



### SINGLE INVESTMENT PROPERTY

Maximum LTV/CLTVs		≥ 1.00		
Credit Score	Max Loan Amount	Purchase	Rate/Term Refinance	Cash-Out Refinance
700	\$1MM	80%	75%	75%
	\$1.5MM	80%	75%	75%
	\$2MM	75%	70%	70%
	\$3MM	70%	65%	65%
660	\$1MM	75%	75%	70%
	\$1.5MM	75%	70%	70%
	\$2MM	70%	65%	65%
	\$2.5MM	70%	65%	65%
	\$3MM	65%	N/A	N/A
640	\$1MM	75%	70%	N/A
	\$1.5MM	65%	65%	N/A
	\$2MM	65%	N/A	N/A
	\$3MM	60%	N/A	N/A
Maximum LTV/CLTVs		< 1.00		
700	\$1MM	75%	70%	70%
	\$1.5MM	75%	70%	70%
	\$2MM	70%	65%	65%
	\$2.5MM	65%	N/A	N/A
	\$3MM	60%	N/A	N/A
680	\$1MM	70%	65%	N/A
	\$1.5MM	70%	65%	N/A
	\$2MM	65%	60%	N/A
	\$3MM	60%	N/A	N/A
660	\$1MM	65%	N/A	N/A

### Investor Experience

**Experienced Investor:** Borrower 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:** a borrower that is purchasing an investment property for the first time, meaning they have not previously owned a property intended for rental income, resale, or other investment purposes.

**First Time investors eligible subject to the following restrictions:**

- Min credit score: 700
- Min. DSCR 1.0
- SFR only
- If reported, no mortgage late payments during the past 36 Mo
- ≥ 36 Mo from any credit event
- Owned a primary residence for at least 1-year
- Cash-out not eligible

**First Time Home Buyer not eligible**



Unleased Properties	All refinances: Eligibility (LTV) must use the DSCR < 1.00 matrix for all properties with any unleased (vacant) units. Pricing is based upon the DSCR from the gross rents on the 1007. Not applicable for short-term rentals, see <u>short-term rental income section for specific criteria</u> . Max 70% LTV	
Housing History	1 x 30 x 12, No reduction 0 x 60 x 12 Max 70% LTV Purchase, Max 65% LTV Rate/Term & Cash-out	
Credit Event Seasoning	BK/FC/SS/DIL: ≥ 36 Months, No reduction ≥ 24 Months Max 75% LTV Purchase & Max 70% LTV Rate/Term & Cash-out Housing Event Seasoning: Forbearance, Mod or Deferral: Contact BPM	
Property Listed for Sale		
3 Months	6 Months	12 Months
Cashout, OO/2nd: Not Eligible • Cashout, NOO: Min 3yr PPP		No restrictions

<b>Declining Markets and State Restrictions</b>
If the appraisal report identifies the property as a declining market; The maximum LTV /CLTV is limited to 75% for purchases and 70% for all refinances and the maximum loan amount is limited to \$2MM.
CT, FL, NJ; max LTV/CLTV limited to 75% for purchases, 70% for refinances, and max loan amount of \$2MM IL, NY; Max LTV/CLTV limited to 75% for purchases, 70% for refinances, and max loan amount of \$2MM, 2–4 unit properties not eligible
<b>Ineligible locations: Puerto Rico, Guam, &amp; the US Virgin Islands</b>

<b>General Requirements</b>		
<b>Product Type</b>	30-year fixed; 5/6 ARM (40-year term available when combined with I/O)	
<b>Interest Only</b>	Min. Credit Score: 680 Max 75% LTV for Purchase and R/T, Max 70% LTV Cash-out	
<b>Loan Amounts</b>	Min. 150,001 Max: \$3MM	
<b>Loan Purpose</b>	Purchase, Rate/Term, and Cash Out	
<b>Occupancy</b>	Investment	
<b>Property Type</b>	<ul style="list-style-type: none"> <li>Single Family: Attached, Detached</li> <li>2-4 Units and Condominiums: Max LTV /CLTV Purchase 75%, Refinance 70%</li> <li>Rural: Not Eligible</li> </ul>	<b>Florida Condominiums:</b> A structural inspection is required for projects: <ul style="list-style-type: none"> <li>greater than 5 stories; and</li> <li>over 30 years old (or 25 years if within 3 miles of the coast)</li> </ul> Projects with an unacceptable or no inspection are ineligible
<b>Acreage</b>	Property up to 5-acres, not meeting the rural definition, eligible	
<b>Max Cash-In-Hand</b>	LTV ≥ 65% - \$500,000 LTV < 65% - \$1,000,000 Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions)	
<b>Appraisals</b>	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2nd appraisal obtained. 2 <sup>nd</sup> Appraisal required for loans > \$2,000,000.	
<b>Max Seller Concessions</b>	May not exceed 6%	



## Income Requirements

### Income

#### Long-Term Rental Documentation and DSCR Calculation

- Purchase Transactions:
  - 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. **Gross rent is to be evaluated for each unit individually.**
  - A vacant or unleased property is allowed without LTV restriction.
- Refinance Transactions:
  - Required documentation:
    - **Original appraisal report reflecting tenant-occupied**
    - FNMA Form 1007 or 1025 reflecting long-term market rents, and lease agreement.
    - If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following:
      - LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
  - Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows. **Gross rent is to be evaluated for each unit individually:**
    - 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, 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%.
    - 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:
    - LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.

#### DSCR Calculation:

- 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

#### Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation

Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.

- **Short-Term Rental Income - Purchase and Refinance Transactions:**
  - LTV is lesser of 75% for a purchase and 70% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance
  - DSCR Calculation:
    - 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.
    - $(\text{Gross Rents} \times .80) \text{ divided by PITIA} = \text{DSCR}.$
  - When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR.

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### Income Requirements (Continued)

<b>Income</b>	<ul style="list-style-type: none"> <li>○ Any of the following methods may be used to determine gross monthly rental income: <ul style="list-style-type: none"> <li>▪ 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"> <li>• Provide the source of data used to complete the STR analysis</li> <li>• Include comparable STR properties, focusing on room count, gross living area (GLA), location, and market appeal.</li> <li>• Include daily rental rate and occupancy percentage.</li> <li>• Factor seasonality and vacancy into the analysis.</li> <li>• Must be completed by the appraiser.</li> </ul> </li> <li>▪ The most recent 12-month rental history statement from the 3<sup>rd</sup> party rental/management service. The statement must identify the subject property /unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees.</li> <li>▪ The most recent 12-month bank statements from the borrower evidencing short-term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits.</li> <li>▪ AIRDNA Rentalizer and Overview reports, accessed using the Explore Short-Term Rental data, must meet the following requirements: <ul style="list-style-type: none"> <li>• Rentalizer (Property Earning Potential) <ul style="list-style-type: none"> <li>○ Only allowed for purchase transaction</li> <li>○ Gross rents equal the revenue projection from the Rentalizer Report less the 20% extraordinary expense factor</li> <li>○ Forecast period must cover 12 months from the Note date</li> <li>○ The occupancy rate must be &gt; 60% <ul style="list-style-type: none"> <li>▪ Maximum occupancy limited to 2 individuals per bedroom</li> </ul> </li> <li>○ Must have five (5) comparable properties, all within the same ZIP code <ul style="list-style-type: none"> <li>▪ Must be similar in size, room count, amenities, availability, and occupancy</li> </ul> </li> </ul> </li> <li>• Overview Report (Evaluate a Market) <ul style="list-style-type: none"> <li>• Market score or Sub-Market score by zip code</li> <li>• Market score or Sub-Market score must be 60 or greater</li> </ul> </li> </ul> </li> </ul> </li> </ul>
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### Underwriting Requirements

Credit Score	<ul style="list-style-type: none"><li>• Use highest decision score borrower(s)/guarantor(s)</li><li>• Middle of 3 scores or lower of 2</li></ul>	Tradelines	<ul style="list-style-type: none"><li>• If borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived.</li><li>• Min. 2 reporting 24-month with activity in the las 12-months or 3 reporting 12-months with recent activity</li></ul>
Assets	Min of 30-days asset verification required	Reserves	<ul style="list-style-type: none"><li>• 2 months of PITIA</li><li>• Loan Amount &gt; \$1.5MM: 6-months of PITIA</li><li>• Loan Amount &gt; \$2.5MM: 12-months of PITIA</li><li>• Cash out may be used to satisfy requirement</li></ul>
Gift Funds	Allowed after min 10% borrower contribution	Document Age	120-days
Prepayment Penalty	Fixed percentage of 5% only	<ul style="list-style-type: none"><li>• Prepayment periods up to 5-Years eligible</li><li>• Penalties not allowed in KS, MD, MI, MN, NM, OH, RI, and MS</li><li>• Penalties not allowed on loan vested to individuals in IL and NJ</li><li>• Penalties not allowed on loan amounts less than \$319,777 in PA</li><li>• Penalties not allowed on WA ARMS</li></ul>	
Max Seller Concessions	Primary and 2nd home = 6% for LTV 75% or greater / 9% for LTV below 75% Investment Properties = 3% Max		