

# Essential DSCR

	Purchase		Maximum LTV/CLTVs		
	Min FICO	Maximum Loan Amount	Purchase	R/T Refinance	Cash-out Refinance
<b>DSCR &gt;= 1.0</b>	<b>700</b>	\$1,500,000	80	75	75
		\$2,000,000	75	70	70
		\$3,000,000	70	65	65
		\$3,500,000	70	65	NA
	<b>660</b>	\$1,500,000	75	75	70
		\$2,500,000	70	65	65
		\$3,000,000	65	NA	NA
	<b>640</b>	\$1,000,000	75	70	NA
		\$1,500,000	65	65	NA
		\$2,000,000	65	NA	NA
		\$3,000,000	60	NA	NA
	<b>DSCR &lt; 1.0</b>	<b>700</b>	\$1,500,000	75	70
\$2,000,000			70	65	65
\$2,500,000			65	NA	NA
\$3,000,000			60	NA	NA
<b>680</b>		\$1,500,000	70	65	NA
		\$2,000,000	65	60	NA
		\$3,000,000	60	NA	NA
<b>660</b>		\$1,000,000	65	NA	NA
<b>Housing History</b>		<b>Credit Event</b>		<b>Unleased Property</b>	
0x60x12: Max LTV Purchase 70%, Refinance 65%		Seasoned 24-35 Months: Max LTV Purchase 75%, Refinance 70%		Applicable to Refinance only. Max LTV 70%	
<b>Loan amount &lt; \$150,000</b>		<b>Interest Only</b>			
Max LTV Purchase 70%, Refinance 65%, Min DSCR 1.25		Min FICO 680 Max LTV Purchase & Rate/Term 75%, Cash-Out 70%			
<b>Non-Permanent Resident</b>	<b>Condo &amp; 2-4 Units</b>	<b>Declining Market (per appraisal report)</b>			
Max LTV 75%	Max LTV Purchase 75%, Refinance 70%	Max LTV Purchase 75%, 70% for refinances. Max loan amount \$2,000,000			

<b>Eligible State</b>	NMLS license not required. 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
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>Fixed: 40, 30 and 15 years</li> <li>ARM: 5/6 and 7/6 (refer to the ratesheet for margin and caps)</li> </ul>
<b>Min loan amount</b>	\$100,000 (Loan amount < \$150K: Refer to the matrix above)
<b>Occupancy</b>	Investment Property
<b>Loan Purpose</b>	Purchase, Rate/term, and Cash-out
<b>Age of Documents</b>	120 days from closing
<b>Number of Financed Properties</b>	No limit, but aggregated amount cannot exceed \$5MM
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>US Citizen</li> <li>Permanent Resident with one the following acceptable evidence:                             <ul style="list-style-type: none"> <li>Green Card (I-551)</li> <li>Alien Registration Receipt Card (I-551) that does not have an expiration date.</li> <li>Conditional Resident Alien Card (I-551) that has an expiration date and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions).</li> <li>Non-expired foreign passport that contains a non-expired stamp (valid for a minimum of 3 years) reading "Processed for I-551 Temporary evidence of lawful admission for permanent residence. Valid Until [mm-dd-yy]. Employment authorized".</li> </ul> </li> <li>Non-Permanent residency borrower must be eligible to work in the U.S.                             <ul style="list-style-type: none"> <li>Borrower must have resided in the U.S. for at least 2 years.</li> <li>Borrower must have been self-employed in the U.S. for at least 2 years.</li> <li>Must provide Valid EAD or Acceptable Visa. If the EAD expires within 6 months of loan application, the renewal documentation is acceptable for up to 540 days if an automatic extension has been granted.</li> <li>Acceptable Visa types are E-1, E-2, E-3, G-1 through G-5, H-1B, L-1A, L-1B, O-1, R-1.</li> </ul> </li> </ul>

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<b>Eligible Borrowers (Continued)</b>	<ul style="list-style-type: none"> <li>- Granted asylum with EAD referencing C09 or I-94 with a stamp or notation such as 'asylum granted indefinitely' or the appropriate provision of law to show their employment authorization.</li> <li>- DACA with EAD or I-707 with code C33.</li> </ul>
<b>First Time Investor</b>	<ul style="list-style-type: none"> <li>• Experienced investor: The borrower who have a history of owning and managing commercial or non-owner occupied residential real estate at least 1 year in the last 3 years.</li> <li>• When more than 1 borrower is on the loan, only 1 borrower must meet the definition.</li> <li>• A borrower who does not meet experienced investor criteria is considered First Time Investor. Restrictions apply:             <ul style="list-style-type: none"> <li>- Min FICO 700</li> <li>- If reported, no mortgage lates during the past 36 months</li> <li>- Must own a primary residence.</li> <li>- DSCR must be &gt; 1.00</li> <li>- 1 unit only.</li> <li>- Cash-out not eligible</li> </ul> </li> </ul>
<b>First Time Home Buyer</b>	<ul style="list-style-type: none"> <li>• Not eligible, except when the spouse owns the primary residence. Evidence of the spouse on title, and 12 months payment history (or proof of free &amp; clear) must be documented.</li> </ul>
<b>DSCR calculation</b>	<ul style="list-style-type: none"> <li>• Monthly gross rent ÷ Subject PITIA</li> <li>• Monthly gross rent documentation for Purchase             <ul style="list-style-type: none"> <li>- Currently vacant or seller occupied property: Appraisal rent schedule</li> <li>- 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 and qualifying rent is capped at 120% of estimated market rent. If estimated market rent is higher and needs to be used, the cap is 120% of actual rent.</li> <li>- Property subject to rent control: Use current contractual rent.</li> </ul> </li> <li>• Monthly gross rent for refinance             <ul style="list-style-type: none"> <li>- Appraisal rent schedule, AND currently effective lease agreement.</li> <li>- When the lease converted to month-to-month, 2 months proof of receipt is required. If evidence of receipt is not provided, the transaction is treated as vacant and subject to unleased property (refer to the matrix).</li> <li>- If the actual rent is higher and needs to be used, evidence of 2 months of receipt is required and qualifying rent is capped at 120% of estimated market rent.</li> <li>- If estimated market rent is higher and needs to be used, the cap is 120% of actual rent.</li> </ul> </li> <li>• Short Term rent: Contact your Account Executive for details.</li> </ul>
<b>Properties</b>	<ul style="list-style-type: none"> <li>• Eligible Property types: SFR, PUD, Condominium, 2-4 units</li> <li>• Acreage of 2 or less</li> <li>• Minimum square footage: SFR 700 sqft, Condo 500 sqft, Multi-family: 400 sqft per unit.</li> <li>• Ineligible: Rural, C5/C6 rating, Q6 rating, Agricultural features (vineyards, farms, ranches, orchards, etc.), Zoning violations or illegal use, Properties on Native American Land, Mixed use, Manufactured, Mobile, Co-op, Leasehold, Commercial, PACE properties, Dome or geodesic homes, Houseboats and etc.</li> </ul>
<b>Condominiums</b>	<p>Regardless of Fannie Mae CPM status, below requirements apply.</p> <ul style="list-style-type: none"> <li>• Condo full review form is required, unless the project consists of entirely detached (site) units or 2-4 units.</li> <li>• Must have a minimum of 1 bedroom.</li> <li>• Investor concentration up to 60%.</li> <li>• Commercial space up to 50%.</li> <li>• Sing-entity ownership up to 20%.</li> <li>• No more than 20% of total units may be 60 days or more past due on the assessments.</li> <li>• Project documents not evidencing unit owner or any other party priority over the rights of the first mortgagee.</li> <li>• Projects involved in litigation are acceptable provided the lawsuit(s) are not structural in nature which impact the subject unit and do not affect the marketability of the project units and potential damages do not exceed 25% of HOA reserves or documentation from the insurance carrier or attorney representing the insurance carrier that the insurance carrier has agreed to conduct defense and the HOA insurance policy is sufficient to cover the litigation expense.</li> <li>• Projects with significant deferred maintenance regarding safety are not eligible.</li> <li>• Must not be timeshare, houseboat, manufactured, assisted living facilities, multi-family unites where a single deed conveys ownership of more than one unit, project that requires private transfer fees as part of the transaction, or a fragmented ownership.</li> </ul>

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<b>New or newly converted Condominiums</b>	<ul style="list-style-type: none"> <li>• 50% of the total units in the project or subject’s phase must be sold and conveyed to the units’ owners AND at least 50% of the units must be owner occupied.</li> <li>• Project or subject’s legal phase must be complete.</li> <li>• All common elements in the project or legal phase must be 100% complete.</li> </ul>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>• Age of report: 120 days from closing. 1004D is required between 120-365 days of appraisal completion.</li> <li>• 2nd appraisal needed for loan amount &gt; \$2,000,000. The LTV is calculated with the lower of two appraisals.</li> <li>• CDA is required for all loans, except when 2 appraisals are obtained.</li> <li>• Transfer appraisal is acceptable.</li> </ul>
<b>Housing History</b>	<ul style="list-style-type: none"> <li>• Required for borrower’s primary residence and subject property if a refinance transaction.</li> <li>• Max 0x60x12 (price adjustment applies).</li> <li>• Must be paid current as of 45 days of the loan application date.</li> </ul>
<b>Credit/Tradelines</b>	<ul style="list-style-type: none"> <li>• Inquiries do not need to be explained.</li> <li>• For each borrower who has 3 credit scores, the minimum tradeline is not required.</li> <li>• Each borrower with less than 3 credit scores must meet the minimum tradeline requirements.</li> <li>• Minimum tradeline requirements:             <ul style="list-style-type: none"> <li>- At least 3 tradelines reporting minimum 12-months history, with activity in the past 12-months, or</li> <li>- At least 2 tradelines reporting minimum 24-months, with activity in the past 12-months.</li> <li>- Not acceptable as tradelines: Self-reported, accounts in deferment status, authorized user accounts, collection accounts, accounts discharged through bankruptcy.</li> </ul> </li> <li>• Credit refresh: Not required.</li> </ul>
<b>Judgments, Liens, Charge-offs and Collections</b>	<ul style="list-style-type: none"> <li>• All open judgements, garnishments, and all outstanding liens must be paid off prior to or at closing.</li> <li>• Charge offs and collections can be ignored unless they are title impacted.</li> </ul>
<b>BK/FC/DIL/SS/Pre-FC/Mortgage Charge-off, NOD</b>	<ul style="list-style-type: none"> <li>• BK/FC/SS/DIL must be seasoned at least 2 years.</li> <li>• Pre-foreclosure sale, charge-off of a mortgage accounts are considered as the same as a foreclosure and subject to the same seasoning.</li> <li>• Notice of default is considered 1x90x12 hence ineligible.</li> </ul>
<b>Forbearance, Modification, or Deferral</b>	<ul style="list-style-type: none"> <li>• Events completed or reinstated greater than 12-months from the Note date of the subject transaction and having a 0x30x12 Housing History are allowed.</li> <li>• Events completed or reinstated within 12-months of the Note date of the subject transaction are not eligible.</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Most recent 1-month statement.</li> <li>• Source of large deposit is not needed.</li> <li>• Stock/bond/mutual funds: 100% is used.</li> <li>• Vested retirement account: 70% is used.</li> <li>• Cash value of life insurance: 100% of the cash surrender value less any loans.</li> <li>• Crypto currency: Must be liquidated and deposited into an established U.S. account for down payment and closing costs.</li> <li>• Gift is allowed after minimum borrower’s contribution of 10%.</li> <li>• Gift is NOT allowed for non-permanent residents.</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• Minimum 2 months PITIA</li> <li>• Loan amount &gt; \$1.5M: 6-months PITIA</li> <li>• Loan amount &gt; \$2.5M: 12-months PITIA</li> <li>• Cash out proceeds may be used to satisfy.</li> <li>• Gift cannot be used.</li> <li>• Waived for rate/term refinance when transaction results in P&amp;I payment of 10% or greater.</li> <li>• Interest only loans uses interest only payment amount.</li> <li>• ARM loans use initial PITIA, not qualifying payment.</li> <li>• Proceeds from 1031 exchange cannot be used.</li> </ul>
<b>Purchase</b>	<ul style="list-style-type: none"> <li>• For-Sale-By-Owner (FSBO) is allowed as long as it’s arm’s length sale.</li> <li>• Assignment of contract or finder’s fee is eligible, subject to IPC limit.</li> <li>• Non-arm’s length transaction restrictions             <ul style="list-style-type: none"> <li>- Purchase between families must provide 12-months mortgage history on existing mortgage to confirm sale is not a foreclosure bailout.</li> <li>- Proof of EMD is needed.</li> <li>- Appraisal must comment contract is ‘Non-Arm’s Length’</li> </ul> </li> </ul>

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<b>Interested Party Contribution (IPC)</b>	3%
<b>R/T Refinance</b>	<ul style="list-style-type: none"> <li>• Cash back not to exceed the lesser of 2% of the new loan amount or \$5,000.</li> <li>• Payoff subordinate loan not used as purchase money is allowed for             <ul style="list-style-type: none"> <li>- Closed-end loan, at least 12-months seasoned.</li> <li>- HELOC, at least 12-months seasoned, total draws in the past 12-months are &lt; \$2,000.</li> </ul> </li> <li>• Refinance of a previous loan that provided cash out, as measured from the previous note date to the new note date, and is seasoned less than 12-months, is considered a cash out.</li> <li>• Buy out a co-owner pursuant to an agreement.</li> <li>• Paying off delinquent property taxes (60 days or more past due) is considered cash out.</li> <li>• 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.</li> <li>• Continuity of ownership is required             <ul style="list-style-type: none"> <li>- At least one borrower on the new loan must be listed as owner on title; or</li> <li>- At least one borrower on the new loan must have inherited the property or legally awarded the property through divorce, separation, or dissolution of a domestic partnership</li> </ul> </li> </ul>
<b>Cash-out</b>	<ul style="list-style-type: none"> <li>• Max cash-in-hand (not applicable to delayed financing)             <ul style="list-style-type: none"> <li>- LTV &gt; 65%: \$500,000</li> <li>- LTV &lt; 65%: \$1,000,000</li> </ul> </li> <li>• Proceeds must be used solely for business purposes. Paying off personal debt including personal tax, or line of credit secured by the subject property is NOT allowed.</li> <li>• Title seasoning of 6 months is required with the following exception:             <ul style="list-style-type: none"> <li>- Borrower acquired the subject property through an inheritance, or</li> <li>- Subject property was legally awarded the property through divorce, separation, or dissolution of a domestic partnership</li> </ul> </li> <li>• Properties listed for sale in the past 6 months (measured from the listing expiration date to the loan application date) requires a minimum 3-year prepayment penalty.</li> <li>• Value used for LTV             <ul style="list-style-type: none"> <li>- Owned 12-months or longer: Appraised Value.</li> <li>- Owned greater than 6 months but less than 12-months: Lower of the current appraised value or the purchase price plus documented improvements.</li> <li>- Property listed for sale in the past 6 months: lower of the appraised value or list price.</li> </ul> </li> </ul>
<b>Delayed Financing</b>	<ul style="list-style-type: none"> <li>• The original purchase transaction was an arms-length transaction.</li> <li>• The source of funds for the purchase transaction are documented.</li> <li>• LTV/CLTV is based upon the lower of the current appraised value or the purchase price plus documented improvements.</li> <li>• The preliminary title report must confirm no existing liens.</li> <li>• Loan amount cannot be more than the borrower's initial investment subject to matrix.</li> </ul>
<b>Impound Accounts</b>	<ul style="list-style-type: none"> <li>• Required for all loans unless all the following are met:             <ul style="list-style-type: none"> <li>- Min FICO 720</li> <li>- Min 12-months reserves</li> <li>- Additional price adjustment applies</li> </ul> </li> </ul>
<b>Title Vesting and Ownership</b>	<ul style="list-style-type: none"> <li>• Individuals, joint tenants, tenants in common, inter vivos revocable trust</li> <li>• The trustee must have the power to hold the title and mortgage the security property for the purpose of securing a loan to the individual(s) who are the borrower(s).</li> </ul>
<b>Power of Attorney</b>	<ul style="list-style-type: none"> <li>• A limited power of attorney is acceptable.</li> <li>• The borrower who executed POA must sign the initial 1003.</li> <li>• Not eligible for cash out.</li> </ul>
<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>• Private-party secondary financing not allowed.</li> <li>• Must be subordinated and included in CLTV.</li> <li>• For HELOC, CLTV is calculated at the max available line amount unless the borrower provides documentation showing the line is past its draw period.</li> </ul>
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>• 3 years, 2 years, 1 year or no PPP options available.</li> <li>• 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.</li> <li>• PPP not allowed in IL, NM and RI.</li> <li>• PPP not allowed for loan amount &lt; \$312,159 in PA</li> <li>• Different PPP structure applies in MS (declining structure).</li> </ul>

