

EXECUTIVE CLASS DSCR Matrix



Matrix		
Loan Amount	Reserves Months	FICO
100,000 to 1,000,000	3	720
		700
		680
		660
		640
1,000,001 to 1,500,000	3	720
		700
		680
		660
		640
1,500,001 to 2,500,000	6	720
		700
		680
		660
		640
2,500,001 to 3,000,000 ⁽¹⁾	9	720
		700

(1) Requires Sr. Management Approval

DSCR > 1.0		
Purchase	Rate/Term	Cash Out
80	80	75
80	80	75
75	75	75
75	75	75
70	70	70
80	80	75
80	80	75
75	75	75
75	75	75
70	70	70
80	80	75
80	80	75
75	75	75
75	75	75
70	70	70
75	75	75
75	75	75

DSCR .99-.75		
Purchase	Rate/Term	Cash Out
75	75	N/A
70	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
75	75	N/A
70	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
60	60	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
60	60	N/A
N/A	N/A	N/A

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LTV Restrictions				
				Maximum LTV
Property Type	Purchase Refinance		Non-Warrantable Condo	Reduce Max LTV by 5%
			Condotel - Max Loan Amount of \$1,500,000	Reduce Max LTV by 10%
			Florida Attached Condo	65%
			2-4 Units	Minimum Loan Amount \$150,000
Declining Market				Reduce Max LTV by 5%
First Time Investor	Purchase Refinance		Minimum FICO 700	Minimum DSCR 1.00 Long Term Rental Only
Interest Only	Purchase Refinance		Minimum FICO 660	Max LTV 80%
Non-Permanent Resident Requires 12 months Reserves on all Loan Amounts	Minimum FICO 680	Minimum DSCR 1.25	Purchase	75%
	Must have 2 Years of US Credit History		Rate & Term	75%
	See Below for Additional Details		Cash-Out	70%
Short-Term Rental	1 Unit Properties Only Minimum FICO 700 & DSCR 1.00		Purchase	Reduce LTV by 5% with a Maximum of 75%
			Refinance	Reduce LTV by 5% with a Maximum of 70%
Unleased/Vacant Property	Refinance		1 Unit (If recent, significant renovation and appraisal supports then no LTV reduction)	Reduce Max LTV by 5%
			2-4 Units: Up to one (1) unit may be unleased	
NOTE:	LTV Reductions to be applied in aggregate (example: declining market 5% + non-warrantable condo 5% = 10% total)			

EXECUTIVE CLASS DSCR Documentation



Loan Purpose		
Loan Purpose	Purchase, Rate/Term and Cash-Out Refinance	
Refinance Seasoning	Rate and Term: No seasoning. Use Appraised Value. At least 1 borrower from the existing loan must be in the new loan.	
	Cash Out: 0-6 months use the Lesser of, Purchase price + documented improvements OR Appraised Value	
	Cash Out: >6 months use 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.	
Age of Documents	Must be dated within 120 days of the Note Date	

Assets		
Assets	Large Deposits must be sourced and evaluated. Large Deposits are defined as any single deposit that represents more than 50% of the monthly average deposit balance.	
	See guidelines for details	Assets sourced or seasoned for 30 days of loan origination
Cash-Out Proceeds	May be used as Reserves	
Cash-Out Max	> 65% LTV is \$1,000,000 ≤ 65% LTV unlimited	
Gift Funds	Gift funds are acceptable for use toward down payment and closing costs once borrower has contributed 5% of their own funds	
	Gift funds may not be used to meet reserve requirements.	
	Acceptable Donors: Fannie Mae guidelines should be used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt;	

Credit		
Borrower Eligibility	US Citizen	
	Permanent Resident Alien (with US Credit)	
	Non-Permanent Resident Alien (See guidelines for additional requirements)	
	Max LTV 75% for Purchase, R/T Refi and Max LTV for Cash-Out 70%	
	Minimum FICO 680	
	E-1 thru E-3, G-1 thru G-5, H-1B, L-1, NATO 1 thru 6, O-1, R-1, TN-1 and TN-2 (NAFTA)	
	Must Have US Credit Report supporting two (2) year credit history	
	Valid US issued Visa that is indicative of legal residency	
	Valid and unexpired passport from home country of citizenship	
	Valid EAD must be obtained IF the Visa is not sponsored by current employer	
	Asylum is ineligible	
Credit	The qualifying Score for each Borrower/Guarantor is calculated using the lower of two or the middle of three scores	
	The qualifying Score for the loan will be the higher Qualifying Score of each Borrower/Guarantor	
	3 tradelines reporting for 12 months activity OR	
	2 Tradelines reporting for 24 months all with activity in the last 12 months OR	

Credit (Continued)		
Credit	•	1 tradelines reporting for 36 months activity mortgage or installment with activity in the last 12 months
	•	1X30X12 on all Mortgages
	•	Borrower/Guarantor with Felony or Fraud Conviction are ineligible
	•	Bankruptcy, Foreclosure, Deed In Lieu, Short-Sale, Loan Modification 24 Months Seasoning
	•	Borrower/Guarantor with outstanding liens or unpaid judgements in excess of \$5000 are ineligible
	•	All judgements or liens affecting title must be paid in full
Tax Liens, Charge-offs, Collections and Judgements	•	All Non-Title Charge-Offs, Collections and Judgements < 2 Years old and > \$5,000 aggregate per the credit report must be paid in full
	•	Cash-Out Proceeds may not be used to satisfy charge-offs or collections that are not encumbered to the property

DSCR		
DSCR	•	Interest Only:
	•	DSCR (Gross Rents / ITIA)
	•	Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)
	•	Full Amortization:
	•	DSCR (Gross Rents / PITIA)
	•	Qualifying ratios based on Note Rate (PITIA)
	•	Active lease with Minimum of 12 Month term between unrelated parties, OR
	•	Lesser of Estimated Market Rents or monthly rent from existing lease (higher lease amount may be utilized with two (2) months evidence of receipt
	•	Lease starting within 30 days of closing with tenant application and security deposit and executed lease
	•	Month to Month leases are permitted but must be in place for at least two (2) months prior to origination
	•	No Individual room leases, SRO or boarder leases permitted
	•	No Commercial use allowed
	•	Long-Term Rental
	•	For Purchase: The 1007 is used to determine DSCR
	•	Existing Leases transferred to borrower must be verified to ensure no impact on subject first lien (For example: Prepaid Lease)
	•	Vacant Property: 100% of Market Rent from 1007 with 5% LTV reduction
	•	For Refinance: The lower of the lease agreement or rent survey is used to determine DSCR
	•	SFR Properties must leased at the time of closing
	•	Vacancy: Up to 1 Unit on 2-4 Units
	•	Short Term Rental
	•	Short Term Rental Definition: Rented on a nightly, weekly, monthly, or seasonal basis
	•	Purchase: Reduce LTV by 5% with a Max LTV/CLTV = 75%
	•	Refinance: Reduce LTV by 5% with a Max LTV/CLTV = 70%
	•	Min FICO 700
	•	Min DSCR = 1.0
	•	1 Unit Properties Only
	•	Borrower must have experience operating a short-term rental within the past 12 month
	•	Property must be legally permitted to operate as a short-term rental in accordance with all applicable local, state and municipal regulations
	•	If permits or licenses are required, evidence must be provided
	•	Use 12 Month Average gross rent to reflect seasonality
	•	Apply 20% expense factor for short term rental related costs (such as advertising, etc.)
	•	Calculation = (Gross Rent x .80) / PITIA = DSCR
	•	Purchase - 1007 reflecting short term rental income comps will be used to determine DSCR Ratio
	•	Refinances can qualify with one of the following methods:
	•	1007 reflecting short term rental income comps; or
	•	12 Month Statement from Third-Party Rental Manager

DSCR (Continued)									
DSCR		•	12 Months of Bank Statements showing short term rental deposits						
		•	NOTE: Multiple Income Sources: Use the lowest monthly income for DSCR						
First Time Homebuyer	•	Not Eligible							
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 700				•	Long Term Rental Only		•
Experienced Investor	•	A Borrower who has owned one (1) income producing residential or commercial properties for at least 12 months during the most recent 36 Month Period.							

Property																		
Acreage	•	Maximum ≤5 acres																
Appraisal	•	Loan amounts < \$2,000,000 = 1 Full Appraisal + Secondary Valuation (CDA)																
	•	If CDA is exceeds 10% variance 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																
Minimum Property Standards	•	SFR minimum 500 square feet					•	Condo minimum 480 square feet				•	2-4 Units minimum 480 square feet per unit					
	•	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 - Eligible	•	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		•	Modular	•	See Guidelines	

Product				
Compliance	•	No Section 32 or state High Cost	•	Points and Fees max 5% limit
	•	Loans must comply with all applicable federal and state regulations		
	•	Fully Documented Ability to Repay including Borrower Attestation		
	•	Impounds required on LTV > 80% or HPML loans unless otherwise specified by applicable state law		
Prepayment Penalty	•	Prepayment penalty must be in compliance with the terms and limitations of the applicable state or federal law		
	•	Prepayment penalty ineligible in Alaska, Minnesota, New Mexico and Vermont		

Product (Continued)		
Personal Guarantee	•	Required
Product Type	•	Fixed Rate: 30, 40 Year Terms Fully Amortizing and Interest Only - ARM 5/6, 7/6, 10/6 ARM Fully Amortizing 30 Year Term and Interest Only
Seller Concessions / IPC	•	6% Max Interested Party Contribution
States - Ineligible	•	Baltimore City, Maryland, Philadelphia, Pennsylvania, Minnesota, Nevada, New York, North Dakota, South Dakota, Texas I/O and Vermont
Subordinate Financing	•	Not Eligible

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