

**Series V DSCR: Foreign National**

Maximum LTV/CLTVs			DSCR (Investment Only)		
DSCR	Credit Score	Loan Amount	Purchase	R/T Refi	Cash-Out Refi
>=1.00	680+	1,000,000	75	65	65
		1,500,000	70	60	60
	Foreign Credit	1,000,000	75	65	65
		1,500,000	70	60	60
<1.00	680+	1,000,000	65	60	60
		1,500,000	65	N/A	N/A
	Foreign Credit	1,000,000	65	60	60
		1,500,000	65	N/A	N/A
<b>Housing History</b>	<b>Credit Event Seasoning</b>		<b>Investor Experience</b>		
0x30x12, if documented	BK/FC/SS/DIL: >=36 Mo		First Time Investor: Allowed		
<b>Unleased Properties</b>	Refinance: LTV reduction not required				
<b>Declining Market and State/CBSA Restrictions</b>					
<ul style="list-style-type: none"> <li>Maximum eligible LTVs to no require a market adjustment for the Foreign National program</li> <li>Ineligible locations: Puerto Rico, Guam, &amp; the US Virgin Islands</li> </ul>					
<b>General Requirements</b>					
<b>Product Type</b>	Fixed Rate Terms: 15, 30, 40-years; 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature)				
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>Eligible</li> </ul>				
<b>Loan Amounts</b>	<ul style="list-style-type: none"> <li>Min: 150,000</li> <li>Max: 1,500,000</li> </ul>				
<b>Loan Purpose</b>	Purchase, Rate/Term, and Cash Out				
<b>Occupancy</b>	Investment				
<b>Eligibility Restrictions</b>	<ul style="list-style-type: none"> <li>Citizens and individuals from OFAC sanctioned countries are not eligible</li> <li>Florida Purchases: Loans secured by the property located in the state of Florida made to foreign principals, persons, and entities are to include one of the following Affidavits published by the Florida Land Title Association:               <ul style="list-style-type: none"> <li>Conveyances to Foreign Entities – By Individual Buyer</li> <li>Conveyances to Foreign Entities – By Entity Buyer</li> </ul> </li> </ul>				
<b>Property Type</b>	<ul style="list-style-type: none"> <li>Single Family, Attached, Detached</li> <li>2-4 Units &amp; Condos: Max LTV/CLTV: Purchase – 70%, Refinance – 65%</li> <li>Condo Hotel: Max LTV/CLTV: Purchase – 70%, Refinance – 65%,</li> <li>Rural – Not eligible</li> </ul>	<b>Florida Condominiums:</b> <ul style="list-style-type: none"> <li>A structural inspection is required for projects               <ul style="list-style-type: none"> <li>Greater than 5 years; and</li> <li>Over 30 years old or 25 years old if within 3 miles of the coast.</li> </ul> </li> <li>Projects with an unacceptable or no inspection are not eligible.</li> </ul>			
<b>Acreage</b>	Property up to 2-acres, not meeting the rural definition, eligible				
<b>Cash-In-Hand</b>	<ul style="list-style-type: none"> <li>\$300,000 if LTV &gt; 50%</li> <li>\$500,000 for LTV &lt;= 50%</li> <li>Total equity withdrawn cannot exceed the above limits</li> </ul>				
<b>Appraisals</b>	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2 <sup>nd</sup> appraisal obtained.				

Income Requirements	
Income	<p><b>Long-Term Rental Documentation and DSCR Calculation</b></p> <ul style="list-style-type: none"> <li>• <b>Purchase Transactions:</b> <ul style="list-style-type: none"> <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 or 1025 must reflect the current monthly rent.</li> <li>○ A vacant or unleased property is allowed without LTV restriction.</li> </ul> </li> <li>• <b>Refinance Transactions:</b> <ul style="list-style-type: none"> <li>○ Required documentation:                             <ul style="list-style-type: none"> <li>▪ FNMA Form 1007 or 1025 reflecting long term market rents, and lease agreement.</li> <li>▪ If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease.                                     <ul style="list-style-type: none"> <li>▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix</li> </ul> </li> </ul> </li> <li>○ Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025 as follows:                             <ul style="list-style-type: none"> <li>▪ If using the lower of the actual lease amount or estimated market rent, nothing further is required.</li> <li>▪ If using a higher actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%.</li> <li>▪ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%.</li> </ul> </li> <li>○ A vacant or unleased property, LTV reduction not required</li> </ul> </li> <li>• <b>DSCR Calculation:</b> <ul style="list-style-type: none"> <li>○ Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios.</li> <li>○ Gross rents divided by PITIA = DSCR</li> </ul> </li> </ul>
	<p><b>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation</b>                      Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.</p> <ul style="list-style-type: none"> <li>• <b>Short-Term Rental Income – Purchase and Refinance Transactions:</b> <ul style="list-style-type: none"> <li>○ LTV is lesser of 70% for a purchase and 65% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance (Excludes Condo Hotel projects).</li> <li>○ DSCR Calculation:                             <ul style="list-style-type: none"> <li>▪ Monthly gross rents based upon a 12-month average to account for seasonality required.</li> <li>▪ Gross rents 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>▪ (Gross Rents * .80) divided by PITIA = DSCR.</li> </ul> </li> <li>○ When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR.</li> <li>○ Any of the following methods may be used to determine gross monthly rental income:                             <ul style="list-style-type: none"> <li>▪ A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.</li> <li>▪ The most recent 12-month rental history statement from the 3<sup>rd</sup> party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees.</li> <li>▪ The most recent 12-month bank statements from the borrower evidencing short-term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits.</li> <li>▪ AIRDNA Rentalizer and Overview reports must meet the following requirements:                                     <ul style="list-style-type: none"> <li>▪ Rentalizer   <ul style="list-style-type: none"> <li>▫ Only allowed for purchase transaction</li> <li>▫ Gross rents equal the revenue projection from the Rentalizer Report less the 20% extraordinary expense factor</li> <li>▫ Forecast period must cover 12 months from the Note date</li> <li>▫ Maximum occupancy limited to 2 individuals per bedroom</li> <li>▫ Must have <b>three (3)</b> comparable properties, all within the same ZIP code   <ul style="list-style-type: none"> <li>i. Must be similar in size, room count, amenities, availability, and occupancy</li> </ul> </li> </ul> </li> <li>▪ Overview Report (Evaluate a Market)   <ul style="list-style-type: none"> <li>▫ Market score or Sub-Market score by zip code</li> <li>▫ Market score or Sub-Market score must be 60 or greater</li> <li>▫ <b>When both a Market and Sub-Market score are present, use the lower of the two.</b> <ul style="list-style-type: none"> <li>a. <b>Both the Market and Sub-Market score must be at the zip code level</b></li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul>

**Series V: DSCO Foreign National, continued**

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>	<ul style="list-style-type: none"> <li>Tradelines not required, if borrower has US credit score, see guidelines</li> </ul>
<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>Cash out may be used to satisfy requirement</li> </ul>
<b>Gift Funds</b>	Not allowed	<b>Document Age</b>	90-days
<b>Prepayment Penalty - Investment Property Only</b>	<p>Acceptable Structures include the following:</p> <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> <li>Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period.</li> </ul>		
<b>Escrows</b>	<ul style="list-style-type: none"> <li>Escrows for hazard insurance and taxes are required</li> <li>Flood insurance escrow cannot be waived for non-business purpose loans</li> <li>Escrows may be waived for non-HPML loans with:                             <ul style="list-style-type: none"> <li>LTV &lt;= 80%</li> <li>Min 720</li> <li>Min 12 months reserves</li> </ul> </li> </ul> <p>Escrow waiver is subject to LLPA adjustment</p>		

Change Log:

Effective 7/15/2024	Short Term Rentals – AirDNA updates: <ul style="list-style-type: none"><li>• Reduced to 3 comparables</li><li>• Use lower of market or sub-market score – must be at zip code level</li></ul>
---------------------	---