



COFFEE CAKE CREDIT DSCR

5-8 UNITS

2/26/2024

Single Investment Property 5-8 Residential Units							
Maximum LTV/CLTVs		≥ 1.00					
Minimum Credit Score	Maximum Loan Amount	Purchase	Rate and Term Refinance	Cash-Out Refinance			
700	\$1,500,000	75%	70%	65%			
	\$2,000,000	70%	65%	65%			
Housing History		Credit Event Seasoning	Investor Experience				
<ul style="list-style-type: none"> 0x30x12 		BK/FC/SS/DIL: <ul style="list-style-type: none"> ≥ 36 Months - Any Event 	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. First Time Investor: Not eligible				
Unleased Properties							
Unleased Properties		Maximum: 2 Vacancies					
Declining Market and State/CBSA Restrictions							
Maximum eligible LTVs do not require a market adjustment for the 5-8 multifamily property types Ineligible locations: Puerto Rico, Guam, & the US Virgin Islands							
General Information							
Product Type	Fixed Rate Terms: 15, 30 years; 5/6 ARM, 7/6 ARM, 10/6 ARM						
Interest Only	<ul style="list-style-type: none"> Eligible 						
Loan Amounts	<ul style="list-style-type: none"> Min: \$400,000 \$2,000,000 						
Loan Purpose	<ul style="list-style-type: none"> Purchase, Rate/Term and Cash Out 						
Cash-In-Hand	<ul style="list-style-type: none"> Max cash-in-hand \$1,000,000 						
Occupancy	<ul style="list-style-type: none"> Investment 						
Eligibility Restrictions	<ul style="list-style-type: none"> Citizens and individuals from OFAC sanctioned countries are not eligible 						
Property Type	<ul style="list-style-type: none"> Residential 5-8 Units 						
Acreage	<ul style="list-style-type: none"> Property up to 2 acres, not meeting the rural definition, eligible. 						
Unleased Units	<ul style="list-style-type: none"> Maximum: 2 Vacancies 						
Appraisals	<ul style="list-style-type: none"> A full interior inspection with photos is required for all units 5-8 Residential Units <ul style="list-style-type: none"> FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential properties, or Narrative report can be utilized but not required The following attachments required for 5-8 Residential and 2-8 Mixed Use appraisal reports: <ul style="list-style-type: none"> Rent Roll Income and Expense Statement Photos of subject including exterior/interior and street scene Aerial Photo Sketch or floor plan of typical units Map Appraiser qualifications REVIEW PRODUCT - A COMMERCIAL BPO REQUIRED FOR ALL LOANS <ul style="list-style-type: none"> PA, NC- a commercial evaluation product is used instead of a commercial BPO 						
	Property Conditions	<ul style="list-style-type: none"> No fair or poor ratings No health or safety issues (As noted by appraiser, i.e., broken windows, stairs) No excessive deferred maintenance that could become a health or safety issue for tenants No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing) 					
		Income	<ul style="list-style-type: none"> Leased – Use lower of Estimated market rent or lease agreement Short-Term Rental Income not eligible Vacant Unit(s) – Use 75% of market rents. Max: 2 vacancies on 5+ Units Reduce qualifying rents by any management fee reflected on appraisal report 				
			DSCR	<ul style="list-style-type: none"> Minimum DSCR ≥ 1.00 DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment) Loan amounts = \$2,000,000 require DSCR ≥ 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater) Reduce qualifying rents by any management fee reflected on appraisal report 			

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Underwriting Requirements

Credit Score	<ul style="list-style-type: none"> Use highest decision score amongst all borrowers/guarantors. Middle of 3 scores or lower of 2 	Tradelines	<ul style="list-style-type: none"> For each borrower who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually) Min: 2 reporting 24-months w/activity in last 12-months or 3 reporting 12-months w/recent activity
Assets	<ul style="list-style-type: none"> Min of 30-days asset verification required; 	Reserves	<ul style="list-style-type: none"> 6-months of PITIA Loan Amount > \$1.5M: 9-months of PITIA Loan Amount > \$2.5M: 12-months of PITIA Cash out may not be used to satisfy requirement
Gift Funds	<ul style="list-style-type: none"> Not eligible 	Document Age	<ul style="list-style-type: none"> 90 Days
Prepayment Penalty	<p><u>Acceptable Structures include the following</u></p> <ul style="list-style-type: none"> Fixed percentage of no less than 3% 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"> Prepayment periods up to 5-Years eligible, see rate sheet Penalties not allowed in AK, KS, MI, MN, NM, OH and RI Penalties not allowed on loans vested to individuals in IL and NJ Penalties not allowed on loan amounts less than \$312,159 in PA Only declining prepayment penalty structures allowed in MS
Forbearance, Modification or Deferrals	<p>Greater than 12 months from Note Date: Forbearance, loan modifications, or deferrals (including COVID-19 related events) completed or reinstated greater than 12-months from the Note date of the subject transaction and having a 0x30x12 Housing History are allowed under all programs</p> <p>Within 12 months of Note Date: Forbearance, loan modifications, or deferrals (including COVID-19 related events) completed or reinstated within 12-months of the Note date of the subject transaction are not eligible</p>		