First Colony

SHARP ADVANTAGE DSCR MATRIX

11.10.26

REFER TO THE SHARP ADVANTAGE FULL PROGRAM GUIDELINES FOR ADDITIONAL GUIDANCE AND RESTRICTIONS

	DSCR >= 0.75 - 0.99				DSCR >=1.00			
LOAN AMOUNT	**FICO**	**PURCHASE**	**RATE/ TERM**	**CASH OUT**	**FICO**	**PURCHASE**	**RATE/ TERM**	**CASH OUT**
<=$1M	700	75	75	70	700	80	80	75
	680	70	70	60	680	80	80	70
					660	75	75	70
>$1M - <=$1.5M	740	75	70	70	740	80	80	75
	700	70	70	65	720	80	80	70
	680	70	65		700	80	80	70
					680	75	70	65
>$1.5M - <=$2M	740	70	65	65	740	75	70	70
	720	65	65	65	720	75	70	65
	700	65	65	65	700	75	70	65
					680	70	65	
>$2M - <=$2.5M					700+	70	65	65
>$2.5M* - <= $3M					740	70	65	
					720	70	65	
					700	70	65	

*2-4 Units: 5% reduction if >$2.5M

**Required reserves noted below (Under General Eligibility)

500 East Park Avenue,
Suite 900, Orem, Utah 84097
NMLS#3112

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DSCR CALCUATIONS		
ANNUAL RENTALS		
Transaction Type	**Documentation Requirements**	**Income Calculation**
PURCHASE	**Market rents:** • Market rents: FNMA Form 1007/1025	**Market rents:** • Use market rents from FNMA Form 1007/1025
REFINANCE	• FNMA Form 1007/1025 ***AND*** • Executed lease agreements • Evidence of Most Recent 2 month Rent Receipts IF rents exceed market	The lesser of 1007/1025 market rents or actual rents, not to exceed 120% of market rents
SHORT TERM RENTALS		
Transaction Type		
PURCHASE	**Market rents:** • FNMA Form 1007/1025 • 12 month rental history from 3rd party management	1007/1025 or a Short term rental analysis. • The market rents or actual calculated rents may be used. • Confirmation from appraiser or a third party vendor validating the governing municipality allows properties to be rented as short term rentals
REFINANCE	**Market rents:** • FNMA Form 1007/1025 ***OR*** • Statement of 12 month rental history (from 3rd party) ***AND*** • Active listing (e.g., screenshot of Airbnb/VRBO) ***Statement must Include:*** • Rents for subject property collected over 12 months ***AND*** • Vendor/Management fees	**Market rents:** • 12 months average of rents provided by 3rd party management company or market rents from FNMA Form 1007/1025 or Short term rental analysis • The greater of 1007/1025 market rents or actual rents may be used, not to exceed 120% of market rents • Confirmation from appraiser or a third party vendor validating the governing municipality allows properties to be rented as short term rentals

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PROGRAM INFORMATION									
TERMS	Fully Amortizing	**FIXED**	15YR & 30YR	**ARM**	5/6 & 7/6	**INDEX**	SOFR	**5 YR Caps**	2/1/5
	Interest Only	**FIXED**	30 & 40 YR	**ARM**	5/6 & 7/6	**MARGIN**	5.0	**7 YR Caps**	5/1/5
INTEREST ONLY	Interest Only period = 10 YRS | MIN DSCR = 1.0 | • INTEREST ONLY: 0x30x12 housing history required								
QUALIFYING	**ARM**	Greater of Fully Indexed or Note Rate			**I/O**	Qualifying payment is based on the Interest Only payment			
LOAN AMOUNTS	**MIN**	Purchase / Rate & Term: $100k | Cash Out: $150k			**MAX**	$3M (loan amounts >$2M require Corporate Approval)			
DSCR MINIMUM	0.75								
SHORT TERM RENTAL	DSCR >=1.15 | Purchase Max LTV <=75% | Refinance Max LTV <=70% (also refer to First Time Investor section below)								
SEASONING	• Cash Out: Minimum 6 months from acquisition to note date - use appraised value | Business Purpose LOE required • No waiting period if property inherited or legally awarded								
CASH-OUT	LTV > 65% MAX $500K | LTV < = 65% Unlimited								
NON ARMS LENGTH TRANSACTIONS	Ineligible								
FLIP TRANSACTIONS	Transaction is considered a flip IF: • ≤ 90 days from seller acquisition to date of executed purchase agreement and purchase price has increased by 10% or more • > 90-180 days from seller acquisition to date of executed purchase agreement and purchase price has increased by 20% or more • Mulitple property transfers within last 12 months are not allowed Refer to Sharp Advantage Underwriting Guidelines (section 11.6) for complete requirements								
COMPLIANCE	High Cost or Section 32 loans - not permitted								
GENERAL ELIGIBILITY									
ELIGIBLE PROPERTY TYPES	SFR, 2-4 Units & Condos								
INELIGIBLE PROPERTY TYPES	Refer to Sharp Advantage Underwriting Guidelines for complete list								
CONDOS	Warrantable Condo: **MAX LTV: 80%** Non-Warrantable /Condotel **MAX LTV: 75%** • FL Condos: Purchase: Max LTV/ CLTV 75% / Refinance: Max LTV/ CLTV 65% • Loan Amounts > $2.5M must be warrantable (Refer to Sharp Advantage Underwriting Guidelines for full details)								
RURAL	MAX 5 Acres | Purchase MAX LTV 80% | Refinance MAX LTV 75%								
ELIGIBLE BORROWERS	US Citizens, Perm Resident Aliens, Non Perm Resident Aliens (Refer to Sharp Advantage Underwriting Guidelines for complete list) • All borrowers must have U.S credit and legal residency in the U.S.								
INELIGIBLE BORROWERS	ITIN, Foreign National, Asylum status, DACA (Refer to Sharp Advantage Underwriting Guidelines for complete list)								
FIRST TIME HOMEBUYER	First Time Homebuyer with NO mortgage/ home ownership in past 3 years = Ineligible								
FIRST TIME INVESTOR	Borrowers who have NOT owned/managed an investment property for 12 MO within the past 3 YRS: • MIN DSCR = 1.0 | MIN FICO 700 | MAX LOAN AMOUNT $1MM								
ENTITY VESTING	• Business Purpose loans vested in LLC (refer to PPP Matrix), C CORP, S CORP are permitted • Borrowers/ members with 50% or more ownership require a personal guarantee • Foreign Entities are not permitted. Entity must registered in property state. (Refer to Sharp Advantage Underwriting Guidelines for additional requirements)								
FICO	• For one borrower: Use the middle of 3 credit scores or lower of 2 credit scores • Multiple borrowers: Use the highest representative score • All borrowers on the loan must meet the program minimum FICO requirements								
TRADELINES	All borrowers must have at least 2 FICO scores. One of the following must be met: • 1 borrower has 3 reporting FICO scores; or • 2 tradelines reporting for 24 MO. w/activity in the past 12 MO; or • 3 tradelines reporting for 12 MO. w/recent activity								

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CREDIT EVENTS	• BK 7, 11 & 13 = 36 Months from discharge/dismissal to application | SS, DIL, FC, MOD or 120+ lates = 36 Months from discharge/dismissal to application • Credit event seasoning 24-36 months (excluding Chapter 11 if < 36 months) : Purchase - Max 75% LTV | Refinance - Max 70% LTV
COLLECTIONS	All items affecting title and open judgements/garnishments must be paid off prior to/at closing
ESCROW WAIVER	• Permitted when loan is non-HPML AND LTV <=80% | MIN FICO 700 • Escrow holdbacks - not permitted | Flood insurance waivers not permitted
APPRAISALS	2 appraisals are required for Loan Amounts >=$2M
APPRAISAL REVIEW	• CU Score is <=2.5 is acceptable with Submission Summary Report (SSR) • If CU Score is >2.5 = Desk Review (CDA) OR Field Review OR 2nd appraisal is required • If CDA is >10% of appraised value - a Field Review OR 2nd full appraisal required
DECLINING MARKET	If Appraiser indicates declining market and LTV >65%, a 5% LTV reduction is required
PROPERTIES LISTED FOR SALE (within last 6 months)	• Property must be taken off the market one (1) day prior to the date of the application • MIN 3 YR PPP when State permits | If PPP is not State permitted = 5% LTV reduction • Use the lower of the original listing price (lowest) or appraised value • Cash out: 10% LTV reduction required
VACANT / UNLEASED PROPERTIES	• Purchase Transaction: MAX LTV 80% • Refinance Transaction: MAX 70% LTV o Vacancy eligible if due to recent renovations of the subject property, OR in between tenants o Max 1 vacancy on a 2-3 Unit property o Max 2 vacancies on a 4 Unit property
HOUSING HISTORY	• 1 X 30 X 12 - for Primary, Subject and all mortgages reporting on credit report | Non-Subject & non-primary residence not reporting on credit do not need to verified Borrowers must maintain a **Primary Residence** **Rents:** 12 MO history required, VOR or canceled check if private **Owns**: 12 MO payment history for all mortgages reported on the credit report **Rent Free** borrowers are eligible IF: • Borrower has a minimum 700 FICO, and • Borrower is an experienced investor, or • Evidence is provided that borrower is living in marital residence (documentation to support required)
RESERVES	• <= $500K and <=80% LTV = 3 months of PITIA • >$500K to $2M = 6 months of PITIA • > $2.0M = 12 months of PITIA • 2 - 4 Units at 80% LTV requires greater of 6 months or reserves indicated above • Cash-out may be used to meet reserve requirements
GIFT FUNDS	• Permitted - MIN Borrower Contributions - 10% • Gift funds may not be used to meet reserve requirements
SUBORDINATE FINANCING	• New subordinate financing not permitted • Resubordinated liens subject to MAX LTV and cannot be privately held or HELOC
TAX TRANSCRIPTS	Not required
INTERESTED PARTY CONTRIBUTIONS	Max 6%
STATE ELIGIBILITY	• Properties in the state of **HI** are ineligible • Properties located in **Baltimore City, MD and Philadelphia County, PA** are ineligible • NY CEMA purchase are ineligible

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