

## INVESTOR CASH FLOW PROGRAM <sup>3,9,10</sup>

**PRODUCT DESCRIPTION:** Qualification is based on Debt Service Coverage Ratio (DSCR)– NO income, NO employment, NO DTI, just fair market rent covering the PITI 1:1. Needs 12 months landlord experience at any point in the borrower’s life (doesn’t have to be recent) confirmed by old lease or CPA letter. Rents are taken solely from 100% of the market rents on appraisal or leases that are in place. If leases are in place, use the lesser of the leases or market rents from appraisal.

THIS IS A QUICK GUIDE FOR THE INVESTOR CASH FLOW PROGRAM. REFER TO FULL GUIDELINES FOR ACCESS WHICH SUPERSEDE THIS DOCUMENT.

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= 1.00 |                  |                  |                         |
|--|------------------|------------------|-------------------------|
| <=\$1,000,000 <sup>1</sup>                                 |                  |                  |                         |
| FICO   | Purchase         | Rate/Refi        | Cash Out <sup>4,5</sup> |
| 740  | 80% <sup>2</sup> | 80% <sup>2</sup> | 75%                     |
| 720  | 80% <sup>2</sup> | 80% <sup>2</sup> | 75%                     |
| 700  | 80% <sup>2</sup> | 80% <sup>2</sup> | 75%                     |
| 680  | 80% <sup>2</sup> | 80% <sup>2</sup> | 70%                     |
| 660  | 75%              | 75%              | 70%                     |
| 640  | 70%              | 70%              | 65%                     |
| 620 <sup>11</sup>  | 70%              | 70%              | 65%                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= .75 |          |           |                         |
|---|----------|-----------|-------------------------|
| <=\$1,000,000 <sup>1</sup>                                |          |           |                         |
| FICO  | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740   | 75%      | 75%       | 70%                     |
| 720   | 75%      | 75%       | 70%                     |
| 700   | 75%      | 75%       | 70%                     |
| 680   | 70%      | 70%       | 60%                     |
| 660   | 70%      | 70%       | N/A                     |
| 640   | N/A      | N/A       | N/A                     |
| 620   | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR < .75 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$1,000,000 <sup>1</sup>                               |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | 70%      | 70%       | 65%                     |
| 720  | 70%      | 70%       | 60%                     |
| 700  | 65%      | 65%       | 60%                     |
| 680  | 60%      | 60%       | N/A                     |
| 660  | N/A      | N/A       | N/A                     |
| 640  | N/A      | N/A       | N/A                     |
| 620  | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= 1.00 |                  |                  |                         |
|--|------------------|------------------|-------------------------|
| <=\$1,500,000  |                  |                  |                         |
| FICO   | Purchase         | Rate/Refi        | Cash Out <sup>4,5</sup> |
| 740  | 80% <sup>2</sup> | 80% <sup>2</sup> | 75%                     |
| 720  | 80% <sup>2</sup> | 80% <sup>2</sup> | 75%                     |
| 700  | 80% <sup>2</sup> | 80% <sup>2</sup> | 75%                     |
| 680  | 80% <sup>2</sup> | 80% <sup>2</sup> | 70%                     |
| 660  | 75%              | 75%              | 65%                     |
| 640  | 65%              | 65%              | 60%                     |
| 620 <sup>11</sup>  | 65%              | 65%              | 60%                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= .75 |          |           |                         |
|---|----------|-----------|-------------------------|
| <=\$1,500,000   |          |           |                         |
| FICO  | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740   | 75%      | 75%       | 70%                     |
| 720   | 75%      | 75%       | 65%                     |
| 700   | 75%      | 75%       | 65%                     |
| 680   | 70%      | 70%       | 60%                     |
| 660   | 70%      | 70%       | N/A                     |
| 640   | N/A      | N/A       | N/A                     |
| 620   | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR < .75 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$1,500,000  |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | 65%      | 65%       | 60%                     |
| 720  | 65%      | 65%       | 60%                     |
| 700  | 65%      | 65%       | 60%                     |
| 680  | N/A      | N/A       | N/A                     |
| 660  | N/A      | N/A       | N/A                     |
| 640  | N/A      | N/A       | N/A                     |
| 620  | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= 1.00 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$2,000,000 <sup>6</sup>                                 |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | 75%      | 75%       | 70%                     |
| 720  | 75%      | 75%       | 70%                     |
| 700  | 75%      | 75%       | 70%                     |
| 680  | 70%      | 70%       | 65%                     |
| 660  | 65%      | 65%       | 60%                     |
| 640  | 55%      | 55%       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= .75 |          |           |                         |
|---|----------|-----------|-------------------------|
| <=\$2,000,000 <sup>6</sup>                                |          |           |                         |
| FICO  | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740   | 65%      | 65%       | 60%                     |
| 720   | 65%      | 65%       | N/A                     |
| 700   | 65%      | 65%       | N/A                     |
| 680   | 60%      | 60%       | N/A                     |
| 660   | 60%      | 60%       | N/A                     |
| 640   | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR < .75 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$2,000,000 <sup>6</sup>                               |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | N/A      | N/A       | N/A                     |
| 720  | N/A      | N/A       | N/A                     |
| 700  | N/A      | N/A       | N/A                     |
| 680  | N/A      | N/A       | N/A                     |
| 660  | N/A      | N/A       | N/A                     |
| 640  | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= 1.00 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$2,500,000 <sup>6</sup>                                 |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | 70%      | 70%       | 65%                     |
| 720  | 70%      | 70%       | 65%                     |
| 700  | 70%      | 70%       | 65%                     |
| 680  | 70%      | 70%       | 60%                     |

  

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= 1.00 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$3,000,000 <sup>6</sup>                                 |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | 70%      | 70%       | 65%                     |
| 720  | 70%      | 70%       | 65%                     |
| 700  | 70%      | 70%       | 65%                     |
| 680  | 60%      | 60%       | 55%                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= .75 |          |           |                         |
|---|----------|-----------|-------------------------|
| <=\$2,500,000 <sup>6</sup>                                |          |           |                         |
| FICO  | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740   | N/A      | N/A       | N/A                     |
| 720   | N/A      | N/A       | N/A                     |
| 700   | N/A      | N/A       | N/A                     |
| 680   | N/A      | N/A       | N/A                     |

  

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR >= .75 |          |           |                         |
|---|----------|-----------|-------------------------|
| <=\$3,000,000 <sup>6</sup>                                |          |           |                         |
| FICO  | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740   | N/A      | N/A       | N/A                     |
| 720   | N/A      | N/A       | N/A                     |
| 700   | N/A      | N/A       | N/A                     |
| 680   | N/A      | N/A       | N/A                     |

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR < .75 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$2,500,000 <sup>6</sup>                               |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | N/A      | N/A       | N/A                     |
| 720  | N/A      | N/A       | N/A                     |
| 700  | N/A      | N/A       | N/A                     |
| 680  | N/A      | N/A       | N/A                     |

  

| 1-4 Unit Investment Property <sup>2,7,8</sup> DSCR < .75 |          |           |                         |
|--|----------|-----------|-------------------------|
| <=\$3,000,000 <sup>6</sup>                               |          |           |                         |
| FICO   | Purchase | Rate/Refi | Cash Out <sup>4,5</sup> |
| 740  | N/A      | N/A       | N/A                     |
| 720  | N/A      | N/A       | N/A                     |
| 700  | N/A      | N/A       | N/A                     |
| 680  | N/A      | N/A       | N/A                     |

## FOOTNOTES

- Minimum loan amount \$125,000
- Condos – Max 80% LTV
- Investor Cash Flow: DTI = NA
- Max Cash-Out Refinance Limits -
  - For LTVs 60% and lower, unlimited cash-out funds •For LTVs >60%, \$500,000 total cash-out funds
- See Texas Cash-Out Refinances a/k/a Texas Home Equity Loans for full details regarding Texas Home Equity Section 50(a)(6) eligibility.
- NO EXCEPTIONS TO MAX LOAN AMOUNTS
- Non-Warrantable Condo transactions and 2-4 Unit Properties limited to 75% max LTV
- Short-term Rentals are limited to max 75% LTV with minimum 700 FICO
- Interest Only – 700 minimum FICO
  - 75% max LTV for transactions where IO payment (ITIA) is used to calculate DSCR
  - 70% max LTV for IO transactions where DSCR < 1.00
- Non-Permanent Resident Alien borrowers:
  - Max LTV 75%
  - Purchase and Rate-Term only; Cash-Out Refinances not eligible
- For transactions with 75.01-80% LTV, a minimum 1.15 DSCR is required.
- For transactions with a 620-639 FICO, a minimum 1.15 DSCR is required

## GUIDELINES

### Credit Requirements

If more than one borrower, use the lowest middle score. Borrowers with only one (1) bureau reporting are not eligible. Each borrower must have three trade lines and a credit history covering 24 months. One trade line must have been open and active within the last 6 months. At least one trade line must be seasoned for 24 months. If a borrower's spouse is the only co-borrower listed, only one borrower is required to meet this guideline.

### Qualifying ARM Payment

Note that these requirements are superseded by any regulatory requirements such as HPML, unless exempt by definition.

**Fully-Amortized ARM Loans:** Qualified at the greater of the Note rate or the index plus margin, using the full term of the loan.

**Interest Only Loan:** Investment properties are only eligible for Interest-Only under Investor Cash Flow, using the 30-year term (based on 20yr fully amortized payment) or the 40-year term (based on 30yr fully amortized payment). Investor Cash Flow loans are eligible to qualify the DSCR based on the interest-only payment, along with taxes, insurance, HOA dues, etc. (ITIA), so long that it meets Interest-Only Payment Qualification criteria. Otherwise, the fully amortized payment (PITIA) would be used to determine the DSCR calculation. Minimum 700 FICO for Interest-Only under Investor Cash Flow. For IO transactions with DSCR < 1.00, the max LTV is 70%. Foreign Nationals are not eligible for Interest-Only.

### Interest-Only Payment Qualification

The Interest-Only payment on a loan with an interest-only payment feature may be used to calculate the qualifying payment and the DSCR for Investor Cash Flow loan transactions, provided the LTV does not exceed 75%. In addition to the interest-only payment, taxes, insurance, HOA dues and any other payments must still be included in the calculation of the DSCR (ITIA). If this is a loan transaction with an LTV exceeding 75%, the DSCR must be calculated based on the fully-amortized payment (PITIA).

## GUIDELINES

|                               |  |
|-------------------------------|--|
| <b>Eligible Borrowers</b>     | <p>Eligible Borrowers include United States Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens, and Foreign Nationals (additional guidelines apply). First Time Home Buyers not allowed.</p> <p>Non-Permanent Resident Aliens are eligible for Purchase and Rate-Term Refinance transactions only with a maximum LTV of 75%. Cash-Out Refinances are not eligible.</p> <p>At least one borrower must have a 12-month history of managing rental properties. The history does not need to be in the most recent three-year period.</p>  |
| <b>Ineligible Borrowers</b>   | <ul style="list-style-type: none"> <li>▪ Borrowers with diplomatic immunity</li> <li>▪ Borrowers without a social security number or a number that cannot be validated with the SSA.</li> <li>▪ Life Estate</li> <li>▪ Land Trusts</li> <li>▪ Non-revocable trust – <b>no exceptions</b></li> <li>▪ Guardianships</li> <li>▪ Borrowers previously convicted of mortgage fraud</li> <li>▪ Broker company employees and owners</li> </ul>  |
| <b>Pre-Payment Penalties</b>  | <p>Prepayment penalties may be placed on investment properties (all documentation types) where allowed and to the extent permitted by state and federal law. Except as otherwise specified or directed, the prepayment penalty placed shall be for a term of at least 1 year and permit the Borrower to pay down up to 20% of the original principal balance per 12 month period. Any pay downs (including complete payoff) which exceed 20% per year are penalized in an amount not less than six (6) months interest on the amount prepaid which exceeds 20% of the original principal balance, unless restricted by state/federal law. Any loan which has a prepayment penalty must be a business purpose loan as defined in 12 CFR 1026.3(a). This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. Prepayment penalties are available for terms up to five (5) years. Pricing implications may apply in the event that a PPP shorter than three years or no PPP is placed. Investor Cash Flow Loans with a DSCR 70 must have at least a one-year PPP. 70.01-75% LTV for DSCR &lt; 1.0 is only allowed for those states currently approved for prepayment penalties (see full guidelines for further details).</p> <p>Eligible states for PPP are AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, ME, MD, MO, MT, NC, ND, NE, NH, NV, NY, OK, OR, PA, SC, SD, TN, TX, UT, VA, VT, WA, WI, WY</p> |
| <b>Eligible Properties</b>    | <ul style="list-style-type: none"> <li>▪ 1-4 unit attached and detached properties (Max LTV of 75% for 2-4 unit properties)</li> <li>▪ Attached and detached PUDs</li> <li>▪ Attached and detached Condos which are warrantable under Fannie Mae/Freddie Mac criteria. For ICF, max LTV for condos is 75%</li> <li>▪ Non-Warrantable Condos with one Non-Warrantable feature (see Non-Warrantable Condo section). Max 75% LTV. Pricing adjustments apply</li> <li>▪ Properties with an Accessory Unit (ADU) must meet Fannie Mae/Freddie Mac criteria</li> <li>▪ TBD Properties (file must be resubmitted when property address is found – valid change of circumstance to add the property address is ineligible for this product)</li> </ul>   |
| <b>Ineligible Properties</b>  | <ul style="list-style-type: none"> <li>▪ Acreage greater than 2 acres (appraisal must include total acreage)</li> <li>▪ Mixed Use Properties</li> <li>▪ Agricultural zoned property</li> <li>▪ Log Homes</li> <li>▪ Manufactured housing/Modular homes</li> <li>▪ Properties subject to oil and/or gas leases</li> <li>▪ Unique properties</li> <li>▪ Working farms, ranches, or orchards</li> <li>▪ Hobby Farms</li> <li>▪ Co-ops</li> <li>▪ Condo units located in a condo hotel</li> <li>▪ Properties in Lava Zones 1 and 2</li> <li>▪ Properties with a condition rating of C5 or C6</li> <li>▪ Rural Properties are not eligible on investment properties</li> </ul>  |
| <b>Geographic Eligibility</b> | <p>The Access product suite is eligible in ALL states. No state subprime or equivalent allowed.</p> <p>In the event an appraisal indicates a property is located in a declining market, a 5% LTV reduction will be applied.</p>  |

## GUIDELINES

### DSCR

Qualification is determined solely based the debt service coverage ratio (DSCR) of the SUBJECT PROPERTY ONLY, as defined by rents divided by proposed PITIA (based on the qualifying rate and payment), unless the interest only payment is utilized.

See Qualifying Ratios for more detail. The loan must be eligible for treatment as a business purpose loan. This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. At least one borrower on the file must have at least a 12-month history of owning and managing rental properties, though it does not need to have been in the most recent three years. Management of commercial properties is acceptable. Documentation to substantiate the management history must be provided. **See Landlord History Waiver section for requirements to waive the landlord history requirement.**

No income or employment is verified for this product. No DTI is developed. These loans are deemed business purpose loans and as such are exempt from ATR and QM requirements. They are also exempt from HPML requirements.

#### Qualification

The Debt Service Coverage Ratio (DSCR) is subject to specific criteria based on loan amount, FICO score and LTV. Please see the [Investor Cash Flow matrix](#) to determine eligibility based one of the following options:

- DSCR  $\geq$  1.00
  - For Investor Cash Flow transactions with 75.01-80% LTV, a minimum 1.15 DSCR is required.
  - For Investor Cash Flow transactions with a 620-639 FICO, a minimum 1.15 DSCR is required.
- DSCR  $\geq$  0.75
  - For interest-only transactions with DSCR  $<$  1.00, the max LTV is 70%.
- DSCR  $<$  0.75

Also note that certain DSCR levels (i.e.  $<$  1.00) may be subject to pricing adjustments

Example: Rents of \$1,000 and PITIA of \$800.  $DSCR = \$1,000 / \$800 = 1.25$ . This would be eligible for the product.

Rents of \$800 and PITIA of \$1,200.  $DSCR = \$800 / \$1,200 = .667$ . This would not be eligible for the product.

### LLC Requirements

An LLC is a non-corporate business whose owners actively participate in the organization's management and are protected against personal liability for the organization's debts and obligations. Domestic LLCs are eligible subject to the requirements below.

- Investment property transactions only
- Must be legal in the state in which the LLC is being formed
- LLC must be formed in the same state where property is located
- LLC must have been created to manage rental properties only
- Title may be held in the LLC; however, the loan application must be made in the individual borrower's name.
- All borrowers must sign the Deed of Trust/Mortgage as individuals and as authorized signors of the LLC therefore subject property mortgage debt will be reported on the borrower's credit report.
- No more than two (2) owners for an LLC; may be U.S. Citizen or Permanent Resident Aliens
- Members of the LLC must be beneficial owners of the property
- The operating agreement must provide the term of the LLC and the members authorized to encumber the LLC as guarantors. Organizational meeting minutes may be required if the operating agreement does not clearly identify the powers of the managing partners.
- All owners of the LLC (no more than two) are borrowers on the transaction.
- LLCs are acceptable in all lending areas and are limited to investment property transactions only

Continued on next page

## GUIDELINES

|                                 |   |
|---------------------------------|---|
| <b>LLC Requirements (Cont.)</b> | <p>Documentation Requirements</p> <ul style="list-style-type: none"> <li>Articles of Organization</li> <li>Operating Agreement</li> <li>Unanimous Consent &amp; Resolution to Borrow, which must include lender name, loan amount, and property address</li> <li>SS-4 Form listing tax ID Number</li> <li>Certificate of Good Standing from the applicable Secretary of State's office (print out from sec of state website not acceptable), dated within 60 days of the note date</li> </ul>   |
| <b>Determination of Rents</b>   | <p><b>PURCHASES</b><br/> Use 100% of the market rents as determined by the appraiser. No lease is required. If a lease is in place, the lesser of the market rents or the current rents will be utilized. In the event a property is subject to an at will tenancy without a written lease agreement which will continue after closing, documentation from the seller of the property outlining the terms of the lease including the tenant's name, address, monthly rent will be acceptable as a lease agreement. If a borrower has a tenant in place on a lease which will commence within 60 days of purchase, said lease may be included within the determination of the subject property's cash flow as the current rents. The rental income utilized may not exceed the appraiser's opinion of market rents. The Borrower must provide the executed lease and proof of receipt of 1 months' rent and/or security deposit due per the terms of the lease.</p> <p><b>REFINANCE</b><br/> Use 100% of the lesser of current or market rents as determined by the appraiser. Borrower must provide leases in place. An expired lease which either contains language or, per state law, which converts to month-to-month is acceptable. In the event a property is subject to an at will tenancy without a written lease agreement, a letter from the Borrower outlining the terms of the lease including the tenant's name, address, monthly rent, and how long the lease has been active will be acceptable as a lease agreement with proof of the most recent month's rental income. If a borrower has a tenant in place on a lease which will commence within 60 days of closing, said lease may be included within the determination of the subject property's cash flow as the current rents. The rental income utilized may not exceed the appraiser's opinion of market rents. Borrower must provide the executed lease and proof of receipt of 1st months' rent and/or security deposit due per the terms of the lease. In the event that the unit is subject to a lease agreement and the lease agreement exceeds the market rents, the lease may be used to calculate the DSCR provided the lease will continue for at least six months after the note date and the two months of rents due prior to the application date are documented as received timely. Properties rented on a short term basis where the actual rents exceed the market rents may use the actual rents. A 12 month average for the period preceding the application will be developed, a 25% vacancy factor applies to the DSCR calculation, and the gross rents may not be declining more than 10% over 6 months. If the unit is currently vacant, utilize 100% of the market rent.</p> |

## GUIDELINES

### Short Term Rental Income (e.g. Airbnb, VRBO, HomeAway, etc.)

#### PURCHASE

- AirDNA will be used for all short-term rental purchase transactions. AirDNA is not allowable for refinance transactions.
- Minimum DSCR of 1.15 is required, using the AirDNA Rentalizer
- Maximum 75% LTV for borrowers with at least one (1) year experience operating a short-term rental property
- Maximum 70% LTV for borrowers who do not have one (1) year experience operating a short-term rental property (< 1-year)
- Minimum 700 FICO
- AirDNA Report must meet the following requirements
  - Only allowed for purchase transaction
  - Forecast period must cover twelve (12) months from the Note date
  - The occupancy rate must be > 50%
  - Must have four (4) comparison properties
  - Must be located within the same zip code
  - Must be similar in size, room count, and occupancy
  - Income Calculation – Annual revenue divide by twelve (12) months (Annual Revenue / 12)
- If AirDNA reports do not meet the aforementioned requirements, Market Rent Survey based on long-term tenancy will be used with minimum DSCR of 1.15
  - If the loan amount is < \$150,000, minimum DSCR of 1.25 is required
- Property tax escrows are required (waivers not allowed)

#### REFINANCE

- AirDNA Rentalizer tool is not allowed for refinance transactions. The loan must meet the 12 month payment history requirement listed below.
- Minimum DSCR of 1.15 – calculated based on average deposits over twelve (12) month history, including zero deposit months
- Max 70% LTV
- Minimum 700 FICO
- Twelve (12) months payment history required from a third-party property management provider.
  - Subject properties that are self-managed and/or cannot provide twelve (12) month payment history from a third-party management provider must qualify based on Market Rent Survey based on long-term tenancy (see below).
- Short-term rental statements must clearly identify the subject property by address. Property ID # and property description alone is not sufficient.
- For subject property with less than twelve (12) month short-term rental income history or for subject property that is not able to provide a twelve (12) month payment history from a third-party management provider, a Market Rent Survey based on long-term tenancy may be used with a minimum DSCR of 1.15.
  - If the loan amount is < \$150,000, minimum DSCR of 1.25 is required.
- Property tax escrows are required (waivers not allowed)

**Note:** Short-Term Rentals in New York City are ineligible

### Landlord History Waiver

- Borrowers who meet all of the below criteria are not required to document a previous 12 month history of owning and managing rental properties. Underwriting may, in its discretion, request a motivation letter or other information as necessary to establish the loan as a business purpose loan. In instances where there are multiple Borrowers and all Borrowers do not meet the below requirements, the file is subject to additional due diligence to verify it will be a business purpose loan.
- 680 FICO
  - 1.000 DSCR based on a 30 year amortizing payment
  - 0x30x12 on all housing trade lines as of the application date
  - No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date
  - Purchase transactions only
  - Borrower must own their current primary residence

## GUIDELINES

|                              |   |
|------------------------------|---|
| <b># of Properties Owned</b> | <p>Loan/Property restrictions per borrower are as follows:</p> <ul style="list-style-type: none"> <li>• Borrowers are collectively limited to eight (8) loans either issued or purchased by REMN/HBFS not to exceed \$10,000,000. If greater than four (4) loans, then REMN WS Credit Committee approval is required</li> <li>• Borrowers with &gt; 15 properties are not eligible for any second home or investment property transaction (purchase, rate/term, or cash-out). This is an aggregate based on all borrowers, and includes commercial properties and properties owned free and clear</li> <li>• Borrowers may have REMN/HBFS financing on a maximum of 5% of the properties in a condominium project. Condo project will require upfront validation with the Project Standards group to ensure maximum exposure in the project has not been reached.</li> <li>• For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed</li> </ul>  |
| <b>Reserves</b>              | <p><b>Investor Cash Flow Requirements</b></p> <ul style="list-style-type: none"> <li>▪ Loan amount up to \$500K – 3 months PITIA or ITIA*</li> <li>▪ Loan amount above \$500K up to \$1.5MM – 6 months PITIA or ITIA*</li> <li>▪ Loan amount above \$1.5MM up to \$2.5MM – 9 months PITIA or ITIA*</li> <li>▪ Loan amount above \$2.5MM up to \$3MM – 12 months PITIA or ITIA*</li> <li>▪ FICO 620-639 – 12 months PITIA or ITIA*</li> <li>▪ DSCR &lt;1.0 - Additional 3 months PITIA or ITIA* over and above loan amount requirements</li> <li>▪ No reserves required for other real estate owned</li> </ul> <p>*For Investor Cash Flow loan transactions where the interest-only payment (ITIA) is eligible for DSCR calculation</p>  |
| <b>Gifts</b>                 | <p>A borrower of a mortgage loan may use funds received as a personal gift from an acceptable donor as a source of funds to close, closing costs, and funds to pay down debts. The gift donor must be a relative. A relative is any person related by blood, legal proceedings, marriage, or adoption and also includes a fiancé or domestic partner. Gift funds may not be used for reserves. The borrower must contribute 5% of the purchase price from their own funds, except as otherwise specified. A purchase of a primary residence with an LTV ≤80 does not require a borrower contribution, except as otherwise specified. Gift funds are eligible on investment properties. The borrower must contribute 5% of the purchase price from their own funds if the LTV &gt; 75%. No minimum borrower contribution is required for LTV ≤ 75%.</p>  |
| <b>Seller Concession</b>     | <p>Maximum Seller Concession is 3%</p>  |
| <b>Appraisals</b>            | <p>Appraisals may not be more than 120 days old as of the note date. All transactions require a new appraisal. Appraisals must be ordered through a REMN approved Appraisal Management Company.</p> <p><b>Determining Collateral Value</b></p> <p>Collateral valuations impact the determination of the loan-to-value ratios, as well as approval and identification of exceptions. Loans wherein the best usage is as a “tear down and replace” are not eligible. The methods for determining collateral value are different for purchase versus refinance transactions (see below). In instances where two full appraisals are completed, utilize the lower of the two.</p> <p><i>Purchase Transaction</i></p> <p>The collateral value is based upon the lesser of the sales price (minus concessions or excess contributions) or the appraised value.</p> <p><i>Refinance Transaction</i></p> <p>For properties owned less than 12 months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance ≤10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value.</p> <p>Continued on next page</p> |

## GUIDELINES

### Appraisals (Cont.)

In instances where one appraisal is required, the CU and/or LCA score must be reviewed. If the CU and/or LCA score is less than or equal to 2.5, no additional appraisal review products are required unless otherwise specified. If the CU and/or LCA score exceeds 2.5 or there is no CU and/or LCA score, a CDA with a variance less than 10% is required. If the variance between the CDA and the appraisal is greater than 10%, perform a field review.

**NOTE:** The > 10% variance rule applies when the CDA variance is reflecting a lower value than the property appraisal. If the CDA variance is reflecting a higher value than the property appraisal, the property appraisal is fully supported, and a field review is not necessary.

If the value of the field review is within 5% of the value of the appraisal, utilize the lower of the two. If the value is outside of 5% of the appraised value, complete a second full appraisal. Loan amounts above \$1.5MM and up to \$2MM may not utilize the CU and/or LCA score in lieu of obtaining a CDA. In the event of two appraisals, the lower of the two values will be utilized and a CDA is not required unless otherwise specified in these guidelines.

**For each transferred appraisal, the following criteria must be met:**

- A copy of the appraiser's current license, to be independently verified by REMN WS
- A copy of the appraiser's current E&O Policy with sufficient coverage name the appraiser as insured
- If the appraisal is a transferred appraisal, the AMC must provide an assignment of appraisal to REMN WS. In lieu of this requirement the AMC's business license must be independently verified by REMN WS.
- The AIR certificate confirming compliance with Dodd-Frank AIR requirements
- A Collateral Desktop Analysis (CDA) with a variance between 0% and positive 10%, inclusive

**Appraisal Requirements:**

Up to and including \$1,500,000 – One Appraisal

Above \$1,500,000 – Two Appraisals

HPML Loan with a Flipped Property – Two Appraisals

### Unlicensed MLO

A broker/MLO who is not currently licensed in the state where the subject property is located is eligible to submit the loan if the following applies:

- Investor Cash Flow transactions only
- Subject property cannot be located in the following states: AK, AZ, CA, ID, MI, MN, NE, NV, ND, OR, SD, UT, VT
- Broker/MLO must have a current license in at least one other state
- The loan must be reviewed at the time of submission and receive upfront validation by the REMN Ops Manager or designee to confirm a) the Broker/MLO is licensed, b) the property is located in an eligible state, and c) the product type is Investor Cash Flow
- A loan with an unlicensed MLO MUST meet all guidelines, no exceptions
- Standard ICF pricing does not apply – special pricing must be obtained from the REMN Lock Desk