

The DSCR Program, also known as the Investor Cash Flow program is designed for experienced real estate investors and are considered business purpose loans on investment properties. The ability to repay is based solely on the income and debts associated with the subject property.

Investment Property Only

Transaction Type ⁶	# of Units ⁷	Maximum Loan Amount ¹	Min FICO	Max LTV ^{3,4,5}	DSCR %
Purchase & Rate/Term	1-4 Units	≤ \$1,000,000	720	80%	≥ 1.00
			680	75%	
		≤ \$1,500,000	700	75%	
			680	70%	
Cash-Out Refinance ^{2, 8}	1-4 Units	≤ \$1,000,000	720	75%	
			680	65%	
		≤ \$1,500,000	720	70%	
			700		

¹ Minimum Loan Amount \$125,000

² Maximum cash-out = \$500,000

³ Subordinate financing is not permitted.

⁴ 5% LTV reduction for properties located in a declining market.

⁵ Maximum 70% LTV when Short Term Rental Income is used.

⁶ Non-Arm's Length Transactions are not permitted.

⁷ 2-4 Unit properties limited to a maximum 75% LTV

⁸ Texas Cash-out refinances are ineligible.

Eligible Products	• 30 Yr. Fixed Rate	• 30 Yr Fixed IO (10 Yr Interest Only)
	• 15 Yr. Fixed Rate	• 40 Yr Fixed IO (10 Yr Interest Only)
Interest Only	• Minimum 700 credit score; Maximum LTV 75%.	
Ineligible States	• Baltimore, Maryland, Mississippi, New York and South Dakota	
Age of Documents	• Credit Documentation not to exceed 90 days on the date the Note is signed.	
Escrow Waivers	• Escrow waivers permitted subject to LLPA pricing adjustment.	
AUS	• No AUS. Manual underwrite only.	
	• Underwriter to notate on the 1008 Transmittal that "Loan does not meet GSE Agency Guidelines".	
Eligible Borrowers	• All loan files should contain underwriter worksheets which detail the qualifying income calculations and debt obligations considered or not considered (and reason for exclusion)	
	• US Citizen	
	• Permanent Resident Aliens <ul style="list-style-type: none"> ▶ I-151 Permanent Resident Card (Green Card) that does not have an expiration date on the back. ▶ I-551 Permanent Resident Card (Green Card) that is issued for 10 years that has not expired 	
Ineligible Borrowers	• Non-Permanent Resident Aliens. (Maximum LTV is 75%); Cash-Out not permitted. <ul style="list-style-type: none"> ▶ Must reside and be employed in the US for at least two years ▶ All borrowers must have a valid Social Security Number and established US credit history. ▶ The following VISA types are acceptable: E-1, E-2, E-3, EB-5, G-1 thru G-5, H-1B, L-1, NATO, O-1, R-1, TN(NAFTA)R-1 ▶ Copies of the Borrower's passport and unexpired visa must be obtained. Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival / Departure Record). 	
	• Borrowers with any ownership in a business that is federally illegal, regardless if income is not being considered for qualifying.	
	• First-time Homebuyers	
	• Trusts (Land, Irrevocable or Inter-Vivos Revocable)	
	• LLC; Limited or General Partnerships; Corporations	

Occupancy	<ul style="list-style-type: none"> • Investment Property only. • The spouse of a guarantor must sign the Consent of Spouse form if the property is in a community property state (AK, AZ, CA, FL, ID, KY, LA, NV, NM, NY, SD, TN, TX, WA and WI).
Employ./Income Verification	<ul style="list-style-type: none"> • Not required
Ineligible Tenant(s)	<ul style="list-style-type: none"> • Family member or other related individual to borrower.
Multiple Financed Properties	<ul style="list-style-type: none"> • Maximum number of 20 financed properties; or • Maximum exposure (loans) to Investor is 10 loans or \$7.5 million.
Borrower Eligibility & Certification	<ul style="list-style-type: none"> • Seasoned Real Estate Investor/s: <ul style="list-style-type: none"> ▶ A Seasoned Real Estate Investor is an individual borrower having a history of owning and managing commercial or residential real estate for at least 1 year (12 months) in last 24 months. For files with more than one borrower, only one borrower must meet the definition. • A letter of explanation is required to detail relevant real estate experience. • A Statement of Business Purpose and Occupancy Affidavit signed by the borrower prior to or at closing, declaring: <ul style="list-style-type: none"> ▶ that the property is or will be used for business/investment purposes. ▶ that the borrower does not currently occupy the subject or plan to occupy the subject property ▶ the subject property is leased or will be leased. ▶ statement must include borrower's and subject property's address. • Proceeds from cash-out refinances may not be used for personal use, must be used solely for business purposes. A signed letter from the borrower disclosing the purpose of the cash-out must be obtained.
Credit	<ul style="list-style-type: none"> • Minimum 2 credit scores for each Borrower / Guarantor using the lower of the two or the middle of three scores. • Credit re-scores are not permitted. • No credit bureaus may be frozen. Borrowers must unfreeze all bureaus, and a new tri-merge credit report obtained reflecting information from all three bureaus. • Minimum Tradelines: <ul style="list-style-type: none"> ▶ Borrower must have a minimum of three (3) tradelines that have been open for at least 24 months and at least one (1) active within the most recent 6 months; - OR ▶ Minimum two (2) tradelines opened at least 24 months and 1 is a satisfactory mortgage with at least 12 months rated and one open for twenty-four (24) months and active for most recent 6 months. <p>Housing Payment; Mortgage/Rental History:</p> <ul style="list-style-type: none"> • The housing payment history must reflect 0x30x12 for the subject property and each borrower/s primary residence for the most recent 12 months. <ul style="list-style-type: none"> ▶ Mortgages reporting on the credit report may be used as evidence of pay history • Any additional housing history included in the loan file, for example other mortgages on the credit report, that reflects delinquencies must be included in the housing payment history and meet the housing payment history requirement. • Mortgages not reporting on credit report for primary residence and subject property (if refinance transaction) require all of the following: <ul style="list-style-type: none"> ▶ Copy of the Note with terms of the loan: (Notes with a balloon feature with an expired maturity date exceeding 30 days require an extension to avoid being counted as delinquent.) ▶ VOM completed by the creditor for 12 month mortgage history & evidence of monthly payments made by the borrower for the most recent 12 months (cancelled checks (front and back)) or bank statements must be obtained). ▶ If subject transaction is a refinance, mortgage payoff statement is required from the creditor: Payoff statement that reflects late fees, deferred balance, or delinquent interest are subject to housing history and/or credit event criteria.

<p style="text-align: center;">Credit</p>	<ul style="list-style-type: none"> Rental verification: (12 month rental history is required when the borrower is renting their current residence. <ul style="list-style-type: none"> A standard VOR completed by a professional management company; OR 12 months bank statements or canceled checks and a lease agreement to document the term and payment are required.
	<p>Written Explanations:</p> <ul style="list-style-type: none"> Required for all inquiries within past 90 days. Required for all significant derogatory credit.
	<p>Derogatory Credit:</p> <ul style="list-style-type: none"> No mortgage lates in the past 12 months. Bankruptcy 7, 11, 13: 3 Years since discharge / dismissal date Foreclosure and Short Sale: 3 Years since completion date Judgments and Tax Liens must be paid off. Charge-offs greater than \$1,000 per trade line, or the cumulative amount is greater than \$2,000 must be paid off. Past due accounts must be brought current prior to closing. Income Tax liens (federal, state and local) must be paid off prior to or at closing. <p>Fraud Guard (Required on all loans)</p> <ul style="list-style-type: none"> OFAC Search required for the following individuals involved in the transactions must be screened through OFAC's SDN list: all borrowers/guarantors, property sellers, and settlement agents.
<p style="text-align: center;">Reserves</p>	<ul style="list-style-type: none"> 4 months PITIA 6 months PITIA for loan amount > \$500,001 1 month PITIA for each additional financed property.
	<ul style="list-style-type: none"> PITIA = Principal, Interest, Taxes, Insurance and association fee's if applicable. Cash-out proceeds may be used to satisfy 50% of the reserve requirement.
<p style="text-align: center;">IPC</p>	<ul style="list-style-type: none"> Interested Party Contributions (IPC's) allowed up to 6%.
<p style="text-align: center;">Assets</p>	<ul style="list-style-type: none"> Sufficient assets for down payment, closing costs and reserves must be seasoned for a minimum 60 days of closing. Documentation must be verified with the most recent 2 months bank statements. The balance owed on any Open 30 day account appearing on the credit report must be subtracted from liquid assets. Large deposits do not need to be sourced. Gift funds are not allowed. 70% of the vested balance after reduction of any outstanding loans on retirement accounts can be used for reserves. Business funds may be used if borrower has at least 50% or greater ownership and must be owners on the business account. <ul style="list-style-type: none"> Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent. All other owners of the business must sign a 100% access letter allowing borrower to use those funds. Requires formal documentation from the bank substantiating that the applicant is an authorized signor and has access to the business funds. The balance of business assets must be multiplied by the percentage of ownership to determine the borrower's portion of the business assets. A signed letter from a CPA or Underwriter Cash Flow Analysis must also be obtained verifying that the withdrawal of funds for the transaction will not have a negative impact on the business Crypto currency that has been converted to USD is an acceptable source of funds provided the crypto can be acceptably documented. <ul style="list-style-type: none"> It has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account.

<p>Employment/ Income</p>	<ul style="list-style-type: none"> • Employment and income are not required and not disclosed. The only income required is the gross monthly rental income of the subject property. • Gross monthly income should be entered on 1003 URLA PA 4c. Or the Borrower Summary Screen.
<p>Income Calculations</p>	<ul style="list-style-type: none"> • Gross monthly income is calculated as a Debt Service Ratio (DSCR). A DSCR must be calculated for the subject property. <ul style="list-style-type: none"> ▶ DSCR ratio = Gross monthly rental income divided by Qualifying Payment. <i>(Qualifying Payment = PITIA of the subject property. ITIA for interest only loans.)</i> • Minimum DSCR Ratio ≥ 1.00%
	<p style="text-align: center;">Gross Monthly Rental Income</p>
	<ul style="list-style-type: none"> • Gross monthly income is the lower of the actual rent for leased properties per the lease agreement or 100% of the monthly market rent (Form 1007 or Form 1025) noted on the appraisal for the subject property.
	<p style="text-align: center;">Purchase Transactions</p>
	<ul style="list-style-type: none"> • Sellers must have owned the property more than 12 months, otherwise the transaction is subject to review as a Flip Transaction. • Non-arm's length transactions are ineligible. • Subject not leased at time of closing, the qualifying rent is the rent from Form 1007/1025. <ul style="list-style-type: none"> ▶ No more than 1 units of a 1-4 unit property may be vacant at origination. ▶ Single family properties are not required to be leased at time of origination. • Existing lease use: <ul style="list-style-type: none"> ▶ Actual rent which is ≤ to 100% of the rent survey. ▶ Actual rent which is > than the rent survey provided 3 months proof of receipt is documented. • New lease to new tenant use: <ul style="list-style-type: none"> ▶ Lower of Rent Survey or Executed lease. • Short Term rents not permitted on Purchase transactions. • If there is an existing lease on the property that is being transferred to the borrower, it must be verified that the lease does not contain any provision impacting Lender's first lien position of the property. May not be a family member.
	<p style="text-align: center;">Refinance Transactions</p>
<ul style="list-style-type: none"> • For a refinance transaction to be eligible, there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction. <ul style="list-style-type: none"> ▶ At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced ▶ The borrower has been on title for at least six (6) months and has paid the mortgage for the last six (6) months. ▶ The borrower has recently been legally awarded the property (divorce, separation or dissolution of a domestic partnership). • Properties that are owned free and clear meet the continuity of obligation requirements. • Vacant properties are not eligible for refinance transactions unless: <ul style="list-style-type: none"> ▶ The subject property recently underwent renovations or rehab with the intention of being rented out soon, AND ▶ The appraiser confirms that renovations/rehab were recently completed and provides visual evidence. ▶ If the above conditions are met, utilize the market rent from the 1007/1025 or supplemental appraisal form completed by the appraiser of record. 	
<p style="text-align: center;">Rate & Term Refinance Transactions</p>	
<ul style="list-style-type: none"> • Properties listed for sale at time of application are ineligible. • Properties listed for sale within six (6) months of the note date are ineligible. <ul style="list-style-type: none"> ▶ Documentation required showing cancellation of listing. ▶ Acceptable letter of explanation from the borrower detailing the reason for the cancellation of the listing. • Single family properties must be leased at the time of closing and the borrower must provide evidence that the property has been leased. May not be a family member. 	

Rate & Term Refinance Transactions

- For 1-4-unit properties, there shall be no more than one vacant unit at origination and any vacant unit must provide evidence of a recent lease within the last two (2) months or income from the unit may not included.

Long Term Rental:

- If the property is leased at the time of origination, gross rents will be used to calculate Debt Service Coverage Ratio (DSCR). Gross rent is the lesser of the in-place monthly rent per the lease agreement vs. market rent on form 1007 or 1025.
 - ▶ If executed lease agreement reflects a higher monthly rent than the appraisal, it may be used if within 20% of the market rent with sufficient evidence of 3 months recent receipt.

Short Term Rental:

- Eligibility:
 - ▶ Maximum 70% LTV when Short Term Rental Income is used.
 - ▶ Short-term rental income must be legally permitted and considered common for the area, as confirmed by the appraisal and/or property location.
- Documentation Requirements:
 - ▶ Short-term rental income may be documented using a supplemental appraisal form completed by the licensed appraiser who performed the original appraisal. The form must accompany and be part of the original appraisal.
 - ▶ Income must be verified through a third-party property management provider:
 - Vendors such as Airbnb, AirDNA, VRBO, and HomeAway are acceptable.
 - Documentation must include the property address or a unique property ID specific to the subject property.
- Calculation (Use the lower of):
 - ▶ 100% of the estimated market rent from:
 - Form 1007/1025 OR
 - Supplemental appraisal form completed by the appraiser of record.
 - ▶ The actual 12-month short-term rental income history, supported with documentation from Airbnb, AIRDNA, VRBO, HomeAway, or a third-party management provider. 12 month history is required.

Income Calculation

- Minimum 12 months seasoning from the Note date of the new transaction is required if previous refinance was a cash-out refinance including the payoff of a non-seasoned subordinate lien.
- Maximum cash back at closing is limited to the lesser of 2% of the new loan amount or \$5,000.
- For properties purchased within six (6) months of closing date the LTV/CLTV will be based upon the lesser of the original sales price (Closing Disclosure/Settlement Statement from subject property acquisition required) plus improvements (proof of improvements required) or the current appraised value conclusion from the appraiser.
- Loan proceeds may be used to pay off the current first lien mortgage, any seasoned non- first lien mortgages, subordinate lien used to acquire the property, closing costs and pre-paid items
 - ▶ Includes the amount if any closed end subordinate mortgage lien used in it's entirety to acquire the subject property.
 - ▶ A seasoned non-first lien closed-end loan is a mortgage that has been in place for twelve (12) months.
 - ▶ A seasoned non-first lien HELOC that has been place for twelve (12) months and total draws do not exceed \$2,000 in the most recent twelve (12) month period to be documented with a transaction history. NOTE: Any draw over the life of the loan may not have been used for personal use. I draw history schedule is required along with an attestation from the Borrower that none of the advances were used for personal/consumer use.

Cash-Out Refinance Transactions	
Income Calculation	<ul style="list-style-type: none"> • Properties listed for sale within twelve (12) months from the date of the application are ineligible. • Borrower must have held title for a minimum of 6 months from disbursement date. • Property cannot be vacate and must be leased at time of origination. • Refinance of a previous loan that provided cash out will be considered a cash out refinance if the loan being refinanced is seasoned for less than 12 months. <ul style="list-style-type: none"> • Cash out must be for business purposes only, and the borrower must provide and LOE detailing the purpose and use of the proceeds. • Gross rent is the lesser of the in-place monthly rent per the lease agreement vs. market rent on form 1007 or 1025. If executed lease agreement reflects a higher monthly rent than the appraisal, it may be used if within 20% of the market rent with sufficient evidence of 3 months recent receipt. <p>Short Term Rental:</p> <ul style="list-style-type: none"> • Eligibility: <ul style="list-style-type: none"> ▶ Maximum 70% LTV when Short Term Rental Income is used. ▶ Short-term rental income must be legally permitted and considered common for the area, as confirmed by the appraisal and/or property location. • Documentation Requirements: <ul style="list-style-type: none"> ▶ Short-term rental income may be documented using a supplemental appraisal form completed by the licensed appraiser who performed the original appraisal. The form must accompany and be part of the original appraisal. ▶ Income must be verified through a third-party property management provider: <ul style="list-style-type: none"> → Vendors such as Airbnb, AirDNA, VRBO, and HomeAway are acceptable. → Documentation must include the property address or a unique property ID specific to the subject property. • Calculation (Use the lower of): <ul style="list-style-type: none"> ▶ 100% of the estimated market rent from: <ul style="list-style-type: none"> → Form 1007/1025 OR → Supplemental appraisal form completed by the appraiser of record. ▶ The actual 12-month short-term rental income history, supported with documentation from Airbnb, AIRDNA, VRBO, HomeAway, or a third-party management provider. 12 month history is required.
Delayed Financing	
<p>Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the loan application.</p> <ul style="list-style-type: none"> • The original purchase transaction was an arms-length transaction. • The transaction is considered cash out refinance for pricing and eligibility. • The maximum LTV/CLTV ratio for the transaction is based upon the lower of the current appraised value or the property's purchase price plus documented improvements. • The source of funds for the purchase transaction must be documented (such as bank statements, personal loan documents, or a HELOC on another property). • The new loan amount can be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV for cash-out transactions • The preliminary title search or report must confirm that there are no existing liens on the subject Property. • Not permitted in the state of Texas. 	
LTV Determination	<ul style="list-style-type: none"> • Rate & Term: Use current appraised value. • Cash-Out - Owned \geq 12 months: Use current value. • Cash-Out - Owned \geq 6 months but less than 12. LTV/CLTV is based on the lower of the current appraised value or the property's purchase price plus fully documented improvements and confirmed by appraiser. • Cash-Out - Owned (delayed financing) < 6 months: use lesser of acquisition cost or appraised value (see delayed financing)

Eligible Properties	1-4 Unit Single Family Residences attached and detached PUD's. <ul style="list-style-type: none"> • Minimum 750 sq. ft. for 1 unit properties • Minimum 500 sq. ft. per unit on 2-4 family properties. 	
	2-4 Unit properties limited to 75% LTV. <ul style="list-style-type: none"> • Borrower owners may not own more than two units in any 2-4 units project. 	
	Agency approved/warrantable condominium's. (Established only) <ul style="list-style-type: none"> • Maximum 75% LTV • Limited review is not eligible. Full review required. (CPM) • Minimum 500 sq. ft. for condominiums. • PERS approval is not permitted. 	
	<ul style="list-style-type: none"> • Condo Documentation: <ul style="list-style-type: none"> ▶ Warranty Certification Form and copy of Fannie Mae Condo Project (CPM) project status. ▶ Condo Project Questionnaire ▶ Project current annual budget. ▶ Current balance sheet, dated within 60 days the note date ▶ All projects must meet Fannie Mae property insurance requirements. 	
	Florida Condo Projects: <ul style="list-style-type: none"> • Condo projects subject to Florida's SB-4D requirements are ineligible. • Florida condos that are three (3) or more stories high and thirty (30) years or older (25 years or older if the building is within 3 miles of the coastline): <ul style="list-style-type: none"> ▶ Evidence is required that the building has completed the required inspections outlined in FL SB-4D. <i>(The property is ineligible if the required inspections have not been completed.)</i> ▶ If the inspection revealed substantial structural deterioration or any unsafe or dangerous conditions, evidence that the required repairs have been completed is required. If the required repairs have not been completed, the property is ineligible ▶ Evidence is required that the Association has completed the required structural integrity reserve study and the budget contains adequate reserves. <ul style="list-style-type: none"> - The monthly HOA fee should be consistent with the budget - Within Forty-eight (48) hours of closing, the most current SIRS must be reviewed to confirm the project's approved status. 	
<ul style="list-style-type: none"> • Rent Loss Insurance for the subject property is required and must equal at least 6 months of PITIA. (Blanket policies covering the subject property are permitted.) 		
Ineligible Properties	<ul style="list-style-type: none"> • Manufactured Homes • Co-ops • Leasehold • Commercial properties • Acreage > 3 acres 	<ul style="list-style-type: none"> • Mobile Homes • Mixed-Use • 5+ Units • Rural Zoned properties • Working Farms or Ranches
Property Flips	When the subject property is being resold within 365 days of its acquisition by the seller and the sales price has increased more than ten (10%), the transaction is considered a "flip".	
	<ul style="list-style-type: none"> • Bank owned and Corporate Relocations are not considered a flip transaction. • No pattern of previously flipping activity may exist in the last 12 months. • The property was marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented). • The property seller must be the owner of record. • No assignments of the contract to another buyer. • Increases in value must be documented and supported by the appraiser. • A second appraisal is required when: <ul style="list-style-type: none"> ▶ Greater than ten (10%) increase in sales price if seller acquired the property in the past 90 days. ▶ Greater than twenty (20%) increase in sales price if seller acquired the property in the past 180 day ▶ The borrower may not pay for the 2nd appraisal. 	

<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Transferred or assigned appraisals are not permitted. • Property inspection waivers are not permitted. • Appraisal Condition rating of C5/C6 or Quality rating of Q6: Not permitted • 5% LTV reduction for properties located in a declining market. • Market rent estimates to be included in the appraisals and must be on the applicable form required by Fannie Mae Guidelines. <ul style="list-style-type: none"> ▶ All 1-unit investment property transactions require Form 1007. ▶ 2-4 Unit properties, Fannie Mae 1025 Small Residential Income Property appraisal.
<p>Appraisal Review Requirements</p>	<p>A Collateral Desktop Analysis (CDA) with accompanying MLS sheets ordered from Clear Capital is required to support the value of the appraisal on all loans. (See separate instructions on how to order a Clear Capital CDA.</p> <ul style="list-style-type: none"> • An Appraisal review is not required when the Collateral Underwriter (CU Score) or a Freddie Mac Loan Collateral Advisor (LCA) score is \leq 2.5. <ul style="list-style-type: none"> ▶ A copy of the Submission Summary Report (SSR) must be included in the file. ▶ If both are run, they must be run at the same time; Only one needs to have a passing score. • If two (2) full appraisals are provided, a CDA is not required. • If the CDA is \leq 10% of the appraised value the LTV would be based on the original appraised value. • If the tolerance is greater than 10% (negative variance) between the first appraisal and the Desk Review, then a second full appraisal is required. <ul style="list-style-type: none"> ▶ (Note: The >10% variance rule applies when the CDA variance is reflecting a lower value than the property appraisal. If the CDA variance is reflecting a higher value than the property appraisal, the property appraisal is fully supported, and a second appraisal is not required.) • If required, a Second Full Appraisal (appraisals must be completed by different, independent appraisers and appraisal companies. The lower of the two appraised values used to determine value)