

DSCR CES



Eligibility Matrix

Doc Type	Max Loan Amount	Minimum FICO	Max CLTV
DSCR (Minimum 1.00)	\$350,000	720	75%
		700	70%
Additional Max CLTV Restrictions (Lower of above or below apply)			
Property Type	Listed for sale 6-12 months w/ PPP	Declining Market	Title acquired through inheritance or Non-purchase transaction
3-4 Unit: 65%	70%	70%	60%

Program Guidelines

Loan Terms	30, 20, 15, 10 years fixed (fully amortizing)
Loan Amount	- Minimum: \$150,000 - Combined loan balance cap (1st + 2nd): \$3,500,000
Minimum DSCR	1.00
Underwriting Method	Manual underwriting only. For topics not addressed in this guideline, please contact our underwriting desk.
Loan Purpose	Rate/Term or Cash-Out
Ineligible Transactions	- Lien Free Properties: If the subject property is lien free, including delayed financing. - Unseasoned cash out: If the existing lien is a cash out, measured within twelve (12) months of the note date to note date. - Purchase transaction.
Occupancy	Investment property
Title Seasoning	- Subject property minimum ownership of 6 months prior to the Note date. - Cashout to pay off an existing subordinate lien must be seasoned 12 months (from Note date to Note date). - Title acquired through inheritance or Non-purchase transaction. (Max CLTV 60%) - There is no waiting period for the borrower who acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership). - If the borrower acquired the property within the last 12 months as gift, award, inheritance or other non-purchase transaction, the LTV/CLTV will be based on the current appraised value. Appropriate documentation to verify the acquisition and transfer of ownership is required.
Age of Credit Documents	120 days from closing.
Number of Financed Properties	No limit, but URLA must list all properties borrower owns.
Investor Experience	Borrower must be an experienced investor. Definition of experience investor is a borrower who has a history of owning and managing commercial or residential investment property in the United States for at least 12 months in the last 3 years.
Eligible Borrowers	- U.S. Citizens - Permanent Resident - Intervivos Revocable Trusts - No changes in property vesting permitted unless removing a co-borrower or adding a co-borrower. - Ineligible: Non-Permanent Resident, ITIN, Foreign Nationals, Asylum applicants, DACA recipients, Borrowers with diplomatic immunity, borrower involved in an active litigation or pending separation/divorce.
1st Lien Requirements	- Existing 1st lien must be verified with copy of the note and the most recent mortgage statement. 1st lien must not have the following characteristics:

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1st Lien Requirements (Continued)	- Seasoned < 6 months - ARMs - Balloon - HELOC - Original amortization term > 40 years - Loans in active forbearance or deferment (prior natural disaster or hardship forbearances eligible if seasoned $\geq$ 12 months and included in CLTV) - Fixed rate interest-only with less than 5 years of interest only period remaining from the new CES Note Date - Negative amortization - Open renovations - Private party - Properties with a PACE lien (unless satisfied with subject transaction) - Reverse Mortgage
Properties	• Eligible Property types: SFR, PUD, Warrantable Condo, 2-4 units • Acreage limit: 2 acres • Minimum square footage for Condo and 2-4 units: 500 sqft per unit. • Properties with solar panel: Must meet the Fannie Mae guidelines, but value of the solar panels should be excluded. Solar must not carry a lien against the property. • Ineligible: C5/C6 rating, Q6 rating, Rural, Non-warrantable condo, Zoning violations, 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, bed/breakfast, boarding house, single-room occupancy, assisted living/healthcare and etc.
Appraisal	• Full Interior/Exterior Appraisal • Condition Rating of C5/C6 not eligible • Transfer appraisal is not permitted. • Ineligible Zoning: Industrial, Commercial, and Agricultural.
Accessory Dwelling Units (ADU)	• Minimum 400 sqft. • 2 ADUs allowed on SFR. • Not permitted on 4-unit properties. • Appraiser to confirm ADU is typical to the area with supporting comparables. • Rental income may be used with supporting appraisal comparable which contains accessory units, Appraisal market rents survey, and lease with 1 month evidence receipt of income. • Unit should not jeopardize potential future hazard insurance claim(s). • Conforms to all zoning laws/regulations including permit requirements. • Unpermitted ADUs must be completed in a workman like manner and conform to the subject property. No rental income may be used to qualify.
Condominiums	• Follow Fannie Mae for warrantability • No project review required: Detached Condo, 2-4 unit projects • Limited review applies for Established Project. • Full review (including budget, Article of Incorporation, CC&R and By-laws) applies for New Project.
Housing Payment History	• 0x30x12 – verification of rental/mortgage history required on primary residence and the subject property only, however, if other REO's rating appears on the credit report, it must have 0x30x12. • Institutional VOR/VOM or private VOR/VOM + 12 months proof of payment via cancelled checks, bank debits (highlighted on statement). Carbon copies or handwritten rent receipts are not acceptable. • In case current primary residence mortgage is less than 12 months, previous housing history must be supplemented to satisfy full 12 months housing payment history documentation. • Borrowers owning free & clear properties - If the borrower does not have a current mortgage payment, evidence of free & clear is required such as property report, EOI with no mortgagee, etc.

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Credit Freeze	A credit freeze may remain if it is reported under one bureau only and a minimum of two scores are present. More than one frozen bureau requires the freeze to be lifted.
Minimum Tradeline	• If the primary borrower has three credit scores, the minimum tradeline requirement is waived for all borrowers. • Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months. • Tradeline may be opened or closed. • Eligible tradelines cannot have any derogatory history in previous 24 months. • Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks, debits). • No authorized user accounts may be used to satisfy minimum tradelines. • Non-traditional credit is not allowed as an eligible tradeline. • Disputed accounts may require an LOE. An updated credit report not required. • All mortgage accounts > 1 x 30, each within 2 years of closing require a full explanation.
Credit Events	• 4 years seasoning required for Short Sale, Foreclosure, Deed in Lieu, Default Modification, Notice of Default, 120+ Delinquent and Single Bankruptcy. • Bankruptcy Chapter 7,11, 13 – calculated based on discharge or dismissal date. • Multiple derogatory credit events are ineligible.
Judgments, Liens, Charge-offs and Collections	• All Judgments affecting title or liens affecting title must be paid. • Non-title charge-offs and collections open <2 years and greater than \$10,000 (individually or aggregate) must be paid. • Medical collections less than \$15,000 are not required to be paid.
DSCR Calculation	• Property must have a lease agreement in place. Expired Leases will be considered to have renewed automatically with 1 month's evidence of rent receipt at the lease amount. • DSCR is calculated using the lessor of the appraisal market rent or the current lease. • If current lease amount is greater than the market rent, borrower may use the current lease amount up to 120% of the market rent with most recent 3 months of evidence of rent receipts. • Properties leased to family members are not eligible. • Short-term rentals not eligible.
Assets	• Rate/Term – requires 3 months reserves. Reserves based on PITIA on the 1st and 2nd lien. • Cash Out – no reserves required. • 1 month bank statement is required if reserves are applicable. • 100% value of bank accounts, stocks, bonds, mutual funds, vested retirement accounts. • Business assets may only be used if the borrower(s) has 100% ownership of the business or 100% access letter from all partners is obtained. • Ineligible: Gift funds
Property listed for sale	• Seasoning is calculated from the listing removal date to the note date. • LTV is based on the lower of the appraised value or the listing price. • If listed for sale within the past 12 months, minimum 2 years PPP is required. - Rate/term: Max CLTV per matrix - Cash-Out: Max CLTV 70%
Prepayment Penalty	• Prepayment periods up to 5-Years eligible. • Six months of interest - The prepayment charge will be equal to 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in a given 12-month time period.
Property Insurance	Must obtain rent loss insurance coverage at least equal to for 6 months PITIA.
Escrow Waiver	Eligible for Non-HPML files
Ineligible Vesting Type	Tenants in Common, irrevocable trust
Closing In Trust	Must meet FNMA guideline
Power of Attorney	Not permitted.

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