

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, 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 and the maximum loan amount is limited to \$2.0MM.
Cash In Hand	Maximum : LTV >= 65% 500,000 LTV < 65% 1,000,000 Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions)
Appraisals	FNMA 1004, 1025, 1073 with interior /exterior inspections Appraisal review product required unless 2nd appraisal obtained 2nd appraisal required for loans greater than \$2,000,000 Appraisal Review is required from Clear Capital CDA or Field Review
Income	<p>Long-Term Rental Documentation and DSCR Calculation</p> <p>No Income other than the subject rental income is to be disclosed on the initial or final URLA</p> <p>Purchase Transactions:</p> <p>Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents.</p> <p>If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.</p> <ul style="list-style-type: none"> ▪ 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%. ▪ 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 <p>DSCR Documentation (Investment only) maximum 75% LTV/CLTV</p> <p>Refinance Transactions:</p> <p>Required documentation:</p> <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. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following: <p align="center">LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix</p> <p>Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows:</p> <ul style="list-style-type: none"> ▪ 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%. <p>A vacant or unleased property is allowed subject to the following:</p> <ul style="list-style-type: none"> ▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR. <p>DSCR Calculation:</p> <p>Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. Refer to the matrix for required Debt Service Coverage Ratios</p> <p>Gross rents divided by PITIA = DSCR</p>

Requirements (continued)

Income (continued)	<p>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation</p> <p>Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis</p> <p>Short-Term Rental Income – Purchase and Refinance Transactions:</p> <p>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)</p> <ul style="list-style-type: none"> o DSCR Calculation: <ol style="list-style-type: none"> 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 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 utilized. If actual expense exceeds 20%, the actual expense factor should be used. 3. $\frac{\text{Gross Rents} \times .80}{\text{PITIA}} = \text{DSCR}$. <p>When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR.</p> <p>Short-term rents can be documented with one of the following options depending upon the transaction:</p> <ul style="list-style-type: none"> 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% (Investment only)	<p>Penalties Not Allowed: States AK, AZ, DC, IL, KS, MD, MI, MN, MS, NJ, NM, NC, OH, OK, PA, RI, UT and WA</p> <p>DSCR < .75 a Prepayment is required</p>																				
Credit scores	<p>Use representative credit score of the borrower/guarantor with the highest representative score</p> <p>Middle of 3 scores or lower of 2</p>																				
Borrower Experience	<p>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.</p> <p>First Time Investor: A borrower/guarantor not meeting the experienced investor criteria.</p> <ul style="list-style-type: none"> o First time investors eligible subject to the following restrictions: <ul style="list-style-type: none"> ▪ Min credit score: 680 ▪ 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 <p>First Time Homebuyer: Not eligible except as allowed in Seller Guide</p>																				
Reserves	<ul style="list-style-type: none"> · 2-months of PITIA · Loan Amount > \$1.5M: 6-months of PITIA · Loan Amount </= \$1.5M: 2-months of PITIA · Loan Amount > \$2.5M: 12-months of PITIA <p>Cash out may be used to satisfy Reserve Requirements</p>																				
Assets	<p>Min of 30-days asset verification required; any large deposit must be sourced</p>																				
Gift Funds	<p>Permitted with Minimum 10 % contribution from borrowers</p>																				
Tradelines	<p>Minimum 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity</p> <p>If the primary borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived</p>																				
Credit History	<table border="0"> <tr> <td>Housing History :</td> <td>1x30x12</td> <td>No restrictions</td> <td>0x60x12</td> <td>Max 70% LTV Purchase, 65% LTV for Rate and Term & Cash Out</td> </tr> <tr> <td>Credit event</td> <td>BK/FC/SS/DIL</td> <td>>= 36 Mo</td> <td>No Restrictions</td> <td></td> </tr> <tr> <td></td> <td></td> <td>>= 24 mo</td> <td>Max 75% Purchase, 70% LTV for Rate and Term & Cash out</td> <td></td> </tr> <tr> <td>Housing Event Seasoning:</td> <td colspan="4">Forbearance, Mod or Deferral:</td> </tr> </table>	Housing History :	1x30x12	No restrictions	0x60x12	Max 70% LTV Purchase, 65% LTV for Rate and Term & Cash Out	Credit event	BK/FC/SS/DIL	>= 36 Mo	No Restrictions				>= 24 mo	Max 75% Purchase, 70% LTV for Rate and Term & Cash out		Housing Event Seasoning:	Forbearance, Mod or Deferral:			
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Escrows	<p>Escrows may be waived, see seller guides Escrow/Impounds for requirements</p>																				
Geographical Restrictions	<p>CT,FL,IL, NJ MAX LTV/CLTV limited to 80% Purchase and 75% Rate and Term, Cash outs</p> <p>We do not lend in Puerto Rico, Guam, US Virgin Islands, New York, North Dakota, South Dakota and Maryland</p>																				
<p>*Note* Product guidelines/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</p>																					