

# SELECT DSCR



## Eligibility Matrix

Ratio	Minimum FICO	Maximum Loan Amount	Purchase	Rate/Term Refinance	Cash-Out Refinance
DSCR >= 1.0	720	\$1,000,000	80	80	75
		\$1,500,000	75	75	70
		\$2,000,000	75	75	60
		\$2,500,000	70	70	N/A
		\$3,000,000	65	65	N/A
	700	\$1,000,000	75	75	70
		\$1,500,000	75	75	70
		\$2,000,000	70	70	60
		\$2,500,000	65	65	N/A
	680	\$1,000,000	75	75	65
		\$1,500,000	70	70	60
		\$2,000,000	65	65	N/A
660	\$1,000,000	70	70	65	
	\$1,500,000	65	65	60	
	\$2,000,000	60	60	N/A	
0.75 <= DSCR < 1.0	740	\$1,000,000	75	75	70
		\$1,500,000	70	70	65
		\$2,000,000	65	65	60
	720	\$1,000,000	75	75	70
		\$1,500,000	70	70	65
		\$2,000,000	65	65	N/A
	700	\$1,000,000	75	75	65
		\$1,500,000	70	70	65
		\$2,000,000	65	65	N/A
	680	\$1,000,000	70	70	60
660	\$1,000,000	60	60	60	
DSCR < 0.75 (No Ratio)	740	\$1,000,000	75	75	65
		\$1,500,000	70	70	60
		\$2,000,000	65	65	60
	720	\$1,000,000	70	70	60
		\$1,500,000	65	65	60
	700	\$1,000,000	65	65	60
		\$1,500,000	65	65	60
	680	\$1,000,000	65	60	60
	660	\$1,000,000	60	60	60
	First Time Investor		Interest Only		Condo/2-4 Units
Max Loan amount \$2.0m		DSCR >= 1.0 : Min FICO 700, Max LTV 75%		Max LTV 75%	
Declining Market		0.75 <= DSCR < 1.0: Min FICO 700, Max LTV 70%		Loan amount > \$2.0m: Max LTV 65%	
Reduce Max LTV by 5%		No Ratio: Not allowed		Loan amount > \$2.5m: Max LTV 60%	
Max Cash-in hand		Loan amount > \$2.0m: Max LTV 65%		Non Warrantable Condo	
LTV > 60%: \$500,000		Loan amount > \$2.5m: Max LTV 60%		Max LTV 75%	
LTV <= 60%: Unlimited				Max Loan amount \$2.0m	

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## Program Guidelines

<b>Eligible State</b>	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																															
<b>Loan Terms</b>	<ul style="list-style-type: none"> <li>• Fixed: 15 years, 30 years. 40 years eligible with I/O.</li> <li>• ARM: Using 30 days SOFR Avg for Index. Rounding to the nearest one-eighth of 1% (0.125%). <ul style="list-style-type: none"> <li>- 5/6 ARM (Margin 5.00%, Cap 2/1/5)</li> <li>- 7/6 ARM (Margin 5.00%, Cap 5/1/5)</li> </ul> </li> </ul>																															
<b>Min. Loan Amount</b>	\$100,000																															
<b>Underwriting Method</b>	Manual underwriting only. For topics not addressed in this guideline, please contact our underwriting department.																															
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>• Minimum FICO 700.</li> <li>• Minimum DSCR 0.75.</li> <li>• Max LTV <ul style="list-style-type: none"> <li>- Loan amount up to \$2.0m and DSCR &gt;= 1.0: 75%</li> <li>- Loan amount up to \$2.0m and DSCR &gt;= 0.75: 70%</li> <li>- Loan amount &gt; \$2.0m: 65%</li> <li>- Loan amount &gt; \$2.5m: 60%</li> </ul> </li> <li>• I/O period and Amortization Term</li> </ul> <table border="1" data-bbox="391 814 1511 1100"> <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>5/6 ARM I/O</td> <td>480</td> <td>120</td> <td>360</td> </tr> <tr> <td>7/6 ARM I/O</td> <td>360</td> <td>120</td> <td>240</td> </tr> <tr> <td>7/6 ARM I/O</td> <td>480</td> <td>120</td> <td>360</td> </tr> <tr> <td>30 yr Fixed I/O</td> <td>360</td> <td>120</td> <td>240</td> </tr> <tr> <td>40 yr Fixed I/O</td> <td>480</td> <td>120</td> <td>360</td> </tr> </tbody> </table>				Product	Term	I/O Term	Amortization Term	5/6 ARM I/O	360	120	240	5/6 ARM I/O	480	120	360	7/6 ARM I/O	360	120	240	7/6 ARM I/O	480	120	360	30 yr Fixed I/O	360	120	240	40 yr Fixed I/O	480	120	360
Product	Term	I/O Term	Amortization Term																													
5/6 ARM I/O	360	120	240																													
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30 yr Fixed I/O	360	120	240																													
40 yr Fixed I/O	480	120	360																													
<b>Qualifying Payment</b>	<ul style="list-style-type: none"> <li>• ARM: Use original note rate.</li> <li>• Interest only: Use interest only payment.</li> </ul>																															
<b>Occupancy</b>	Investment property only.																															
<b>Loan Purpose</b>	Purchase, Rate/term, and Cash-out																															
<b>Age of Credit Documents</b>	90 days from closing																															
<b>Investor Experience</b>	<ul style="list-style-type: none"> <li>• First Time investors are allowed with the following restrictions <ul style="list-style-type: none"> <li>- FICO &gt; 700</li> <li>- DSCR &gt; 1.0</li> <li>- Max loan amount \$2.0m</li> <li>- First time investor MUST NOT be a first time home buyer</li> </ul> </li> <li>• Experienced investors must have at least 12 months of experience owning and/or managing income-producing real estate within the most recent 36 months from the origination of the Note date. An LOE by the borrower/guarantor is required to detail relevant real estate experience.</li> <li>• Borrower(s) is not required to own a primary residence as long as they are experienced investor.</li> </ul>																															
<b>Business Purpose Only</b>	Business purpose & Occupancy Affidavit must be signed on or before closing.																															
<b>Properties</b>	<ul style="list-style-type: none"> <li>• Eligible Property types: SFR, PUD, Condominium, and 2-4 units</li> <li>• SFR with ADUs follow FNMA requirements and restrictions.</li> <li>• Unpermitted additions and alternations to follow FNMA guidelines.</li> <li>• Max 20 acres</li> <li>• Ineligible: Condotels, Rural zoning, Assisted living, Agricultural properties, Boarding Houses, C5/C6 rating, Manufactured homes, mixed use and etc.</li> </ul>																															
<b>Number of Financed Properties</b>	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.																															

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<b>Hazard Insurance</b>	Rent loss insurance covering a minimum of 6 months is required.
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>• One full appraisal required for all loans &lt;= \$2,000,000</li> <li>• Two full appraisals required for all loans &gt; \$2,000,000. LTV is calculated based on the lower value.</li> <li>• Transfer appraisal is allowed.</li> <li>• 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.</li> <li>• Desk review is required by the underwriter.</li> <li>• Legal non-conforming zoned properties must indicate the subject property can be rebuilt at 100% if it is severely damaged or destroyed.</li> </ul>
<b>Condominiums</b>	<ul style="list-style-type: none"> <li>• Warrantable Condo: Full review required, including budget, CC&amp;R and by-laws.</li> <li>• Non-Warrantable Condo is eligible for the below characteristics only. No more than 1 characters permitted. <ul style="list-style-type: none"> <li>- A single owner / entity may not own more than 30% of the units</li> <li>- Commercial space must be typical to the market, have no negative impact and comprise 49% or less of project space</li> <li>- Investor concentration up to 70%</li> <li>- No more than 25% of the total units in the project may be 60 days or more past due on their condo / HOA dues. This figure includes delinquencies for special assessments</li> <li>- Projects involved in litigation are acceptable as long as the pending lawsuit(s) are not (1) Structural in nature (2) Do not affect marketability of the units (3) Potential for damages do not exceed 25% of the HOA reserves OR with documentation from the insurance carrier and attorney representing the HOA or insurance carrier that the insurance carrier has agreed to provide the defense and the association's insurance is sufficient to cover the litigation.</li> </ul> </li> <li>• Projects with significant deferred maintenance regarding safety are not eligible.</li> </ul>
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Aliens <ul style="list-style-type: none"> <li>- Unexpired green card (Form I-551) must be documented.</li> </ul> </li> <li>• Non-Permanent Resident Aliens <ul style="list-style-type: none"> <li>- Must be legally present in the U.S. with an acceptable visa.</li> <li>- Allowable visa types are E series (E-1, E-2, E-3), G series (G-1 through G-5), H-1B, L-1, NATO series (NATO 1-6), O-1, R-1</li> <li>- Not eligible for cash-out refinance.</li> <li>- Copies of the Borrower's passport and unexpired visa must be obtained. Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival / Departure Record). Borrowers unable to provide evidence of lawful residency status in the U.S. are not eligible for financing</li> <li>- A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the Borrower's current employer. If the visa will expire within six (6) months of note date, it is acceptable to obtain a letter from the employer documenting the Borrower's continued employment and continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa)</li> <li>- If a non-U.S. citizen is borrowing with a U.S. citizen, it does not eliminate visa or other residency requirements. Individuals in possession of spouse or family member visas are to qualify as co-Borrowers only. A valid EAD must be provided to use income for qualification</li> <li>- Borrowers who are residents of countries which participate in the Department of Homeland Security's Visa Waiver Program (VWP) will not be required to provide a valid visa. Participating countries can be verified through the U.S. Department of State website</li> </ul> </li> </ul>
<b>First Time Home Buyer</b>	Not eligible.

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<b>Housing Payment History</b>	<ul style="list-style-type: none"> <li>• 0x30x12 is required.</li> <li>• 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.</li> <li>• Borrower(s) living rent-free is eligible if the borrower meets investor experience requirement in this guideline.</li> <li>• Rental payments             <ul style="list-style-type: none"> <li>- If was/is renting from a professional management company, fully executed VOR is required.</li> <li>- 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.</li> </ul> </li> <li>• Mortgage payments             <ul style="list-style-type: none"> <li>- 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.</li> </ul> </li> </ul>
<b>Credit Scores</b>	<ul style="list-style-type: none"> <li>• In cases of equal ownership %, use the lower of the two scores</li> <li>• Use Highest percentage ownership score for qualifying, even if lower. Highest percentage owner must have a valid score from at least two (2) of the following three (3) agencies</li> <li>• In the event where ownership % of additional borrower is unknown, the lower score must be used for qualifying</li> </ul>
<b>Minimum Tradeline</b>	<ul style="list-style-type: none"> <li>• Each Borrower’s credit profile must include a minimum of two (2) trade lines within the last twenty-four (24) months that show a twelve (12) month history, or a combined credit profile between Borrower and co-Borrower with a minimum of three (3) trade lines</li> <li>• Tradeline activity is not required; can be opened or closed. Examples of unacceptable tradelines include loans in a deferment period, collection or charged-off accounts, accounts discharged through bankruptcy and authorized user accounts</li> <li>• Authorized user accounts will not be included in the number of tradelines.</li> </ul>
<b>Credit inquiry/Refresh</b>	<p>Inquiries do not need to be explained. No credit refresh report is needed.</p>
<b>Derogatory Credit Event</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• A satisfactory LOE for the event from the borrower is required.</li> </ul>
<b>Judgments, Liens, Past dues, Charge-offs and Collections</b>	<ul style="list-style-type: none"> <li>• All Judgments or liens affecting title must be paid</li> <li>• Non-title charge-offs and collections within three (3) years and exceeding \$5000 (individually or aggregate) must be paid</li> <li>• Medical collections less than \$15,000 are not required to be paid</li> <li>• All past due accounts must be brought current prior to closing</li> <li>• Disputed accounts may require an LOE</li> <li>• All derogatory revolving and installment accounts &gt; sixty (60) days within four (4) years of closing require a full explanation</li> </ul>
<b>DSCR calculation</b>	<ul style="list-style-type: none"> <li>• Monthly gross rent ÷ Subject PITI(A) (For ARM or I/O loans, refer to the qualifying payment section).</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 3 months consecutive receipt is required.</li> </ul> </li> <li>• Monthly gross rent for refinance             <ul style="list-style-type: none"> <li>- Appraisal rent schedule, <u>AND</u> currently effective lease agreement must be obtained. Use lower of actual lease agreement or market rent. If the actual rent is higher and needs to be used, evidence of 3 months consecutive receipt is required.</li> <li>- Vacant properties are not eligible for refinance except when the property is currently vacant due to the recent renovation or rehab, with intention of being rented out soon. Support of this must be provided via appraiser confirming recent work completed and providing visual evidence. In scenarios like this, market rent from the 1007 schedule may be used.</li> </ul> </li> <li>• Short Term rent: Please contact our underwriting department for details.</li> </ul>

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<b>Assets</b>	Most recent one (1) month bank statement.
<b>Gift Funds</b>	<ul style="list-style-type: none"> <li>• Permitted for purchase transaction only.</li> <li>• Acceptable as 100% down payment for loans &lt;75% LTV / CLTV</li> <li>• Acceptable for loans &gt;=75% LTV / CLTV with 5% minimum contribution from the borrower(s).</li> <li>• Not permitted for reserves.</li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• Varies depending on the Loan amount, calculated as months x subject PITI(A) or ITI(A) <ul style="list-style-type: none"> <li>- =&lt; \$500,000: 3 months</li> <li>- \$500,001 - \$2,000,000: 6 months</li> <li>- &gt; \$2,000,000: 9 months</li> </ul> </li> <li>• Cash Out Net Proceed can be used to satisfy the reserve requirement.</li> <li>• For IO loans, reserves are based on IO payment amount.</li> </ul>
<b>Purchase</b>	<ul style="list-style-type: none"> <li>• Sellers must have owned the property for more than 12 months, otherwise the transaction is subject to review as a Flip Transaction.</li> <li>• Non-Arm's length transactions are not permitted.</li> </ul>
<b>Flip Transactions</b>	<ul style="list-style-type: none"> <li>• When the subject property is being resold within 365 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a "flip". To determine 365 days period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) should be used.</li> <li>• Flip transactions are subject to the following requirements: <ul style="list-style-type: none"> <li>- All transactions must be arm's length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction</li> <li>- No pattern of previous flipping activity may exist in the last twelve (12) months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan</li> <li>- The property was marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing</li> <li>- No assignments of the contract to another buyer</li> <li>- If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the Borrower must be obtained</li> <li>- Flip transactions must comply with the HPML appraisal rules in Regulation Z. The full Reg Z revisions can be found at: <a href="https://www.consumerfinance.gov/rules-policy/final-rules/appraisals-higher-priced-mortgage-loans/">https://www.consumerfinance.gov/rules-policy/final-rules/appraisals-higher-priced-mortgage-loans/</a></li> </ul> </li> <li>• A second appraisal is required, prior to closing, in the following circumstances: <ul style="list-style-type: none"> <li>- Greater than ten (10%) increase in sales price if seller acquired the property in the past ninety (90) days</li> <li>- Greater than twenty (20%) increase in sales price if seller acquired the property in the past one hundred eighty (180) days</li> <li>- The Borrower may not pay for the 2nd appraisal</li> </ul> </li> </ul>
<b>Max. IPC Limit</b>	6%
<b>Rate/Term Refinance</b>	<ul style="list-style-type: none"> <li>• Pay off an existing first mortgage loan and any seasoned subordinate liens.</li> <li>• Cash-back to borrower is limited to the lesser of \$5,000 or 2% of the loan amount.</li> <li>• Refinance of a previous cash-out seasoned less than 1 year will be considered cash-out.</li> <li>• Sale restriction: Property listed for sale within the past 6 months from the note date must not be currently listed at the time of loan application and require a borrower LOE. Multiple listings in the past 12 months will not be eligible for refinance.</li> <li>• 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"> <li>- Closed-end loan, at least 12 months of seasoning has occurred.</li> <li>- HELOC, at least 12 months of seasoning has occurred, and total draws over the past 12 months are less than \$5,000. Withdrawal activity must be documented with a transaction history of the line of credit.</li> </ul> </li> <li>• Buy out a co-owner pursuant to an agreement.</li> </ul>

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<b>Cash-Out Refinance</b>	<ul style="list-style-type: none"> <li>• Max cash back to the borrower (except for delayed financing)             <ul style="list-style-type: none"> <li>- LTV ≤ 60%: Unlimited</li> <li>- LTV &gt; 60%: \$500,000</li> </ul> </li> <li>• Borrower must have owned the subject property 6+ months using date of original acquisition and subject note date.</li> <li>• Cash-out is for business purpose only and the borrower must provide LOE detailing the purpose and use of the cash-out proceeds. While maintaining the property is an acceptable use for cashout proceeds, major renovations, rehabs, etc. are not permitted on subject property that could deem the property uninhabitable.</li> <li>• 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.</li> <li>• For properties owned less than 12 months, the lessor of the original purchase price (plus documented improvements) or the current appraised value is used for LTV calculation.</li> <li>• Sale restriction: Property listed for sale within the past 6 months from the note date must not be currently listed at the time of loan application and require a borrower LOE. Multiple listings in the past 12 months will not be eligible for refinance.</li> <li>• Taxes 50(a)(6) loans are not eligible.</li> </ul>
<b>Delayed Financing</b>	<ul style="list-style-type: none"> <li>• The original purchase transaction must be an arm's length transaction.</li> <li>• The source of funds for the original purchase transaction must be documented (bank statements, personal loan documents, HELOC from another property as example).</li> <li>• The maximum LTV / CLTV for the transaction will be based on the lower of the current appraised value of the subject or the purchase price plus any of the fully documented improvements such as invoices and/or receipts for work performed and confirmed by the appraiser.</li> <li>• The preliminary Title must confirm that there are no existing liens on the property.</li> <li>• The loan is considered a Cash-Out transaction. Cash-Out loan, LTV and other limitations apply.</li> </ul>
<b>Subordinate Financing</b>	Not permitted.
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>• 0 to 5 years 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</li> <li>• PPP not allowed for 1 and 2 units with loan amount ≤ \$319,777 in PA</li> <li>• Different PPP structure applies in MS, LA (declining structure).</li> <li>• 2 years term with a maximum penalty of 2% of the balance applies in MO.</li> <li>• 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.</li> <li>• Restricted to a 1 year term with a maximum penalty of 1% of the balance in RI.</li> </ul>
<b>Escrow Waiver</b>	<ul style="list-style-type: none"> <li>• Eligible for Non-HPML files.</li> <li>• Flood insurance must be impounded.</li> </ul>
<b>Vesting</b>	<p>Allowed vesting types</p> <ul style="list-style-type: none"> <li>• Individual, or</li> <li>• Joint Tenants, or</li> <li>• Inter-Vivos Revocable Trusts, or</li> <li>• LLC, Partnerships and Corporations</li> <li>• <b>Tenants in common are NOT permitted.</b></li> </ul>
<b>Closing In Trust</b>	Must meet FNMA guideline.
<b>Power of Attorney</b>	Allowed except for Cash-Out refinance.
<b>Vesting as Entity</b>	<ul style="list-style-type: none"> <li>• Properties vested in any of these manners are limited to Investment and Business Purpose.</li> <li>• Entities must be formed for the purpose of Ownership and Management of Real Estate</li> <li>• Permitted entity types are: Limited Partnership (LP), General Partnership (GP), Limited Liability Company (LLC), and Corporation (Corp).</li> <li>• Max of four (4) entity owners allowed. All eligible guarantors must be disclosed on 1003, and credit report must be obtained.</li> </ul>

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## Vesting as Entity (Continued)

- All borrower(s) must execute the Occupancy Cert and Business purpose Cert.
- Guarantors must be a managing member or majority owner, hold at least 25% ownership.
- Personal Guaranty (PG) is required when any party on the Note has signed on behalf of the business rather than individually
  - Guarantor(s) must sign all closing documents and disclosures
  - All Borrower(s) will be required to provide Personal Recourse
  - Consent of Spouse Form will be required in Community Property States when loan is signed with a Personal Guaranty and Spouse is not included on the loan
  - PG form must be executed and dated the same date as Note
- The following entity documents are required:
  - Article of Incorporation
  - Operating agreement or equivalent
  - Tax Identification Number
  - Certificate of good standing dated within 30 days from closing
- Layered Entity Structures are permitted up to two (2) layers, as long as the ownership structure is consistent from top to bottom, with no discrepancies. Entities layered with a Trust is not eligible.