

HOWARD – DSCR

Single Investment Property				
Maximum LTV/CLTVs		>= 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
700+ ** Exception required for Loan Amounts > \$2,000,000.	<=1,000,000	80	75	75
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,000,000	70	65	65
	2,000,001 – 3,500,000	70	NA	NA
660 - 699** Exception required for Loan Amounts > \$2,000,000.	<=1,000,000	75	70	70
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,000,000	70	65	65
	2,000,001 – 3,000,000	65	NA	NA
620 - 659** Exception required for Loan Amounts > \$2,000,000.	<=1,000,000	70	65	65
	1,000,001 – 1,500,000	65	NA	NA
	1,500,001 – 2,000,000	65	NA	NA
	2,000,001 – 3,000,000	60	NA	NA
Maximum LTV/CLTVs		< 1.00		
700+ ** Exception required for Loan Amounts > \$2,000,000.	<=1,000,000	75	70	70
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	NA	NA
660 - 699 ** Exception required for Loan Amounts > \$2,000,000.	<=1,000,000	70	65	65
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	NA	NA
Housing History	Credit Event Seasoning	Investor Experience		
<ul style="list-style-type: none"> • 1x30x12 – No reduction • 0x60x12 – Max 70% LTV Purchase & Max 65% LTV Rate/Term & Cash-out 	<p>BK/FC/SS/DIL:</p> <ul style="list-style-type: none"> • >=36 Mo – No reduction • >=24 Mo – Max 75% LTV Purchase & Max 70% LTV Rate/Term & Cash-out <p>Housing Event Seasoning: Forbearance, Mod or Deferral: See Verus</p>	<p>Experienced Investor: Borrower must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years.</p> <p>First Time Investor: A borrower not meeting the experienced investor criteria. o First Time investors eligible subject to the following restrictions:</p> <ul style="list-style-type: none"> ▪ Min credit score: 680 ▪ Max LTV: 75% ▪ No mortgage late payments during the past 36 Mo ▪ >= 36 Mo from any credit event ▪ Cash-out not eligible 		

	Eligibility Guide	○ First Time Home Buyer not eligible	
Unleased Properties	All refinances: A 5% LTV reduction is required for all properties with any unleased (vacant) units. Not applicable for short-term rentals, see short-term rental income section for specific criteria.		
State/CBSA Restrictions			
Overlays: Max loan amount \$2MM and 5% LTV reduction apply to all transactions secured by property in a state or CBSA in the table at the end of this document.			
Ineligible locations: Puerto Rico, Guam, & the US Virgin Islands			
General Requirements			
Product Type	Fixed Rate Terms: 15, 30, 40-years; 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature)		
Interest Only	• Min Credit Score: 660 • Max LTV: 80%		
Loan Amounts	• Min: 100,000 • Max: 3,500,000 ** Exception required for Loan Amounts > \$2,000,000.		
Loan Amt < 150K	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.50)		
Loan Purpose	Purchase, Rate/Term, and Cash Out		
Occupancy	Investment		
Property Type	Single Family, Attached, Detached: No restrictions Rural: Not eligible	2-4 Units, Condominium: Max LTV/CLTV Purchase – 75%, Refinance – 70%	Condo Hotel Max LTV: Purchase – 75% Refinance – 65% Occupancy Type: Investment
Acreage	Property up to 2-acres, not meeting the rural definition, eligible		
Cash-In-Hand	<ul style="list-style-type: none"> • Max cash-in-hand: <ul style="list-style-type: none"> ○ LTV ≥ 65% - \$500,000 ○ LTV < 65% - \$1,000,000 ○ Total equity withdrawn cannot exceed above limits 		
Appraisals	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2 nd appraisal obtained. 2 nd Appraisal required for loans > \$2,000,000.		

HOWARD DSCR, continued

Income Requirements	
Income	<p style="text-align: center;">Long-Term Rental Documentation and DSCR Calculation</p> <ul style="list-style-type: none"> • Purchase Transactions: <ul style="list-style-type: none"> ◦ Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents. ◦ If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent. ◦ A vacant or unleased property is allowed without LTV restriction. • Refinance Transactions: <ul style="list-style-type: none"> ◦ Required documentation: <ul style="list-style-type: none"> ▪ FNMA Form 1007 or 1025 reflecting long term market rents, and lease agreement. ▪ If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. ◦ Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025. If using a higher monthly actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025. ◦ A vacant or unleased property is allowed, and the maximum LTV allowed is restricted by 5%. ◦ DSCR Calculation: <ul style="list-style-type: none"> ▪ Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios. ▪ Gross rents divided by PITIA = DSCR <p>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.</p> <ul style="list-style-type: none"> • Short-Term Rental Income – Purchase and Refinance Transactions: <ul style="list-style-type: none"> ◦ A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is ≥ 1.00 ◦ When the DSCR is < 1.00, the sub-1.00 DSCR Eligibility Matrix must be used. ◦ DSCR Calculation: <ul style="list-style-type: none"> ▪ Monthly gross rents based upon a 12-month average to account for seasonality required. ▪ Gross rents reduced by 20% to reflect extraordinary costs (i.e., advertising, furnishings, cleaning) associated with operating short-term rental property compared to non-short term property. ▪ $(\text{Gross Rents} * .80) \text{ divided by PITIA} = \text{DSCR}$. ◦ Any of the following methods may be used to determine gross monthly rental income: <ul style="list-style-type: none"> ▪ A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents. ▪ A most recent 12-month rental history statement from the 3rd party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees. ▪ The most recent 12-month bank statements from the borrower evidencing short-term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits. <ul style="list-style-type: none"> ◦ AIRDNA Rentalizer and Overview reports must meet the following requirements: <ul style="list-style-type: none"> • Rentalizer <ul style="list-style-type: none"> ◦ Only allowed for purchase transaction ◦ Forecast period must cover 12 months from the Note date ◦ The occupancy rate must be $> 60\%$ ◦ Must have five (5) comparable properties, all within the same ZIP code ◦ Must be similar in size, room count, amenities, availability, and occupancy • Overview Report <ul style="list-style-type: none"> ◦ Market grade by zip code ◦ Must be B or greater • Income Calculation <ul style="list-style-type: none"> ◦ Annual revenue / 12

Underwriting Requirements			
Credit Score	<ul style="list-style-type: none"> • Use lowest decision score amongst all borrowers. • Middle of 3 scores or lower of 2 	Tradelines	Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity
Assets	Min of 30-days asset verification required	Reserves	<ul style="list-style-type: none"> • 2 months of PITIA • Loan Amount > \$1.5M: 6-months of PITIA • Loan Amount > \$2.5M: 12-months of PITIA • Cash out may be used to satisfy requirement
Gift Funds	Allowed after min 10% borrower contribution	Document Age	90-days
Prepayment Penalty - Investment Property Only	Acceptable Structures include the following: <ul style="list-style-type: none"> • Fixed percentage of no less than 3% <ul style="list-style-type: none"> • Prepayment periods up to 5-Years eligible, see rate sheet • Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%) <ul style="list-style-type: none"> • Penalties not allowed in AK, KS, MI, MN, NM, and RI • Penalties not allowed on loans vested to individuals in IL and NJ • Penalties not allowed on loan amounts less than \$301,022 in PA • Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period. <ul style="list-style-type: none"> • Only declining prepayment penalty structures allowed in MS 		