Product Snapshot

DSCR Investor Solutions 2

The Plaza Home Mortgage® Debt Service Coverage Ratio (DSCR) Investor Solutions 2 program utilizes the property income to qualify the transaction. DSCR Investor Solutions 2 is available to experienced investors purchasing or refinancing investment properties for business purposes. Available products include fully amortizing 30-Year Fixed Rate and 40-year Fixed Rate Interest Only. Products are offered with or without prepayment penalties subject to state limitations. Loan amounts from $150,000 to $3,000,000 are available.

- DSCR calculation: Gross Monthly Rent / PITIA
- Minimum DSCR >= 1.000
- Experienced investors are eligible
- Prepayment Penalty offered: 6 months interest and 5% Fixed options:
  - Prepayment terms of 0, 1, 2, 3 and 5 years
  - Prepayment not offered in all states
  - Maximum price will be based on prepayment term

Please visit our website at **plazahomemortgage.com** to view full Program Guidelines. The information contained in this matrix may not highlight all the requirements of these programs and does not reduce or eliminate any requirements set forth in our Guidelines. Guidelines are subject to change without notice.

DSCR >= 1.00				
Purchase[2]				
Property Type	**Loan Amount[1]**	**LTV**	**Credit Score[3]**	**Reserves**
1-Unit SFR / PUD	$1,000,000	80%[3]	700	3
		75%	680	3
	$1,500,000	80%	700	6
		75%	680	6
	$2,000,000	75%	700	6
		70%	680	6
	$2,500,000	70%	680	12
	$3,000,000	70%	700	12
Condo 2-4 Units[2]	$1,000,000	75%	680	3
	$1,500,000	75%	680	6
	$2,000,000	75%	700	6
		70%	680	6
	$2,500,000	70%	680	12
	$3,000,000	70%	700	12

1. Minimum Loan Amount $150,000.
2. Short-term rental not allowed on purchase.
3. Interest Only:
   a. Maximum 75% LTV.
   b. Minimum 720 Credit Score.

DSCR >= 1.00				
Rate/Term Refinance				
Property Type	**Loan Amount[1]**	**LTV[2,3]**	**Credit Score[3]**	**Reserves**
1-Unit SFR / PUD	$1,000,000	80%	700	3
		75%	680	3
	$1,500,000	80%	700	6
		75%	680	6
	$2,000,000	75%	700	6
		70%	680	6
	$2,500,000	70%	680	12
	$3,000,000	70%	700	12
Condo 2-4 Units[2]	$1,000,000	70%	680	3
	$1,500,000	70%	680	6
	$2,000,000	70%	680	6
	$2,500,000	70%	680	12
	$3,000,000	70%	700	12

1. Minimum Loan Amount $150,000.
2. Short-term rental:
   a. Reduce maximum LTV by 5%.
   b. 2-4 units not eligible for short-term rental.
3. Interest Only:
   a. Maximum 75% LTV.
   b. Minimum 720 Credit Score.

DSCR >= 1.00				
Cash-Out Refinance[2]				
Property Type	**Loan Amount[1]**	**LTV[3]**	**Credit Score[4]**	**Reserves**
1-Unit SFR / PUD	$1,000,000	75%[4]	700	3
		70%	680	3
	$1,500,000	75%[4]	700	6
		70%	680	6
	$2,000,000	70%	700	6
		65%	680	6
	$2,500,000	65%	700	12
Condo 2-4 Units[3]	$1,000,000	70%	680	3
	$1,500,000	70%	680	6
	$2,000,000	70%	700	6
		65%	680	6
	$2,500,000	65%	700	12

1. Minimum Loan Amount $150,000.
2. Cash-out > $500,000 reduce LTV by 10%. Maximum $1,000,000 cash-out.
3. Short-term rental:
   a. Reduce maximum LTV by 5%.
   b. 2-4 units not eligible for short-term rental.
4. Interest Only:
   a. Maximum 70% LTV.
   b. Minimum 720 Credit Score.

Product Parameters	
Appraisal	All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR). **Fannie Mae® Form 1007/1025:** Required. **Number of Appraisals:** Loan amounts > $1,500,000 require two full appraisals. **Declining Markets:** Properties in a declining market, as indicated in the appraisal, require a 10% LTV reduction from the maximum otherwise allowed. **Collateral Desktop Assessment:** • Required on all transactions regardless of CU score; however, a CDA is not required when two appraisals are provided. • A “Collateral Desktop Analysis - Jumbo (CDA) Pre-Fund” will be ordered by Plaza. • The CDA is required to support the value of the appraisal. If the CDA returns a value that is “Indeterminate” or if the CDA indicates a value lower than the appraised value by more than 10%, then a field review *or* 2nd full appraisal is required.

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<li style="list-style-type:circle">If the field review indicates a value lower than the appraisal by more than 10%, then a second appraisal will be required. The lower of the two appraisal values will be used as the appraised value of the property.
Transferred Appraisals: Not allowed.
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<tr><td>Underwriting Method</td><td>All loans are manually underwritten and documented per Program Guidelines.</td></tr>
<tr><td>Assets/Down Payment/Gifts</td><td>
Assets: Assets used for down payment, closing costs, debt payoff, and reserves must be documented.

Documentation:

Account statements for the most recent two consecutive months (e.g., checking, savings, brokerage accounts). Statements must include the following:

Name of financial institution
Reflect borrower as the account holder (Funds held jointly with another individual are considered 100% of the borrower’s own funds)
Account number
Statement date
Time period covered by the statement
All deposit and withdrawal transactions for depository account or all purchase and sale transactions for financial portfolio account
Beginning and ending balances

Verification of Deposit (VOD) form for the most recent two consecutive months.
Assets may be verified using a third-party vendor participating in the Fannie Mae Day 1 Certainty® process.

Large Deposits: Large deposits on any of the above asset documentation must be sourced.

Eligible Assets:

Checking, savings and certificates of deposit accounts.
Borrowed funds secured by an asset are an acceptable source of funds. Follow Fannie Mae guidelines.
Business accounts may be considered for borrower’s assets subject to the following:

Borrowers must own at least 50% of the business and have access to the funds.
The amount of business assets that may be utilized is limited to the borrower’s ownership percentage in the business.
Provide a signed letter from an accountant verifying the following:

The amount of business assets that can be used
The funds are not an advancement of future earnings, cash distribution or a loan
Withdrawal of the funds will not negatively impact the business
May not be used for reserves

Cash Value of Life Insurance:

100% of the cash surrender value less any loans may be considered for assets.
If being used for down payment or closing costs, the policy must be liquidated and document with the check sent by the insurance company and deposited in the borrower’s account.
If being used for reserves, liquidation of the insurance policy is not required.

Cryptocurrency:

Down payment and closing costs: Cryptocurrency must be liquidated and deposited into an established US bank account.
Reserves: Ineligible unless liquidated and deposited into a US bank account.

Earnest Money:

Verification of sufficient funds on deposit in a depository account and/or verification the funds have been withdrawn from the account
A copy of the canceled check if funds have been withdrawn

Foreign Assets: Assets held in foreign accounts or originating outside of the U.S. must be:

Transferred to a U.S. domiciled account in the borrower’s name at least ten (10) days prior to closing
unless funds are held in a foreign bank with U.S. branches insured by the FDIC.
Verified by the U.S. institution.
Translated to English and verified in U.S. Dollar equivalency at the current exchange rate via either http://www.xe.com or the Wall Street Journal conversion table.

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	◦ All other asset requirements in this section apply. • Retirement account (e.g., IRA, 401k, Keogh, 403b): ◦ Borrower's receipt of funds and liquidation must be documented when using for down payment or closing costs. ◦ Borrower age > 59.5: 80% of the vested balance may be considered when using for reserves. ◦ Borrower age <= 59.5: 70% of the vested balance may be considered when using for reserves. • Stocks/bonds/mutual funds: ◦ Borrower's receipt of funds and liquidation must be documented when using for down payment or closing costs. ◦ 80% of the account(s) value may be considered when using for reserves. • Trust/Assets held in a Trust: ◦ Obtain written documentation (e.g., bank statements) of the value of the trust account from either the trust manager or the trustee. ◦ Document the borrower has access to the funds. ◦ Borrower receipt of funds must be verified when using for down payment or closing costs. • 1031 Exchange: Funds held by a 1031 administrator/agent are eligible for down payment and closing costs. The file must contain: ◦ The closing statement for both properties, and ◦ An exchange agreement, and ◦ The sales contract for the exchange of property. **Gift Funds:** Not allowed. **Ineligible Assets:** • Non-vested or restricted stock accounts • Cash-on-hand • Sweat equity • Gift funds • Down payment assistance programs • Unsecured loans or cash advances
Bankruptcy / Foreclosure / NOD / Short Sale / Deed-in-Lieu	• 48 months seasoning is required • Applies to all properties owned by the borrower(s) • Seasoning is measured to the new note date • A borrower with multiple significant derogatory credit events is ineligible
Credit History	**Trade Lines:** • At least three (3) tradelines opened and reporting for the last 12 months, or • At least two (2) tradelines opened for the last 24 months and reporting for the last 12 months. • One tradeline must be an installment, rental or mortgage account. • Authorized user accounts, non-traditional credit, Derogatory credit and public records (collections, judgments, charge-off, repossessions, foreclosures, tradelines included in a bankruptcy and credit counseling) and disputed accounts are not acceptable as valid tradelines.
DSCR Property Income Analysis	Traditional employment and income analysis is not performed. Borrower employment and income should not be disclosed on the loan application (1003). The minimum information required on a business purpose application includes borrower/guarantor name, current address, social security number, and date of birth. Qualification is based on the subject property cash flow as represented by a debt service coverage ratio (DSCR). DSCR is the eligible gross rental income divided by the property PITIA. • All products calculate P&I at the note rate • Interest Only qualifies using the fully amortized payment per the amortized term • Minimum DSCR: 1.00. **DSCR Example:** • Gross Monthly Rent: $2,500 • PITIA: $2,000 • DSCR = 1.25 (monthly gross rent of $2,500 divided by PITIA of $2,000 = 1.25)

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Gross Monthly Rent Documentation – Long Term Rental:

Purchase:

Fannie Mae® Form 1007/1025 reflecting long term market rents, and
Existing lease agreement(s), if applicable. If the existing lease is being transferred to the borrower, it must be verified that it does not contain any language or provisions that could affect the first-lien position.
Gross Monthly Rents:

Property is not leased at time of closing: Use the monthly rent established on FNMA Form 1007 or 1025 reflecting long term market rent.
Property is currently tenant occupied and being sold subject to a tenancy: Use the lesser of the actual rent and the monthly rent established on FNMA Form 1007 or 2025 reflecting long term market rent.

The rents that are stated in the purchase agreement should be used to determine the actual rent of the subject property.
If the rents are not set forth in the purchase agreement, the leases must be obtained to determine actual rent.

Refinance:

Fannie Mae Form 1007/1025 reflecting long term market rents, and
Existing lease agreement(s)

If the lease has converted to month-to-month, the most recent two (2) months proof of receipt of rent is required to evidence continuance of lease.
If unable to provide evidence of receipt, the unit will be treated as vacant and will be ineligible for financing.

For a new lease, provide the new lease, receipt and deposit of the security deposit and first month's rent.
Gross Monthly Rents: The lesser of the current subject property rent from the lease or the monthly rent established on FNMA Form 1007 or 1025 reflecting long term market rent.
Note: For refinance transactions, the property is required to be leased and cannot be vacant.

Gross Monthly Rent Documentation – Short-Term Rental (Refinance Only):

Gross Monthly Rent: The lesser of the rental value of the property from a rental addendum prepared by the appraiser (1007 with long-term or short-term rents) or the average monthly rental income received from the short-term rental over the past 12 months (both must be provided). Provide:

Rental addendum from the appraiser (Form 1007 with long-term or short-term rents), and
Third-party statements from Airbnb, VRBO or similar service. The statement must identify:

The subject property/unit
Rents collected for the previous 12 months
All vendor management fees (vendor fees are not included in rental income)

Third-party rental service must confirm the property has been actively marketed for at least the prior 24
months.
Third-party service to provide listing dates the property is rented in the future.
For seasonal rentals, rental history must demonstrate seasonality of rental activity. Example: For a property typically rented May through September, the expectation would be to see rental activity during those same months of each year reviewed. Lack of consistency in receiving short-term rental income will make income ineligible.

Short-Term Rental guideline restrictions:

Reduce allowable LTV by 5% when using short-term rental income to qualify.
One-unit properties/condos only.
If the subject property is a condo, provide evidence (letter or documentation from the HOA or appraiser) that the property is eligible for short-term rentals.
Must be permitted in accordance with local ordinance.

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<td>Eligible Borrowers</td>
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Experienced investors only
U.S. citizens
Permanent resident aliens
Inter Vivos Revocable Trusts
Non-borrowing mortgagors
LLCs

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	Borrower Investor Experience:
	• **Experienced Investor:** An experienced investor is a borrower having a history of owning and managing commercial or residential rental real estate for at least 1 year in last 3 years.
	  o Experience can be documented by one of the following:
	    ▪ Mortgage history on credit report along with completed REO schedule on the loan application, or
	    ▪ Lease agreement along with proof of property ownership (tax bill or property profile report), or
	    ▪ Other 3rd party documentation
	  o The borrower must own or rent a primary residence (borrowers living rent free are ineligible).
	  o For loans made to natural persons with more than one borrower, only one borrower must meet the definition.
	  o For loans made to entities (LLCs): In order to be considered an experienced investor, the primary guarantor must meet the definition of an experienced investor. If the primary guarantor is not an experienced investor the entity will be considered inexperienced and first-time investor guides must be met.
	• **First-Time Investor:** First-time investors are ineligible. If a borrower does not meet the definition of an experienced investor they are considered a first-time investor.

Eligible Properties	• Attached/detached SFRs • Attached/detached PUDs • 2-4 units • Condos (Fannie Mae Warrantable)
Escrow / Impounds	**Escrows/Impounds:** Escrow/impound accounts may be waived with the exception of flood insurance premiums which must always be impounded when flood insurance is required.
Geographic Restrictions	• **Declining Markets:** Properties in a declining market, as indicated in the appraisal, require a 10% LTV reduction from the maximum otherwise allowed. • **Maryland:** Baltimore City property is ineligible.

Interest Only	• Eligible for 40 Year term only
	• DSCR ratio determined by the fully amortized payment per the amortized term
	• Minimum credit score: 720
	• Maximum LTV:
	  o Purchase and Rate/Term: 75%
	  o Cash-out: 70%
	• Interest-only term: 10 years
	• Amortized term: 30 years

Max Financed Properties	**Maximum Financed Properties:** Borrower(s) may not own more than 20 residential 1–4-unit financed properties, including the borrower's primary residence and the subject property. **Maximum Loans/Maximum Plaza Exposure:** No more than four total Plaza loans are permitted to one borrower

Mortgage History	**Housing Payment History:**
	• For each property owned: 0 x 30 x 24 months.
	  o If the borrower has a mortgage or rental history of less than 24 months, the payment history will need to be verified for the number of months available based on the application.
	  o A minimum mortgage/rental payment history of 12 months is required.
	• Mortgage/rental verification can be verified utilizing:
	  o Credit report.
	  o Verification of Mortgage (VOM).
	  o Rental:
	    ▪ Verification of Rent (VOR) completed by a professional management company or
	• 24 months of bank statements or canceled checks.

Occupancy	**Investment properties only.** The property cannot be occupied by the borrower nor a family member of the borrower. **Occupancy Considerations**. The following will be considered when evaluating occupancy. Additional documentation may be required to validate occupancy: • Borrowers should own a primary residence. Borrowers who do not own a primary residence may be eligible by exception; however, borrowers who do not own a primary residence but are refinancing a tenant occupied rental are eligible without requiring an exception.

	• The value of the borrower's primary residence should exceed the value of the subject property. • Subject property could reasonably function as a second home (red flag). • Borrower or other documents show subject property as current primary residence (red flag). **Departure Residence:** If on a refinance, the borrower is converting the subject property primary residence to a rental property, the new primary residence purchase must close concurrently with the subject property refinance. Any occupancy concerns must be addressed. Borrowers are required to sign an **Business Purpose and Occupancy Affidavit**.

Prepayment Penalty	**Prepayment Penalty:**
	• Two prepayment structures are offered:
	    ○ 6 months interest: 6 months interest on the amount paid greater than 20% of the original UPB, or
	    ○ 5% Fixed: 5% of any amount prepaid during the prepayment penalty term.
	• 5 prepayment terms are offered:
	    ○ No prepay
	    ○ 1-year
	    ○ 2-year
	    ○ 3-year
	    ○ 5-year
	• Applies to payoff due to sale or refinance (hard prepay)
	• State Restrictions: Not all states allow a prepayment penalty
	
	Prepayment Penalty Not Allowed in the Following States:
	• Alaska
	• Illinois not allowed if vested to an individual. Allowed if vested to an LLC.
	• Iowa
	• Kansas
	• Maryland
	• Michigan
	• Minnesota
	• Mississippi
	• New Jersey not allowed if vested to an individual. Allowed if vested to an LLC.
	• New Mexico
	• Ohio
	• Pennsylvania: Loan amount < $319,778 ineligible for PPP. Loan amounts >= $319,778 are eligible.
	• Rhode Island
	• Vermont

Reserves	Refer to **Eligible Assets** listed in the Assets/Down Payment/Gifts section. **Reserve Requirement:** Refer to the Eligibility Matrix and below. **Other Reserves Considerations:** • Reserve requirements apply to the subject property loan only. Additional reserves are not required for additional financed properties. • Cash-out may be used for reserves. • Business assets may not be used for reserves. • Reserves for a loan with an Interest Only feature are based upon the fully amortized payment. • Proceeds from a 1031 exchange are not allowed for reserves.
Transactions	**Business Purpose:** All loans must be business purpose loans. A **Business Purpose and Occupancy Affidavit** must be executed by the borrower(s) on every transaction. Any loan where the proceeds are used primarily for personal, family, or household purposes is considered a consumer transaction and is not eligible for this program. This includes cash-out on an investment property when loan proceeds are used for any personal use. Cash-out proceeds must not be used for any personal use including the payoff of personal debt. **Purchase:** • Proceeds from the transaction are used to finance the acquisition of the subject property. • LTV is based upon the lesser of the sales price or appraised value.

	• Assignment of contract or finder's fees reflected on the purchase contract are not eligible to be included in the sales contract price or associated with the LTV calculation.
	
	Rate & Term Refinance: Proceeds from the transaction are used to:
	• Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
	• Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply:
	  o Closed-end loan, at least 12 months of seasoning has occurred.
	  o HELOC, at least 12 months of seasoning has occurred, and total draws over the past 12 months are less than $2,000.
	• Buy out a co-owner pursuant to an agreement.
	
	Other Rate/Term Considerations:
	• At least one of the borrowers must have been an owner of the subject property throughout the three-month period preceding the date of the loan.
	• Refinance of a previous loan that provided cash out, and is seasoned less than 6 months, as measured from the previous note date to the subject loan note date, will be considered a cash out refinance.
	• Cash back not to exceed the lesser of 1% of the new loan amount or $2,000.
	• The transaction must be treated as cash-out when the subject property is encumbered by one of the following:
	  o Blanket/Cross-Collateralized loan, or
	  o Loan that allows for Paid in Kind (PIK) interest. A copy of the note must be provided to determine required payment terms. Notes allowing interest to accumulate during the term of the loan are eligible.
	• Properties listed for sale in the past six (6) months are ineligible.
	• LTV:
	  o If the subject property was acquired greater than 12 months from the note date, the appraised value will be used to determine LTV.
	  o If the property was acquired less than or equal to 12 months from the note date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV. The purchase settlement statement and any invoices for materials/labor will be required.
	
	Cash-Out Refinance: A refinance that does not meet the definition of a rate/term transaction is considered cash-out.
	• **Loan proceeds must not be used for any personal use including the payoff of personal debt.**
	• A mortgage secured by a property currently owned free and clear is considered cash-out unless the transaction is delayed financing – see the delayed purchase refinance section below.
	• The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
	• Loans not eligible for cash-out:
	  o Properties listed for sale in the past six (6) months are ineligible.
	  o There has been a prior cash-out within the past six (6) months.
	  o There is a closed-end second seasoned less than six (6) months or there is a HELOC with any draws in the last six (6) months.
	  o Land Contract/Contract for Deed.
	• Cash-Out Seasoning is defined as the time difference between the note date of the new loan and the property acquisition date.
	  o Borrower ownership seasoning of six (6) months is required for a transaction to be eligible for cash-out.
	  o If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower's six-month ownership requirement. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.
	  o If the property was owned prior to closing by an inter vivos revocable trust, the time held by the trust may be counted towards meeting the borrower's six-month ownership requirement if the borrower is the primary beneficiary of the trust.
	• LTV:
	  o If the subject property was acquired greater than 12 months from the note date, the appraised value will be used to determine LTV.

	○ If the property was acquired less than or equal to 12 months from the note date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV. The purchase settlement statement and any invoices for materials/labor will be required. **Delayed Purchase Refinance:** Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the new loan note date. • The original purchase transaction was an arms-length transaction. • Closing Disclosure (CD) or other settlement statement must be provided to document the original purchase price, the date of acquisition and confirm that no financing was obtained for the initial purchase of the property. • The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property). Funds may not be gift funds. • The maximum LTV ratio for the transaction is based upon the lower of the current appraised value or the property's purchase price plus documented improvements. • The preliminary title search or report must confirm that there are no existing liens on the subject property • Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations. • Cash back to the borrower in excess of documented funds used to purchase the property is not allowed. **Conversion of Construction-to-Permanent Financing:** The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a Borrower for the purpose of replacing interim construction financing that the Borrower has obtained to fund the construction of a new residence. The Borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction. • Rate/Term refinance only. Loan amount is limited to the payoff of the construction lien and closing costs. • Borrower must have held title to the lot for a minimum of six months prior to the closing of the permanent loan. • For lots owned ≥ 12 months from the note date for subject transaction, LTV is based on the current appraised value. • For lots owned < 12 months from the note date for subject transaction, LTV is based on the lesser of the current appraised value of the property or the total acquisition costs (sum of documented construction costs and documented purchase price of lot). • A certificate of occupancy is required from the applicable governing authority. If the applicable governing authority does not require a certificate of occupancy, proof must be provided. • Construction loan refinances in which the borrower has acted as builder are not eligible. **New York Consolidation, Extension and Modification Agreement (CEMA):** Allowed for refinances only.

Product Name	Product Code	Available Term in Months
DSCR Investor Solutions 2 30 Year Fixed	DS2F30	360
DSCR Investor Solutions 2 40 Year Fixed Interest Only	DS2F40IO	480

The information contained in this flyer may not highlight all requirements; refer to Plaza's program guidelines. Plaza's programs neither originate from nor are expressly endorsed by any government agency.