

| NONI58 | | | DSCR ≥ 1.00 | |
|--------|-------------|----------|-------------|----------------|
| FICO | Loan Amount | Reserves | Purchase | R/T & Cash Out |
| 700+ | \$1,500,000 | 6 Months | 75% | 70% |
| | \$2,000,000 | 9 Months | 70% | 65% |
| 660+ | \$1,500,000 | 6 Months | 70% | 65% |
| | \$2,000,000 | 9 Months | 65% | 60% |

| Appraisals - 5-8 Units |
|---|
| A Full interior inspection with photos is required for all units FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ unit properties or Narrative report can be utilized but not required |
| Appraisals - 2-8 Mixed Use |
| Commercial use limited to retail or office space. Residential or commercial zoning acceptable. • General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic a la mode) • A full interior inspection with photos is required for all units. • Commercial space must not exceed 49% of the total building area. |
| Property Condition |
| * No Fair or poor ratings * 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) |

| Required Attachments | |
|---|---|
| * Rent Roll * Income and Expense statement * Photos of subject including exterior/interior and street scene * Aerial Photo | * Sketch or floor plan of typical units * Map * Plot plan or survey * Appraiser qualifications |
| Note: *Commercial BPO Required for all Loans | |

| 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 NOT be used for reserves |
| State Specific: *PA- Loan amounts < \$278,204 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 2% |

| 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". Gross Rents = \$1500 ITIA = \$1500 = 1.00 DSCR | |

| 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 | Must have a history of owning & managing commercial or non-owner residential real estate for at least 1 yrs in the last 3 yrs |
| 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 | Maximum 2 vacant units |
| Max # of Financed Properties | Committee review over 4 |
| LLCs | All members must be individuals |
| Assets | Min of 30 days asset verification required. |
| Gift Funds- Allowed | After min 10% borrower contribution |
| Cashout | Business Purpose Only |

| 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 | |
| * 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 | 0x30x24 |
| FC, DIL, SS, 120+ Days late | 24 Months |
| Chapter 7/11/13 BK Seasoning | 24 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, WA, WI, WV, WY | |