

NONI & NEARNONI

DSCR MATRIX

1-4 Unit Properties				
Maximum LTV/CLTV		NONI ≥ 1.00		
Minimum Credit Score	Maximum Loan Amount	Purchase	Rate/Term Refinance	Cash-Out Refinance
700	1,000,000	85	80	75
	1,500,000	80	80	75
	2,000,000	75	75	70
	3,500,000	70	70	65
660	1,000,000	80	75	70
	1,500,000	75	75	70
	2,500,000	70	65	65
	3,000,000	65	65	NA
640	1,000,000	70	70	NA
	1,500,000	65	65	NA
	2,000,000	65	65	NA
	3,000,000	60	60	NA
620	1,000,000	65	65	NA
	1,500,000	60	60	NA
	2,000,000	55	55	NA
Maximum LTV/CLTV		NEAR NONI < 1.00		
700	1,000,000	75	75	70
	1,500,000	75	75	70
	2,000,000	70	70	65
	3,000,000	70	70	NA
680	1,000,000	70	70	65
	1,500,000	70	70	65
	2,000,000	65	65	60
	3,000,000	60	60	NA
660	1,000,000	65	65	NA
Housing History		Credit Event History		
<ul style="list-style-type: none">• ≤ 1x30x12 – No reduction• 0x60xc12<ul style="list-style-type: none">○ Max 70% LTV Purchase○ Max 65% LTV Rate/Term & Cash-out		BK/FC/SS/DIL: <ul style="list-style-type: none">• ≥ 36 Mo – No reduction• ≥ 24 Mo –<ul style="list-style-type: none">○ Max 75% LTVPurchase○ Max 70% LTV Rate/Term & Cash-out <p>*See Non-Agency Guide for details</p>		
Investor Experience				
Experienced Investor	<ul style="list-style-type: none">• Borrower/guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years.			
First Time Investor	<ul style="list-style-type: none">• A borrower/guarantor not meeting the experienced investor criteria.• First time investors are eligible subject to the following restrictions:<ul style="list-style-type: none">○ Must have a DSCR ≥ 1.0 if FICO < 680○ Cannot live “rent free”			
First Time Homebuyer	<ul style="list-style-type: none">• Not eligible except as allowed in specified in the guidelines			
Unleased Properties	<ul style="list-style-type: none">• A vacant or unleased property is allowed subject to max LTV of 70% - Refinances only.<ul style="list-style-type: none">○ 2-4 Units: 50% or greater vacancy is considered unleased• Not applicable for short-term rentals, see short-term rental income section for specific criteria.			
Declining Market				
5% LTV reduction to max LTV’s when appraisal reflect a declining market for loans with an LTV > 70%				
General Requirements				
Acreage	Property up to 10-acres, > 2 acres – Max LTV 75% Purchase, 70% Refinance			
Appraisals	<ul style="list-style-type: none">• FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2nd appraisal obtained.• 2nd Appraisal required for loans > \$2,000,000.• No C5 or C6• ARR/CDA required on CU risk score > 2.5			
Appraisal Transfers	<ul style="list-style-type: none">• Requirements:<ul style="list-style-type: none">○ Transfer letter			

	<ul style="list-style-type: none"> ○ AIR Cert ○ CDA
Interest Only	<ul style="list-style-type: none"> • DSCR calculated on initial ITIA payment
Loan Amounts	<ul style="list-style-type: none"> • Min: 100,000 • Max: 3,500,000
Loan Purpose	<ul style="list-style-type: none"> • Purchase, Rate/Term, and Cash Out
Max Cash-In-Hand	<ul style="list-style-type: none"> • Unlimited
Minimum SQFT	<ul style="list-style-type: none"> • SFR – 700 sq ft • Condo – 500 sq ft • 2-4 Units – 400 sq ft per unit
Occupancy	<ul style="list-style-type: none"> • Investment
Product Type	<ul style="list-style-type: none"> • Fixed Rate Terms: 30, 40-years; 7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature)
Property Type	<ul style="list-style-type: none"> • Single Family: Attached, Detached, 2-4 Units, Modular and Condominiums • Condo Hotel: <ul style="list-style-type: none"> ○ Max LTV/CLTV: Purchase – 75%, Refinance – 65%. ○ Max Loan Amount \$1,500,000 • Non-Warrantable Condo: No Restriction on Purchase and Rate/Term; Max LTV 70% - Cash-out Refinance • Rural: Eligible
State Condominium Requirements	<p>California:</p> <ul style="list-style-type: none"> • An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground as evidenced on the condo questionnaire. • Projects with an unacceptable or no inspection are ineligible. <p>Florida:</p> <ul style="list-style-type: none"> • An inspection is required for projects 3 stories or greater and over 30 years old (or 25 years if within 3 miles of the coast). <p>Projects with an unacceptable or no inspection are ineligible</p>
Income Requirements	
Long-Term Rental Documentation and DSCR Calculation	<p>Purchase Transactions:</p> <ul style="list-style-type: none"> • Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents. • If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent. • A vacant or unleased property is allowed without LTV restriction. <p>Refinance Transactions</p> <ul style="list-style-type: none"> • Required documentation: <ul style="list-style-type: none"> ○ FNMA Form 1007 or 1025 reflecting long term market rents, and lease agreement. ○ Unleased LTV/CLTV limits: 70%. • Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows: <ul style="list-style-type: none"> ○ If using the lower of the actual lease amount or estimated market rent, nothing further is required. ○ If using a higher actual lease amount, evidence of 2-months of receipt is required. ○ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%. • A vacant or unleased property is allowed subject to the following: <ul style="list-style-type: none"> ○ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance <p>DSCR Calculation:</p> <ul style="list-style-type: none"> • Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios. • Gross rents divided by PITIA = DSCR <p>NOTE:</p> <ul style="list-style-type: none"> • Leases obtained after application must have evidence of the security deposit • Lease agreements made to entities are acceptable <ul style="list-style-type: none"> ○ The borrower cannot be part of the entity
Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation	<p>Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.</p> <ul style="list-style-type: none"> • Short-Term Rental Income – Purchase and Refinance Transactions: <ul style="list-style-type: none"> ○ DSCR Calculation: <ul style="list-style-type: none"> ▪ Monthly gross rents based upon a 12-month average to account for seasonality required. ▪ Gross rents reduced by 20% to reflect extraordinary costs (i.e., advertising, furnishings, cleaning) associated with operating short-term rental property compared to non-short term property. If the rental documentation referenced below includes expenses, actual expenses should be compared to the 20% expense factor. If actual expenses are less than 20%, a minimum 20% expense factor is required to be utilized. If actual expense exceeds 20%, the actual expense factor should be used. <ul style="list-style-type: none"> ○ (Gross Rents * .80) divided by PITIA = DSCR. • When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR. • Any of the following methods may be used to determine gross monthly rental income: <ul style="list-style-type: none"> ○ A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.

	<ul style="list-style-type: none"><ul style="list-style-type: none">If long-term rent is utilized, 20% expense factor is not to be applied.An alternative market rent analysis similar to FNMA Form 1007/1025 is allowed, subject to the following:<ul style="list-style-type: none">Analysis must be completed pursuant to the lender’s appraisal management process.Must be completed by a licensed appraiser.Must include daily rental rate and occupancy percentage.The most recent 12-month rental history statement from the 3rd party rental/management service.<ul style="list-style-type: none">The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The qualifying income must be net of all vendor or management fees.The most recent 12-month bank statements from the borrower/guarantor evidencing short-term rental deposits. Borrower/guarantor must provide rental records for the subject property to support monthly deposits.AIRDNA Rentalizer and Overview reports, accessed using the Explore Short-Term Rental data, must meet the following requirements:<ul style="list-style-type: none">Rentalizer (Property Earning Potential)<ul style="list-style-type: none">Only allowed for purchase transaction.Gross Rents equal the revenue projection from the Rentalizer Report.The gross rents are subject to the application of the 20% extraordinary expense factor.Revenue projection equals the average daily rental rate times the occupancy rate.Forecast Period must cover 12-months from the Note date.Must have three (3) comparable propertiesMust be similar in size, room count, amenities, availability, and occupancy.Maximum occupancy limited to 2 individuals per bedroom.Market score or Sub-Market score must be 60 or greater.	
Underwriting Requirements		
Assets	<ul style="list-style-type: none">Min of 30-days asset verification required	
Cash-out Refinance Seasoning	<ul style="list-style-type: none">No seasoning required	
Credit Score	<ul style="list-style-type: none">Use representative credit score of the borrower/guarantor with the highest representative score.<ul style="list-style-type: none">Middle of 3Lowest of 2Minimum 1 score required	
Document Age	<ul style="list-style-type: none">120 Days	
Escrow	<ul style="list-style-type: none">Escrows may be waived, see Section 1.4.5 – Escrow/Impounds for requirements	
Forbearance, Modification, or Deferral	<ul style="list-style-type: none">See HEM Non-Agency Guide for details	
Gift Funds	<ul style="list-style-type: none">100% gift - Allowed with 10% LTV reduction from max qualifying LTV.100% gift - No LTV reduction with 5% borrowers own fundsGift of Equity not allowed	
Ownership Seasoning – Cash Out	<ul style="list-style-type: none">None, LTV is based on the appraised value regardless of the length of ownershipLess than 6 months ownership<ul style="list-style-type: none">No credit exceptions allowedAdditional 6 months reserves requiredDSCR ≥ 1.15 is requiredTransferred appraisals not allowed	
Prepayment Penalty - Investment Property Only	Acceptable Structures include the following: <ul style="list-style-type: none">Fixed percentage of no less than 5%Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years.For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%)	<ul style="list-style-type: none">Prepayment periods up to 5-Years eligible, see rate sheetPenalties not allowed in AK, KS, MI, MN, NM, OH and RIPenalties not allowed on loans vested to individuals in IL and NJPenalties not allowed on loan amounts less than \$319,777 in PAOnly declining prepayment penalty structures allowed in MS
Reserves	NONI: <ul style="list-style-type: none">Loan Amount ≤ \$1.0M<ul style="list-style-type: none">0-months – Purchase or Rate/Term Refinance6-months – Cash-Out RefinanceLoan Amount > \$1.0M<ul style="list-style-type: none">3-months – Purchase or Rate/Term Refinance;6-months – Cash-Out RefinanceCash out may be used to satisfy requirement	NEARNONI: <ul style="list-style-type: none">Loan Amount ≤ \$2.0M<ul style="list-style-type: none">6-months – Purchase or Rate/Term Refinance6-months – Cash-Out RefinanceLoan Amount > \$2.0M<ul style="list-style-type: none">12-months – Purchase or Rate/Term Refinance;12-months – Cash-Out RefinanceCash out may be used to satisfy requirement
Tradelines	<ul style="list-style-type: none">If borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived.Min: 2 reporting open and active w/ with at least one seasoned for 24- months.	