

# Product Snapshot

## DSCR Investor Solutions 3



The Plaza Home Mortgage® Debt Service Coverage Ratio (DSCR) Investor Solutions 3 program utilizes the property income to qualify the transaction. DSCR Investor Solutions 3 is available to 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 \$100,000 to \$2,000,000 are available.

- DSCR calculation: Gross Monthly Rent / PITIA
- Minimum DSCR  $\geq .750$
- Experienced investors and first-time investors (with restrictions) 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](http://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 $\geq 1.00$				
Purchase				
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV	Reserves
1-2 Unit PUD	\$1,500,000	700	80% <sup>2,3</sup>	See Reserves Section
		660 <sup>3</sup>	75%	
	\$2,000,000	700	75%	
		660 <sup>3</sup>	70%	
Condo 3-4 Units	\$1,500,000	660 <sup>3</sup>	75%	
	\$2,000,000	700	75%	
		660 <sup>3</sup>	70%	
Condotel	\$1,500,000	660 <sup>3</sup>	75%	

1. Minimum Loan Amount \$100,000.
2. Short term rental maximum 75% LTV.
3. Interest Only:
  - a. Maximum 75% LTV.
  - b. Minimum 680 Credit Score.

DSCR $\geq 1.00$					
Rate/Term and Cash-Out Refinance					
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV		Reserves
			Rate/Term	Cash-Out	
1-2 Unit PUD	\$1,000,000	700	75% <sup>2,3</sup>	75% <sup>2,3,4</sup>	Based on LTV: • $\geq 65\%$ : \$500,000 • $< 65\%$ : \$1,000,000  See Reserves Section
		660 <sup>4</sup>	75% <sup>2,3</sup>	70%	
	\$1,500,000	700	75% <sup>2,3</sup>	75% <sup>2,3,4</sup>	
		660 <sup>4</sup>	70%	70%	
		700	70%	70%	
Condo <sup>5</sup> 3-4 Units	\$1,500,000	660 <sup>4</sup>	70%	70%	
	\$2,000,000	700	70%	70%	
		660 <sup>4</sup>	65%	65%	
Condotel	\$1,500,000	660 <sup>4</sup>	65%	65%	

1. Minimum Loan Amount \$100,000.
2. Vacant units: Maximum 70% LTV for refinances of a long-term rental where any unit is unleased or vacant.
3. Short term rental maximum 70% LTV.
4. Interest Only:
  - a. Cash-out maximum 70% LTV.
  - b. Minimum 680 Credit Score.
5. Florida condos allowed by exception only.

DSCR < 1.00 (Minimum DSCR >= .75) <sup>2</sup>				
Purchase				
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV	Reserves
1-Unit PUD	\$1,500,000	720	75%	See Reserves Section
Condo 2-4 Units	\$2,000,000	720	70%	
Condotel	\$1,500,000	720	75%	

1. Minimum loan amount \$100,000.

2. Short term rental not eligible for DSCR < 1.

DSCR < 1.00 (Minimum DSCR >= .75) <sup>2</sup>						
Rate/Term and Cash-Out Refinance						
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV		Max Cash-Out	Reserves
			Rate/Term	Cash-Out		
1-Unit PUD	\$1,500,000	720	70%	70%	Based on LTV:	See Reserves Section
Condo <sup>3</sup>	\$2,000,000	720	65%	65%	• >= 65%: \$500,000	
2-4 Units	\$2,000,000	720	65%	65%	• < 65%: \$1,000,000	
Condotel	\$1,500,000	720	65%	65%		

1. Minimum loan amount \$100,000.

2. Short term rental not eligible for DSCR < 1.

3. Florida condos allowed by exception only.

Product Parameters	
<b>Appraisal</b>	<p>All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR). Plaza will require a satisfactory Clear Capital Collateral Desk Assessment (CDA) prior to close unless the appraisal was submitted to Fannie Mae Collateral Underwriter (CU) or Freddie Mac Loan Collateral Advisor (LCA) and receives a Score &lt;= 2.5. Only one score is required, if both scores (CU and LCA) are provided then both must be &lt;= 2.5. If a CDA is required, Plaza will order the CDA upon receipt of the appraisal.</p> <p><b>Number of Appraisals:</b> Loan amounts &gt; \$2,000,000 require two full appraisals.</p> <p><b>Declining Markets:</b> Properties in a declining market, as indicated in the appraisal, require a 5% LTV/CLTV reduction from the maximum otherwise allowed if the LTV/CLTV &gt; 70%.</p> <p><b>Collateral Desktop Assessment:</b></p> <ul style="list-style-type: none"> <li>Appraisals with a CU or LCA score &gt; 2.5 require a "Collateral Desktop Analysis - Jumbo (CDA) Pre-Fund" analysis as described below.</li> <li>Appraisals/loans with a CU or LCA score &lt;= 2.5 do not require a CDA.</li> <li>When required, A "Collateral Desktop Analysis - Jumbo (CDA) Pre-Fund" will be ordered by Plaza.</li> <li>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 2<sup>nd</sup> full appraisal is required. The lower of the two values will be used as the appraised value of the property.</li> <li>If two (2) full appraisals are provided, a CDA is not required.</li> </ul> <p><b>Transferred Appraisals:</b> Allowed.</p>
<b>Underwriting Method</b>	All loans are manually underwritten and documented per Program Guidelines.
<b>Assets/Down Payment/Gifts</b>	<p><b>Assets:</b> Assets used for down payment, closing costs, debt payoff, and reserves must be documented. The asset documentation requirement for all transactions is a single account statement covering a one (1) month period and dated within 90 days of the loan note date.</p> <p><b>Large Deposits:</b> Large deposits do not require sourcing.</p> <p><b>Eligible Assets:</b></p> <ul style="list-style-type: none"> <li>Stocks/bonds/mutual funds: 100% of the account(s) value may be considered for assets</li> <li>Vested retirement account (e.g., IRA, 401k, Keogh, 403b): 70% of the vested balance may be considered for assets</li> <li>Business accounts may be considered for borrower's assets subject to the following:</li> </ul>

	<ul style="list-style-type: none"> <li>○ The amount of business assets that may be utilized is limited to the borrower's ownership percentage in the business.</li> <li>• Cash Value of Life Insurance: 100% of the cash surrender value less any loans may be considered for assets</li> <li>• Borrowed funds secured by an asset are an acceptable source of funds for down payment, closing costs, and reserves. Borrowed funds secured by an asset represent a return of equity.</li> <li>• Crypto Currency: Bitcoin and Ethereum are eligible sources of funds for the down payment, closing costs and reserves.</li> <li>• Foreign Assets: Assets held in foreign accounts or originating outside of the U.S. must be: <ul style="list-style-type: none"> <li>○ 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.</li> <li>○ Verified by the U.S. institution</li> <li>○ Translated to English and verified in U.S. Dollar equivalency at the current exchange rate via either <a href="http://www.xe.com">http://www.xe.com</a> or the Wall Street Journal conversion table.</li> <li>○ All other asset requirements in this section apply.</li> </ul> </li> <li>• 1031 Exchange: Funds held by a 1031 administrator/agent are eligible for down payment and closing costs.</li> </ul> <p><b>Gift Funds:</b> Gift funds are allowed after the borrower has contributed a minimum 10% of their own funds for down payment.</p> <p><b>Ineligible Assets:</b></p> <ul style="list-style-type: none"> <li>• Funds contributed by a non-borrowing spouse unless documented as a gift</li> <li>• Non-vested or restricted stock accounts</li> <li>• Cash-on-hand</li> <li>• Sweat equity</li> <li>• Down payment assistance programs</li> <li>• Unsecured loans or cash advances</li> </ul>
<b>Bankruptcy / Foreclosure / NOD / Short Sale / Deed-in-Lieu</b>	<ul style="list-style-type: none"> <li>• 48 months seasoning is required</li> <li>• Applies to all properties owned by the borrower(s)</li> <li>• Seasoning is measured to the new note date</li> </ul>
<b>Credit History</b>	<p><b>Trade Lines:</b> For borrowers that have three (3) credit scores, the minimum tradeline requirement is waived. Any borrower who does not have three credit scores, must meet the minimum tradeline requirement. Tradeline requirement:</p> <ul style="list-style-type: none"> <li>• At least three (3) tradelines reporting for a minimum of 12 months, with activity in the last 12 months, or</li> <li>• At least two (2) tradelines reporting for a minimum of 24 months, with activity in the last 12 months.</li> </ul> <p>Borrowers who do not meet one of the above tradeline requirements, but have a minimum of two credit scores, can alternatively satisfy the tradeline requirement by meeting the below requirements:</p> <ul style="list-style-type: none"> <li>• No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.</li> <li>• At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.</li> <li>• The borrower has an established credit history for at least eight (8) years.</li> <li>• Tradelines with recent serious adverse history are not acceptable.</li> <li>• Student loans can be counted in credit depth as long as they are in repayment and not being deferred.</li> </ul>
<b>DSCR Property Income Analysis</b>	<p>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 includes borrower/guarantor name, current address, social security number, date of birth and the REO section to include the borrower's primary residence and subject property if a refinance.</p> <p>Qualification is based on the subject property income as represented by a debt service coverage ratio (DSCR). DSCR is the gross monthly income (rent) divided by the property PITIA.</p> <ul style="list-style-type: none"> <li>• All products calculate P&amp;I at the note rate</li> <li>• Interest-Only qualifies using the interest only payment plus taxes, insurance and assessments (ITIA)</li> <li>• Short term rentals use 80% of 12-month average sent (see <b>Short Term Rental</b> section below)</li> </ul>

- Minimum DSCR: .75.

**DSCR Example:**

- **Long Term Rent Example:**

- PITIA: \$2,000
- Gross Monthly Rent: \$2,500
- DSCR = 1.25 (monthly gross rent of \$2,500 divided by PITIA of \$2,000 = 1.25)

- **Short Term Rent Example:**

- PITIA: \$2,000
- Gross Monthly Rent: \$2,500
- Gross Monthly Rent x 80%: \$2,000 (gross monthly rent of \$2,500 multiplied by 80%)
- DSCR = 1.00 (gross monthly rent multiplied by 80% = \$2,000. \$2,000 divided by PITIA of \$2,000 = 1.0)

**Gross Monthly Rent Documentation – Long Term Rental:**

- **Purchase:**

- Fannie Mae® Form 1007/1025 reflecting long term market rents is required. A lease is not required.
- 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 1007/1025 must reflect the current monthly rent.
- Note: On a tenant occupied purchase transaction the current rent must be reflected on the 1007/1025 but it is not used for the DSCR analysis, the long-term market rent is used to calculate the DSCR.
- Units subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.
- Vacant or unleased properties are allowed without LTV reduction.

- **Refinance:**

- Fannie Mae® Form 1007/1025 reflecting long term market rents is required.
- A lease agreement is required if the property is leased.
  - 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.
- Monthly Gross Rents are determined by the higher of the actual lease amount or the long-term market rent from the 1007/1025.
- If the long-term market rent exceeds the lease amount by more than 120%, the long term rent will be capped at 120% of the lease amount.
- If actual rents from the lease agreement are being used and they are higher than the long-term market rents, the following is required:
  - Two (2) months' proof of receipt of rent.
  - The lease amount must be within 120% of the long-term market rent from the 1007/1025. If the actual rent exceeds the market more than 120%, the rents are capped at 120%.
- Units subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.
- Vacant or unleased properties are allowed with a maximum LTV of the lesser of 70% or the LTV allowed per the matrix in the Program Matrix section. The LTV restriction applies whether the entire property or any unit in the property is unleased or vacant.

**Gross Monthly Rent Documentation – Short Term Rental (Purchase and Refinance):**

- Use a 12-month average of rents to account for seasonality.
- Gross rents are then 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.
- Any of the following may be used to determine the gross monthly rent on a short-term rental, however; if the loan file contains multiple values or short term rental income, the lower value is to be used for calculating the DSCR.
  - 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>▪ If long term rent is utilized, the 20% expense factor does not need to be applied</li> <li>▪ If short term rent is utilized, the 1007 must include the third-party data source and calculation used to determine short term rent, or</li> <li>○ Most recent 12-month rental history statement from the rental service that identifies the subject property/unit, the rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees, or</li> <li>○ Rental records and the most recent 12-month bank statements from the borrower evidencing short term rental deposits. The rental records must support the deposits.</li> <li>○ AirDNA utilizing Rentalizer / Property Earning Potential Report (Plaza will obtain AirDNA reports): <ul style="list-style-type: none"> <li>▪ Purchase transactions only</li> <li>▪ Income Calculation = Annual Revenue Projection * .80 / 12</li> <li>▪ Forecast Period must cover 12 months and be dated within 90 days from the Note date</li> <li>▪ Must have 3 comparable properties similar in size, room count, amenities, availability, and occupancy</li> <li>▪ Maximum occupancy limited to 2 individuals per bedroom</li> <li>▪ Market Score must be 60 or greater</li> </ul> </li> </ul>
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident aliens</li> <li>• Non-Permanent Resident Aliens</li> <li>• Inter Vivos Revocable Trusts</li> <li>• LLCs</li> </ul> <p><b>Borrower Investor Experience:</b></p> <ul style="list-style-type: none"> <li>• <b>Experienced Investor:</b> An experienced investor is an individual borrower having a history of owning and managing commercial or residential rental real estate for at least 1 year in last 3 years. <ul style="list-style-type: none"> <li>○ For loans made to natural persons with more than one borrower, only one borrower must meet the definition.</li> <li>○ 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.</li> <li>○ Experience can be documented by one of the following: <ul style="list-style-type: none"> <li>▪ Mortgage history on credit report along with completed REO schedule on the loan application, or</li> <li>▪ Property profile report, or</li> <li>▪ Other 3<sup>rd</sup> party documentation.</li> </ul> </li> </ul> </li> <li>• <b>First-Time Investor:</b> If a borrower does not meet the definition of an experienced investor they are considered a first-time investor. First-time investors are eligible with the following additional restrictions: <ul style="list-style-type: none"> <li>○ Must currently own a primary residence and have owned it for at least 12 months</li> <li>○ Minimum credit score: 680</li> <li>○ No mortgage late payments on their primary residence (or prior rental if applicable) and the subject property during the past 36 months</li> <li>○ No credit event in the past 36 months</li> <li>○ Cash-out transactions are not eligible</li> </ul> </li> </ul>
<b>Eligible Properties</b>	<ul style="list-style-type: none"> <li>• Attached/detached SFRs</li> <li>• Attached/detached PUDs</li> <li>• 2-4 units</li> <li>• Condos (Warrantable and Non-Warrantable)</li> <li>• Condotels</li> </ul>
<b>Escrow / Impounds</b>	<p><b>Escrows/Impounds:</b> Escrow funds/impound accounts can be waived by exception only when the following requirements are met:</p> <ul style="list-style-type: none"> <li>• Minimum credit score of 720</li> <li>• Minimum 12-months of reserves</li> <li>• Pricing adjustment applies; see rate sheet</li> <li>• Note: Flood Insurance Premium impound cannot be waived when Flood Insurance is required</li> </ul>

<b>Geographic Restrictions</b>	<p><b>Declining Markets:</b> Properties in a declining market, as indicated in the appraisal, require a 5% LTV/CLTV reduction from the maximum otherwise allowed if the LTV/CLTV &gt; 70%.</p> <p><b>Florida: Condominium restrictions apply:</b></p> <ul style="list-style-type: none"> <li>• Purchases: Eligible</li> <li>• Refinances: Eligible by exception only. Factors include but are not limited to: number of units listed or sale (&lt; 10%), structural assessments (&lt; \$10,000 per unit), and age of project (15 years).</li> </ul> <p><b>Maryland:</b> Baltimore City property is ineligible.</p>
<b>Interest Only</b>	<p>Eligible for 40 Year term only</p> <ul style="list-style-type: none"> <li>• Minimum credit score: 680</li> <li>• Amortized term: 30 years</li> <li>• Interest-only term: 10 years</li> <li>• Maximum LTV: <ul style="list-style-type: none"> <li>○ Purchase 75%</li> <li>○ Cash-out 70%</li> </ul> </li> </ul>
<b>Max Financed Properties</b>	<p>There is no limit on the number of financed properties a borrower may own.</p>
<b>Mortgage History</b>	<p><b>Housing Payment History:</b></p> <ul style="list-style-type: none"> <li>• Housing payment history (mortgage or rental) for a 12-month (36-month if first time investor) period must be addressed in all cases for the borrower's primary residence and subject property (if refinance).</li> <li>• Any mortgage reported on the credit report for any property owned by the borrower needs to be included in the maximum number of mortgage late allowed by the program.</li> <li>• Experienced Investor: 1 x 30 x 12.</li> <li>• First-time Investor: 0 x 30 x 36.</li> <li>• If a borrower's primary residence or subject property mortgage or rental history is not reported on the credit report, a VOM/VOR must be provided. <ul style="list-style-type: none"> <li>○ Any VOM/VOR completed by a private-party (including an LLC) or any non-institutional lender must be supported by alternative documentation showing the most recent 6-month history (cancelled checks, mortgage statements including payment history, etc.)</li> <li>○ If the subject transaction is secured by a non-institutional lender, the mortgage payoff statement should be reviewed to determine that no late fees or delinquent interest is included in the payoff amount.</li> </ul> </li> <li>• Primary residence owned free &amp; clear requires a Property Profile Report or similar documentation to verify no payment required.</li> <li>• Balloon Notes with an expired maturity date exceeding 30 days require an extension to avoid being counted as delinquent (e.g., no extension and maturity date &gt; 30 days at closing is 1x30 late, &gt; 60 days is 1x60, etc.).</li> </ul> <p><b>Borrowers Without a Recent 12 Month Housing Payment History:</b> Borrowers who live rent-free or without a complete 12-month (36-month for first-time investor) housing payment history are allowed with the following restrictions:</p> <ul style="list-style-type: none"> <li>• Any available portion of a 12-month (36-month for first-time investor) housing history must be paid as agreed (housing payment history must be documented for all months in which the borrowers had a housing payment obligation)</li> <li>• Borrower(s) who own their primary residence free and clear aren't considered living rent-free</li> </ul>
<b>Occupancy</b>	<p><b>Investment Properties only.</b> The property cannot be occupied by the borrower nor a family member of the borrower.</p> <p><b>Occupancy Considerations.</b> The following will be considered when evaluating occupancy. Additional documentation may be required to validate occupancy:</p> <ul style="list-style-type: none"> <li>• Borrowers should own a primary residence. Borrowers who do not own a primary residence may be eligible <u>by exception</u>; however, borrowers who do not own a primary residence but are refinancing a tenant occupied rental are eligible without requiring an exception.</li> <li>• The value of the borrower's primary residence should exceed the value of the subject property.</li> <li>• Subject property could reasonably function as a second home (red flag).</li> <li>• Borrower or other documents show subject property as current primary residence (red flag).</li> </ul>

	<p><b>Departure Residence:</b> 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.</p> <p>Borrowers are required to sign a <b>Business Purpose and Occupancy Affidavit</b>.</p>
<b>Prepayment Penalty</b>	<p><b>Prepayment Penalty:</b></p> <ul style="list-style-type: none"> <li>Two prepayment structures are offered: <ul style="list-style-type: none"> <li>6 months interest: 6 months interest on the amount paid greater than 20% of the original UPB, or</li> <li>5% Fixed: 5% of any amount prepaid during the prepayment penalty term.</li> </ul> </li> <li>5 prepayment terms are offered: <ul style="list-style-type: none"> <li>No prepay</li> <li>1-year</li> <li>2-year</li> <li>3-year</li> <li>5-year</li> </ul> </li> <li>Applies to payoff due to sale or refinance (hard prepay)</li> <li>State Restrictions: Not all states allow a prepayment penalty</li> </ul> <p><b>Prepayment Penalty Not Allowed in the Following States:</b></p> <ul style="list-style-type: none"> <li>Alaska</li> <li>Illinois: Not allowed unless vested in LLC. Prepay penalty allowed if LLC.</li> <li>Iowa</li> <li>Kansas</li> <li>Maryland</li> <li>Michigan</li> <li>Minnesota</li> <li>Mississippi</li> <li>New Jersey: Not allowed unless vested in LLC. Prepay penalty allowed if LLC.</li> <li>New Mexico</li> <li>Ohio</li> <li>Pennsylvania: Loan amount &lt; \$319,778 ineligible for PPP. Loan amounts &gt;= \$319,778 are eligible.</li> <li>Rhode Island</li> <li>Vermont</li> </ul>
<b>Reserves</b>	<p>Reserves must come from the borrower's eligible assets. Additionally, net proceeds from a cash-out transaction may be used for reserves.</p> <p><b>Reserve Requirement:</b> (if more than one attribute exists, the greater reserve requirement applies)</p> <ul style="list-style-type: none"> <li>3 months PITIA</li> <li>Loan Amount &gt; \$1.5M: 6-months of PITIA</li> </ul> <p><b>Other Reserves Considerations:</b></p> <ul style="list-style-type: none"> <li>Reserve requirements apply to the subject property only. Additional reserves are not required for additional financed properties.</li> <li>Cash-out may be used for reserves</li> <li>Reserves for a loan with an Interest Only feature are based upon the Interest Only payment amount</li> <li>Gift funds are not allowed for reserves</li> <li>Proceeds from a 1031 exchange are not allowed for reserves</li> </ul>
<b>Transactions</b>	<p><b>Business Purpose:</b> All loans must be business purpose loans. A <b>Business Purpose and Occupancy Affidavit</b> must be executed by the borrower(s) on every transaction.</p> <p>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.</p> <p><b>Purchase:</b></p> <ul style="list-style-type: none"> <li>Proceeds from the transaction are used to finance the acquisition of the subject property.</li> <li>LTV/CLTV is based upon the lesser of the sales price or appraised value.</li> <li>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/CLTV calculation.</li> </ul>

**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:
  - Closed-end loan, at least 12 months of seasoning has occurred.
  - 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.
- Pay off an installment land contract executed more than 12 months from the loan application date.

**Other Rate/Term Considerations:**

- Refinance of a previous loan that provided cash out, and is seasoned less than 12 months as measured from the previous note date to the new note date, will be considered a cash out refinance.
- Cash back not to exceed the lesser of 2% of the new loan amount or \$5,000.
- The 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 (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. If the property has been listed for sale in the previous 12 months, the LTV will be based on the lesser of the lowest list price or appraised value.
- LTV/CLTV:
  - If the subject property was acquired greater than six (6) months from the new note date, the appraised value will be used to determine LTV/CLTV.
  - If the property was acquired less than or equal to six (6) months from the new note date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required.
  - If the property has been listed for sale in the previous 12 months, the LTV will be based on the lesser of the lowest list price or appraised value.

**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.
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
- Loans not eligible for cash-out:
  - Properties listed for sale in the past six (6) months.
  - There has been a prior cash-out within the past six (6) months.
  - 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.
  - 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.
  - Borrower ownership seasoning of six (6) months is required for a transaction to be eligible for cash-out.
  - Cash-out seasoning of six (6) months or less is only allowed when it is documented that the borrower acquired the property through an inheritance, or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership.
  - 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.
  - 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



	<p>six-month ownership requirement if the borrower is the primary beneficiary of the trust.</p> <ul style="list-style-type: none"> <li>• <b>LTV/CLTV:</b> <ul style="list-style-type: none"> <li>○ If the subject property was acquired greater than six (6) months from the new note date, the appraised value will be used to determine LTV/CLTV.</li> <li>○ If the property was acquired less than or equal to six (6) months from the new note date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required.</li> <li>○ If the property has been listed for sale in the previous 12 months, the LTV will be based on the lesser of the lowest list price or appraised value.</li> </ul> </li> </ul> <p><b>Delayed Purchase Refinance:</b> Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the new loan note date.</p> <ul style="list-style-type: none"> <li>• The original purchase transaction was an arms-length transaction.</li> <li>• The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).</li> <li>• 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.</li> <li>• The preliminary title search or report must confirm that there are no existing liens on the subject property</li> <li>• The transaction is considered cash-out, cash-out Loan/LTV limits and price adjustments apply.</li> <li>• Cash back to the borrower in excess of documented funds used to purchase the property is not allowed.</li> </ul> <p><b>Conversion of Construction-to-Permanent Financing:</b> 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.</p> <ul style="list-style-type: none"> <li>• Rate/Term refinance only. Loan amount is limited to the payoff of the construction lien and closing costs.</li> <li>• For lots owned ≥ 12 months from the new note date for subject transaction, LTV, CLTV, HCLTV is based on the current appraised value.</li> <li>• For lots owned &lt; 12 months from the new note date for subject transaction, LTV, CLTV, HCLTV 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).</li> </ul> <p><b>New York Consolidation, Extension and Modification Agreement (CEMA):</b> Allowed for refinances only.</p>
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Product Name	Product Code	Available Term in Months
DSCR Investor Solutions 3 30 Year Fixed	DS3F30	360
DSCR Investor Solutions 3 40 Year Fixed Interest Only	DS3F40IO	480

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