

BUSINESS CLASS DSCR Matrix



Matrix			DSCR > 1.0			DSCR .99-.75 ⁽⁴⁾		
Loan Amount	Reserves Months	FICO	Purchase	Rate/Term	Cash Out	Purchase	Rate/Term	Cash Out
100,000 ⁽⁴⁾ to 1,000,000	6 ⁽¹⁾	760	85 ⁽²⁾	80	75	75	70	70
		740	85 ⁽²⁾	80	75	75	70	70
		720	80	80	75	75	70	70
		700	75	75	75 ⁽³⁾	75	70	70 ⁽³⁾
		680	75	75	70 ⁽³⁾	70	65	65 ⁽³⁾
		660	70	70	65 ⁽³⁾	70	65	65 ⁽³⁾
1,000,001 to 1,500,000	6 ⁽¹⁾	760	80	75	70	70	65	65
		740	80	75	70	70	65	65
		720	75	75	70	70	65	65
		700	70	70	65	70	65	65
		680	70	70	65	70	65	65
		660	65	65	60	65	65	60
1,500,001 to 2,000,000	12	760	75	70	70	65	60	60
		740	75	70	70	65	60	60
		720	70	70	70	65	60	60
		700	65	65	65	65	60	60
		680	65	65	65	65	60	60
		660	60	60	60	60	60	60
2,000,001 to 3,000,000	12	760	70	65	65	N/A	N/A	N/A
		740	70	65	65	N/A	N/A	N/A
		720	65	65	65	N/A	N/A	N/A
		700	60	60	60	N/A	N/A	N/A
		680	60	60	60	N/A	N/A	N/A
		660	55	55	55	N/A	N/A	N/A

Reference	
Reserves ⁽¹⁾	• 6 Months PITIA unless:
	• 3 Months PITIA for Purchase with a Credit Score > 720 and LTV < 80%
	• 12 Months PITIA for loan amounts greater than \$1,500,000
	• 12 Months PITIA for DSCR < 1.0
	• 12 Months PITIA for > 80% LTV

Reference (Continued)		
Reserves ⁽¹⁾	•	Cash Out Proceeds may be used for Reserves
LTV > 80% ⁽²⁾	•	Minimum Credit Score 740
	•	Minimum DSCR 1.0
	•	12 Months PITIA in Reserves
	•	No First Time Investor
	•	0X30X12 Mortgage History
Cash Out FICO < 720 ⁽³⁾	•	FICO 680-719 and the LTV is Great than 70% or
	•	FICO 660-679 and the LTV is greater than 65% the following limitations apply:
	•	Max Loan Amount of \$750,000
	•	Max Cash-Out Proceeds \$100,000
DSCR .99-.75 ⁽⁴⁾	•	Minimum Loan Amount of \$150,000

LTV Restrictions			
			Maximum LTV
Property Type	Purchase	Non-Warrantable Condo (Min FICO 680)	75%
		Condotel	75%
		2-4 Unit	80%
	Rate/Term	Non-Warrantable Condo (Min FICO 680)	75%
		Condotel	70%
		2-4 Unit	80%
	Cash-Out	Non-Warrantable Condo (Min FICO 680)	70%
		Condotel	65%
		2-4 Unit	75%
Loan Type	Interest Only	Purchase	80%
		Rate/Term & Cash-Out	75%
Borrower Eligibility	Non-Permanent Resident	Purchase	75%
		Rate/Term & Cash-Out	70%
Short-Term Rental	Requires Min FICO 700, 0X30X12 All Mortgages, 1.0 DSCR, Max Loan Amount \$1,500,000 for Max LTV of 75%	Purchase	75%
		Rate/Term & Cash-Out	70%
DSCR > .75 < 1.0	Condominiums & 2-4 Units	Purchase	75%
		Rate/Term & Cash-Out	70%
	Interest Only requires Min 700 FICO	Purchase, Rate/Term & Cash-Out	75%
	Declining Market		-5% Reduction

BUSINESS CLASS DSCR Documentation



Loan Purpose		
Loan Purpose	•	Purchase, Rate/Term and Cash-Out Refinance
Refinance Seasoning	•	Rate and Term: No seasoning. At least 1 borrower from the existing loan must be in the new loan.
	•	Cash Out: 6 months from existing Note date to application date of new loan. LTV/CLTV is based upon the appraised value.
	•	LLC Cash Out: 6 months seasoning required if the property was owned prior to closing by LLC that is majority-owned by the borrower.

Assets		
Assets	•	See guidelines for details
Cash-Out Proceeds	•	May be used as Reserves
Cash-Out Max	•	\$500,000 Maximum
Gift Funds	•	Gift funds are acceptable for use toward paying off debts, equity contribution refinances, down payment and closing costs.
	•	Gift funds are ineligible for first time investor
	•	Gift funds are ineligible with Non-Permanent Resident Alien.
	•	Gift funds may not be used to meet reserve requirements.
Reserves for Additional Financed Properties	•	Acceptable Donors: Fannie Mae guidelines should be used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt;
	•	None

Credit		
Borrower Eligibility	•	US Citizen
	•	Permanent Resident Alien (with US Credit)
	•	Non-Permanent Resident Alien (with US Credit) (See guidelines for additional requirements)
	•	Non-Occupant Co-borrowers are not allowed
Credit	•	Gift funds are not allowed
	•	3 tradelines reporting for 12+ Months or 2 Tradelines reporting 24+ months all with activity in the last 12 months
	•	If Borrower has 3 credit scores, the minimum tradeline is met
	•	1X30X12 on all Mortgages
Consumer Charge-offs and Collections	•	Bankruptcy, Foreclosure, Deed In Lieu, Short-Sale, Loan Modification 36 Months Seasoning
	•	Following may remain open:
	•	Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000
	•	All medical collections regardless of amount
Housing History	•	Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence
	•	Collections and charge-offs that have expired under the state statute of limitations on debts; evidence of expiration must be documented
Housing History	•	Minimum of 12 Month Housing History is required
	•	First Time Investor must have primary housing history

DSCR				
DSCR Calculation	•	Interest Only:	•	DSCR (Gross Rents / ITIA)
	•	Full Amortization:	•	DSCR (Gross Rents / PITIA)
	•	Long-Term Rental		
	•	For Purchase: The 1007 is used to determine DSCR		
	•	For Refinance: The lower of the lease agreement or rent survey is used to determine DSCR		
	•	Short Term Rental allowed		
	•	Purchase - 1007 reflecting short term rental income will be used to determine DSCR Ratio		
	•	Refinances can qualify with 3rd party documentation of 12 months of rents.		
	•	Refinance Only: Short term leases are eligible. DSCR is calculated using the leases throughout the year and average over the 12 month period. If there are months where the property is vacant, use zero for that month in average. The average should be supported by 1007 (within reason determined by underwriter).		
	•	Refinance Only: On-line Services such as VRBO/AirBNB/ are eligible. DSCR is calculated by using a 12-month look back period AND either		
	•	1) 12 monthly statements documenting receipt of rents or 2) An annual statement provided by the on-line service to document receipt of rents		
	•	If a consecutive 12 month period cannot be documented, the property will be considered unleased.		
	•	20% vacancy factor applies to SFR refinances only. See guidelines for limitations and treatment of vacant unit(s)		
	•	Gross monthly rent divided by PITIA of subject property must be greater than or equal to 1.00 for max LTV		
DSCR .99-.75	•	Condo & 2-4 Units Max LTV Purchase 75% and Refinance 70%		
	•	Interest Only: requires minimum 700 FICO and Max LTV 75%		
	•	Vacant properties ineligible on refinance		
	•	5% LTV Reduction on declining markets		
	•	Minimum \$150,000 Loan Amount		
	•	Non-Warrantable Condo and Condotel are ineligible		
	•	0X30X12 on All Mortgages		
	•	First Time Investors are ineligible		
	•	12 Months Reserves Required		
First Time Investor	•	Any borrower who has not owned at least one investment property for a minimum of 12 months at any time within the most recent 36 months		
	•	Primary mortgage history is required. May not be a First Time Homebuyer.		
	•	Minimum FICO 660	•	Maximum Loan Amount \$1,500,000
	•	Living Rent Free with Spouse Eligible (see guidelines for additional requirements)		
	•	Gift funds not allowed for First Time Investor.		
Professional Investor	•	Provides reduced documentation on non-subject properties for the borrower who has a strong investor track record documenting the following:		
	•	Currently owns 5 properties (Primary residence included).		
	•	Has 5 years credit depth reported on credit report.		
	•	At least 3 mortgages are reported on credit report within the last three (3) years. No minimum months reporting required. No delinquencies allowed on months reported.		
	•	Required Information:		
	•	All properties owned by borrower to be listed on REO schedule.		
	•	All information completed on REO schedule (mortgage balances, gross rents, etc.).		
	•	Reduced Documentation		

DSCR (Continued)									
Professional Investor		•	Housing History not required						
		•	All properties owned by borrower to be listed on REO schedule. All information completed on REO schedule (mortgage balances, gross rents, etc.).						

Property																		
Acreage	•	Maximum 10 acres																
Appraisal	•	Loan amounts < \$2,000,000 = 1 Full Appraisal + CDA or FNMA CU Risk score of 2.5 or less																
	•	If enhanced desk review (CDA) is ≤ 5% a 2nd full appraisal is required																
	•	Loan amounts > \$2,000,000 = Two Full Appraisals						•	See guidelines for details									
	•	All 1 unit investor appraisals require form 1007 Single Family Comparable Rent Schedule																
	•	Cash Out: 6 months from existing Note date to application date of new loan. LTV/CLTV is based upon the appraised value.																
	•	Transferred Appraisal is ineligible in State of Florida																
	Minimum Property Standards	•	600 sq. ft. for SFR				•	500 sq ft. per Condominium			•	400 sq ft. per individual unit on 2-4 units						
•		Contains a full kitchen, bathroom and bedroom				•	No excessive deferred maintenance			•	No structural deferred maintenance							
•		Property constructed for year-round use		•	Permanently affixed continuous heat source		•	No health or safety issues both internal or external										
Property Flips	•	When the subject property is being resold within 90 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a “flip.” The following should be used to determine the 90-day 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); or																
	•	When the subject property is being resold within 91-180 days of its acquisition by the seller and the sales price has increased more than 20%, the transaction is considered a “flip.” The following should be used to determine the 91-180-day 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); or																
	•	Property seller on the purchase contract must be the owner of record					•	The property was marketed openly and fairly, through a multiple listing service, auction, FSBO offering (documented), or developer marketing										
	•	Flip transactions must comply with the TILA HPML Appraisal Rule in Reg Z					•	Appraisal sufficiently addresses subject's improvements										
	•	Increases in value are to be documented with commentary from the appraiser and recent comparable sales					•	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										
	•	No assignments of contract to another buyer					•	A Second Full Appraisal is required										
Property Types	•	SFR		•	Condominium		•	PUD		•	Condotel		•	2-4 Units		•	Non-Warrantable Condo	
Property Types - Ineligible	•	Co-Ops	•	Mixed-Use	•	Manufactured Home		•	Multi-Family 5+ Units		•	Agricultural Zoned & Rural			•	Adult Assisted Living/Care Facilities		
Seasoning for Property Recently Listed on the Market	•	For all transaction types, subject property must be taken off the market on or before application date.																
	•	For Cash-Out: Loans must be seasoned for at least 180 days from the listing contract expiration date to the application date.																
	•	LTV is based on the lesser of appraised value or previously listed price																

Product				
ACH	•	Required on all cash out refinances with a qualifying score below 700		
	•	Required on all cash out refinances with an LTV greater than 70%		
	•	Required on all DSCR ratios less than 1.0		
ARM Information	•	5/6 & 7/6 SOFR ARM: Margin 3.5%, Index: 30 Day Average SOFR, Floor: Start Rate. 2.0% Initial Cap, 2.0% Annual Cap, 5% Life Cap		
Compliance	•	No Section 32 or state High Cost	•	Points and Fees max 5% limit
	•	Loans must comply with all applicable federal and state regulations		

Product (Continued)		
Compliance		Fully Documented Ability to Repay including Borrower Attestation
		Impounds required on LTV > 80% or HPML loans unless otherwise specified by applicable state law
Interest Only Products		120 Months
Personal Guarantee		Required
Prepayment Penalty		Prepayment penalty must be in compliance with the terms and limitations of the applicable state or federal law
Product Type		5/6 & 7/6 SOFR ARM, 15, 20, 30 Year Fixed, 40 Year Fixed with 10 year I/O
Seller Concessions / IPC		6% Max Interested Party Contribution
States	Ineligible	Baltimore City, Maryland, Philadelphia, Pennsylvania, New York, Texas I/O and Vermont
	Eligible	State eligibility subject to review of applicable docs
Subordinate Financing		Subordinate Financing payment must be included in DSCR calculation

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