



PRODUCT MANUAL

DSCR RENTAL

Investment Property Loan

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KEY RATIOS

Amortization	Fully amortizing: • 5/6 ARM (5 year fixed period, can adjust every 6 months after) • 7/6 ARM (7 year fixed period, can adjust every 6 months after) • 10/6 ARM (10 year fixed period, can adjust every 6 months after) • 30 year FRM Partial Interest Only: • 5/6 ARM (5 year fixed period, 5 years interest only + 25 year amortization term) • 7/6 ARM (7 year fixed period, 7 years interest only + 23 year amortization term) • 10/6 ARM (10 year fixed period, 10 years interest only + 20 year amortization term) • 30 year FRM (10 years interest only + 20 year amortization term)
Adjustable Rate Terms	• 2/1/5 for 5/6 ARMs • 5/1/5 for 7/6 and 10/6 ARMs • Lifetime floor = Initial note rate • Initial maximum adjustment (first time the rate adjusts)/maximum adjustment for any given adjustment/maximum adjustment from the initial note rate • Can adjust every 6 months after the fixed period
Loan Term	30 years
Pre Payment Penalty (PPP)	Options available: • 5 year (5-5-5-5-5%) • 5 year (5-4-3-2-1%) • 4 years (4-3-2-1%) • 3 years (3-2-1%) • 1 year (1%) • 1 year (3%) • No pre payment penalty The following states have specific restrictions and these are priced into portal already: • New Mexico, Alaska, Kansas, Maryland, Washington DC - No ppp permitted • North Carolina - 1% max if loan amount <= \$100,000 • Rhode Island - limited to 1% for first year of the loan • Minnesota - Not permitted for single family homes (CK 2-4) • Ohio - In Ohio, business-purpose loans secured by 1-2 family dwelling unit properties and with loan amounts of \$112,957 or more are subject to a restriction on prepayment penalties (PPP) capped at 1% for the first five years of the loan term. Business-purpose loans secured by 1-2 family dwelling unit properties with loan amounts less than \$112,957 are not permitted to charge prepayment penalties • Pennsylvania - For loans secured by 2 or fewer dwelling units AND in an original principal balance less than or equal to the annual adjusting dollar limit \$319,777 then prepayment penalties are prohibited. However, if the annual adjusting dollar exceeds the limit \$319,777 OR loans secured by 3 or more dwelling units regardless of dollar amount these will be permitted to have a prepay penalty
Seasoning	Cash out/refinance not available for properties that are <= 90 days from purchase date • !!Guidelines for going off new value: * If seasoned 91-180 days cash out allowed subject to SOW being submitted for the rehab that was completed to the property to justify the increased as-is value from purchase price.
Maximum Loan to Value (LTV)	• Purchase: 80% LTV/LTC (whichever is lower) • Rate/Term refinance: 80% LTV • Cash out refinance: 75% LTV • **Subject to FICO minimums in leverage matrix • *** If unpaid principal balance (UPB) > \$100,000, then 75% LTV max
DSCR Calculation/05 minimum DSCR	1.05 minimum DSCR Calculation: Monthly in-place gross rental income ÷ monthly PITIA

GENERAL INFORMATION

Minimum Loan Amount	\$75,000
Maximum Loan Amount	\$2,000,000
Minimum Number of Units Per Property	1
Maximum Number of Units Per Property	4
Occupancy	Non-owner occupied, business purpose only
Permitted Project Types	Purchase or refinance
Permitted Property Types	Eligible: • Non-owner occupied only • Single family residence • 2-4 unit multifamily • Warrantable condominiums • Townhomes • Planned unit developments (PUD) Ineligible: • Non-warrantable condominiums • Mixed use properties • 5+ unit multifamily properties • Condometels • Co-ops • Mobile/manufactured housing • Commercial property • Cabins/log homes • Properties subject to oil and/or gas leases • Leasehold • Operating farms, ranches, or orchards • Vacation or seasonal rentals • Unique/exotic/luxury properties • Properties with unpaved/dirt roads
Geographic Region	All US except VT, UT, OR, SD, ND, special requirements in NV and AZ
Attorney Opinion Letter	An Attorney Opinion Letter will be required on the following loans even if it is not an attorney state: • NJ/NY: > \$500K loan amount • CA/HI: > \$2M loan amount • All other states: > \$1M loan amount

BORROWER AND GUARANTOR

Borrowing Entities	• Limited Liability Company (LLC) or Incorporation (Corp) • Nonprofits/charitable organizations/partnerships not eligible
Eligible Borrowers	• US Citizens • US Legal Permanent Residents (Green Card Holders) • Foreign National (see requirements below)
Foreign National	• Valid Passport • Valid US Visa (If not subject to Visa Waiver Program, Travel and Student Visas not permitted) • US FICO Score (if personal guaranty (PG) only) • 65% LTV MAX for purchase & rate/terms refinance, 60% LTV MAX for cash out refinance • 12 months PITIA requirement
Recourse/Guaranty Structure	• Any borrower over 19% must personally guarantee • Full Recourse • If multiple borrowers, we base leverage on the lowest guarantors midscore • If refinance, we may ask about the credit of all borrowers
Minimum Guarantor FICO	660 (taken from the lowest midscore of all PGs)
Credit Requirements	• Tri-Merge Credit Report no older than 90 days for a new borrower and 120 days for a repeat borrower with 0 late in the last 12 months 660 minimum qualifying FICO determined as: • Mid score if 3 scores are available; low score if 2 scores are available • Bankruptcy Discharge Date must be 3 years seasoned • Foreclosures must be 3 years from completion date
Tradelines Requirements	• 3 total tradelines • 2 tradelines active • 1 with 24 month history minimum
Reserves/Escrows	At closing: • First 3 months of principal & interest, not including per diem interest for closing month • Taxes due within 90 days & pre-rata taxes for next due date • Insurance based on renewal date (so long renewal date is > 4 months away) Ongoing: • 1/12th annual taxes • 1/12th annual insurance premium
Mortgage Lates	Maximum 1x30x12 on MTGs accounts on credit of any guarantor
Derogatory Accounts, Credit Report	Mortgage and mortgage related tradelines (HELOC): Past due > \$0 not permitted Non-mortgage related tradelines: Past due > \$1K subject to lender discretion Medical related derogatories subject to lender discretion
Liens and Judgements	Within 7 years and > \$10,000: Must be paid in full Within 7 years and < \$10,000: Subject to lender discretion Child support, if applicable, must be paid in full prior to closing
Lawsuits	• Pending civil suits, small claims, family related, closed lawsuits subject to lender discretion • Pending non-civil/non-small claims/non-family related lawsuits not permitted
Federal or State Tax Lien	Outstanding Federal or State Tax Lien: Full satisfaction required, payment plans reviewed at lender discretion
Guarantor Background Requirements	• Financial crimes & serious felonies not permitted • Non-traffic criminal subject to lender discretion • Low level drug offenses subject to lender discretion
Guarantor(s) Minimum Liquidity	• Need two consecutive months of complete bank statements from the same account (checking or savings) even if we are using one of the below to satisfy screenshots will not be accepted • Purchase Transactions: Closing costs + 3 months PITIA • Refinance Transactions: Closing costs + 6 months PITIA Subject to: Cashout amount can be used to satisfy up to 50% Bank statements in the name of either guarantor or company allowed Brokerage statements can be used to satisfy up to 100% 401k/retirement accounts can be used to satisfy up to 50% Cash value of life insurance 50% Reserves must be 3 months seasoned HELOC can be used but need to see transfer between accounts subject to lender discretion Sourcing will be asked for large deposits Cumulative amount from all guarantors will be considered (non guarantor liquidity not considered)

PROPERTY AND SOURCING

Property Size and Acreage	• Single Family Residential: >= 700 sqft. • Condo: >= 500 sqft. • Residential 2-4: >= 500 sqft. per unit • Lot Size (Acres): <= 5
DSCR Stipulations	• Use the lower of the 1007 rent schedule and actual rent to calculate DSCR • Use 100% of market rent from appraisal if vacant purchase
Occupancy Requirements	• Must have 12 month lease for refinance of a single family • One (1) unit of a 2-4 unit property may be vacant for a refinance transaction (100% market rent will be used for the 1 unit vacant) • Purchase transactions may be fully vacant- underwritten to 100% of market rents from appraisal report
Lease Requirements	• Month-to-month leases will be accepted if we have evidence of 12 month lease prior • Lease MUST be with an individual, not an entity (no non-profits or commercial tenants) • Lease length cannot be more than 3 years or less than 12 months • Single room occupancy leases not accepted • Leases cannot be lease to own • Lease MUST be with an individual, not an entity (no non-profits or commercial tenants) • Leases to tenants related to the borrower(s) not permitted
Level 3 Submarket Adjustments	Not currently accepting submissions in the following areas: Lee County (FL), Charlotte County (FL), Sarasota County (FL), and Collier County (FL), Baltimore City (MD)
Rural, Illiquid, Outlier Value, Unique, or Luxury Properties	• Not permitted • Properties that are suburban on the appraisal but rural on CFPB are subject to lender discretion/pricing adjustments
Inherited Properties	Can use value after 180 days on title
Property Condition	• Must be in C1-C4 condition • Cannot have any deferred maintenance (must get 1004D if appraisal shows cost to cure or identifies any deferred maintenance)
Wholesale Transactions/ Assignment Fees/ Double Closings	• Wholesale/Assignment Fee permitted up to 10% of original purchase price • Wholesale/Assignment Fee > 10% of original purchase price subject to lender discretion • Wholesale/Assignment Fee against MLS listed property subject to lender discretion • Double Wholesale/Assignment subject to lender discretion • Full chain of contracts/assignments required ("A" --> "B" --> "C" --> etc.) • Finders fee/referral fees not permitted • Must be arms length
Entity to Entity Transaction Type	Review of all entities in title history to ensure arms length
Non-arms Length Transaction /Related Parties Transaction	Non-arms length is not allowed
Seller Credit	Seller credits allowed up to 4% of purchase price If seller credit > 4% of purchase price then: Structure initial loan amount net purchase price (gross purchase price less any seller credit/financing)
Appraisal Risk Review (ARR) / Collateral Desktop Analysis (CDA)	• Third party ARR/CDA report must be within 10% variance • Can order either • Will use lower of CDA/ARR vs appraised value
Third-Party Reports (Required)	• Appraisal dated within 120 days of closing (120 - 180 days acceptable with recertification) • If loan amount > \$1500,000: Two (2) full appraisals required • CDA/ARR • Condo Questionnaire for all condos (template available from Lender if needed) • HOA fee doc, if applicable • 1004D if deferred maintenance appears on appraisal

PROPERTY FAQ/SCENARIOS

Submission Values vs. Underwriting Values	If your loan changes DSCR and loan amount as the file progresses, please check the submission vs. underwriting values on the individual loan level. This will show you what was confirmed for monthly rent, annual taxes, and annual insurance vs what was submitted in case there are any discrepancies.
New Construction Taxes	Lender will calculate new construction taxes based on future assessments at the tax rate/value (inplace tax assessment will not be used as it will get reassessed). The underwriting team will confirm how they are calculating the taxes and what was used at time of underwriting.
Straw Borrower	When a property is owned prior, if a non-guarantor individual is on the original closing HUD or other property documents, Lender may require additional information about their credit profile. This is to ensure Lender is not lending to someone affiliated with the subject property who has a poor FICO and credit background. These situations will be handled case by case, and could result in a declined loan.
Liquidity Sourcing	Acceptable Document and Sourcing of Liquidity: -Funds coming from another real estate transaction (sale or cash out refinance) in which our guarantor was a part of. Must provide HUD and associated operating agreement (if applicable). - Funds transferred in from other accounts owned by the guarantor(s). Must provide 3 months of statements for those accounts to show that the funds are seasoned. - Funds from the sale of other assets. Must be clearly documented with purchase agreements and paid invoices/receipts. - Funds from the repayment of a loan previously made by the guarantor to another party. Must provide initial loan agreement, show funds being disbursed, and clear proof of repayment. - 2 months of statements are required from any account being considered for liquidity. If additional liquidity is being requested please ensure to provide 2 months of statements if an additional account is being provided to avoid delays. - If a partial statement is being provided to show the current balance of an account, a full PDF printout of the transaction history is require dating back to the prior full months statement for the account. Sourcing may be requested if large deposits are present. - Escrow letters for funds sitting with title/attorney are acceptable if given proper sourcing (HUD from refi/sale, or bank statements from which the money came from) Not Acceptable Document and Sourcing: - Funds transferred in/coming from accounts not owned by the guarantor - Gifts of equity / gifts from family members who are not guarantors on the loan - Funds sourced from transactions that do not tie to the guarantor - Mobile or desktop screenshots of current account balances

PORTFOLIO RENTAL LOANS

All guidelines detailed in prior pages are the same unless otherwise noted below:	
Loan Purpose	Blanket loan for purchase, rate-term refinance, or cash-out of a portfolio of multiple rental properties.
Minimum Loan Amount	\$50,000 per property (minimum value of \$72,000) If >= 25% of the portfolio has values < \$100K: 70% LTV max
Maximum Loan Amount	\$2,000,000
Minimum Number of Properties	2
Maximum Number of Properties	10
Occupancy Requirements	90% of the portfolio must be occupied by unit count
Release Pricing	1.2x each allocated loan amount is the release pricing
DSCR Calculation	1.05 minimum DSCR Calculation: Monthly in-place gross rental income ÷ monthly PITIA
Non-Recourse Requirements	• Portfolios loans are full recourse

DOCUMENT REQUIREMENTS

PURCHASE	REFINANCE
• 2 consecutive months bank statements from the same account • Purchase contract • Leases (if applicable)* If property is being delivered vacant, then N/A. If property is being delivered with tenants in place, then lease required. Purchase contract must state property is being delivered vacant, or appraisal should appear vacant. If appraisal appears occupied and contract does not state that the property is being delivered vacant, then leases for in place tenants required. • Tax Certificate • Insurance Certificate • Entity Docs	• 2 consecutive months bank statements from the same account • Original HUD or Deed • Leases (if applicable for all occupied units) • Proof of rent collection for all occupied units • Tax Certificate • Insurance Certificate • Payoff (if applicable) • Entity Docs • HOA fee document* Monthly invoice or bill for HOA fee

LEVERAGE MATRIX

FICO				
	>= 700	680-699	660-679	Foreign National
Purchase Max LTV	80%	75%	65%	65%
Rate-Term Refinance Max LTV	80%	75%	65%	65%
Cash Out Refinance Max LTV	75%	70%	60%	60%

GLOSSARY/TERMS

Adjustable Rate Mortgage (ARM)	A property loan with an interest rate that changes periodically based on a benchmark index, typically after an initial fixed-rate period. This means monthly payments can increase or decrease over time, depending on market conditions.
Arms Length	A deal where the buyer and seller act independently and have no relationship with each other that could influence the terms of the transaction.
Collateral	An asset or property that a borrower pledges to a lender as security for a loan or other financial obligation. If the borrower fails to meet the terms of the loan, the lender has the legal right to seize the collateral to recover the outstanding debt.
DSCR	Debt-service-coverage-ratio; a way to measure the "profitability" of a home as a rental. It is a ratio of your income over your expenses. It is calculated by dividing the Net Operating Income (NOI) by the debt service.
Fixed Rate Mortgage (FRM)	A property loan with a fixed interest rate for the duration of the loan term. This means the monthly payment will not change with market conditions.
Interest Reserves (IR)	Escrow reserves for payments of principal and interest collected for the servicer to pay future mortgage payments.
LOE	Letter of Explanation: a document providing additional information or clarification on specific issues or circumstances such as the borrower's financial situation, credit history, or background.
LTC	Loan to Cost; the ratio of initial loan amount divided by purchase price.
LTV	Loan to Value; the ratio of initial loan amount divided by as-is value (if applicable).
Non-Arms Length	A deal where the buyer and seller have a personal, financial, or business relationship that could influence the fairness, pricing, or terms of the transaction.
Non-personal Guarantor (Non-PG)	An entity rather than an individual that guarantees the repayment of a loan or the fulfillment of a lease obligation. This type of guarantor assumes financial responsibility for the obligations of the borrower or tenant but is not a person themselves.
Non-Recourse	A type of loan where the property is the sole collateral, and cannot go after the borrower's personal assets.
Personal Guarantor (PG)	An individual who promises to pay a borrower's debt in the event that the borrower defaults on their loan obligation. Guarantors pledge their own assets as collateral against the loans.
PITIA	The calculated total monthly cost a borrower pays for Principal, Interest, Taxes, Insurance, and Association Dues.
Pre-Payment Penalty (PPP)	A fee incurred if you choose to pay off your loan early, either by refinancing, selling the home, or making extra payments beyond a set limit.
Purchase Price	Cost to acquire subject property less any seller credits/concessions. Previous sale price considered for properties with previous sale within past 3 years (lesser than Borrower Purchase Price)
ROI	Return on investment; a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment, relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage of a ratio.
Statement of Work (SOW)	A detailed document that outlines the scope, objectives, deliverables, timeline, and terms of a project.
Wholesaler	Someone who secures a property, but does not actually purchase it and then sells their right to the property to someone else without ever owning the house themselves. These transactions are very common in the investor community, but there is a big potential for fraud and therefore must be carefully reviewed.