

## DSCR Frequently Asked Questions (“FAQ’s”)

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[Does the borrower need to have experience as an investor to qualify for the DSCR Program?](#)

*No, the program permits both inexperienced and experienced investors; see the Eligibility section of the product matrix for specific requirements.*

[Is a simultaneous underwrite required when a borrower has multiple loans in process?](#)

*No, each loan is considered on an individual basis and the information required only pertains to the subject property.*

[Are there specific Pre-payment penalty Riders that are required?](#)

*As long as the terms in the Rider match the specific pre-payment penalty chosen and is in compliance with all state and federal laws, you may utilize your own form. However, there are Proposed Prepayment Penalty Riders in the Non-Agency Document Reference Guide which is posted on the Correspondent portal.*

[What additional documentation and/or information is required for blanket mortgages?](#)

*Refer to the DSCR Delivery Checklist posted on the Correspondent portal for all documentation requirements. However, the application must include: Address, Property type and number of units, Appraised value and date of appraisal, Occupancy (vacant or occupied), Rent, Taxes, Insurance and any applicable HOA fees, and any other information that may be requested.*

[What Lexis Nexis reports are required?](#)

*The Smartlinx® Person Report and the Smartlinx® Business Reports meet the background search requirements listed in the product matrix. For more information on how to obtain these reports, refer to the Lexis Nexis Background Search Aid which your Business Development Representative can provide.*

[Is there a minimum loan requirement for the Program?](#)

*Yes, the minimum loan amount is \$100,000.*

[Is there a maximum loan amount for the Program?](#)

*Yes, for standard, single family: \$2.0M, standard 2-4 family: \$2.5M, blanket: \$6.25M.*

[Can we co-mingle property types in a blanket mortgage?](#)

*Yes, blanket loans can be made up of multiple property types subject to terms and conditions. See the product matrix for full details.*

[Is this program offered Non-Delegated?](#)

*Yes, the DSCR program is offered both as delegated and non-delegated underwriting.*

[If the background shows a misdemeanor, is this an automatic decline?](#)

*No, the loan is ineligible only if there is a pending misdemeanor or if there is a misdemeanor **conviction** involving fraud, embezzlement or other similar crimes, or an adverse fraud screen result, all within the last 5 years.*

Does the background search need to be run on both the guarantor and the business?

*Yes, the background search must be run on the guarantor(s) and entity, if applicable.*

Is there a seasoning time period if the background search shows a felony?

*No, the loan is ineligible if the background search reveals any felony.*

If the blanket/multi-property loan is considered a “vacant” property loan, does this mean we need 6 months reserves for each vacant property or just 6 months additional reserves in total?

*If the blanket loan is considered a “vacant” property loan, the reserves would either total 9 months (the additional 6 months + 3months PITIA required if DSCR > 1.0) or 18 months ((the additional 6 months + 12months PITIA required if DSCR < 1.0).*

Can the borrower be a natural person, but the vesting be in an LLC?

*Yes, this is acceptable.*

Are first payment letters required?

*Yes, they are required for all transactions.*

What happens if the borrower later wants to sell one of the properties in a blanket, do they have to pay off the entire blanket loan?

*No, the entire blanket loan does not need to be paid, however a release fee will need to be paid for the property(s) being sold. See the product matrix for full details.*

Does the application need to contain both the borrower/guarantor information and the entity information?

*Yes, all information is required for borrower(s), guarantor(s) and the business entity (as applicable).*

If there are multiple borrowers and only one is experienced, is the LTV/LTC based on experienced?

*The level of experience of the **primary guarantor** determines the LTV/LTC.*

Are third party rent estimates needed on purchase transactions?

*Third party rent estimates are required for all refinance and cash out loans only.*

Are Flood certs required?

*Yes, please refer to the applicable section in the Special Products Selling Guide.*

What credit score is used when there are multiple borrowers?

*The lowest representative credit score of all borrower(s) and/or guarantor(s) is used for qualification purposes. For additional information on how the lowest representative score is calculated, please refer to the product matrix.*

If one of the LLC members owns less than 25%, do they have to be a guarantor?

*No, please review the product matrix for all requirements.*

Do large deposits need to be sourced?

*No, large deposits do not need to be sourced.*

Do you provide copies of all of the Riders required?

*We provide sample riders in our Non-Agency Reference Guide that is posted on the Correspondent portal, however we make no representations nor guarantees that said samples are in compliance with state and federal laws.*

Are short term rentals permitted?

*Yes, refer to the DSCR section of the product matrix for guidelines on calculating DSCR for short-term rentals. Additional information on short term rentals can be found in multiple sections of the product matrix. Please ensure that all guidelines are followed on this property type.*

Do we need to collect HMDA information?

*Yes, HMDA information is required for all DSCR loans. For business entity borrowers, simply provide a not applicable response to the required questions.*

When does the Business Purpose Affidavit signed at closing or prior to closing?

*This is signed by the borrower(s)/guarantor(s) at the time of application.*