

LTV Restrictions						
Property Type	Purchase & Rate-Term			Condo		85%
				Non-Warrantable Condo		80% (No Foreign Nat'l)
				Condotel (Max: \$2.0 mil Loan Amount)		75% (No Foreign Nat'l)
				2-4 Unit		80%
				Modular		80%
				Rural		80%
	Cash-Out -Unlimited			Condo		80%
				Non-Warrantable Condo		75% (No Foreign Nat'l)
				Condotel (Max: \$2.0 mil Loan Amount)		70% (No Foreign Nat'l)
				2-4 Unit		75%
				Modular		75%
				Rural		75%
Loan Type	Interest Only				80%	
Declining Values	Declining Values				5% LTV Reduction	
Housing Lates	All past due housing payments must be cured by application and remain paid as agreed thru closing.			1x30x12		No reduction
				0x60x12		5% LTV Reduction
Credit Event Seasoning	Foreclosure Short-Sale Deed-in-Lieu			36 Months		No reduction
				24 Months		5% LTV Reduction
				12 Months (Cash-Out Not Allowed)		15% LTV Reduction
	Bankruptcy			36 Months		No Reduction
				24 Months		5% LTV Reduction
				12 Months (Cash-Out Not Allowed)		5% LTV Reduction
No Reserves	Rate & Term Refinance Only				Max 65% LTV	
Reduced Reserves	Maximum -3 mos. Reserves				5% LTV Reduction	
Expanded DTI (50.01-55)	Investment	+3 months reserves	Min 680 FICO	Max Loan Amount \$1.5 Mil	Ineligible on 40 Yr Term	75% Max LTV
	Asset Depletion	Not Allowed				Not Allowed
DSCR .750 to .999		680 FICO	Cash-Out Refinance Maximum 70%			5% LTV Reduction
DSCR .000 to .749	Cash-Out Max 70% LTV	700 FICO	Max Loan Amount \$3.0 Mil	Max Refi \$2.0 Mil		5% LTV Reduction
	Cash-Out Max 70% LTV	680 FICO	Max Loan Amount \$3.0 Mil	Max Refi \$2.0 Mil		10% LTV Reduction

Overlays				
Cash-Out Max		Unlimited		
Credit	Standard	No Mortgage or Rental History	Max 50% DTI	Lower of Matrix LTV or 70% LTV
Residual Income for DTI >43%		Per VA guideline or \$2500+\$150 per dependent		
First Time Home Buyer with Rental History		DSCR Only - See Below for First Time Investor		
First Time Investor with Mortgage History		6 Months Mortgage History Required	No Gifts Allowed	Min. 660 FICO Max Loan Amount \$1.5 Mil

Overlays (Continued)					
First Time Investor & First Time Home Buyer	DSCR Only - Min 1.00 DSCR	Min. 700 FICO	12 Months Reserves Required	Max Loan Amount \$1.5 Mil	Max 75% LTC
Unleased Properties	Purchase (Full, BK, P&L Doc type)	Qualify with Market Rents			
	Refinance (Full, BK, P&L Doc type)	Max 1 vacancy for 2-4 units - Use Market Rent for Vacancy			
	DSCR Refinance	Qualify with Market Rents		5% LTV Reduction	
	1-3 Unit: Max 1 vacant Unit		4 Unit: Max 2 vacant units with DSCR 1.00		
State Restriction Florida	Full Doc or Bank Statement : Maximum LTV			80%	
	1099, P&L, WVOE, Asset Depletion : Maximum LTV			75%	
	P&L Only Requires 3 Months of Supporting Bank Statements			75%	
	DSCR			80%	

Foreign National					
Foreign National (DSCR Only)	Minimum 1.00 DSCR	12 mos reserves	Min 660 FICO	Max 1.5 mil loan amount	5% LTV Reduction
Foreign National	VISA Types allowed:	B-1, B-2, H-2, H-3, I, J-1, J-2, O-2, P-1, P-2, TN NAFTA, Laser Visa			
	Documentation	<ul style="list-style-type: none"> Copy of the borrowers valid and unexpired passport (including photograph) Copy of the borrower's valid and unexpired visa (including photograph) OR an I-797 form with valid extension dates and I-94. Borrowers from countries participating in the State Department's Visa Waiver Program (VWP) are not required to provide a valid visa. The credit file should be documented with a current print out of the participating countries with the borrower's country of origin highlighted. Participating countries can be found at: https://travel.state.gov/content/visas/en/visit/visa-waiver-program.html. 			
		All borrowers must complete IRS form W-8BEN			
		All parties involved on transaction must be screened through exclusionary lists, must be cleared through OFAC's SND list, search of Specially Designated Nationals & Blocked Persons List may be completed via US Department of Treasury:			
		Documents signed by Borrowers outside of the United States must be notarized by a U.S. embassy or consular official. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal.			
		Automated Debit Payment	An executed Automatic Debit Payment Agreement (ACH) Form (Exhibit C) from a U.S. Bank, including either the bank routing number, account number, and account type or a voided check is required for transactions involving a Foreign National.		
	Assets held in Foreign Accounts	May be used as source of funds to close and meet reserve requirements. Gift funds not allowed.			
		Closing funds and reserves must be transferred to a US domiciled account in borrower's name at least 10 days prior to closing.			
		Assets held in foreign accounts must be documented as follows:			
	State Restrictions	<ul style="list-style-type: none"> Assets must be verified in U.S. Dollar equivalency at the current exchange rate via either www.xe.com or the Wall Street Journal conversion table. A copy of the two (2) most recent statements of that account. If the funds are not seasoned a minimum of sixty (60) days, a letter of explanation is required along with the information to comprise a sixty (60) day chain of funds. 			
Loans in the State of Florida must adhere to the restrictions imposed by Florida SB 264 affecting Foreign Nationals from the following countries: <ul style="list-style-type: none"> China, Russia, Iran, North Korea, Cuba, Venezuela, Syria 					

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NON OWNER PRIME Documentation

Documentation Options			
Asset Depletion	Asset Statement (6mo)	• Most recent 6 months asset documentation verified by: cash in bank (100%); stocks, bonds, and/or mutual funds (90%); IRAs, 401K, and/or retirement accts (80%)	
		• Allowable assets divided by 60 months = qualifying income	
		• Maximum 50% DTI - No Expanded DTI available	
Bank Statement	Bank Statement (24mo, 12mo)	• Personal & Business Combined or Business (12mo or 24mo):	
		• At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)	
		• Asset Depletion allowed with Bank Statement documentation	
		• Income documented separately (SSI, W2, etc.) but included in deposits being reviewed must be backed out of deposits. Gross rents from any REOs are to be backed out of the deposit totals.	
		• Standard expense factors apply: 50% expense factor	
		• If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required	
		• PTIN is acceptable if documented as employed by 3rd party tax preparation service	
		• Minimum expense factor with 3rd party prepared P&L or letter is 10%	
		• Personal & Business Separated (12mo or 24mo):	
		• At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)	
• Asset Depletion allowed with Bank statement documentation			
• Personal used to qualify, 2 months business to show business cash flows in order to utilize 100% of business related deposits in personal account (no expense factor)			
Full Doc 1Yr	W-2 (12mo)	• Documented benefit to the borrower(s)	
		• Wage Earner - 1 year most recent W-2 or 1 year tax returns plus 30 days paystubs	
	Tax Returns (12mo)	• Self-Employed - 1 year most recent tax returns plus either:	• YTD P&L (Borrower prepared ok with tax returns on full doc only)
		• 1040 Transcripts required	• 3 months bank statements verifying cash flow (No P&L)
Full Doc 2Yr	Standard FNMA Documentation	• Documented benefit to the borrower(s)	
		• 2 years tax returns, recent paystub (self-employed YTD P&L) 1040 transcripts required	
DSCR Calculation	Interest Only:	• DSCR (Gross Rents / ITIA)	• Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)
		• DSCR (Gross Rents / PITIA)	• Qualifying ratios based on Note Rate (PITIA)
	• Short Term Rental allowed with 5% LTV Reduction		
	• Purchase Qualify using AMC's short-term rental income analysis form or 1007		
	• Refinances can qualify with 3rd party documentation of 12 months of rents.		
	• For Purchase: The 1007 is used to determine DSCR		
	• For Refinance: The lower of the lease agreement or rent survey is used to determine DSCR		
	• 1) 12 monthly statements documenting receipt of rents or 2) An annual statement provided by the on-line service to document receipt of rents		
• See guidelines for limitations and treatment of vacant unit(s)			
DSCR Calculation	• Gross monthly rent divided by PITIA of subject property must be greater than or equal to 1.00 for max LTV		
DSCR .750 - .999	• Reduce LTV by 5% with Minimum FICO of 680 and Maximum LTV on Cash-Out of 70%		

Documentation Options (Continued)				
DSCR .000 - .749		<ul style="list-style-type: none"> Reduce LTV by 5% with Minimum FICO of 700 and Maximum LTV on Cash-Out of 70% Reduce LTV by 10% with Minimum FICO of 680 and Maximum LTV on Cash-Out of 70% State Eligibility: IL 2-4 Units not eligible 		
	P & L Only	P & L (12 mo.) [CPA, CTEC, EA]	<ul style="list-style-type: none"> Self-employed (2yrs - 25% or greater ownership) CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period. A gap P&L covering period between end of 12 month P&L and application required when gap is greater than three (3) months. A letter from the CPA, CTEC or EA on their business letterhead showing address, phone number, and license number is required with the following information: <ul style="list-style-type: none"> CPA/CTEC/EA prepared or reviewed the most recent 2 years business tax return filing; and, PTIN's are not acceptable The business name, borrower's name, and percentage of business ownership by the borrower. Business License for the past 2 years Minimum expense factor with P&L is 10% for service business and 20% for product business (see guidelines for details) No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower. Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub. Borrower (Not Tax Preparer) to complete Borrower Income Questionnaire Florida Properties require 3 months of supporting bank statements 	
			1099	(24 Mos,12 Mos)

Quick References				
Assets		<ul style="list-style-type: none"> See guidelines for details Assets sourced or seasoned for one month unless utilizing assets to document income (6 months) Gift funds are acceptable for use toward down payment and loan costs 		
	Borrower Eligibility	Citizenship	<ul style="list-style-type: none"> US Citizen Permanent Resident Alien Foreign Nationals (DSCR Only) Non-Permanent Resident Alien (with US Credit) Current VISA E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA. Provide EAD when applicable. 	
Cash-Out			<ul style="list-style-type: none"> Unlimited Cash-Out Cash-out may be counted toward reserve requirement Property owned 6 mos or greater - Valuation based on current market value 	
	Compliance	<ul style="list-style-type: none"> No Section 32 or state High Cost Points and Fees max 5% limit Loans must comply with all applicable federal and state regulations Fully documented Ability to Repay including Borrower Attestation Impounds required on LTV > 80% or HPML loans unless otherwise specified by applicable state law 		
		Credit	Standard	<ul style="list-style-type: none"> If borrower has 3 credit scores, the min tradeline requirements are met 3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months No mortgage or rental history (Lower of Matrix LTV or 70% LTV, 50% DTI)
Consumer Charge-offs and Collections				<ul style="list-style-type: none"> Following may remain open: <ul style="list-style-type: none"> Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000 Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence All medical collections regardless of amount Collections and charge-offs that have expired under the state statute of limitations on debts; evidence of expiration must be documented

Quick References (Continued)					
Gift	• Gift funds are allowed for paying off debt, equity contribution refinances, and for closing costs and down payments.				
	• Gift funds may not be used to meet reserve requirements.				
	• Gift funds may not be used for first time investors or Foreign National.				
	• Acceptable Donors: Fannie Mae guidelines should be used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt;				
Investor History	• Borrower must have a history of owning and managing at least one property for a minimum of 12 months within the most recent 36 months on DSCR product.				
	• Borrower must have a housing history for all investor products Borrower must have a housing history for all investor products				
Investor Types	First Time Investor	• 6 Months Primary mortgage history is required (Unless FTHB - See Below)		• MinFICO 660	• Maximum loan amount \$1,500,000
		• FTHB - DSCR Only: Max 75% LTV, Min 700 FICO, Min 1.00 DSCR, 12 Months Reserves, \$1,500,000 Loan Amount, 12 Month Housing History			
		• FTHB - Foreign Nationals not eligible			
		• Any borrower who has not owned at least one investment property for a minimum of 12 months at any time within the most recent 36 months			
		• Gift funds not allowed for First Time Investor.			
		• Borrower who has owned and managed at least 1 investment property for 12 months or more within the most recent 36 mos.			
	Experienced Investor	• Borrower must have satisfactory 12 month primary mortgage and/or rental payment history within 3 yrs prior to loan application. Payment to private lender or landlords must be evidenced by most recent 6 mos. cancelled checks.			
		• DSCR Only: Provides reduced documentation on non-subject properties for the borrower who has a strong investor track record documenting the following:			
	Professional Investor	• Currently owns 5 properties (Primary residence included).			
		• Has 5 years credit depth reported on credit report.			
		• At least 3 mortgages are reported on credit report within the last three (3) years. No minimum months reporting required. No delinquencies allowed on months reported.			
		• Required Information:			
		• All properties owned by borrower to be listed on REO schedule.			
		• All information completed on REO schedule (mortgage balances, gross rents, etc.).			
		• Reduced Documentation			
• Housing History not required					
• All properties owned by borrower to be listed on REO schedule. All information completed on REO schedule (mortgage balances, gross rents, etc.).					

Quick References: Properties				
Acreage	• Maximum 20 acres			
Appraisal	• Loan amounts > \$2,000,000 = Two Full Appraisals		• See guidelines for details	
	• Loan amounts < \$2,000,000 = 1 Full Appraisal + AVM or FNMA CU Risk score of 2.5 or less			
	• CDA required if AVM Confidence Score is below 90% or CU Risk score >2.5			
	• All 1 unit investor appraisals require form 1007 Single Family Comparable Rent Schedule, except when rental income is not used to qualify on NON-DSCR only			
Fixed Rate	• 15 Year		• 30 Year	
	• 40 Year			
Minimum Property Standards	• 600 sq. ft. for 1 unit properties		• 2+ units no minimum. Size must be supported by market comparison	
	• Property constructed for year-round use		• Permanently affixed continuous heat source	
			• Maximum deferred maintenance cannot exceed \$2,000	• No health or safety issues both internal or external

Quick References: Properties (Continued)

Interest Only	<ul style="list-style-type: none"> • All doc types but DSCR: Qualifying ratios are based on fully amortized P&I payments over the scheduled remaining loan term after the interest only period has expired. <i>IE: 30 yr IO product is qualified at fully amortized payment for 20 yrs.</i> • DSCR: Use Note Rate of IO payment to calculate ITIA. 					
	•	SOFR 5/6 30yr ARM	5yr Fixed	10yr I/O	20yr Full Amortization after I/O Period - Full Maturity in 30 Yr	
	•	SOFR 5/6 40yr ARM	5yr Fixed	10yr I/O	30yr Full Amortization after I/O Period - Full Maturity in 40 Yr	
	•	SOFR 7/6 30yr ARM	5yr Fixed	10yr I/O	20yr Full Amortization after I/O Period - Full Maturity in 30 Yr	
	•	SOFR 7/6 40yr ARM	5yr Fixed	10yr I/O	20yr Full Amortization after I/O Period - Full Maturity in 30 Yr	
	•	30yr Fixed		10yr I/O	20yr Full Amortization after I/O Period - Full Maturity in 30 Yr	
Property: Condotels	Eligible	• Condotel units are categorized as non-warrantable condos.		•	Minimum 500 square feet.	
		• Kitchen required with full size appliances, refrigerator, stove, oven.		•	Investor concentration ok to 100%	
		• Bedroom required – no studios.				
	Ineligible	• Properties with hotel, motel in name. Converted hotel or motel		•	Projects with less than 10 units.	
• Properties with Registration desks/office.		•	Properties that are not located in a resort/destination area (beach, ski, lake)			
Property Flips	<ul style="list-style-type: none"> • When the subject property is being resold within 180 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a “flip.” The following should be used to determine the 180-day period: the acquisition date (the day the seller became the legal owner of the property), and the purchase date (the day both parties executed the purchase agreement). 					
	•	Property seller on the purchase contract must be the owner of record	•	The property was marketed openly and fairly, through a multiple listing service, auction, FSBO offering (documented), or developer marketing		
	•	Flip transactions must comply with the TILA HPML Appraisal Rule in Reg Z	•	Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.)		
	•	Increases in value are to be documented with commentary from the appraiser and recent comparable sales	•	All transactions must be arm’s length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction		
Property Types	•	SFR	• Condominium	• Townhouse	• PUD	• Non-Warrantable/Condotel
	•	PUD	• Modular	• Rowhouse	• 2 - 4 Unit	• Rural
Seasoning	• Rate and Term: No seasoning. At least one borrower on the new loan must be an owner (on title) of the subject property at the time of initial application.					
	• Cash Out: 6 months from existing Note date to new note date. Appraised value is used for LTV/CLTV. (Refer to guidelines for details)					
Seasoning for Property Recently Listed on the Market	• For all transaction types, subject property must be taken off the market on or before application date.					
	• For Cash-Out refinances, loans must be seasoned for at least 1 month from the listing contract expiration date to the new application date.					
	• Cash-out DSCR with prepayment penalty ok with no seasoning.					
States	Ineligible	• Interest Only Feature: TX- Texas Section 50(a)(6) Equity Cash-Out transactions or Texas Section 509(a)(4) - see guidelines for detail				
		• Baltimore City, Maryland, Philadelphia, PA, IL 2-4 units on DSCR <.75, New York and Vermont				
Vesting - LLC	• Business Vesting with Entities as members					
	• Ineligible for multiple layered LLC's					

Quick References: Miscellaneous

Residual Income	•	Required on DTI > 43% only	•	Per VA or \$2,500 plus an additional \$150/dependent
	•	VA Residual Income Calc per VA Form #26-6393 and VA Residual Income Tables in VA Lending Manual Chapter 4.9		

Quick References: Miscellaneous (Continued)

Prepayment Penalty Option	•	Prepayment penalty must be in compliance with the terms and limitations of the applicable state or federal law
Qualifying Payment	•	Full Amortization: Qualifying ratios based on greater of Note Rate or Fully Indexed Rate (PITIA)
	•	Interest Only (DTI): Qualifying ratios based on greater of Note Rate or Fully Indexed Rate (PITIA), fully amortized payment on remaining term after I/O period
	•	Full Amortization (DSCR): Qualifying ratios based on Note Rate (PITIA)
	•	Interest Only (DSCR): Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)
	•	Full Amortization: Qualifying ratios based on Note Rate (PITIA)
	•	Interest Only (DTI): Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)
Seller Concessions / IPC	•	Max 6% on Non-Owner Occupied
Subordinate Financing	•	CLTV max = LTV max - Loans closing concurrently with Prime 2nd must qualify to the guideline requirements of both products
	•	Subordinate Financing payment must be included in DSCR calculation

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