	<ul style="list-style-type: none"> • Max cash back to the borrower (except for delayed financing) <ul style="list-style-type: none"> - LTV ≤ 60%: Unlimited - LTV > 60%: \$500,000 • 6 months title seasoning is required from the closing date. • No waiting period is required if the borrower acquired property through an inheritance, divorce, separation, or dissolution of a domestic partnership. LTV is based on a current appraised value. • For properties owned less than 12 months, the lesser of the original purchase price (plus documented improvements) or the current appraised value is used for LTV calculation. • Sale restriction: Property listed for sale within the 6 months from closing is not eligible. • Taxes 50(a)(6) loans are not eligible. • Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 90 days from the loan application. <ul style="list-style-type: none"> - The original purchase transaction was an arms-length transaction. - The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property). If funds from unsecured loan or loans secured by an asset other than the subject property, the new loan amount is limited to payoff or pay down the loan used to purchase the property. - The current appraised value is used for LTV calculation. - The preliminary title search or report must confirm that there are no existing liens on the subject property. - Final settlement statement from the original purchase must confirm no mortgage financing was used to obtain the property. - The transaction is considered cash-out; cash-out pricing adjustors apply. - The new loan amount can be no more than the actual documented amount of the borrower's initial investment plus the financing costs, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV for cash-out transactions.)
Subordinate Financing	Not permitted.
Prepayment Penalty	<ul style="list-style-type: none"> • 0 to 5 years options available. • The charge is equal to 6-months of interest on the amount of the prepayment that exceeds 20% of the original loan amount in a given 12-month time period. • PPP not allowed in IL, NM • PPP not allowed for 1 and 2 units with loan amount ≤ \$319,777 in PA • Different PPP structure applies in MS, LA (declining structure). • 2 years term with a maximum penalty of 2% of the balance applies in MO. • PPP not allowed for loan amount ≤ 112,957, and restricted to a 1 year term with a maximum penalty of 1% of the balance in OH. • Restricted to a 1 year term with a maximum penalty of 1% of the balance in RI.
Escrow Waiver	<ul style="list-style-type: none"> • Eligible for Non-HPML files. • Flood insurance must be impounded.
Vesting	Allowed vesting types <ul style="list-style-type: none"> • Individual, or • Joint Tenants, or • Inter-Vivos Revocable Trusts, or • LLC, Partnerships and Corporations • Tenants in common are NOT permitted.
Closing In Trust	Must meet FNMA guideline.
Power of Attorney	Allowed except for Cash-Out refinance.
Vesting as Entity	<ul style="list-style-type: none"> • Any business structure is limited to a maximum of 4 members. • The purpose and activities of the business are limited to the ownership and management of real estate. • Copies of the entities' Article of Organization, Operating agreements and Certificate of Good Standing must be provided.

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Vesting as Entity (Continued)	<ul style="list-style-type: none">• The following documents must be completed and signed as an individual by each member of the entity<ul style="list-style-type: none">- Loan application: Section labelled "Title will be held in what Name(s) should be completed with the entity name. Each member is subject to the same underwriting requirements as an individual borrower.- The personal guarantee form must be executed at loan closing and dated the same date as the Note. Personal guarantees from community property states must be accompanied with a spousal consent to pledge.- All documents listed below must be signed as an authorized signer of the entity by each member. (1) Applicable federal and state disclosures (2) Business purpose and Occupancy affidavit (3) Note, Deed of Trust and all Riders (4) Any state and/or federally required settlement statements
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