

## Flexible DSCR (FDN)

Debt Service Coverage Ratio / No Ratio

### Program Matrix

Min FICO	Max Loan Amount	Max LTV/CLTV/HCLTV					
		DSCR ≥ 1.00		DSCR 0.75 - 0.99		DSCR 0.00 - 0.75	
		Purchase / R&T	Cash-Out	Purchase / R&T	Cash-Out	Purchase / R&T	Cash-Out
740	1,000,000	80	75	75	70	75	65
	1,500,000	75	70	70	65	70	60
	2,000,000	75	60	65	60	65	60
720	1,000,000	80	75	75	70	70	60
	1,500,000	75	70	70	65	65	60
	2,000,000	75	60	65	N/A	N/A	N/A
700	1,000,000	75	70	75	65	65	60
	1,500,000	75	70	70	65	65	60
	2,000,000	70	60	65	N/A	N/A	N/A
680	1,000,000	75	65	70	60	65*	60
	1,500,000	70	60	N/A	N/A	N/A	N/A
	2,000,000	65	N/A				
660	1,000,000	70	65	60	60	60	60
	1,500,000	65	60	N/A	N/A	N/A	N/A
	2,000,000	60	N/A				

**\*5% reduction to Max CLTV for Rate & Term**

Condo & 2-4 Units Max LTV/CLTV/HCLTV: 75%

Declining Markets subject to 5% Max LTV/CLTV/HCLTV reduction

Non-Permanent Resident Alien Restrictions: Max LTV/CLTV/HCLTV 75%, Cash-Out not allowed

### Income Requirements

DSCR Calculation	♦ Debt Service Coverage Ratio is the monthly gross income divided by the PITIA of the subject property.
Purchase Transactions	♦ Gross monthly rent is determined by a Form 1007 or 1025 prepared by the appraiser. ♦ If the subject property is currently tenant occupied, Form 1007/1025 will be used unless evidence of rent deposit is provided. ♦ A vacant or unleased property is allowed. Gross rent will be based on Form 1007/1025.
Refinance Transactions	♦ Gross monthly rent is determined by the lower of Form 1007/1025 and lease agreement. If lease agreement is higher, proof of most recent month of receipt is required to use the higher amount. ♦ A vacant or unleased property is not eligible for Refinance, unless recently rehabbed w/intent to rent. LOE regarding why the property is vacant is required and gross rent will be based on Form 1007/1025.
Short Term Rental	♦ Gross monthly rent will be determined by taking the average of the most recent 12 months reduced by 20%. The reduction in gross monthly rent is due to the additional costs of maintaining a short-term rental property (i.e. advertising, cleaning, etc.). ♦ e.g., Airbnb, VRBO, FlipKey

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### General Requirements

Product Type	<ul style="list-style-type: none"> <li>♦ 30-Yr Fixed</li> <li>♦ 5/6 ARM</li> </ul>	Loan Amounts	<ul style="list-style-type: none"> <li>♦ Min. \$150,000</li> <li>♦ Max. \$2,000,000</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>♦ Investment</li> </ul>	Loan Purpose	<ul style="list-style-type: none"> <li>♦ Purchase</li> <li>♦ Rate/Term</li> <li>♦ Cash Out</li> </ul>
Acreage	<ul style="list-style-type: none"> <li>♦ Property up to 5-acres, not meeting the rural definition, eligible.</li> </ul>	Cash-In-Hand	<ul style="list-style-type: none"> <li>♦ LTV/CLTV &gt; 60%: Max \$500,000</li> <li>♦ LTV/CLTV ≤ 60%: Unlimited</li> </ul>
ARM Detail	<ul style="list-style-type: none"> <li>♦ Index: SOFR 30 Day Average</li> <li>♦ Caps: 2/1/5</li> <li>♦ Margin/Floor: 5.000%</li> <li>♦ Qualifying Rate: Greater of Note Rate or Fully Indexed Rate (rounded to the nearest 0.125)</li> </ul>		
Property Type	<ul style="list-style-type: none"> <li>♦ Single Family / PUD / Condominiums</li> <li>♦ 2-4 Units (Not allowed for 2nd Home)</li> </ul>		
Appraisals	<ul style="list-style-type: none"> <li>♦ FNMA Form 1004, 1025, 1073 with interior/exterior inspection.</li> <li>♦ Appraisal review product required unless 2nd appraisal obtained.</li> <li>♦ <b>2nd Appraisal required for loans &gt; \$2,000,000.</b></li> </ul>		

### Underwriting Requirements

Housing History	<ul style="list-style-type: none"> <li>♦ 0x30x12</li> </ul>	Credit Event Seasoning	<ul style="list-style-type: none"> <li>♦ BK/FC/SS/DIL ≥ 36 Months</li> </ul>
Minimum Borrower Contribution	<ul style="list-style-type: none"> <li>♦ Not required</li> </ul>	Interested Party Contributions (IPC)	<ul style="list-style-type: none"> <li>♦ Limited to 6%</li> </ul>
Escrows	<ul style="list-style-type: none"> <li>♦ HPML</li> <li>♦ Flood Insurance</li> </ul>	Prepayment Penalty	<ul style="list-style-type: none"> <li>♦ Prepayment periods up to 3-Years eligible</li> <li>♦ 5% fixed on remaining loan balance</li> </ul>
Investor Experience	<ul style="list-style-type: none"> <li>♦ Must have primary residence or currently renting</li> <li>♦ First Time Homebuyer (FTHB) may not be First Time Investor</li> </ul>		
Gift Funds	<ul style="list-style-type: none"> <li>♦ 100% Gift funds are allowed for closing costs, down payments and reserves</li> </ul>		
Gift of Equity	<ul style="list-style-type: none"> <li>♦ Not allowed</li> </ul>		
Assets	<ul style="list-style-type: none"> <li>♦ Savings, checking, certificate of deposit, stock, retirement, life insurance cash value</li> </ul>		
Large Deposits	<ul style="list-style-type: none"> <li>♦ Source of large deposit is not required</li> </ul>		
Reserves	<ul style="list-style-type: none"> <li>♦ Loan Amount ≤ \$1M: 2 months PITIA</li> <li>♦ Loan Amount &gt; \$1M ≤ \$2M: 6 months PITIA</li> <li>♦ Loan Amount &gt; \$2M: 9 months PITIA</li> <li>♦ Cash out may be used to satisfy requirement</li> </ul>		
Document Age	<ul style="list-style-type: none"> <li>♦ Income/Asset/Credit report must be dated within 90 days from closing</li> <li>♦ Appraisal/prelim report must be dated within 120 days from closing</li> </ul>		
Credit Score	<ul style="list-style-type: none"> <li>♦ Use Highest percentage ownership score for qualifying, even if lower. Highest percentage owner must have a valid score from at least two (2)</li> <li>♦ In cases of equal ownership %, use the lower of the two scores</li> <li>♦ In the event where ownership % of additional borrower is unknown, the lower score must be used for qualifying</li> </ul>		
Tradelines	<ul style="list-style-type: none"> <li>♦ Min 2 reporting 24-months w/activity in last 12- months or</li> <li>♦ Min 3 reporting 12-months w/recent activity.</li> <li>♦ If any one of the borrowers has three (2) credit scores, the minimum tradeline requirement is waived</li> <li>♦ Authorized User accounts allowed</li> </ul>		
Non-Arm's Length	<ul style="list-style-type: none"> <li>♦ Not allowed</li> </ul>		
Title Layering	<ul style="list-style-type: none"> <li>♦ Investment only</li> <li>♦ Max 2</li> </ul>		
Collections	<ul style="list-style-type: none"> <li>♦ Collections within three (3) years exceeding \$5,000 (individually or aggregate) must be paid off</li> </ul>		