


NONI58			DSCR ≥ 1.00	
FICO	Loan Amount	Reserves	Purchase	R/T & Cash Out
700+	\$1,500,000	3 Months	75%	70%
	\$2,000,000	6 Months	70%	65%

Appraisals - 5-8 Units
A Full interior inspection with photos is required for all units
Acceptable appraisal forms are: * FHLMC 71A * FHLMC 71B (<\$750,000) * Narrative Appraisal
Appraisals - 2-8 Mixed Use
Commercial use cannot employ the use of hazardous materials. Residential or commercial zoning acceptable. <ul style="list-style-type: none"> General Purpose Commercial or Narrative appraisal is required <ul style="list-style-type: none"> A full interior inspection with photos is required for all units. Commercial space must not exceed 49% of the total building area. The sales comparison approach should be used as the appraised value.
Property Condition
* No Fair or poor ratings <ul style="list-style-type: none"> No environmental issues (Storage or use of hazardous material) No health or safety issues (As noted by appraiser, i.e. broken windows, stairs) No excessive deferred maintenance that could become a health or safety issue No structural deferred maintenance (i.e. Foundation, roof, electrical, plumbing etc) <ul style="list-style-type: none"> 400 m² min sq ft per unit All units must have a full kitchen
Required Attachments
<ul style="list-style-type: none"> Rent Roll Income and Expense statement Photos of subject including exterior/interior and street scene Aerial Photo
<ul style="list-style-type: none"> Sketch or floor plan of typical units Map Plot plan or survey Appraiser qualifications
Note: *Commercial Income and Sales BPO Required for all Loans - External

Program Parameters	
Minimum Loan Amount	\$400,000
Maximum Loan Amount	\$2,000,000
Maximum Cash Out	\$1,000,000
General Guidelines	
1st Time Investor	Not Eligible
First Time Home Buyers	Not Eligible
Experienced Investor	A history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years
Property Type	Residential 5-8 Units / 2-8 unit Mixed Use
Rural Properties	Not Eligible
Max Acreage	Up 2 acres, not meeting rural definition
Unleased Units (Refinance)	Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties; 2 vacancies on 4+ Units.
Loan Exposure	Credit Committee approval is required when HEM exposure to a single borrower exceeds 4 loans or is ≥ \$4M in total loans.
LLCs	Layered LLCs OK
Assets	Min of 30 days asset verification required.
100% Gift Funds	Spouse only
Cashout	Can be used for reserves
AirBnB / Short Term Rentals	Not allowed, treat as unleased

Prepayment Penalty		Reserves				
Standard prepay is 5% of the amount prepaid Prepay Options: *0, 1, 2, 3, 4 & 5 year prepay options available Not allowed in AK, KS, MI, MN, MS, NM, OH & RI; Must buyout PPP		C/O proceeds can be used for reserves				
State Specific: *PA- Loan amounts < \$312,159 cannot have a prepayment penalty *IL - Loan with a rate ≥ 8% must close in the name of an entity IL & NJ - Must buy out prepay if vested to an individual		Reserves based PITIA payment or ITIA if interest only				
		Gift Funds cannot be used for reserves				
Products	Margin	Caps	IO (Y/N)	IO Period	Maturity	
7/6 ARM 10/6 ARM	4.5	5/1/5	N	NA	30 Years	
7/6 ARM-IO 10/6 ARM- IO	4.5	5/1/5	Y	10 Years	30 Years	
5/6 ARM-IO 5/6 ARM- IO	4.5	2/1/5	Y	10 Years	30 Years	
30 Year Fixed	NA	NA	N	NA	30 Years	
30 Year Fixed- IO	NA	NA	Y	10 Years	30 Years	
Guideline Quick Reference						
ARM Index & Floor	Index: 30 day SOFR Floor = Note Rate					
Qualifying Payment	Full Amortization: PITIA based on note rate; IO: Initial ITIA based on note rate					
Qualifying Rate	Note Rate					
Compliance	Points & Fees may not exceed 5%					
Citizenship	US Citizen, Perm/NonPerm Res. Alien w/ E,G,H,L,O,P or TN					
Seller Concessions	Max 3%					

Income Requirements	
Leased- Use Lower of Estimated market rent or lease agreement	
Vacant Unit(s)- Use 75% of market rents	
Reduce qualifying rents by any management fee reflected on appraisal report	
DSCR	
<ul style="list-style-type: none"> Minimum DSCR >= 1.00 DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment). Loan amounts >= \$2,000,000 require DSCR >= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater) Reduce qualifying rents by any management fee reflected on the appraisal report 	
Credit	
Mortgage History	0x30x12
FC, DIL, SS, 120+ Days late	36 Months
Chapter 7/11/13 BK Seasoning	36 Months
Credit Score	Middle of 3 or lower of 2
Tradelines	Two (2) reporting 24 months with activity in last 12 months or 3 reporting 12 months with recent activity. For each borrower who has 3 credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually)
Eligible States	
AK, AL, AR, AZ, CA, CO, CT, DE, DC, FL, GA, HI, IA, ID, IL*, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NM, NJ, NV, NY, OH, OK, OR, PA*, RI, SC, SD, TN, TX, UT, VA, VT, WA, WI, WV, WY	

<p>What is a DSCR Loan? How do you qualify?</p> <p>DSCR stands for Debt-Service-Coverage-Ratio. This means your loan is qualified based on the cash flow/ market rents of the subject property. How do I qualify? Take your gross rents based off the lesser of market rents or lease agreement / by the PITIA (Full Am) or ITIA (Interest Only)</p>	<p>Interest Only Example: If your DSCR ≥ 1.00 you've got a "NONI".</p> $\frac{\text{Gross Rents} = \$1500}{\text{ITIA} = \$1500} = 1.00 \text{ DSCR}$	
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