

# Product Snapshot

## DSCR Investor Solutions



The Plaza Home Mortgage® Debt Service Coverage Ratio (DSCR) Investor Solutions program utilizes the property income to qualify the transaction. DSCR Investor Solutions 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 \$3,500,000 are available

- DSCR calculation: Gross Monthly Rent / PITIA
- Minimum DSCR >= .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 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					
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV	Reserves	
1-Unit PUD	\$1,000,000	700	80% <sup>2</sup>	See Reserves Section	
		640	75%		
	\$1,500,000	700	80% <sup>2</sup>		
		660	75%		
	\$2,000,000	640	65%		
		700	75%		
	\$2,500,000	660	70%		
		640	65%		
	\$3,000,000	660	70%		
		640	65%		
	\$3,500,000	700	60%		
		700	70%		
	Condo 2-4 Units	\$1,000,000	640		75%
		\$1,500,000	660		75%
640			65%		
\$2,000,000		700	75%		
		660	70%		
\$2,500,000		640	65%		
		660	70%		
\$3,000,000		640	60%		
		700	70%		
\$3,500,000		660	65%		
	640	60%			
Condotel	\$1,000,000	700	70%		
	\$1,500,000	640	75%		
		660	75%		
	640	65%			

<sup>1</sup>. Minimum loan amount \$100,000.  
<sup>2</sup>. 75% maximum LTV:  
 a. Short term rental, or  
 b. Interest Only

DSCR >= 1.00						
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	\$1,000,000	700	75% <sup>2,3</sup>	75% <sup>2,3,4</sup>	Based on LTV: • >= 65%: \$500,000 • < 65%: \$1,000,000	See Reserves Section
		660	75% <sup>2,3</sup>	70%		
		640	70%	NA		
	\$1,500,000	700	75% <sup>2,3</sup>	75% <sup>2,3</sup>		
		660	70%	70%		
		640	65%	NA		
	\$2,000,000	700	70%	70%		
		660	65%	65%		
		660	65%	65%		
	\$3,000,000	700	65%	65%		
700		65%	NA			
660		70%	70%			
Condo 2-4 Units	\$1,000,000	660	70%	70%		
		640	70%	NA		
	\$1,500,000	660	70%	70%		
		640	65%	NA		
	\$2,000,000	700	70%	70%		
		660	65%	65%		
\$3,000,000	660	65%	65%			
	700	65%	65%			
Condotel	\$1,500,000	660	65%	65%		
		640	65%	NA		

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 cash-out maximum 70% LTV.

DSCR < 1.00 (Minimum DSCR >= .75)				
Purchase				
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV	Reserves
1-Unit PUD Condo 2-4 Units	\$1,000,000	700	75%	See Reserves Section
		680	70%	
		660	65%	
	\$1,500,000	700	75%	
		680	70%	
		700	70%	
	\$2,000,000	680	65%	
		700	65%	
		680	60%	
	\$3,000,000	680	60%	
700		75%		
680		70%		
Condotel	\$1,000,000	660	65%	
		700	75%	
		680	70%	
	\$1,500,000	680	70%	

1. Minimum loan amount \$150,000.

DSCR < 1.00 (Minimum DSCR >= .75)						
Rate/Term and Cash-Out Refinances						
Property Type	Loan Amount <sup>1</sup>	Credit Score	LTV/CLTV		Max Cash-Out	Reserves
			Rate/Term	Cash-Out		
1-Unit PUD Condo 2-4 Units	\$1,000,000	700	70%	70%	Based on LTV: • >= 65%: \$500,000 • < 65%: \$1,000,000	See Reserves Section
		680	65%	NA		
	\$1,500,000	700	70%	70%		
		680	65%	NA		
	\$2,000,000	700	65%	65%		
		680	60%	NA		
Condotel	\$1,500,000	700	65%	65%		
		680	65%	NA		

1. Minimum loan amount \$150,000.

**Product Parameters**

<p><b>Appraisal</b></p>	<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 <math>\leq 2.5</math>. Only one score is required, if both scores (CU and LCA) are provided then both must be <math>\leq 2.5</math>. 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. Appraisals/loans with a CU or LCA score <math>\leq 2.5</math> 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> Plaza will accept transferred/assigned appraisals.</p>
<p><b>Underwriting Method</b></p>	<p>All loans are manually underwritten and documented per Program Guidelines.</p>
<p><b>Assets/Down Payment/Gifts</b></p>	<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: <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> </ul> </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. The monthly payment of the secured borrowed funds must be included in the debt to income calculation.</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> </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>• Gift or Grant funds which must be repaid</li> <li>• Down payment assistance programs</li> <li>• Unsecured loans or cash advances</li> </ul>
<p><b>Bankruptcy and Foreclosure</b></p>	<ul style="list-style-type: none"> <li>• 36 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>
<p><b>Credit History</b></p>	<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>
<p><b>DSCR Property Income Analysis</b></p>	<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 on a business purpose application includes borrower/guarantor name, current address, social security number, and date of birth.</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 rent (see <b>Short Term Rental</b> section below)</li> <li>• Minimum DSCR: .75.</li> </ul> <p><b>DSCR Example:</b></p> <ul style="list-style-type: none"> <li>• <b>Long Term Rent Example:</b> <ul style="list-style-type: none"> <li>○ PITIA: \$2,000</li> <li>○ Gross Monthly Rent: \$2,500</li> <li>○ DSCR = 1.25 (monthly gross rent of \$2,500 divided by PITIA of \$2,000 = 1.25)</li> </ul> </li> <li>• <b>Short Term Rent Example:</b> <ul style="list-style-type: none"> <li>○ PITIA: \$2,000</li> <li>○ Gross Monthly Rent: \$2,500</li> <li>○ Gross Monthly Rent x 80%: \$2,000 (gross monthly rent of \$2,500 multiplied by 80%)</li> <li>○ DSCR = 1.00 (gross monthly rent multiplied by 80% = \$2,000. \$2,000 divided by PITIA of \$2,000 = 1.0)</li> </ul> </li> </ul> <p><b>Gross Monthly Rent Documentation – Long Term Rental:</b></p> <ul style="list-style-type: none"> <li>• <b>Purchase:</b> <ul style="list-style-type: none"> <li>○ Fannie Mae® Form 1007/1025 reflecting long term market rents is required. A lease is not required.</li> <li>○ Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents.</li> <li>○ If the subject property is currently tenant occupied, the 1007/1025 must reflect the current monthly rent.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ 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.</li> <li>○ Vacant or unleased properties are allowed without LTV reduction.</li> <li>● <b>Refinance:</b> <ul style="list-style-type: none"> <li>○ Fannie Mae® Form 1007/1025 reflecting long term market rents is required.</li> <li>○ A lease agreement is required if the property is leased. <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ If unable to provide evidence of receipt, the unit will be treated as vacant.</li> </ul> </li> <li>○ Monthly Gross Rents are determined by the higher of the actual lease amount or the long term market rent from the 1007/1025.</li> <li>○ 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.</li> <li>○ If actual rents from the lease agreement are being used and they are higher than the long term market rents, the following is required: <ul style="list-style-type: none"> <li>▪ Two (2) months' proof of receipt of rent.</li> <li>▪ 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%.</li> </ul> </li> <li>○ 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.</li> </ul> </li> </ul> <p><b>Gross Monthly Rent Documentation – Short Term Rental (Purchase and Refinance):</b></p> <ul style="list-style-type: none"> <li>● Use a 12-month average of rents to account for seasonality.</li> <li>● 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.</li> <li>● 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. <ul style="list-style-type: none"> <li>○ 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> </ul> </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 and Overview reports (Plaza will obtain AirDNA reports): <ul style="list-style-type: none"> <li>▪ Purchase transactions only</li> <li>▪ Income Calculation = Annual Revenue * .80 / 12 (Rentalizer)</li> <li>▪ Forecast Period must cover 12 months from the Note date (Rentalizer)</li> <li>▪ The occupancy rate must be &gt; 60% (Rentalizer)</li> <li>▪ Must have five (5) comparison properties within the same zip code (Rentalizer)</li> <li>▪ Must be similar in size, room count, amenities, availability, and occupancy (Rentalizer)</li> <li>▪ Maximum occupancy limited to 2 individuals per bedroom (Rentalizer)</li> <li>▪ Market Score or Sub-Market Score by zip code must be 60 or greater (Overview Report)</li> </ul> </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. Experienced investors are eligible per program guidelines without further restrictions. <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), the primary guarantor must meet the definition of an experienced investor.</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 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>
<p><b>Eligible Properties</b></p>	<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>• Condomotels</li> </ul>
<p><b>Escrow / Impounds</b></p>	<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>
<p><b>Geographic Restrictions</b></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>Interest Only</b></p>	<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>
<p><b>Max Financed Properties</b></p>	<p>There is no limit on the number of financed properties a borrower may own.</p>
<p><b>Mortgage History</b></p>	<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 lates 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 mortgage or rental history is not reported on the credit report, a VOM/VOR must be provided.</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>

<p><b>Occupancy</b></p>	<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 by exception or if the borrower has other rental properties.</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 an <b>Occupancy Certification</b>.</p>
<p><b>Prepayment Penalty</b></p>	<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>• 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: Loan amounts &lt; \$110,223 ineligible for PPP. Loan amounts &gt;= \$110,223 are eligible</li> <li>• Pennsylvania: Loan amount &lt; \$312,160 ineligible for PPP. Loan amounts &gt;= \$312,160 are eligible.</li> <li>• Rhode Island</li> </ul>
<p><b>Reserves</b></p>	<p>Reserves must come from the borrower’s eligible assets listed in the previous section. 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>• 2 months PITIA</li> <li>• Loan Amount &gt; \$1.5M: 6-months of PITIA</li> <li>• Loan Amount &gt; \$2.5M: 12-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>• Rate/Term refinance reserve requirements are waived when the transaction results in a reduction to the monthly principal and interest payment of 10% or greater. For Interest Only, the amortized payment is to be used.</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>

<p><b>Transactions</b></p>	<p><b>Business Purpose:</b> All loans must be business purpose loans. A <b>Borrower Certification of Business Purpose</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> <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate/Term Refinance</li> <li>• Cash-Out Refinance</li> </ul> <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> <p><b>Rate &amp; Term Refinance:</b> Proceeds from the transaction are used to:</p> <ul style="list-style-type: none"> <li>• Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.</li> <li>• Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply: <ul style="list-style-type: none"> <li>○ Closed-end loan, at least 12 months of seasoning has occurred.</li> <li>○ HELOC: <ul style="list-style-type: none"> <li>▪ At least 12 months of seasoning has occurred, and total draws over the past 12 months are less than \$2,000.</li> <li>▪ Any draw over the life of the loan may not have been used for personal use. A draw history schedule evidencing no advances were used for personal/consumer purposes is required, along with an attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use).</li> </ul> </li> </ul> </li> <li>• Buy out a co-owner pursuant to an agreement.</li> <li>• Pay off an installment land contract executed more than 12 months from the loan application date.</li> </ul> <p><b>Other Rate/Term Considerations:</b></p> <ul style="list-style-type: none"> <li>• Refinance of a previous loan that provided cash out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash out refinance.</li> <li>• Cash back not to exceed the lesser of 2% of the new loan amount or \$5,000.</li> <li>• The transaction must be treated as cash-out when the subject property is encumbered by one of the following: <ul style="list-style-type: none"> <li>○ Blanket/Cross-Collateralized loan, or</li> <li>○ 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.</li> </ul> </li> <li>• 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.</li> <li>• LTV/CLTV: <ul style="list-style-type: none"> <li>○ If the subject property was acquired greater than six (6) months from application 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 application 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>
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**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.**
- If paying off a subordinate lien:
  - Closed-end loan: If the closed-end second lien is seasoned less than 12 months, an attestation from the borrower that none of the advances were used for personal/consumer use is required.
  - HELOC: Any draw over the life of the loan may not have been used for personal use. A draw history schedule evidencing no advances were used for personal/consumer purposes is required, along with an attestation from the borrower that none of the advances were used for personal/consumer use.
- 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.
  - Land Contract/Contract for Deed.
- Cash-Out Seasoning is defined as the time difference between application 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 six-month ownership requirement if the borrower is the primary beneficiary of the trust.
- LTV/CLTV:
  - If the subject property was acquired greater than six (6) months from application 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 application 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.

**Delayed Purchase Refinance:** Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the loan application.

- The original purchase transaction was an arms-length transaction.
- The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
- 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 preliminary title search or report must confirm that there are no existing liens on the subject property
- The transaction is considered cash-out, cash-out Loan/LTV limits and price adjustments apply.
- 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.

	<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 <math>\geq</math> 12 months from application date for subject transaction, LTV, CLTV, HCLTV is based on the current appraised value.</li> <li>• For lots owned <math>&lt;</math> 12 months from application 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 30 Year Fixed	DSF30	360
DSCR Investor Solutions 40 Year Fixed Interest Only	DSF40IO	480

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