LEAD+ Wholesale Lending

Lead DSCR

						**Lead DSCR	is the ultimate o	lesign for the <u>Investor</u> .*	**				
			DSCR >= 1.00			1			DSCR < 1.0				
Credit	Reserve	Loan Amount	Purchase	Rate/Term	Cash out	Credit	Reserve	Loan Amount	Purchase	Rate/Term	Cash out		
	2	\$1,000,000	80	75	75		2	\$1,000,000	75	70	70		
		\$1,500,000	80	75	75			\$1,500,000	75	70	70		
700	6	\$2,000,000	75	70	70	700	6	\$2,000,000	70	65	65		
00		\$2,500,000	70	65	65			\$2,500,000	65	NA	NA		
	12	\$3,000,000	70	65	65		12	\$3,000,000	60	NA	NA		
	12	\$3,500,000	70	65	NA		2	\$1,000,000	70	65	NA		
660	2	\$1,000,000	75	75	70			\$1,500,000	70	65	NA		
	6	\$1,500,000	75	70	70	680	6	\$2,000,000	65	60	NA		
		\$2,000,000	70	65	65			\$2,500,000	60	NA	NA		
		\$2,500,000	70	65	65		12	\$3,000,000	60	NA	NA		
	12	\$3,000,000	65	NA	NA	660	2	\$1,000,000	65	NA	NA		
	2	\$1,000,000	75	70	NA								
		\$1,500,000	65	65	NA								
640	6	\$2,000,000	65	NA	NA								
		\$2,500,000	60	NA	NA				*DS	CR <.75 a Prepayment is required			
	12	\$3,000,000	60	NA	NA								
Prod	ucts	Fixed rate terms	of 40, 30, and 15	year terms.			Requiren	nents					
Interest Only		Credit score 68	0		Max LTV 759	⁶ Purchase, 75% Rate/Term,	, 70% Cash-Out						
Loan Amounts		Minimum : 100,000 Loan amounts < 150,000 Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.25) Maximum : 3,500,000 <											
ebt Paio	d Off with	Only debt on the	subject property	can be paid c	ff with procee	ds from cash out refinance.	ANY other pay o	ff/pay down of debt is ine	eligible.				
Cash C	out Refi												
		SFR- Attached a		(7 54) 00	~								
			s Purch: 75% Re										
ropert	y Types				•	ted, or structural deficiencie	es allowed						
				Refi 70%	CO 65%								
		Max loan amour											
		Rural is ineligible											
Calif Condon			nspection Require	•	-	,							
			•	ium unit in the	e state of Cali	ornia, an inspection is requi	irea per SB326, f	or projects with wood de	ск, balcony, sta	irway, walkway, or railing elevated more the	an 6 feet above the g	ground as e	
		on the condo qu		na inanaati	are inclidible								
		-	unacceptable or	•									
Flori Condom			nspection Require		-								
	idas		•						he coast), a stru	ctural inspection is required for projects 3 s	stories or greater. Th	he inspecti	
	niniums	to address items that substantially conform to the definition of a milestone inspection as defined in Florida statute 553.899.											
		Inspection must confirm there are no conditions severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements.											
		Projects with an	unacceptable or	no inspectior	are ineligible								

	Requirements (continued)									
Unleased Properties	All long-term rental refinances: A vacant or unleased property is allowed subject to max LTV of 70%. Not applicable for short-term rentals,									
onteased i toperties	see short-term rental income section for specific criteria									
Acreage	Maximum 2 Acres, Rural is ineligible									
Declining Market	If the appraisal report identifies the property in a declining market, max LTV/CLTV is limited to 75% for Purchase and 70% for Rate/Term and Cash-Out transactions									
Dectiming Harket	and the maximum loan amount is limited to \$2.0MM.									
Cash In Hand	Maximum : LTV >= 65% 500,000 LTV < 65% 1,000,000									
ousiniinnana	Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions)									
	FNMA 1004, 1025, 1073 with interior /exterior inspections Appraisal review product required unless 2nd appraisal obtained									
Appraisals	2nd appraisal required for loans greater than \$2,000,000									
	Appraisal Review is required from Clear Capital CDA or Field Review									
	Long-Term Rental Documentation and DSCR Calculation									
	No Income other than the subject rental income is to be disclosed on the initial or final URLA									
	Purchase Transactions:									
	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.									
	 If using the lower of the actual lease amount or estimated market rent, nothing further is required. 									
	 If using a higher 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 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%									
	If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated marke rent is									
	capped at 120%.									
	• vacant or unleased property is allowed without LTV restriction: Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR									
	DSCR Documentation (Investment only) maximum 75% LTV/CLTV									
	Refinance Transactions:									
	Required documentation:									
	 FNMA Form 1007 or 1025 reflecting long-term market rents, and lease agreement. 									
Income	If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as									
	vacant and subjec to the following:									
	LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix									
	Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows:									
	If using the lower of the actual lease amount or estimated market rent, nothing further is required.									
	If using a higher 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 1007/1025. If the actual rent exceeds the									
	estimated market rent by more than 120%, the rents are capped at 120%.									
	If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is									
	capped at 120%.									
	A vacant or unleased property is allowed subject to the following:									
	 LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix Unit subject to control or housing subsidy must utilize surrent contractual root to calculate DSCR 									
	o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR. DSCR Calculation:									
	Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. Refer to the matrix for required Debt Servic Coverage Ratios									
	Gross rents divided by PITIA = DSCR									

	Requirements (continued)								
	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								
	Short-Term Rental Income – Purchase and Refinance Transactions:								
	LTV is lesser of 75% for a purchase and 70% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance. (Excludes Condo Hotel projects)								
	o DSCR Calculation:								
	1. Monthly gross rents based upon a 12-month average to account for seasonality required.								
	2. 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. If the rental								
Income	documentation referenced below includes expenses, actual expenses should be compared to the 20% expense factor. If actual expenses are less than 20%, a minimum 20% expense factor is required to be								
(continued)	utilized. If actual expense exceeds 20%, the actual expense factor should be used.								
	3. (Gross Rents * .80) divided by PITIA = DSCR.								
	When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for								
	calculating DSCR.								
	Short-term rents can be documented with one of the following options depending upon the transaction:								
	o Alternative Short-Term Rent Analysis form developed by an AMC (Opteon report)								
	o 12-month look back on rents received using bank statements or 3rd party rental statements								
	o AirDNA Property Earning Potential Report								
Prepays 5%	Penalties Not Allowed: States AK, AZ, DC, IL, KS, MD, MI, MN, MS, NJ, NM, NC, OH, OK, PA, RI, UT and WA								
(Investment only)	DSCR < .75 a Prepayment is required								
Credit scores	Use representative credit score of the borrower/guarantor with the highest representative score								
	Middle of 3 scores or lower of 2								
	Experienced Investor: Borrower/guarantor 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: A borrower/guarantor not meeting the experienced investor criteria.								
_	o First time investors eligible subject to the following restrictions:								
Borrower	 Min credit score: 680 								
Experience	 If reported, no mortgage late payments during the past 36 Mo 								
	 >= 36 Mo from any credit event 								
	Own a primary residence for at least 1-year								
	Cash-out not eligible First Time Homebuyer: Not eligible except as allowed in Seller Guide								
	First Time Homebuyer: Not eligible except as allowed in Seller Guide • 2-months of PITIA								
	Loan Amount > \$1.5M: 6-months of PITIA								
Reserves	Loan Amount = \$1.5M: 2-months of PITIA</td								
nescrives	Loan Amount > \$2.5M: 2-months of PITIA								
	Cash out may be used to satisfy Reserve Requirements								
Assets	Min of 30-days asset verification required; any large deposit must be sourced								
Gift Funds	Permitted with Minimum 10 % contribution from borrowers								
	Minimum 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity								
Tradelines	If the primary borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived								
	Housing History : 1x30x12 No restrictions 0x60x12 Max 70% LTV Purchase, 65% LTV for Rate and Term & Cash Out								
0	Credit event BK/FC/SS/DIL >= 36 Mo No Restrictions								
Credit History	>= 24 mo Max 75% Purchase, 70% LTV for Rate and Term & Cash out								
	Housing Event Seasoning: Forbearance, Mod or Deferral:								
F									
Escrows	Escrows may be waived, see seller guides Escrow/Impounds for requirements								
Geographical	CT,FL,IL, NJ MAX LTV/CLTV limited to 80% Purchase and 75% Rate and Term, Cash outs								
Restrictions	We do not lend in Puerto Rico, Guam, US Virgin Islands, New York, North Dakota, South Dakota and Maryland								
Note the Development of the	lines/rates/terms are subject to change without notice, loans will be locked and affiliated to current product matrices at the time of the rate lock. Summit Funding, Inc. DBA Lead + Wholesale Lending NMLS ID# 3199								