



## 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
	2,500,000***	70	N/A	N/A	N/A	N/A	N/A
	3,000,000***	65	N/A	N/A	N/A	N/A	N/A
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
	2,500,000**	70	N/A	N/A	N/A	N/A	N/A
	3,000,000**	65	N/A	N/A	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
	2,500,000**	65	N/A	N/A	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**

**\*\*Not allowed for Short Term Rental / First Time Investor / Non-Perm Resident Alien**

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

First Time Investor: Min DSCR 1.00 and Min Credit Score 700 Required

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

Condo & 2-4 Units Max LTV/CLTV/HCLTV

Loan Amount ≤ \$2,000,000: 75%

Loan Amount ≤ \$2,500,000: 65%

Loan Amount ≤ \$3,000,000: 60%

### 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. \$200,000</li> <li>◆ Max. \$3,000,000</li> </ul>
Property Type	<ul style="list-style-type: none"> <li>◆ Single Family / PUD / Condominiums / Rural</li> <li>◆ 2-4 Units (Not allowed for 2nd Home)</li> <li>◆ Property with multiple ADUs not allowed</li> </ul>	Occupancy	◆ Investment
		Loan Purpose	<ul style="list-style-type: none"> <li>◆ Purchase</li> <li>◆ Rate/Term</li> <li>◆ Cash Out</li> </ul>
Acreage	◆ Property up to 5-acres, not meeting the rural definition, eligible.	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>		
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	◆ 0x30x12	Credit Event Seasoning	◆ BK/FC/SS/DIL ≥ 36 Months
Minimum Borrower Contribution	◆ Not required	Interested Party Contributions (IPC)	◆ Limited to 6%
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>
Non-Arm's Length Transaction	◆ Not allowed	Title Layering	<ul style="list-style-type: none"> <li>◆ Investment only</li> <li>◆ Max 2</li> </ul>
		Gift of Equity	◆ Not allowed
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	◆ 100% Gift funds are allowed for closing costs, down payments and reserves		
Assets	◆ Savings, checking, certificate of deposit, stock, retirement, life insurance cash value		
Large Deposits	◆ Source of large deposit is not required		
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 must be dated within 90 days from closing</li> <li>◆ Appraisal/prelim report/credit 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>		
Collections	◆ Collections within three (3) years exceeding \$5,000 (individually or aggregate) must be paid off		