



DSCR BLUE STEEL					
Purpose	Units	Loan Amount Maximum	Credit Score Minimum	LTV	Min. DSCR
Purchase	1 Unit	\$1MM	680	80%	1.00
Purchase and Rate/Term	1-4 Units	\$2.5MM	740	70%	1.25
		\$2MM	720	75%	1.00
		\$2MM	700	70%	
		\$1.5MM	700	75%	
		\$1MM	680	75%	1.25
		\$1MM	640	70% (1 units) 65% (2-4 unit)	
		\$750K	680	70%	0.75
Cash-Out	1-4 Units	\$2MM	740	70%	1.00
		\$1.5MM	720	70%	
		\$1MM	700	70%	
		\$1MM	680	65%	

- Cash-Out transactions: Maximum cash in hand of \$1MM. The cash-out letter must explain that all cash out proceeds will be used for business purposes
- Interest-Only loans require DSCR ≥ 1.00

Program Overview	
Amortization Type	<p><b>Full Principal and Interest:</b></p> <ul style="list-style-type: none"> <li>• 30 Yr. Fixed Rate</li> <li>• 7/6 SOFR ARM</li> </ul> <p><b>Interest Only:</b></p> <ul style="list-style-type: none"> <li>• 30 Yr. Interest only Fixed Rate</li> </ul>
ARM Information	<p>Caps: 2/2/5            Index: 30 Day SOFR            Margin: 3.75%            Floor: Margin</p>
Appraisal Requirement	<ul style="list-style-type: none"> <li>• One appraisal is required for loan amounts ≤ \$2,000,000.</li> <li>• Two appraisals are required for loan amounts &gt; \$2,000,000.</li> <li>• Form 1007 must be included with the appraisal for both Purchase and Refinance Transactions on one-unit properties. If the property is a 2-4 unit, Fannie Mae form 1025 must be utilized.</li> </ul>
Assets/Borrower Contribution	<p>Gift funds and gifts of equity are not permitted for down payment, closing costs or reserves. Large deposits do not need to be sourced on purchase or refinance transactions. However, if the large deposit appears to be a gift in nature, then a letter of explanation from the borrower is required to validate that the deposit is not a gift.</p>



Program Overview	
Attestations	<p>All DSCR loans are "Business Purpose Loans"; therefore, to be eligible for the product, the owner cannot occupy the property for more than 14 days during the coming year and all cash out proceeds must only be used for business purposes (e.g., acquisition/maintenance/improvement of rental properties). Borrowers obtaining a loan under BluePoint Mortgage's DSCR Program must certify that they understand that consumer protection laws applicable to consumer loans will not apply to their business purpose loan and complete the <a href="#">Business Purpose Broker Package</a>.</p>
Borrower Eligibility	<p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Resident Aliens</li> <li>• Non-Permanent Resident Aliens</li> <li>• LLC and Corporation provided that the Vesting in the Name of an Entity requirements are met.</li> <li>• All borrowers must maintain a primary residence. Evidence of primary occupancy is required.             <ul style="list-style-type: none"> <li>○ Borrowers who own a primary residence must provide proof of ownership. The primary residence must meet one of the following:                 <ul style="list-style-type: none"> <li>▪ Must be superior in value and/or appeal to subject property.</li> <li>▪ Is not superior in value only due to the subject property being in a resort area or a 2-4 unit property</li> <li>▪ Has been owned for 3 or more years prior to application date</li> <li>▪ If the primary residence does not meet one of the above reasons, then additional review by underwriting management is required.</li> </ul> </li> <li>○ Non-first time investors who rent a primary residence must provide evidence of an active lease. The primary residence must meet one of the following:                 <ul style="list-style-type: none"> <li>▪ Geographically consistent with the borrower's place of employment</li> <li>▪ General appeal and location is superior to subject property</li> <li>▪ If the primary residence does not meet one of the above reasons, then additional review by underwriting management is required.</li> </ul> </li> </ul> </li> <li>• For Professional Investors: Investors must have a history of owning and managing commercial or residential real estate for at least 12 months prior to note date in the last 3 years. Experience can be documented by a letter of explanation (LOE) by borrower/guarantor detailing relevant real estate experience supported by a property profile report or other 3rd party documentation. BluePoint Mortgage reserves the right to request specific documentation to validate investor experience.</li> <li>• First Time Investors (Borrowers who do not have a history of owning and managing a rental property for 12 months prior to note date in last 3 years.):             <ul style="list-style-type: none"> <li>○ Purchase Only</li> <li>○ Min 680 credit score</li> <li>○ All borrower must currently own and be obligated on at least 1 primary or second home in the United States. Evidence of a 0x30x12 payment history or that the property is owned free and clear is required. Borrower may have sold their property in the most recent 3 months prior to application and currently be renting; however, they must provide proof that they either owned the property free and clear or had a 0x30x12 mortgage payment history prior to selling the property. Borrowers currently living rent free are not allowed.</li> </ul> </li> <li>• <b>Ineligible:</b> <ul style="list-style-type: none"> <li>○ First Time Home Buyers</li> <li>○ Foreign Nationals</li> <li>○ Inter-Vivos trusts</li> <li>○ Using a Power of Attorney when vesting in the name of an entity or on a cash-out transaction</li> </ul> </li> </ul>



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Credit/Payment History Requirements	<ul style="list-style-type: none"> <li>No foreclosure/bankruptcy/short sale within last 48 months</li> <li>All applicant(s) and co-borrowers must meet the credit score requirements individually.</li> <li>Non-traditional credit report is not permitted.</li> <li>Payment history requirements: 0x30x12 mortgage/rental history on the subject property and the borrower's primary residence. A payment history for all other REOs is not required.</li> <li>In addition, all other REOs are not required to be disclosed on the 1003.</li> <li>Any derogatory housing events reported on the credit report must meet seasoning requirements.</li> </ul>
DSCR Calculation	<p><b>DSCR calculation:</b></p> <ul style="list-style-type: none"> <li>Full Principal and Interest loans: Gross Income divided by PITIA of the subject rental.</li> <li>Interest Only loans: Gross Income divided by ITIA of the subject rental.</li> </ul> <p>Lease agreement: Monthly Gross Rents are determined by the lower of the lease agreement amount or market rent from 1007/1025. The higher 12-month lease agreement amount may be used with evidence of 2-months of receipt and the lease agreement amount may not be greater than 125% of the market rent from the 1007 /1025.</p> <p>Short term rental income (such as AirBNB/VRBO income): Monthly Gross Rents are determined by the lower of the 12-month average payout amount or market rent from 1007 /1025. The higher 12-month average payout amount may be used provided it is not greater than 125% of the estimated market rent from the 1007/1025.</p> <p>DSCRs down to 0.75 are eligible, see LTV matrix for eligibility details</p>
DSCR Documentation	<p>All transactions require a landlord's insurance policy on the subject property.</p> <p><b>For purchase transactions:</b></p> <ul style="list-style-type: none"> <li>Long-Term Rental Income (Any term between month to month and 12 months): Provide a long-term Comparable Rent Schedule Form 1007 /1025. When the borrower has an executed lease agreement that will commence within 60 days after the note date, then a copy must be provided. When the property has a current tenant who will continue to occupy the property, the transferred lease agreement from the existing tenant/landlord is required.</li> <li>Short-Term Rental Income (such as AirBNB/VRBO income): Allowed with the following parameters:             <ul style="list-style-type: none"> <li>Use the nightly, weekly, monthly, or seasonal market rent from the Comparable Rent Schedule Form 1007 or 1025 (as available per market)</li> <li>Subject property must in an area that is common for short term rentals</li> <li>1.50 DSCR required</li> <li>First time investor not allowed</li> </ul> </li> </ul> <p><b>For all refinance transactions:</b></p> <ul style="list-style-type: none"> <li>Provide a nightly, weekly, monthly, seasonal, or long-term (as available per market) Comparable Rent Schedule Form 1007 or 1025 and either:             <ul style="list-style-type: none"> <li>Long-Term Rental Income (Any term between month to month and 12 months): When the property is currently occupied by a tenant, an executed lease agreement is required. For month-to-month lease agreements, a 12-month rental payment history must be documented.                 <ul style="list-style-type: none"> <li>If a new lease agreement has been executed, it must commence within 60 days after the note date and proof of receipt of security deposit is required.</li> <li>When the property is currently vacant, then reduce the LTV by 10% LTV from the program max that the borrower qualifies for is required. The borrower must have a landlord's insurance policy. Borrower must provide a letter of explanation for why the property is vacant. On a 2-4 unit property, only 1 unit may be vacant.</li> </ul> </li> <li>Short-Term Rental Income (such as AirBNB/VRBO income): Remittance statements from the renting entity covering the most recent 12-month period is required. The payout amount must be used for qualifying. Refer to the LTV Matrix for the minimum DSCR.</li> </ul> </li> </ul>



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DSCR Documentation	<b>Accessory Dwelling Unit (ADU) Income:</b> Long-Term Rental income from permitted Accessory Dwelling Unit may be included in the gross rental income per the Long-Term documentation requirements above. Security deposits that have been drawn by the landlord in lieu of one or more rental payments will not qualify as monthly rental payment. Follow Fannie Mae for all appraisal requirements.
Employment/Income	Employment information must be completed on the 1003; however, the income must be blank.
Impound/Escrow Accounts	Escrow funds/impound accounts may be waived for taxes and hazard insurance. See rate sheet for restrictions
Minimum Loan Amount	<ul style="list-style-type: none"> <li>• Minimum \$200,000 for LTV &gt; 75%</li> <li>• Minimum \$125,000 for LTV ≤ 75%</li> </ul>
Number of Financed Properties	<ul style="list-style-type: none"> <li>• A single borrower can have no more than 20 financed properties including subject property. All properties in which the borrower is personally obligated must be included in the financed property maximum.</li> <li>• Each borrower may not exceed either an aggregate unpaid principal balance amount of \$5MM or 10 loans (including the subject property) financed under Blue Steel guidelines.</li> </ul>
Prepayment Penalty	May be subject to up to a five-year prepayment penalty or the maximum permitted by state law, whichever is lower.
Property Types	<b>Eligible:</b> <ul style="list-style-type: none"> <li>• 1-4 unit (Detached, Semi Detached, Attached)</li> <li>• PUD (Detached, Attached)</li> <li>• Warrantable Condominium (Detached, Attached)</li> <li>• Maximum acreage is 2 acres. Acreage and land value must be typical and common for the subject's market.</li> </ul>
Reserve Requirements	<b>Reserve requirements are based on the PITIA of the subject property.</b> <ul style="list-style-type: none"> <li>• Loan amounts ≤ \$1,500,000: 6 months minimum reserves</li> <li>• Loan amount &gt; \$1,500,000: 9 months minimum reserves</li> </ul>
Secondary Financing	Not allowed
State Licensing Requirements	Brokers, and the LO's authorized to represent those brokers, may originate DSCR (business purpose) loans for properties that are in the Permitted States below without a license as long as they are currently approved and active in at least one other state, as reflected in NMLS, as a Broker and Loan Officer respectively. For example, a Broker and LO licensed in California may originate a DSCR loan in Florida even if they aren't licensed as an LO in Florida.  Permitted states: CO, CT, FL, MA, MD, OH, SC, TX, VA, WA
Tax Transcripts	A signed 4506-C and IRS Tax Transcripts are not required during the loan process.
Transaction Types	<b>Eligible:</b> <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate/Term Refinance</li> <li>• Delayed Financing as a Rate/Term Refinance</li> <li>• Cash Out Refinance</li> </ul> <b>Ineligible:</b> Texas 50(a)(6) Rate Term and Cash Out refinances
Underwriting	Manual underwriting required. AUS not allowed.