SHARP N DSCR

DSCR
(1-4 Unit Properties)

Occupancy	Units	Loan Amount	MIN FICO	MAX LTV		
				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

OCCUPANCY	Investment Only
MIN DSCR	• 1.0 • 1.15 Short-Term Rentals • 1.25 First-Time Investors
LOAN AMOUNTS	• MIN $150K • MAX $2.0MM
TERMS	**FIXED** — 30 YR FX **INTEREST ONLY** — 30 YR FX
INTEREST ONLY	I/O Period 10 YRs | Amortization period 20 YRs | Maturity 30 YRs **QUALIFYING PAYMENT** — Use the ITIA payment
ELIGIBLE PROPERTY TYPES	SFD, (MAX 2 Acres) SFA, 2-4 Units & Warrantable Condos • 5% LTV reduction required on 2-4 Units • Warrantable Condos – MAX 75%
INELIGIBLE PROPERTY TYPES	Manufactured, Co-ops, Non-Warrantable Condos, Condotels, Mixed Use, Leaseholds AND Rural
CASH-OUT	MAX C/O Amounts: • LTV/CLTV >50% MAX $1.0MM • LTV/CLTV <=50% | Unlimited • C/O amounts may be used to meet reserve requirements. • MIN 6 MO seasoning from most recent event • Not permitted in declining markets
CASH-OUT SEASONING	• MIN 6 MO since the most recent mortgage transaction (Note to Note date). • Delayed Financing or buyout of a co-owner excluded from seasoning requirements. • C/O for personal purposes not permitted.
PROPERTIES LISTED FOR SALE	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.
SELLER CONCESSIONS	Seller Concessions - MAX 6% **INSURANCE** — 6 MO. Rent Loss Insurance required

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ENTITY LENDING/VESTING	- Vesting and Lending to the entity permitted. Note/Mortgage/Deed in the name of the entity (LLC, LP, GP, CORP & S CORP). - Credit qualifying using individual borrower – Personal Guaranty by the individual borrower Required| Foreign Entities not permitted. - Limit 4 owners/members - PGs required by all members of the entity (including non-borrowers) that have 50% or more ownership. - Each entity owner must receive notice of the loan and its terms prior to closing
SUBORDINATE FINANCING	New subordinate financing not permitted.	Re-subordinated liens subject to: PR MAX CLTV 90%, 2nd HM MAX CLTV 85%, INV Ineligible| Second lien may not be privately held, HELOC or Reverse Mortgage.
ESCROW WAIVERS	Not permitted

UNDERWRITING REQUIREMENTS	
REPRESENTITIVE CREDIT SCORE (FICO)	- Representative FICO 3 scores – Use the MID score 2 scores – Use the lowest - Multiple Borrowers - Use the highest representative credit score of all borrowers to determine eligibility.
TRADELINE REQUIREMENTS	All borrowers must meet the tradeline requirements 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. - Tradelines used cannot reflect late payments. - Deferred accounts (w/o a payment history) may not be used. - Accounts closed <12 MO may be considered.
HOUSING HISTORY	- Mortgages on other REOs (non-subject & non-PR) that are not reporting on credit, do not need to be verified. - Borrower must currently maintain a primary residence (Own or Rent) Rent free not permitted.
HOUSING PAYMENT HISTORY	0 X 30 X 12 for all mortgages reporting on the credit report.
CREDIT EVENT SEASONING	All borrower must meet the below requirements: - BK 7 & 13 – 48 MO discharge/dismissal date - SS, DIL, FC, Mod, 120+ housing late 48 MO. - Multiple events - ineligible
COLLECTIONS	- Collections and charge-offs < 24 months old with a maximum cumulative balance of $5,000 - All medical collections may remain open, and amounts are not included in cumulative balances. - Collections from factoring companies when the original debt can be verified on the credit report. - 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.
FIRST TIME HOMEBUYER	Borrowers who have not had homeownership in the past 5 years are not eligible.
INVESTOR EXPERIENCE	Previous investment property ownership – not required
BORROWERS	- U.S. Citizens, Perm Res Aliens - Non-Perm Res Aliens not permitted - Foreign Nationals not permitted
TRANSCRIPTS	Not required
LOAN AMTS	Loan amounts ≥$2.0MM a second signature required.
NON-ARMS LENGTH	Non-Arm's Length transactions not permitted
ASSETS	Sourced and seasoned for 30 Days in a US account
RESERVES	- Subject property - Loan Amounts: ≤$500K 3 MO. >$500K - $2MM 6 MO. - Multiple financed properties - 2 MO additional per property (excluding the borrowers PR)

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GIFT FUNDS	• Permitted – MIN borrower contribution 10% • Gift funds may not be used to meet reserve requirements
DDOCUMENTATION AND CALCULATIONS	
GENERAL REQUIREMENTS	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.
ANNUAL	If using the lesser of market rents or the lease, nothing further is required. • 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%. • 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%. **DSCR Ratio Calculation:** • DSCR Ratio = Short- or Long-Term Gross Rental Income /PITIA Fully Amortizing or ITIA (for IO Loans)

SHORT TERM	Defined as properties leased on a nightly, weekly, monthly, or seasonal basis.
	• 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.
	• Min DSCR >= 1.15
	• Max LTV: Lesser of 75% or the LTV/CLTV available per the matrix.
	• 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.
	
	Short Term Gross Rental Income:
	• One of the following options depending upon the transaction:
	  o 1007/1025 or
	  o 12-month look back on rents received using bank statements or 3rd party rental statements
	
	Seasonality - 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.
	
	<table><tr><th>Calendar Days</th><th>Days Rented</th><th>Vacant</th><th>Vacancy Factor</th></tr><tr><td>365</td><td>150</td><td>215</td><td>215/365 = 59%</td></tr></table>

APPRAISAL REQUIREMENTS					
APPRAISAL	LN AMTS <$2.0 MM - 1 Full Appraisal LN AMTS ≥$2.0MM - 2 Full Appraisals	**CDA**	CDA > 10% of appraised value full second appraisal required	**CU**	CU of 2.5 or less CDA not required.
DECLINING MARKETS	Appraiser indicated declining market. • 5% LTV Reduction when LTV >65% LTV • C/O Not permitted				

GEOGRAPHIC RESTRICTIONS				
INELIGIBLE	Baltimore City row homes	**CITY OF NY**	Short Term Rentals are not permitted	TX 50 (a) (6) and (a) (4) Ineligible