



DSCR ADVANTAGE INVESTOR PROGRAM

1-4 Unit Matrix

DSCR		≥ 1.00			< 1.00 OR No Ratio		
Max Loan Amount	Min FICO	Purch	R/T	Cash Out	Purch	R/T	Cash Out
\$1,000,000	700	80%	75%	75%	75%	70%	70%
	680	75%	75%	70%	70%	65%	60%
	660	75%	75%	70%	65%	60%	60%
	640	75%	70%				
\$1,500,000	700	80%	75%	75%	75%	70%	70%
	680	75%	70%	70%	70%	65%	
	660	75%	70%	70%			
	640	65%	65%				
\$2,000,000	700	75%	70%	70%	70%	65%	65%
	680	70%	65%	65%	65%	60%	
	660	70%	65%	65%			
	640	65%					
\$2,500,000	700	70%	65%	65%	65%		
	660	70%	65%	65%			
\$3,000,000	700	70%	65%	65%	60%		
	680	65%			60%		
	660	65%					
	640	60%					
\$3,500,000	700	70%	65%				

Additional Restrictions: Max LTV/CLTV is lower of Matrix or below

Housing History	Credit Event Seasoning	Condo & 2-4 Units	Condo Hotel	First Time Investor w/out current primary	Unleased Property	Short-Term Rental	Non-Perm Resident	Loan Amount < \$150K	Interest Only	Declining Markets & State/CBSA Restrictions
1x30x12: No restriction 0x60x12: Purchase 70%, Refinance 65%	≥36mo: Per matrix ≥24mo: Purchase 75%, Refinance 70%	Purchase 75%, Refinance 70% *Additional LTV restriction may apply to FL condos (See condo section)	Purchase 75%, Refinance 65% Max loan amount \$1.5MM	Max LTV/CLTV 75%	Refinance 70%. Not applicable for short term rentals	Purchase 75% Refinance 70% (Excludes Condo Hotel projects)	Max LTV/CLTV 75%	Purchase 70% Refinance 65% Minimum DSCR 1.25	Purchase & Refi R/T 75% Refinance C/O 70%	Purchase 75%, Refinance 70% Max loan amount \$2MM Full list at the end of the matrix

5-8 Units or 2-8 Mixed Use Matrix (*Only Manual Pricing/Lock available. Please contact our Lock Desk)

DSCR		≥ 1.00		
Max Loan Amount	Min FICO	Purch	R/T	Cash Out
\$1,500,000	700	75	70	65
\$2,000,000		70	65	65

Foreign National Matrix (*Only Manual Pricing/Lock available. Please contact our Lock Desk)

DSCR		> 1.00			Additional Restrictions: Max LTV/CLTV is lower of Matrix or below			
Max Loan Amount	Credit Score	Purchase	R/T	Cash Out	2-4 Units	Warrantable Condos	Non-Warrantable Condo/ Rural Properties	Declining Markets
\$1,000,000	680 +	65	65	60	Max 60% LTV	Max 60% LTV	Not Eligible	5% LTV Reduction
	Foreign Credit	65	65	60				

Program Guidelines

Loan Terms	Fixed: 30yr, 15yr. ARM: 5/6, 7/6, 10/6 ARM (margin & caps per rate sheet), and Interest-Only			
Interest Only	<ul style="list-style-type: none"> • Minimum FICO 680 required. • 40-year term is not available for 5-8 units or 2-8 mixed use. • Foreign National: not Eligible 			
	Product	Term	I/O Term	Amortization Term
	5/6 ARM I/O	360	120	240
	5/6 ARM I/O	480	120	360
	7/6 ARM I/O	360	120	240
	7/6 ARM I/O	480	120	360
	10/6 ARM I/O	360	120	240
	10/6 ARM I/O	480	120	360



DSCR ADVANTAGE INVESTOR PROGRAM

	<table border="1"> <tr> <td>30 yr FIXED I/O</td> <td>360</td> <td>120</td> <td>240</td> </tr> <tr> <td>40 yr FIXED I/O</td> <td>480</td> <td>120</td> <td>360</td> </tr> </table>	30 yr FIXED I/O	360	120	240	40 yr FIXED I/O	480	120	360
30 yr FIXED I/O	360	120	240						
40 yr FIXED I/O	480	120	360						
Qualifying rate/payment	<ul style="list-style-type: none"> • Fixed & ARM: Qualified at note rate. • Interest only: Qualified at note rate. Qualifying payment is for the interest only payments. 								
Minimum Loan Amount	<ul style="list-style-type: none"> • 1-4 Unit: \$100,000 (Loan Amount < \$150,000, please refer to the matrix – Additional Restrictions) • 5-8 Units or 2-8 Mixed use: \$400,000 • Foreign National: \$150,000 								
DSCR (Long Term Rent)	<ul style="list-style-type: none"> • Loan has no DTI, only DSCR is used for eligibility. • Neither the borrower nor the borrower’s immediate family shall at any time occupy the property • Debt Service Coverage Ratio is calculated as Monthly gross rent divide by PITIA (or ITIA for I/O) of subject property • 1-4 Units Gross rent documentation (Long Term Rent) <ul style="list-style-type: none"> ▪ Purchase: FNMA 1007 or 1025 reflecting market rent. If the subject property is currently tenant occupied, the 1007 or 1025 must reflect current monthly rent. Use lower of estimate market rent on appraisal or a current rent. Lease agreement is NOT required. ▪ Refinance: FNMA 1007 or 1025, and a current lease agreement. Meet one of the following options: <ol style="list-style-type: none"> 1) If using the lower of the actual lease amount or estimated market rent, no further documentation is required 2) If using a higher actual lease amount, evidence of 2 months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%. 3) 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%. <ul style="list-style-type: none"> - If lease has converted to month-to-month, most recent 2 months proof of receipt must be documented. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following: Max LTV 70% • 5-8 Units or 2-8 Mixed use Gross rent documentation <ul style="list-style-type: none"> - Leased: Use lower of Estimated market rent from appraisal report, or lease agreement. Copy of lease agreement must be provided for all transactions. - Vacant Unit(s): Use 75% of market rents. - Reduce qualifying rents by any management fee reflected on appraisal report. - Income from commercial space must not exceed 49% of total property income. 								
DSCR (Short-Term Rent)	<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, furnishing, cleaning) associated with operating short-term rental property compared to long-term property. If the rental documentation 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. • When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be used • DSCR = (Gross rents * 80%) divided by PITIA (or ITIA for I/O) • Short-term rental income is not eligible for 5-8 Units or 2-8 Mixed use property. • Gross rent documentation: Any of the followings are acceptable. <ul style="list-style-type: none"> ▪ The most recent 12-month bank statements from borrower evidencing short term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits; or ▪ A most recent 12-month rental history statement from the 3rd party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor or management fees. The rental income will exclude all vendor or management fees; or ▪ AIRDNA Rentalizer and Overview reports <ul style="list-style-type: none"> - Rentalizer is allowed for purchase transaction only. <ol style="list-style-type: none"> o Gross Rents equal the revenue projection from the Rentalizer Report <ol style="list-style-type: none"> a. The gross rents are subject to the application of the 20% extraordinary expense factor b. Revenue projection equals the average daily rental rate times the occupancy rate o Forecast Period must cover 12 months from the Note date o Occupancy rate must be > 60% o Must have 5 comparable properties, all within the same Zip code o Must be similar in size, room count, amenities, availability, and occupancy o Maximum occupancy limited to 2 individual per bedroom - Overview report <ol style="list-style-type: none"> o Market score or Sub-Market score by zip code, score must be 60 or greater 								
Eligible Borrowers	<ul style="list-style-type: none"> • US citizens • Permanent resident (front and back copy of resident alien card required) • Non-permanent resident <ul style="list-style-type: none"> - Reside in the U.S. for at least 2 years - Provide one of the following employment authorization documents: 								



DSCR ADVANTAGE INVESTOR PROGRAM

<p>Eligible Borrowers (Continued)</p>	<ul style="list-style-type: none"> ▪ Valid current EAD. If EAD will expire within 6 months of loan application, obtain a letter from the employer documenting borrower’s continued employment & EAD renewal. Employer on the loan application must be the same as on the unexpired EAD. EAD documentation is acceptable up to 540 days if an automatic extension has been granted and valid through closing. ▪ Form I-765 Application for Employment Authorization. Must reflect approval status in the Action Block (upper right-hand corner of the form) ▪ Form I-797, I-797A, I-797B, or I-797C showing approval status. Petitioner to match employer name on application <ul style="list-style-type: none"> - If EAD is not provided, employment authorization may be evidenced by certain Visa types. Some common Visas allowing employment include (E-3, H-1B, L, O, and P). - Asylum: EAD referencing code C08 or Form I-94 with a stamp such as “asylum granted indefinitely” - DACA: EAD referencing code C33 or Form I-797 conveying approval status for Case Type I765 or Form I-765 Application for Employment Authorization. Must reflect approval status in the Action Block (upper right-hand corner of the form) - Gift not allowed. <ul style="list-style-type: none"> • Foreign National <ul style="list-style-type: none"> - Must live and work in foreign country. 3rd party document with an address that matches the primary residence on the application is required (e.g., lease agreement, utility bill, financial statement). - Copy of valid and unexpired passport (including photograph) - Visa types: B1, B2, I, O2, H2, H3, J1, J2, P1, P2 - Borrowers must be cleared through OFAC SND. - Gift not allowed. - ACH form is required. Funds must be from a U.S. Bank. - Copy of the borrowers valid and unexpired passport (including photograph) or expired visa with I-797 & I-94 & I-95 needed. If borrower(s) are from countries participating in State Department’s Visa Wavier Program, a valid visa is not required (https://travel.state.gov/content/travel/en/us-visas/tourism-visit/visa-waiver-program.html). Citizens of Canada do not require a nonimmigrant visa. A list of nonimmigrant Visa types is located on the U.S. Department of State web site https://travel.state.gov/content/travel/en/us-visas/visa-information-resources/all-visa-categories.html - Citizens of Russia, Belarus, Venezuela or any other country or jurisdiction identified as not being allowed to transact business in the U.S. are not eligible. - If a non-U.S. citizen is borrowing with a U.S. Citizen, foreign national documentation requirements still apply. • LLC, Partnerships, Corporations, and S Corporations. Please refer to title ownership section for additional requirements.
<p>Borrower Experience /First Time Investor</p>	<ul style="list-style-type: none"> • Experienced investor: A borrower who has history of owning and managing commercial or non-owner-occupied residential real estate for at least 1 year in the last 3 years. For multiple borrowers on the loan, only one borrower must meet definition. • First-time investor: A borrower who does not meet experienced investor criteria. Borrower must currently own a primary residence for at least 1 year as of loan application date. Restrictions apply as below: (1) Min FICO 680 (2) 0x30x36 rating (3) Min 3-year credit event seasoning (4) No Cash-Out (5) No 5-8 Units or 2-8 Mixed Use <ul style="list-style-type: none"> - First-time investor without currently owning a primary residence but previously owned a property within past 3 years. Additional restrictions apply: (6) Min DSCR >1 (7) Min FICO 700 (8) Max Loan Amount \$2MM (9) 12 Month Reserves (10) No Interest Only (11) Max LTV 75% (12) LTV >60% Max Cash In Hand \$500K, LTV 60≤ Unlimited • Ineligible: First time home buyer • Foreign National: are acceptable as Experience & First-Time Investor only
<p>Properties</p>	<ul style="list-style-type: none"> • Eligible: Single family, PUD, Condo (with Full HOA Cert), Condo Hotel, 2-4 units residential, 5-8 units residential, 2-8 Mixed Use, and 1 unit property with ADU. Title ownership may be a fee simple or leasehold (Must meet all Fannie Mae requirements, leasehold is not eligible for condo). • Ineligible: C5/C6, Q6, Manufactured, Co-Op, Rural Property (Property over 2-acres, appraiser indicates rural neighborhood, located on a gravel road, or 2 of 3 comps are more than 5 miles from subject), Agricultural Property, Boarding Houses or bed/breakfast Properties, Assisted Living Facilities, Hawaii properties located in lava zone 1 and/or 2, Marijuana related property, Dome or geodesic homes, Properties with nonresidential income-producing structures on premise • Minimum GLA: SFR 700 sqft, Condo & Condotel 500 sqft, 2-8 units 400 sqft per individual unit
<p>Condo</p>	<ul style="list-style-type: none"> • HOA questionnaire is required, except for a detached condo. • Project review is not required for 2-4 unit condo projects if documented with all of the followings: <ul style="list-style-type: none"> - The project is not a condo hotel, houseboat, or timeshare or segmented-ownership project. - The priority of common expense assessments applies. - The standard insurance requirements apply. • Special assessment information is to be provided to determine if there is a critical repair. Provide purpose, amount, term, balance, status, and cost per unit • Condo projects identified by Fannie Mae CPM as ‘Unavailable’ is not eligible, except for Condotel. • Project with significant deferred maintenance or have received a directive from a regulatory or inspection agency to make repairs due to unsafe conditions are not eligible. • New projects must meet all of the following requirements: <ul style="list-style-type: none"> - 50% of the total units in the project or subject’s phase must be sold/conveyed to unit owners AND at least 50% of the units must be owner occupied. - Project or subject’s legal phase must be complete. All common elements in the project or legal phase must be 100% complete



DSCR ADVANTAGE INVESTOR PROGRAM

	<ul style="list-style-type: none"> - At least 50% of project must be sold or under legal contract. - Project developer may be in control provided the Master Agreement allows for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time frame • HO-6 is required even if master policy covers walls-in. • Agency Non-Warrantable condo may be eligible as the followings: <ul style="list-style-type: none"> - Commercial space up to 50% of project space - Investor concentration up to 60% - Single entity ownership up to 20% - No more than 20% of the total units may be 60 days or more past due on HOA dues - Litigations are acceptable provided the lawsuit(s) are not structural in nature which impact the subject unit and do not affect marketability of the project units and potential damages do not exceed 25% of HOA reserves or documentation from insurance carrier or attorney representing insurance carrier that the insurance carrier has agreed to defend and HOA insurance policy is sufficient to cover the litigation expense. • Florida Condominiums (This statute applies to projects 5 stories or higher): <ul style="list-style-type: none"> - A structural inspection is required if the project is over 30 years old (or 25 years old if within 3 miles of the coast). The inspection needs to address items that substantially conform to the definition of a milestone inspection as defined in Florida statute 553.899 - Inspection must confirm there are not conditions severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements - Projects with an unacceptable or no inspection are ineligible
<p>Condotel (Condo Hotel)</p>	<ul style="list-style-type: none"> • Please refer to the matrix – Additional Restrictions for max LTV/CLTV and max loan amount. • Investor concentration allowed up to 100%. • Minimum loan balance to be refinanced: \$150,000. • Fully functioning kitchen (full-size appliances including a refrigerator and stove/oven) and bedroom are required. • Foreign National: Not Eligible • Gross rents (for all income doc types) 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
<p>Accessory Unit (ADU)</p>	<ul style="list-style-type: none"> • The property is 1 unit. • Only 1 accessory unit on the property, multiple accessory units are not permitted. • The appraisal report must state the improvements are typical for the market, and at least one comparable with the same use • Borrower qualifies without using rental income from accessory unit. • For properties in California, if zoning permits an accessory unit, the rental income may be included if <ul style="list-style-type: none"> - Appraisal reflects the accessory unit is legal and includes at least one comparable with an accessory unit. - The market rent for the accessory unit should be documented on appraisal, and a copy of current lease with 2 months proof of current receipt.
<p>5-8 Units Residential or 2-8 Mixed Use Property</p>	<ul style="list-style-type: none"> • Minimum DSCR ≥ 1.00, for loan amount ≥ \$2,000,000, Debt Yield of 9% or greater (Net operating income/loan amount = 9% or greater) • Commercial unit(s) may be occupied by the borrower’s business. • Max vacancy for 5-8 units or 2-8 Mixed use: 1 vacancy on 2-3 Units property, 2 vacancies on 4+ units. • For 2-8 Mixed use property, commercial usage is limited to Retail/Office/Restaurant <ul style="list-style-type: none"> - 2-3 Units: Max 1 commercial unit - 4-5 Units: Max 2 commercial units - 6-8 Units: Max 3 commercial units - Commercial space must not exceed 49% of the total building area. • Property Condition <ul style="list-style-type: none"> - No Fair or poor ratings. - No environmental issues (Storage or use of hazardous material, i.e., Dry Cleaners, Laundromat) - No excessive deferred maintenance that could become a health or safety issue for tenants - No structural deferred maintenance (i.e., Foundation, roof, electrical, plumbing) • Declining market and State/CBSA restrictions – maximum eligible LTV do not require a market adjustment for 5-8 multifamily and 2-8 mixed use property types • Commercial General Liability Insurance for 2-8 Mixed Use Properties is required in addition to Hazard Insurance. Commercial General Liability Insurance blanket policy against claims for personal injury, bodily injury, death, or property damage occurring upon, in or about any property, such insurance to be: <ul style="list-style-type: none"> - Per Occurrence Minimum Coverage \$1,000,000 - Aggregate Coverage: \$2,000,000 - At least as broad as Insurance Services Office’s (ISO) policy from CG 00 01
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Transfer appraisal is acceptable. • Age of report <ul style="list-style-type: none"> ▪ 1-4 Units, and 5-8 Units Residential: 365 days from the note date. <ul style="list-style-type: none"> - 1004D is required after 120 days of appraisal completion. - If 1004D indicates the property value has declined, a new appraisal report is needed.



DSCR ADVANTAGE INVESTOR PROGRAM

<p>Appraisal Requirements (Continued)</p>	<ul style="list-style-type: none"> ▪ 2-8 Mixed use: 120 days from the note date. After 120 days, a new appraisal is required. • Appraisal form <ul style="list-style-type: none"> ▪ 1-4 Units: Fannie Mae 1004 (SFR/PUD), 1025 (2-4 Units), 1073 (Condo), 1004D, and 1007 ▪ 5-8 Residential Units <ul style="list-style-type: none"> - Fannie Mae 1050 or similar short form. - Sales comparison approach should be used as the appraised value. - A narrative report can be utilized and must include the sales approach with repeat sales analysis in valuation. ▪ 2-8 Mixed use <ul style="list-style-type: none"> - General purpose Commercial Forms (i.e., GP Commercial Summary Form from CoreLogic a la mode) - A full interior inspection with photos is required for all units. - The sales comparison approach should be used as the appraised value. • Appraisal attachments required for 5-8 Units or 2-8 Mixed use <ul style="list-style-type: none"> - Rent roll - Income and expense statement - Photos of subject including exterior/interior and street scene - Aerial photo - Sketch or floor plan - Map - Plot plan or survey - Appraiser qualifications • 2 full appraisals are required for loan amounts > \$2MM or flip transaction. LTV is based on lower of two. • Appraisal review must be performed by New Wave Underwriter with one of the following: <ul style="list-style-type: none"> ▪ 1-4 Units <ul style="list-style-type: none"> - CU or LPA score 2.5 or less - Desk review (CDA) from Clear Capital - A field review or 2nd appraisal report - If CDA reflects a negative value more than 10%, a field review or 2nd appraisal is required. ▪ 5-8 Residential Units <ul style="list-style-type: none"> - A Commercial Sales and Income Broker Price Opinion (BPO) - The appraised value is considered valid if the BPO is greater than or not more than 10% negative value to the appraisal report. If BPO is more than 10% negative, BPO value is used for LTV. - In Pennsylvania & North Carolina, a commercial evaluation product is used instead of the BPO product. • Zoning must be residential, except for 2-8 Mixed use where commercial zoning is acceptable. • FEMA declared disaster area: Full appraisal needs to be re-done if incident happened after original appraisal. • Declining market value – 5% LTV reduction applies
<p>Number of Financed Properties</p>	<p>No limit</p>
<p>AQM exposure to single borrower and/or household</p>	<p>All AQM aggregate shall not exceed \$5MM or 10 properties.</p>
<p>Housing Payment History</p>	<ul style="list-style-type: none"> • Documented 12 months history is required for only borrower’s current residence, and subject property (if refinance). Must be paid current as of 45 days of the loan application date. • VOR completed by a private-party or non-institutional landlord must be supported by alternative documentation showing the most recent 6 months history (cancelled checks, bank statements, etc.) • Mortgage not reported on credit report: VOM, most recent 6 months history (cancelled checks, mortgage statements including payment history, etc.), and copy of Mortgage Note (applies to both institutional/non-institutional lenders) • Acceptable rating for 1-4 Units <ul style="list-style-type: none"> - 1x30x12: LTV per matrix - 0x60x12(more than 1 time 30 days late but no 60 days late within 12 months): Max LTV per matrix – Additional Restrictions • Acceptable rating for 5-8 Units, or 2-8 Mixed use: 0x30x12 • Living rent free is allowed. Any available portion of 12-month housing history must be paid as agreed. • Foreign National: mortgage history 0x30x12
<p>Age of Credit Documents</p>	<p>90 days from Closing.</p>
<p>Credit Requirements</p>	<p><u>FICO score requirements</u></p> <ul style="list-style-type: none"> • At least 1 borrower must have a minimum of 2 credit scores. All bureaus must not be frozen. • Representative FICO score is the lower of 2 or middle of 3 credit scores. • For loans with multiple, Use lowest representative FICO score amongst all borrowers. <p><u>Minimum tradelines requirements (not applicable to Foreign National)</u></p> <ul style="list-style-type: none"> • For each borrower who has 3 credit scores, the minimum tradeline requirement is waived. • Each borrower with only 2 credit scores, must meet the minimum requirements as below: <ul style="list-style-type: none"> - At least 2 tradelines reporting for minimum 24 months, with activity in 12 months, or



DSCR ADVANTAGE INVESTOR PROGRAM

	<ul style="list-style-type: none"> - At least 3 tradelines reporting for minimum 12 months, with activity in 12 months, or - All of below requirements <ul style="list-style-type: none"> ① At least 8 tradelines, 1 must be a mortgage or rental ② At least 1 is open and reporting for minimum 12 months ③ Borrower has at least 8 years credit history ④ There should be no serious adverse history on trade lines - Accounts may be open or closed. - Self-reported, Account in deferment, Authorized user, collection/charge-offs, Account included in credit events (BK/FC/SS/DIL) are not considered as acceptable tradelines. <p><u>Minimum tradelines requirements for Foreign National</u></p> <ul style="list-style-type: none"> • Qualifying U.S. Credit: At least 2 tradelines reporting for minimum 24 months, with activity in 12 months. Account may be open or closed. Eligible tradelines cannot have any derogatory history in previous 24 months. Self-reported, Account in deferment, Authorized user, collection/charge-offs, Account included in credit events (BK/FC/SS/DIL) are not considered as acceptable tradelines. • If borrower does not have U.S. Credit no additional requirement is needed. <p><u>Derogatory accounts</u></p> <ul style="list-style-type: none"> • Any non-mortgage account on credit report must not be more than 30 days delinquent. Any delinquent account must either be brought current or paid off at closing. • Collection and charge-off can be ignored unless title impacted • All judgements, garnishments, and outstanding liens must be paid off. • Disputes on account must be resolved, except for the ones with balance ≤ \$250 can stay if payments included in DTI. The total aggregate balance in dispute unresolved can't exceed \$2,000. • Foreign national with U.S. credit must not have derogatory account within previous 2 years.
Derogatory Credit Event	<ul style="list-style-type: none"> • Minimum 2 years waiting period from Note date. Seasoned less than 3 years Max LTV per matrix – Additional Restrictions. • 5-8 Units or 2-8 Mixed Use: ≥ 36 months (BK/FC/SS/DIL) • Foreign National: ≥ 48 months no derogatory housing event history
Forbearance, Modification, or Deferrals	<ul style="list-style-type: none"> • Forbearance, loan modifications, or deferrals is not considered as a credit event. If these are completed or reinstated greater than 12 months from the Note date of the subject transaction and having a 0x30x12 housing history, no restrictions apply. • If forbearance, modifications, or deferrals completed or reinstated within 12 months of the Note date of the subject transaction, borrower is not eligible for this program.
Occupancy	Investment only. Borrower must complete and sign Certification of Business Purpose.
Assets and Reserves	<p><u>Documentation: Most recent 1-month bank statements or VOD</u></p> <ul style="list-style-type: none"> • Must be liquid asset. • Large deposits do not need to be sourced. • Stocks, bonds, mutual funds, cash value of life insurance are used at 100% value for closing funds and reserves. • Retirement asset is used at 70% of the vested balance for closing funds and reserves. • Assets held in a Trust require the following: <ul style="list-style-type: none"> - Obtain written documentation (e.g. bank statements) of the value of the trust account from either the trust manager or the trustee, and - Document the conditions under which the borrower has access to the funds • Gift funds allowed when minimum down payment requirement is met (please refer to corresponding 'Purchase' section). Not allowed for Non-Permanent-Resident or Foreign National. • Gift funds not allowed for 5-8 Units or 2-8 Mixed Use • Business funds can be used, limited to the borrower's ownership % in the business. • Assets held in foreign accounts must be translated to English and verified in USD at the current exchange rate via http://www.xe.com. Funds must be transferred to a U.S. account in borrower's name at least 10 days prior to the note date or verified funds for closing to be wired directly to the closing agent. Wire transfer to include bank name, account holder name, and account number. Bank used as source of wire transfer must match the bank holding the assets verified in the file. Reserves may remain in a foreign bank account. • Crypto currency (Bitcoin and Ethereum only) <ul style="list-style-type: none"> - Must be liquidated and deposited into an established US bank account for closing funds. - Can be used at 60% of current valuation (within 30-days of the Note date) for reserves. Statement must include name of financial institution, account holder name, account number, statement date, time period covered and available balance i • Ineligible asset: Down payment assistance programs, and unsecured loans, non-vested or restricted stock, cash-on-hand, sweat equity, 529 Savings Plan <p><u>Reserves (PITIA for subject property x months) - Maximum 12 months</u></p> <ul style="list-style-type: none"> • Minimum reserves <ul style="list-style-type: none"> - 1-4 Units: 2 months - 5-8 Units or Mixed use: 6 months - Foreign National: 6 months PITIA (Cash-out proceeds cannot be used as reserves) • Loan amount > \$1.5MM: 9 months • Loan amount > \$2.5MM: 12 months



DSCR ADVANTAGE INVESTOR PROGRAM

	<ul style="list-style-type: none"> • For ARM loan, calculation is based upon initial PITIA, not the qualifying payment. • For I/O loan, calculation is based upon interest only payments. • No reserves for R/T refinance where transaction results in a reduction to payments of 10% or greater. For I/O loan, the reduction is based on the amortizing payment used for loan qualification. • Cash-out proceeds is eligible to satisfy reserve requirement except for 5-8 units or 2-8 mixed used properties • Gift funds, 1031 exchange proceeds cannot be used.
Title Ownership	<ul style="list-style-type: none"> • Eligible: Individual, Joint Tenants, Tenants in Common, Inter-vivos revocable trust • Ineligible: Land trusts, Blind trusts, IRAs, Non-for-profit entity • To vest a loan in an Entity, the following requirements apply <ul style="list-style-type: none"> - Restricted to investment property only. - Purpose and activities are limited to ownership and management of real property. - Entity must be domiciled in a US State. - Any business structure is limited to a maximum of 4 owners or members. - Multi-level entity structures allowed subject to entity documentation requirements met for all entities. (Permitted up to 2 layers) - Personal guaranties must be provided by members representing at least 50% ownership of the entity. A personal guaranty form is required. - Each member providing a personal guaranty must complete a form 1003, indicating clearly that such document is being provided in the capacity of guarantor. Only the debt appearing on the personal credit report of individual(s) providing a guaranty needs to be reflected on 1003. The application of each member providing a guaranty and their credit score, and creditworthiness will be used to determine qualification and pricing.
Business Vesting documentation	<p><u>Depends on the type of entity, below documents from entity are required.</u></p> <ul style="list-style-type: none"> • LLC (Limited Liability Company) <ul style="list-style-type: none"> - Entity Articles of Organization or Partnership - Certificate of Good Standing or equivalent (Foreign LLC Certificate of Good Standing if entity is not formed in the subject property state) - Certificate of Authorization for the person executing all documents on behalf of the Entity. The authorization may be determined in an Operating Agreement or other corporate documents. If not, a Borrowing Certificate is required. (LLC Borrowing Certificate -Single Member, or LLC Borrowing Certificate – Multiple Member) - Corporate documents that contain a list of owners, title, and ownership percentage (e.g. organization structure) - Tax Identification Number (EIN). Single member LLC may use EIN or the guarantor SSN • Corporation <ul style="list-style-type: none"> - Filed Certificate/Articles of Incorporation (and all amendments) - By-Laws (and all amendments) - Certificate of Good Standing (issued by Secretary of State (SOS) where the Corporation is incorporated) - Tax Identification Number (EIN) - Borrowing Resolution/Corporate Resolution granting authority of signer to enter loan obligation - Receipt of current year franchise tax payment or clear search, or evidence the state does not require a franchise tax payment • Partnership <ul style="list-style-type: none"> - Filed Partnership Certificate (if a general partnership, filing with the SOS may not be required) - Partnership Agreement (and all amendments) - Certificate of Good Standing (issued by the SOS where partnership is registered) - Tax Identification Number (EIN) - Limited partner consents (where required by partnership agreement) <p><u>Documents signing requirements are as below:</u></p> <ul style="list-style-type: none"> • Authorized signer for the entity must sign all disclosures (e.g. initial disclosures, TIRD), Any state or federally required settlement statement, Note and Deed of Trust including all riders in the name of entity. • Loan application must be completed/signed by all individual member of the entity. Section labelled 'Title will be held in what Name(s) should be completed with only the entity name. • Personal guaranty form must be signed at loan closing and dated the same date as the Note, by all members. • Spousal Consent to Pledge is required for community property states (AK, AZ, CA, ID, LA, NM, TX, WA, WI). <p><u>Example – Signature Requirements</u></p> <p>[Authorized Signatory] may be replaced by a different title as specified in the Member Consent (e.g., Managing Member, Member, etc.).</p> <p>Sample 1: Borrower: JJ Investors, LLC by James Johnson, Single Member of LLC Note, Security Instrument, and all Riders: Signature Block JJ INVESTORS, LLC a [] limited liability company</p>



DSCR ADVANTAGE INVESTOR PROGRAM

	<p><u>James Johnson</u> By: James Johnson Title: [Authorized Signatory]</p> <p>Sample 2: Borrower: JJ Investors, LLC, by James Johnson and Jane Nelson, two Members of LLC; Both Members are Authorized Signatories of LLC.</p> <p>Note, Security Instrument, and all Riders: Signature Block JJ INVESTORS, LLC a [] limited liability company</p> <p><u>James Johnson,</u> By: James Johnson Title: [Authorized Signatory]</p> <p>and JJ INVESTORS, LLC a [] limited liability company</p> <p><u>Jane Nelson</u> By: Jane Nelson Title: [Authorized Signatory]</p>
Solar Panels	<ul style="list-style-type: none"> Follow Fannie Mae B2-3-04 All solar panel loans and leases with PACE/HERO financing must be paid off. If loan proceeds are used to pay off the PACE loan, transaction will be considered cash out
Impound	<ul style="list-style-type: none"> Impound is required, unless all of below is met. <ol style="list-style-type: none"> Non HPML LTV ≤ 80% FICO ≥ 720 Minimum 12 months reserves Flood insurance premium not allowed to be waived Foreign National: Mandatory escrow for taxes and insurance
Rent Loss Insurance	<ul style="list-style-type: none"> Foreign National: Rent loss insurance for the subject property is required and must = 6 month of local average monthly rents
Power of Attorney	<ul style="list-style-type: none"> For borrower(s) who is NOT a foreign national, POA is acceptable and must contain expiration date, and recorded with Deed of Trust. Borrower must sign initial 1003. Other requirements follow Fannie Mae guideline. Foreign national borrower(s), the loan docs must be notarized by a U.S. embassy or consular official. If they are not available, a notary by countries participating in Hague Convention is acceptable accompanied by an Apostille. For the list of countries, check here. Model Apostille form can be found here.
Purchase	<ul style="list-style-type: none"> Minimum 10% borrower contribution required. Non arm's length transaction is not allowed. Flip transaction requires 2 appraisals. <ul style="list-style-type: none"> Seller acquired property within 90 days from borrower's purchase agreement date, and borrower's purchase price is greater than seller's acquisition price by more than 10% (or 90-180 days with by more than 20%). If renovated or rebuilt, document to validate actual cost to construct or renovate must be provided. 2nd appraisal must be provided to the borrower if loan is HPML Foreign National Florida purchase transaction: Include one of the following Affidavits published by the Florida Land Title Association: Conveyances to Foreign Entities – By Individual Buyer, Conveyances to Foreign Entities – By Entity Buyer
Interested Party Contribution (IPC)	<ul style="list-style-type: none"> Can only be used for closing costs and prepaid expenses, not down payment or reserves. Maximum 3%, exceeding IPC after above use is considered as sales concessions, will be deducted from sale for new LTV.
Rate & Term	<ul style="list-style-type: none"> Max Cash-back to borrower is 2% of loan amount or \$5,000 whichever is less. If property was acquired less than or equal to 6 months from the application date, LTV/CLTV is based upon the lesser of appraised value or previous purchase price (+any documented improvements), The purchase settlement statement and any invoices for material/labor are required. Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding \$2,000 within the past 12 months and withdrawal activity must be documented with a transaction history of the line of credit. Buy out a co-owner pursuant to an agreement. Minimum 12 months seasoning is required if previous refinance was cash-out (previous note date to loan application date). Closing Disclosure for prior transaction is required. Loans do not meet this requirement will be considered as cash-out. Payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out. Transaction must be treated as cash-out when the subject property is encumbered by one of the following: Blanket/Cross-Collateralized loan or loan that allows for Paid in Kind interest
Cash-Out	<ul style="list-style-type: none"> LOE for use of loan proceeds is required and must be business purpose (i.e., investment on another property, renovation, etc.). Personal/consumer purpose is not allowed. Max Cash-in-hand/Equity drawn (defined as Loan amount minus UPB & closing cost) <ul style="list-style-type: none"> 1-4 Unit: LTV ≥ 65% - \$500,000 LTV < 65% - \$1,000,000 5-8 Units or 2-8 Mixed use: \$1,000,000 Foreign National: \$250,000, Florida Condo Cash Out Max 50% LTV



DSCR ADVANTAGE INVESTOR PROGRAM

	<ul style="list-style-type: none"> Loans not eligible for cash-out <ul style="list-style-type: none"> Properties listed for sale in the past 6 months, unless a 3 year prepay penalty is applied. Listing must be cancelled prior to the note date. Value will be based on the lesser of the lowest list price or appraisal value. Has been a prior cash-out transaction within the past 6 months (measured from recording date to the app date) Payoff of a Land Contract / Contract for Deed / Texas 50(a)6 First time investor Cash-Out Seasoning is defined as the length of time subject has been owned by the borrower. Measured by the property acquisition date to the date of the new note. <ul style="list-style-type: none"> 6 months Title seasoning is required for a transaction to be eligible for cash-out For properties owned 12 months or longer, the LTV/CLTV is based upon the appraisal value If the subject property was purchased within 6-12 months prior to application date, The LTV will be based on the lesser of the sales price (+any documented improvements) or the current appraised value Cash-out seasoning of 6 months or less is allowed with the following restriction: Delayed financing, borrower acquired the property through an inheritance, or was legally award the property through divorce, separation, or dissolution of domestic partnership Delayed Financing: Property was purchased by a borrower for cash within 180 days of the loan application <ul style="list-style-type: none"> Original purchase transaction was an arm-length transaction Source of funds for the purchase transaction are documented Max LTV/CLTV ratio is based upon the lower of the current appraised value or the property’s purchase price (+ any documented improvements) Cash-in-hand limits do not apply except for Foreign Nationals Proceeds may satisfy reserves. 																								
Subordinate Financing	<ul style="list-style-type: none"> Allowed up to maximum CLTV as per matrix. CLTV is calculated at the max available line amount unless it is past draw period. Must be institutional. 																								
Prepayment Penalty	<ul style="list-style-type: none"> 5% fixed charge applies to any curtailment (partial or extra principal payment) or entire outstanding principal balance during the prepay period, including payoff due to sale or refinance. Period: Borrower(s) can choose from 0 to 5-years Penalties not allowed in certain states, as below <ul style="list-style-type: none"> AK, KS, MI, MN, NM, OH, and RI <ul style="list-style-type: none"> Restrictions do not apply to 5-8 Units/2-8 Mixed Use properties IL and NJ when vested to individuals PA when loan amount is less than \$312,159 Only declining structures allowed in MS. 																								
State/CBSA Overlay	<ul style="list-style-type: none"> State restriction: LA, CT, ID, IL, NJ, NY CBSA Specific List restriction below. Click here for full zip code list. <table border="1" data-bbox="453 1874 1663 2141"> <thead> <tr> <th>CBSA Name</th> <th>CBSA Code</th> <th>CBSA Name</th> <th>CBSA Code</th> </tr> </thead> <tbody> <tr> <td>Phoenix-Mesa-Chandler, AZ</td> <td>38060</td> <td>Boulder, CO</td> <td>14500</td> </tr> <tr> <td>Sacramento-Roseville-Folsom, CA</td> <td>94207</td> <td>Breckenridge, CO</td> <td>14720</td> </tr> <tr> <td>San Francisco-Oakland-Hayward, CA</td> <td>41860</td> <td>Austin-Round Rock, TX</td> <td>12420</td> </tr> <tr> <td>San Jose-Sunnyvale-Santa Clara, CA</td> <td>41940</td> <td>Sevierville, TN</td> <td>42940</td> </tr> <tr> <td>Santa Cruz-Watsonville, CA</td> <td>42100</td> <td></td> <td></td> </tr> </tbody> </table>	CBSA Name	CBSA Code	CBSA Name	CBSA Code	Phoenix-Mesa-Chandler, AZ	38060	Boulder, CO	14500	Sacramento-Roseville-Folsom, CA	94207	Breckenridge, CO	14720	San Francisco-Oakland-Hayward, CA	41860	Austin-Round Rock, TX	12420	San Jose-Sunnyvale-Santa Clara, CA	41940	Sevierville, TN	42940	Santa Cruz-Watsonville, CA	42100		
CBSA Name	CBSA Code	CBSA Name	CBSA Code																						
Phoenix-Mesa-Chandler, AZ	38060	Boulder, CO	14500																						
Sacramento-Roseville-Folsom, CA	94207	Breckenridge, CO	14720																						
San Francisco-Oakland-Hayward, CA	41860	Austin-Round Rock, TX	12420																						
San Jose-Sunnyvale-Santa Clara, CA	41940	Sevierville, TN	42940																						
Santa Cruz-Watsonville, CA	42100																								