DSCR Rental Matrix
EXPANDED

Loan Programs:	30 Year Fixed Rate 5/1 ARM (2/2/5) Fully Amortized 10/1 Interest Only (2/2/5) Fully Amortized Years 11 to 30 (75% max LTV)
Borrowers:	Individual/Entity (Properties located in NY, FL and GA must close in an entity name) Guarantors must be at least (21) years of age at the time of loan application
Guaranty:	Full recourse guaranty required from at least one (1) qualifying individual that directly or indirectly has an ownership interest = or >20% in the borrowing entity.
Minimum Loan Size:	$50,000.00
Maximum Loan Size:	$2,000,000.00
Minimum Property Value:	$75,000
Maximum Property Value:	N/A
Minimum DSCR and Maximum LTV	see tables below

Minimum DSCR and Maximum LTV

Maximum LTV	Minimum DSCR		
	Purchase	Rate/Term	Cash Out
>75	1.00x	1.00x	N/A
>65 - 75	1.00x	1.00x	1.00x
65	0.75x	0.75x	0.75x

FICO	Maximum LTV		
	Purchases	Rate/Term	Cash-Out
720+	80%	80%	75%
700-719	80%	75%	75%
680-699	80%	75%	75%
660-679	70%	70%	70%

Notes:
65% max LTV on non-warrantable condos Payoffs from originating Broker/Lender is NOT eligible for Constructive financing on DSCR <1 Loan Amount > $1.5MM max LTV = 65% LTV
Loan Amount >$1.5MM require a 2nd full appraisal.
Loans > $1MM will require second level approval; Loan >$2MM will require Credit Committee approval.

Fees:

- Max 4.25pts (Lender Points plus Broker Fees if applicable) on the HUD
- Max 5.0pts on the HUD IF >=.75pts used to buy down the rate
- $995 Lender Processing Fee for 1 unit/$1295 Lender Processing Fee for 2-4 Units
- $1360 Lender Closing Fee

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Lease Requirements:	• Fully executed active 12-month lease agreement signed by all parties.
	• Month-to-month leases: (9 months of reserve required)
	  1. If the lease has expired and does not indicate a MTM term, a new fully executed lease is required.
	  2. If lease expired >1 year and indicates MTM term, then Borrower must provide proof of 2 most recent rent payments received. Cancelled checks or bank statements are acceptable documentation options.
	• Each leased property unit must be used for residential purposes ONLY and be leased to a single family. (Per unit if multiple units).
	• Leases with corporate tenants may be considered on a case-by-case basis. This will require an LOX and confirmation of who will be residing in the property.
	• All leases must be third party leases.

Occupancy Requirements:	Refinance Transactions: 1. Single family properties must be leased at the time of closing and the borrower must provide evidence that the property has been leased. 2. For 2 - 4-unit properties, there shall be no more than one vacant unit at origination and any vacant unit must provide evidence of a recent lease within the last 2 months 3. All properties owned greater than six (6) months must be occupied and leased. 4. Vacant properties are permitted loans for refinances of properties owned equal to or less than 6 months from Acquisition Date to Note Date. A verification of rent listing is required. Purchase Transactions: • Vacant property is permitted
Property Value Seasoning Requirements	**Rate and Term Transaction** If the property is owned less than or equal to three (3) months from acquisition date to Note date, the maximum loan amount or LTV. The unpaid principal balance (UPB) will be capped at original purchase price + verified cost of improvements. If the property is owned greater than three (3) months and less than or equal to six (6) months from property acquisition date to Note date, the loan amount cannot exceed 100% of total LTC (acquisition cost + verified improvements) If the total LTC is </= 120%, the As-Is Value may be utilized for loan sizing. If the property is owned greater than six (6) months and less than 12 months from property acquisition date to Note date, the loan amount will be based on As-Is appraised value and standard maximum LTV applies not to exceed 140% of total LTC. If the LTC exceeds above guidelines, it needs to be carefully reviewed and analyzed and at Underwriting manager's discretion to approve if warranted. Said LTCs are generally acceptable in cases to include but not limited to a refinance of a short-term rehab loan. The maximum amount that the Borrower can receive at closing for a no cash-out refinance is 2% of the loan amount. Lender will carefully consider the prior trade dates and price of the subject property. **Cash Out Transaction** If the property is owned less than or equal to three (3) months from acquisition date to Note date, the maximum loan amount or LTV UPB will be capped at original purchase price + verified cost of improvements. If the property is owned greater than three (3) months and less than or equal to six (6) months from property acquisition date to Note date, the loan amount cannot exceed 100% of total LTC (acquisition cost + verified improvements) If the total LTC is </= 120%, the As-Is Value may be utilized for loan sizing.

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	If the property is owned greater than six (6) months and less than 12 months from property acquisition date to Note date, the loan amount will be based on As-Is appraised value and standard maximum LTV applies not to exceed 140% of total LTC.

Qualifying Gross Rent Calculation:

REFINANCE TRANSACTIONS

Leased Unit	Unleased 1 - 4 Units
Qualifying Gross Rental Income = the lesser of 110% of Market Rent (1007) and the actual in-place rent	Determine Market Rent by 90% of appraisal rent addendum (1007) when property owned > 6 month and determine Market Rent by 100% of appraisal rent addendum (1007) when property owned < 6 months.

In the case of month to month (MTM)* lease without a prior term lease, qualifying gross monthly rental income will be the lower of:

- the actual lease amount OR
- MTM rent per 1007.

If a lease agreement has been expired over 1 year and the lease agreement indicates month to month, the borrower must provide proof of rent received. Cancelled check or bank statement would be acceptable documentation.

PURCHASE TRANSACTIONS

Leased Unit	Unleased 1 – 4 Units
Qualifying Gross Rental Income = the lesser of 100% of Market Rent (1007) and the actual in-place rent amount (if applicable)	Determine Market Rent by 100% of appraisal rent addendum (1007)

*9 months of reserve required

Eligible Properties:

- SFR/PUD/Townhomes
- Condos/ site condos ** warrantable & non warrantable
- 2 – 4 Unit Properties
- 5 – 8 Unit multifamily properties (Purchase, Refi -No Cash Out & Cash Out-)
  - Cash Out Limitations:
    - Min 700 Fico
    - DSCR <1.50X will require 2nd level approval
- Rural properties may be considered on a case-by-case basis at Constructive UW discretion at max LTV of 65%, DSCR >1.20x, FICO = or > 720

Ineligible Property Types:

Includes but not limited to:

- Ground Leases
- Leasehold properties
- Short term, seasonal rentals
- 9+ multifamily units
- Properties rented by the room.
- Unique properties
- Mixed use properties
- Acreage > 10 acres
- Properties which are not in compliance with local zoning regulations (including as reflected on the appraisal or residential evaluation)
- Condo units < 500 sf
- 2 – 4 units < 500 sf on average for each residential living unit
- SFR/PUD/Townhomes < 700 sf

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	• Properties with known adverse environmental conditions (other than lead paint, radon or asbestos in each case which do not present a health hazard, do not require remediation and have been verified contained per EPA guidelines prior to closing). • Total or partially condemned property (including threatened or pending eminent domain) • Not for profit tenants • Transitional housing
Ineligible States	• ND, SD, UT, VT
Liquidity Reserve Requirements	**Total Reserve Requirement = Cash to close (final HUD) + (applicable #) months PITIA + 1%** of the unpaid principal balance on all mortgages reported on CBR. • Cash to close on final HUD including closing costs, points, fee, etc. • 1% of the Unpaid Principal balance on all mortgages reported on CBR (except subject PLUS • Six (6) months of subject property loan monthly PITIA OR • Twelve (12) months of subject property loan monthly PITIA, if property type is 5+ units (cash-out proceeds not eligible to cover) • **MTM lease (with or without a prior lease) will require 9 months of liquid (non-restricted accounts) reserves.** • 50% of Cash out proceeds may be used to meet liquidity requirement. • If DSCR is <1.0, the following applies: 1. Twelve (12) months of subject property loan monthly PITIA or 2. Twenty-Four (24) months of subject property loan monthly PITIA if loan payoff is not from a recognized servicer or bank •
Eligible Assets:	Refer to full guides for eligible assets. • Fifty (50%) of Cash value of a life insurance or annuity policy may be considered on a case by case and cannot be sole source to meet reserve liquidity requirements. • Fifty (50%) of the value of 401k or IRA plans may be considered on a case by case and cannot be the sole source to meet reserve liquidity requirements on FICO < 720.
Insurance Requirements:	For a property with an individually held insurance policy, Lender requires coverage equal to the lesser of the following: • 100% of the insurable value of the improvements, as established by the property insurer; or • The unpaid principal balance of the mortgage. Lender requires six (6) months of Rent Loss coverage equal to six (6) months of PITIA payments, in the case that an insurable occurrence causes interruption of rent collection for the subject property. If the policy has a coinsurance provision, the insurance will be ineligible. Commercial Liability insurance is NOT required
Property Condition/Deferred Maintenance:	• All properties/units are required to be in lease ready condition with no renovations or repairs required. • Properties must have a property condition rating of C1 to C4 as reflected in the appraisal. • Deferred maintenance and repair items identified in 3rd party reports must be cured: • **Purchase loans:** Cost to cure should not exceed 3% of the value of the property with a maximum of $2,500 in repairs. ▪ Escrow holdback of 150% of the cost to cover for the deferred maintenance or repair item will be withheld from Loan Proceeds and an escrow holdback agreement is required to be signed at closing. The Borrower has up to thirty (30) days to complete the work from closing. The appraiser must complete a final inspection (1004D) to see that deferred maintenance or repair have been cured. **Refinance loans:** Repairs/deferred maintenance must be completed prior to closing.
Qualifying FICO Score:	660 minimum (AL, GA,KS, ME,MO,MS,NE, SD, WI, WY (Min. 680 FICO, 1.0 DSCR)
Guarantor Credit Requirements:	• A minimum of three (3) Trade Lines (open or closed) must be established. • Minimum of two (2) Active Trade Lines (account must be active in the last 60 days from credit report date or account has an active balance). • At Least one (1) Trade Line (open or closed) with a 24+ month rating.

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	• Alternative Tradelines may be used on a case by case – requires +6 months additional PITIA reserves, DSCR > 1.2 • Authorized user accounts are not eligible trade lines. • Derogatory accounts and collection accounts are not eligible trade lines. • No BKs in the past 2 years
Background Requirements:	1. Financial Crimes. An applicant with a conviction relating to or arising out of financial theft, financial fraud, and financial misrepresentation, money laundering, forgery or other financially related crime is ineligible. 2. Non-Financial Felonies. Felony convictions that occurred more than 3 years prior to an application for credit are acceptable. Evidence of court records or a letter of explanation for the conviction must be provided for review.
Foreign Nationals/Non-Permanent Resident, and ITIN:	Not Allowed. Must be US Citizen for Expanded program

Disclaimer Notice: Please note Matrix is not a stand-alone document – Please refer to full DSCR Guidelines.