

# SHARP N DSCR

## DSCR (1-4 Unit Properties)

Occupancy	Units	Loan Amount	MIN FICO	MAX LTV/CLTV		
				Purchase	R/T	C/O
Investment	1*	<=\$1.5MM	720+	80%	80%	75%
		<=\$2.0MM	740+	80%	80%	75%
			720	75%	75%	70%

**\*2-4 UNITS SEE ELIGIBLE PROPERTY TYPES FOR REQUIREMENTS**

### GENERAL REQUIREMENTS

<b>OCCUPANCY</b>	Investment Only				
<b>MIN DSCR</b>	<ul style="list-style-type: none"> <li>1.0</li> <li>1.15 Short-Term Rentals</li> <li>1.25 First-Time Investors</li> </ul>				
<b>LOAN AMOUNTS</b>	<ul style="list-style-type: none"> <li>MIN \$150K</li> <li>MAX \$2.0MM</li> </ul>				
<b>TERMS</b>	<table border="1"> <tr> <td><b>FIXED</b></td> <td>30 YR FX</td> </tr> <tr> <td><b>INTEREST ONLY</b></td> <td>30 YR FX</td> </tr> </table>	<b>FIXED</b>	30 YR FX	<b>INTEREST ONLY</b>	30 YR FX
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<b>INTEREST ONLY</b>	I/O Period 10 YRs   Amortization period 20 YRs   Maturity 30 YRs				
<b>ELIGIBLE PROPERTY TYPES</b>	<p>SFD, (MAX 2 Acres) SFA, 2-4 Units &amp; Warrantable Condos</p> <ul style="list-style-type: none"> <li>5% LTV reduction required on 2-4 Units</li> <li>Warrantable Condos – MAX 75%</li> </ul>				
<b>INELIGIBLE PROPERTY TYPES</b>	Manufactured, Co-ops, Non-Warrantable Condos, Condotels, Mixed Use, Leaseholds AND Rural				
<b>CASH-OUT</b>	<p>MAX C/O Amounts:</p> <ul style="list-style-type: none"> <li>LTV/CLTV &gt;50% MAX \$1.0MM</li> <li>LTV/CLTV &lt;=50%   Unlimited</li> <li>C/O amounts may be used to meet reserve requirements.</li> <li>MIN 6 MO seasoning from most recent event</li> <li>Not permitted in declining markets</li> </ul>				
<b>CASH-OUT SEASONING</b>	<ul style="list-style-type: none"> <li>MIN 6 MO since the most recent mortgage transaction (Note to Note date).</li> <li>Delayed Financing or buyout of a co-owner excluded from seasoning requirements.</li> <li>C/O for personal purposes not permitted.</li> </ul>				
<b>PROPERTIES LISTED FOR SALE</b>	With a PPP – Property must be taken off the market prior to application. Without a PPP (even when not permitted by state laws) – C/O not permitted Properties listed in the past 6 MO. the value will be based on the lesser of the appraised value or the lowest listing price.				
<b>SELLER CONCESSIONS</b>	<table border="1"> <tr> <td>Seller Concessions - MAX 6%</td> <td><b>INSURANCE</b></td> <td>6 MO. Rent Loss Insurance required</td> </tr> </table>	Seller Concessions - MAX 6%	<b>INSURANCE</b>	6 MO. Rent Loss Insurance required	
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<b>ENTITY LENDING/VESTING</b>	<ul style="list-style-type: none"> <li>Vesting and Lending to the entity permitted. Note/Mortgage/Deed in the name of the entity (LLC, LP, GP, CORP &amp; S CORP).</li> <li>Credit qualifying using individual borrower – Personal Guaranty by the individual borrower Required  Foreign Entities not permitted.</li> <li>Limit 4 owners/members</li> <li>PGs required by all members of the entity (including non-borrowers) that have 50% or more ownership.</li> <li>Each entity owner must receive notice of the loan and its terms prior to closing</li> </ul>				



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<b>SUBORDINATE FINANCING</b>	New subordinate financing not permitted.   Re-subordinated liens subject to: <b>PR MAX CLTV 90%, 2<sup>nd</sup> HM MAX CLTV 85%, INV Ineligible</b>   Second lien may not be privately held, HELOC or Reverse Mortgage.
<b>ESCROW WAIVERS</b>	Not permitted
<b>UNDERWRITING REQUIREMENTS</b>	
<b>REPRESENTATIVE CREDIT SCORE (FICO)</b>	<ul style="list-style-type: none"> <li>• Representative FICO</li> <li>• 3 scores – Use the MID score</li> <li>• 2 scores – Use the lowest</li> <li>• Multiple Borrowers - Use the highest representative credit score of all borrowers to determine eligibility.</li> </ul>
<b>TRADELINE REQUIREMENTS</b>	<p>All borrowers must meet the tradeline requirements</p> <ul style="list-style-type: none"> <li>• 3 tradelines reporting for last 12 MO. or 2 reporting for 24 MO w/activity in past 12 MO. Or 24 MO mortgage history reporting on the credit report.</li> <li>• Tradelines used cannot reflect late payments.</li> <li>• Deferred accounts (w/o a payment history) may not be used.</li> <li>• Accounts closed &lt;12 MO may be considered.</li> </ul>
<b>HOUSING HISTORY</b>	<ul style="list-style-type: none"> <li>• Mortgages on other REOs (non-subject &amp; non-PR) that are not reporting on credit, do not need to be verified.</li> <li>• Borrower must currently maintain a primary residence (Own or Rent) Rent free not permitted.</li> </ul>
<b>HOUSING PAYMENT HISTORY</b>	<ul style="list-style-type: none"> <li>• 0 X 30 X 12 for all mortgages reporting on the credit report.</li> </ul>
<b>CREDIT EVENT SEASONING</b>	<p>All borrower must meet the below requirements:</p> <ul style="list-style-type: none"> <li>• BK 7 &amp; 13 – 48 MO discharge/dismissal date</li> <li>• SS, DIL, FC, Mod, 120+ housing late 48 MO.</li> <li>• Multiple events - ineligible</li> </ul>
<b>COLLECTIONS</b>	<ul style="list-style-type: none"> <li>• Collections and charge-offs &lt; 24 months old with a maximum cumulative balance of \$5,000</li> <li>• All medical collections <b>may remain open, and amounts are not included in cumulative balances.</b></li> <li>• Collections from factoring companies when the original debt can be verified on the credit report.</li> <li>• Accounts may be left open with sufficient reserves to cover balance in addition to required reserves. Payment calculated at 5% of the remaining balance must be included.</li> </ul>
<b>FIRST TIME HOMEBUYER</b>	Borrowers who have not had homeownership in the past 5 years are not eligible.
<b>INVESTOR EXPERIENCE</b>	Previous investment property ownership – not required
<b>BORROWERS</b>	<ul style="list-style-type: none"> <li>• U.S. Citizens, Perm Res Aliens</li> <li>• Non-Perm Res Aliens not permitted</li> <li>• Foreign Nationals not permitted</li> </ul>
<b>TRANSCRIPTS</b>	Not required
<b>LOAN AMTS</b>	Loan amounts ≥\$2.0MM a second signature required.
<b>NON-ARMS LENGTH</b>	Non-Arm's Length transactions not permitted
<b>ASSETS</b>	Sourced and seasoned for 30 Days in a US account
<b>RESERVES</b>	<ul style="list-style-type: none"> <li>• Subject property - Loan Amounts:</li> <li>• ≤\$500K 3 MO.</li> <li>• &gt;\$500K - \$2MM 6 MO.</li> <li>• Multiple financed properties - 2 MO additional per property (excluding the borrowers PR)</li> </ul>
<b>GIFT FUNDS</b>	<ul style="list-style-type: none"> <li>• Permitted – MIN borrower contribution 10%</li> <li>• Gift funds may not be used to meet reserve requirements</li> </ul>
<b>DDOCUMENTATION AND CALCULATIONS</b>	
<b>GENERAL REQUIREMENTS</b>	All refinance transaction require the property to be leased. Vacant properties are not eligible except for properties leased through short-term rental agencies; or with evidence that the property has been recently rehabbed and is currently listed for rent and is being marketed as such.



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<p><b>ANNUAL</b></p>	<p>If using the lesser of market rents or the lease, nothing further is required.</p> <ul style="list-style-type: none"> <li>If using a higher lease amount, evidence of 2 months of receipt is required, and the lease must be within 120% of the market rents. If the actual rent exceeds 120% of the market rents, the rents are capped at 120%.</li> <li>If using a higher estimated market rent from the 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease by more than 120%, the estimated market rent is capped at 120%.</li> </ul> <p><b>DSCR Ratio Calculation:</b></p> <ul style="list-style-type: none"> <li>DSCR Ratio = Short- or Long-Term Gross Rental Income / PITIA Fully Amortizing or ITIA (for IO Loans)</li> </ul>												
<p><b>SHORT TERM</b></p>	<p>Defined as properties leased on a nightly, weekly, monthly, or seasonal basis.</p> <ul style="list-style-type: none"> <li>ALL STRs require evidence from third party vendors validating that the governing municipality where the subject STR is located allows properties to be rented as STRs; with the exception of the five (5) New York City Boroughs which are ineligible.</li> <li>Min DSCR &gt;= 1.15</li> <li>Max LTV: Lesser of 75% or the LTV/CLTV available per the matrix.</li> <li>Evidence is required from a third-party vendor (such as Property Guard, Vrolio or equivalent) validating that the governing municipality where the subject property is located allows properties to be rented as STRs.</li> </ul> <p><b>Short Term Gross Rental Income:</b></p> <ul style="list-style-type: none"> <li>One of the following options depending upon the transaction:             <ul style="list-style-type: none"> <li>1007/1025 or</li> <li>12-month look back on rents received using bank statements or 3rd party rental statements</li> </ul> </li> </ul> <p><b>Seasonality</b> - The market rents must account for the seasonality of the subject property's rents. The appraiser is required to address the seasonality of the subject property short term rental market in computing the market rent. If the appraiser fails to appropriately address for seasonality, gross rents should be computed using the vacancy factor as determined by the AirDNA Property Earning Report.</p> <table border="1" data-bbox="407 906 2026 963"> <thead> <tr> <th>Calendar Days</th> <th>Days Rented</th> <th>Vacant</th> <th>Vacancy Factor</th> </tr> </thead> <tbody> <tr> <td>365</td> <td>150</td> <td>215</td> <td>215/365 = 59%</td> </tr> </tbody> </table>					Calendar Days	Days Rented	Vacant	Vacancy Factor	365	150	215	215/365 = 59%
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<p><b>APPRAISAL REQUIREMENTS</b></p>													
<p><b>APPRAISAL</b></p>	<p>LN AMTS &lt;\$2.0 MM - 1 Full Appraisal LN AMTS ≥\$2.0MM - 2 Full Appraisals</p>	<p><b>CDA</b></p>	<p>CDA &gt; 10% of appraised value full second appraisal required</p>	<p><b>CU</b></p>	<p>CU of 2.5 or less CDA not required.</p>								
<p><b>DECLINING MARKETS</b></p>	<p>Appraiser indicated declining market.</p> <ul style="list-style-type: none"> <li>5% LTV Reduction when LTV &gt;65% LTV</li> <li>C/O Not permitted</li> </ul>												
<p><b>GEOGRAPHIC RESTRICTIONS</b></p>													
<p><b>INELIGIBLE</b></p>	<p>AK</p>	<p><b>CITY OF NY</b></p>	<p>Short Term Rentals are not permitted</p>	<p>TX 50 (a) (6) and (a) (4) Ineligible</p>									