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PROGRAM MATRIX

DSCR Rental Loan

Revised 01.01.2022

Program matrix is for informational purposes only and is subject to change. Our investor reserves the right to amend its underwriting guidelines in its sole discretion without notice. Loans are subject to investor and business credit approval, appraisal and geographic location of the property and other underwriting criteria. Loan amounts and rates may vary depending upon loan type, LTV, verification of application information and other risk-based factors. Application fees, closing costs and other fees may apply. The Matrix is not for reproduction or distribution without prior written consent.

Loan Purpose	Purchase, limited cash-out, or cash-out of a single rental property
Delayed Financing	Allows properties purchased within the last 180 days for cash to be refinanced as a Limited Cash-Out Refinance. Properties with existing financing are not eligible for the Delayed Financing Option.
Borrower	Entity (Single Purpose Entity) or Individual
Property or Unit Acquisition Minimum	1 property per loan
Property Type	<p>Non-Owner Occupied:</p> <ul style="list-style-type: none"> • Single-family detached residences (SFR) • 2-4 unit residences • Warrantable condominiums • Non-warrantable condominiums (max 65% LTV) • Townhomes • Planned Urban Developments (PUD)
Term	30 year fixed

Single Rental Loan Matrix

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Amortization	Full amortization
Experience	No first time homebuyers
Foreign Nationals	<ul style="list-style-type: none"> • Not allowed from ineligible country list (page 14) • Purchase or Limited Cash-Out: 75% max LTV • Cash-Out: 65% max LTV
Minimum Loan Amount	DSCR ≥ 1.00x: \$75K DSCR < 1.00x: \$150K
Maximum Loan Amount	\$2MM1
Minimum Property Value	\$100K1 Property values ≤ \$150K are limited to 75% LTV max.
Recourse Type	Full recourse to warm body guarantor only
Minimum FICO	640 (all Guarantors)

¹Loans > \$1.5MM are limited to 65% LTV max. Property values ≤ \$150K are limited to 75% LTV max.

Single Rental Loan Matrix

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	Fully Amortized	FICO	< 1.00x DSCR	1.00x to < 1.15x DSCR	≥ 1.15x DSCR
Max Loan-to-Value (LTV)	Purchase/ Limited Cash-Out (LCO) Refinance	700+		75%	80%
		680-699	65%	75%	75%
		640-679		70%	70%
Value is the appraised value.	Cash-Out Refinance	680+	65%	75%	75%
		640-679		70%	70%
Debt Service Coverage Ratio (DSCR)	Vacant Property Cash-Out Refinance	≥ 640	65%	65%	65%
Foreign National	Purchase/LCO Refi Cash-Out Refi	N/A	65%	75%	75%
				65%	65%
< 1.00x DSCR	<ul style="list-style-type: none"> • No DSCR Minimum • 65% LTV Max • \$150K Min Loan Amount • Market Rent validation/Lease required 				
Rural Properties	Ineligible				
Property Seasoning Requirement (to Use Value vs. Cost Basis)	<ul style="list-style-type: none"> • < 180 days: Use lesser of acquisition or value • Cash out limited to 65% LTV 				

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<p>Vacancy Maximum LTV</p>	<p>No LTV restrictions on purchases 65% max on refinances</p>
<p>Restrictions on Non-MLS Sales</p>	<p>Investor will finance the purchase of a property that is not listed on the MLS under the following circumstances and with the following requirements:</p> <ol style="list-style-type: none"> 1) Buyer and Seller are not family members (blood or marriage relation). 2) No personal relationship or friendship between the Buyer and Seller. 3) Business relationships are eligible as long as the transaction is arms-length and the businesses are not affiliated through 1 or 2 above.
<p>Valuation</p>	<ul style="list-style-type: none"> • Full appraisal: required on loan amounts > \$1MM or LTV > 70% • Alternative Valuation: preferred option for loan amounts ≤ \$1MM and LTV ≤ 70% (if market coverage available) <p><i>(Alternative Valuation is a sales comparison using a 3rd party interior inspection.)</i></p>
<p>Rent Qualification</p>	<p>Market Rent is determined by:</p> <ul style="list-style-type: none"> • Actual 1007 Comparable Rent OR • 1007 Automated Comparable Rent Schedule (on 1unit properties only, where available) <ul style="list-style-type: none"> • Rent Qualification is lesser of in-place rent or up to 100% of market rent. • *If in-place rent exceeds market rent, borrower may use up to 115% of market rent (with most recent 6 months evidence of receipts) • Vacant properties use 100% market rent

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Rent Verification	Executed lease agreement
Property Management (no exceptions allowed)	Self-managed allowed, with two years experience owning investment properties OR Use of a property management company to professionally manage the property
Lease Required if Tenant Occupied?	Yes
Pre-Payment Penalty	5% of unpaid principal balance in year 1, 4% in year 2, and 3% in year 3, 2% in year 4, 1% in year 5 OR 3% of unpaid principal balance in year 1, 2% in year 2, and 1% in year 3
Short-Term Rentals	Ineligible
Reserves	If Tenant-Occupied: 6 months required If Vacant: 9 months required After cash to close and payment reserve (if applicable)
Payment Reserve	3 months PITI placed in escrow for the following: 1) Any MTM lease 2) Any Vacant Properties *Reserves will be used to make the first 3 payments.

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**Maximum Allowable
Combined FCo
Loans to an
Individual Guarantor**

\$10MM

Minimum Occupancy

Purchase/Refinance: leased or vacant (must be leased within 180 days)

**Insurance
Requirements**

Hazard Insurance:

- Must be lesser of [Unpaid Principal Balance of the Mortgage]² or [Total Insurable Value].
- **Refinances:** If existing policy expires within 30 days of the closing, must verify that the premium has been paid or will be paid at closing.
- **Purchases:** There must be verification that the premium period is at least 12 months from the day of closing. Installment payment of premiums are prohibited.
- Master Policy/Reporting Form Insurance requires the full policy be provided to Investor.

Flood Insurance:

- Must have the same coverage available under the National Flood Insurance Program (NFIP).

Condo Insurance:

- Condo Building Insurance must be on a Master Policy with 100% Replacement Cost Coverage.
- If Condo Master Policy does not contain contents coverage (Walls-In/Up) then HO-6 policy must be obtained with at least 10% of the dwelling value in coverage.

Rent Loss Insurance:

- Coverage must be at least the lesser of 6 months of the gross in place rental income or 10% of the loan amount.

Additional Insurance:

- Boiler and Machinery Insurance required on 2+ unit properties with Steam Boilers with coverage not less than the loan amount.

²Assuming the coverage is a minimum of 80% of the Total Insurable Value.

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Property Condition	C4 or better (rent ready)
Additional Debt	No subordinate debt or seller finance liens allowed
Lease Structure	No lease-to-purchase options. No ground leases. No cash-for-deeds. No leases with term > three (3) years.
Annual Escrows (Collected monthly)	Taxes, Insurance, and Payment Reserve

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