

| | | the NONI | | |
|---------|-------------------------------------|--|-----------------|----------|
| | | Investor Option 1 | | |
| FICO | Min Loan Amount 100K Loan Amount | Reserves | DSCR ≥ 1.00 | |
| | | | Purchase or R/T | Cash-Out |
| 720 | \$2,000,000 | 2 Months- Purchase & R/T 6 Months- C/O | 80% | 75% |
| | \$3,000,000 | | 75% | 60% |
| 680+ | \$2,000,000 | 2 Months- Purchase & R/T 6 Months- C/O | 80% | 70% |
| | \$3,000,000 | | 70% | 60% |
| 660-679 | \$1,500,000 | 2 Months- Purchase & R/T 6 Months- C/O | 75% | 70% |
| | \$2,500,000 | | 70% | 65% |
| 640-659 | \$1,500,000 | 2 Months- Purchase & R/T 6 Months- C/O | 70% | 65% |
| | \$2,500,000 | | 60% | 60% |
| 620-639 | \$1,000,000 | 6 Months | 65% | 65% |
| | \$2,000,000 | | 60% | 60% |

| | | the DSCR < 1.00 | | |
|------|-------------|---------------------------|-----------------|----------|
| | | Investor Option 2 | | |
| FICO | Loan Amount | Reserves | DSCR < 1.00 | |
| | | | Purchase or R/T | Cash-Out |
| 680+ | \$1,500,000 | 6 months | 70% | 70% |
| | \$2,500,000 | | 12 months | 70% |

| Investor - Doc Options | |
|------------------------|---|
| Investor Cash Flow | <ul style="list-style-type: none"> Option 1: DSCR ≥ 1.0 Option 2: Limited DSCR < 1.0 |

| Property Restrictions | Max LTV |
|-----------------------|----------------|
| Non-Warrantable Condo | Not allowed |
| Warrantable Condo | 75% |
| 2-4 Unit | No Restriction |
| Modular | 65% |
| Florida Condo | No Restriction |
| Rural Properties | 70% |

| Additional Restrictions | |
|---|--|
| Maximum Cash-Out | ≥ 65% LTV = \$500,000 < 65% LTV = Unlimited |
| 1st Time Investor Min FICO | 680 |
| Max Acreage | 20 |
| Unleased Property (Refinance only) Does not apply to short term rentals | 5% LTV reduction |
| Max # of Financed Properties By HEM | Committee review over 4 |
| Gift Funds allowed with 5% borrower funds | NO LTV reductions |
| 100% Gift Funds | 10% LTV reduction |
| NonArms Length Trans. | Not Eligible |
| Minimum Loan Amount | \$100,000 |
| Foreign Nationals | Not Allowed |

Note: IL - must vest in a business entity if the rate exceeds 8%

FTHB with "No Housing History" are not eligible - See Guidelines

| Credit | |
|---------------------------------|---------|
| Maximum Housing Lates | 0x30x12 |
| Minimum FC Seasoning months | 48 |
| Minimum SS/DIL Seasoning months | 48 |
| Minimum BK 7 Seasoning months | 48 |
| Minimum BK 13 Seasoning | 48 |

| Reserves | |
|---|--|
| C/O proceeds can be used to meet reserves | |
| Reserves for IO based on Interest Only Payment | |
| Gift funds cannot be used to meet reserves requirements | |

| Products | Margin & Caps | I/O (Y/N) | IO Period | Final Maturity | Interested Party Contributions/Seller Concessions | Residency |
|--|---------------|-----------|-----------|----------------|---|---|
| 7/6 & 10/6 Adjustable Rate (ARM) | 4.50 | 2/1/5 | N | NA | 30 years | All LTVs |
| 30 Year Fixed | NA | NA | N | NA | 30 years | Max 2% |
| Interest Only: 7/6 & 10/6 Adj Rate (ARM) | 4.50 | 2/1/5 | Y | 10 Years | 30 Years | US Citizen, Perm/NonPerm Res. Alien |
| | | | | | | Eligible States |
| | | | | | | AL, AZ, CA, CO, CT, DE, FL, GA, HI, IA, IL, KY, LA, MA, MO, MD, NC, NJ, NY****, OK, OR, PA*, RI**, SC, TN, TX**, UT, VA, WA |

| Guidelines Quick Reference | |
|------------------------------|---|
| ARM Index & Floor | Index: 30 day SOFR Floor = Note Rate |
| Qualifying Rate | Note Rate |
| Qualifying Payment | Full Amortization: PITIA based on note rate IO: Initial ITIA based on note rate |
| Assets | Sourced or seasoned 60 days (2 mos most recent bank statements req.) |
| Credit | Two (2) open and active tradelines, with at least one (1) seasoned for 24 months. |
| Cash Out | Business purpose use ONLY |
| Prepayment Penalty | 6 months interest on 80% of the original principal balance (Standard Term = 3 years) |
| State Specific | <p>*PA- Loan amounts ≥ \$256,024 can be vested as an Entity or as an Individual</p> <p>*PA- Loan amounts < \$256,024 must be vested in a Corp, LLC, Partnership or Trust</p> <p>**RI- PPP not allowed. Must buyout PPP.</p> <p>***TX C/O refinance must vest as Individual (no entities: LLC, inter vivos trust, etc)</p> <p>****CEMA available only in NY - Managed by the broker</p> |



What is a DSCR Loan? How do you qualify?

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)

Interest Only Example: If your DSCR ≥ 1.00 you've got a "NONI".

$$\frac{\text{Gross Rents} = \$1500}{\text{ITIA} = \$1500} = 1.00 \text{ DSCR}$$

Full Amortization Example: If your DSCR < 1.00 you still have a loan just at a different price.

$$\frac{\text{Gross Rents} = \$1500}{\text{PITIA} = \$2000} = 0.75 \text{ DSCR}$$
