

Series V: DSCR (5-8 Units or 2-8 Mixed Use)

Single Investment Property 5 – 8 Residential Units and 2 – 8 Mixed Use				
Maximum LTV/CLTVs		>= 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
700+	<= 1,500,000	75	70	65
	1,500,001 – 2,000,000	70	65	65
Housing History	Housing Event Seasoning	Investor Experience		
0x30x12	BK/FC/SS/DIL: <ul style="list-style-type: none"> <li>• &gt;=36 Mo – Any event</li> </ul> Forbearance, Mod or Deferral: See Eligibility Guide	<b>Experienced Investor:</b> Borrower must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years  <b>First Time Investor:</b> Not eligible		
Unleased Units				
Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units.				
Declining Market and State/CBSA Restrictions				
Maximum eligible LTVs do not require a market adjustment for the 5-8 multifamily and 2-8 mixed use property types.				
Ineligible locations: Puerto Rico, Guam, & the US Virgin Islands				
General Requirements				
Product Type	Fixed Rate Terms: 1.5, 30-years; 5/6 ARM, 7/6 ARM, 10/6 ARM. Maximum loan term cannot exceed 30-years.			
Interest Only	Eligible			
Loan Amounts	<ul style="list-style-type: none"> <li>• Min: 400,000</li> <li>• Max: 2,000,000</li> </ul>			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Cash-In-Hand	<ul style="list-style-type: none"> <li>• Max cash-in-hand \$1,000,000</li> </ul>			
Occupancy	<ul style="list-style-type: none"> <li>• Investment</li> </ul>			
Eligibility Restrictions	<ul style="list-style-type: none"> <li>• Citizens and individuals from OFAC sanctioned countries are not eligible</li> </ul>			
Property Type	<ul style="list-style-type: none"> <li>• Residential 5 – 8 Units</li> <li>• Mixed use 2 – 8 Units                             <ul style="list-style-type: none"> <li>○ Commercial usage limited to Retail/Office/Restaurant                                     <ul style="list-style-type: none"> <li>▪ 2-3 Units: Max 1 commercial Unit</li> <li>▪ 4-5 Units: Max 2 commercial Units</li> <li>▪ 6-8 Units: Max 3 commercial Units</li> </ul> </li> <li>▪ Commercial space must not exceed 49% of the total building area</li> </ul> </li> </ul>			
Acreage	Property up to 2-acres, not meeting the rural definition, eligible			
Unleased Units	Maximum: 1 vacant unit on 2-3 Unit property. 2 vacancies on 4+ Units.			
Appraisals	<ul style="list-style-type: none"> <li>• A full interior inspection with photos is required for all units.</li> <li>• 5-8 Residential                             <ul style="list-style-type: none"> <li>○ FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or</li> <li>○ Narrative report can be utilized but not required.</li> </ul> </li> <li>• 2-8 Mixed Use                             <ul style="list-style-type: none"> <li>○ General Purpose Commercial Forms (i.e., GP Commercial Summary Form available from CoreLogic a la mode)</li> </ul> </li> <li>• The following attachments required for 5-8 Residential and 2-8 Mixed Use appraisal reports:                             <ul style="list-style-type: none"> <li>○ Rent Roll</li> <li>○ Income and Expense Statement</li> <li>○ Photos of subject including exterior/interior and street scene</li> <li>○ Aerial photo</li> <li>○ Sketch or floor plan of typical units</li> <li>○ Map</li> <li>○ Appraiser qualifications</li> </ul> </li> <li>• Review Product – A commercial BPO required for all loans.                             <ul style="list-style-type: none"> <li>○ In Pennsylvania, a commercial evaluation product is used instead of a commercial BPO.</li> </ul> </li> </ul>			
Property Condition	<ul style="list-style-type: none"> <li>• No fair or poor ratings</li> <li>• No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat)</li> <li>• No health or safety issues (As noted by appraiser, i.e., broken windows, stairs)</li> <li>• No excessive deferred maintenance that could become a health or safety issue for tenants</li> <li>• No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)</li> </ul>			
Mixed Use	Commercial use limited to retail, restaurant, or office space. Residential/Commercial zoning acceptable.			

**Series V: DSCR (5-8 Units or 2-8 Mixed Use), continued**

Income Requirements			
<b>Income</b>	<ul style="list-style-type: none"> <li>Leased – Use lower of Estimated market rent or lease agreement.</li> <li>Short-Term Rental Income not eligible</li> <li>Vacant Unit(s) – Use 75% of market rents. Max: 1 vacancy on 2-3 Unit properties: 2 vacancies on 4+ Units.</li> <li>Reduce qualifying rents by any management fee reflected on appraisal report.</li> <li>2-8 Mixed Use – Income from commercial space must not exceed 49% of the total property income</li> </ul>		
<b>DSCR</b>	<ul style="list-style-type: none"> <li>Minimum DSCR &gt;= 1.00</li> <li>DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment).</li> <li>Loan amounts &gt;= \$2,000,000 require DSCR &gt;= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater)</li> <li>Reduce qualifying rents by any management fee reflected on the appraisal report</li> </ul>		
Underwriting Requirements			
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Use highest decision score amongst all borrower(s)/guarantor(s).</li> <li>Middle of 3 scores or lower of 2</li> </ul>	<b>Tradelines</b>	Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity  For each borrower who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually).
<b>Assets</b>	Min of 30-days asset verification required;	<b>Reserves</b>	<ul style="list-style-type: none"> <li>6 months of PITIA</li> <li>Loan Amount &gt; \$1.5M: 9-months of PITIA</li> <li>Loan Amount &gt; \$2.5M: 12-months of PITIA</li> <li>Cash out may not be used to satisfy requirement</li> </ul>
<b>Gift Funds</b>	Not eligible	<b>Document Age</b>	90-days
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>Acceptable structures include the following:                             <ul style="list-style-type: none"> <li>Fixed percentage of no less than 3%</li> <li>Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Prepayment periods up to 5-Years eligible, see rate sheet</li> <li>Penalties not allowed on loans vested to individuals in IL and NJ</li> <li>Penalties not allowed on loan amounts less than \$312,159 in PA</li> <li>Only declining prepayment penalty structures allowed in MS</li> </ul>	

**State/CBSA Overlay Table**

Statewide	
State Name	State
Connecticut	CT
Idaho	ID
Illinois	IL
Louisiana	LA
New Jersey	NJ
New York	NY

CBSA-Specific	
CBSA Name	CBSA Code
Phoenix-Mesa-Scottsdale, AZ	38060
Sacramento-Roseville, CA	40900
San Francisco-Oakland-Hayward, CA	41860
San Jose-Sunnyvale-Santa Clara, CA	41940
Santa Cruz-Watsonville, CA	42100
Boulder, CO	14500
Breckenridge, CO	14720
Sevierville, TN	42940
Austin-Round Rock, TX	12420