

**Non-Delegated Correspondent
Debt Service Coverage Ratio
(DSCR)**

**Non-Delegated Correspondent
Bayview Debt Service Coverage Ratio (DSCR)**

Bayview Standard DSCR Eligibility								
FICO & Loan Amount ²		Max LTV/LTC ¹						
		Units	DSCR ≥ 1.0			DSCR 0.99-0.75		
FICO	Loan Amount		Purchase	Rate/Term	Cash Out	Purchase	Rate/Term	Cash Out
700+	\$100k+ up to \$1.5M	1	80	80	75	75	75	70
		2-4	80	80	75	75	75	70
	\$1.5M+ up to \$2M	1	75	75	70	65	65	60
		2-4	75	75	70	65	65	60
	\$2M+ up to \$2.5M	1	NA	NA	NA	NA	NA	NA
		2-4	70	70	65	NA	NA	NA
680-699	\$100k+ up to \$1.5M	1	80	75	70	75	70	65
		2-4	80	75	70	75	70	65
	1.5M+ up to \$2M	1	70	70	65	65	60	55
		2-4						
	\$2M+ up to \$2.5M	1	NA	NA	NA	NA	NA	NA
		2-4	65	65	60	NA	NA	NA
660-679	\$100+ up to \$1.5M	1	75	70	65	70	65	60
	\$1.5M+ up to \$2M	1	65	65	60	60	55	50

¹ See LTV/LTC Restriction section

² See Loan Amount section



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Loan Product	
Eligible Products / Terms	Standard/Single Property
	PPF340 DSCR Fixed Rate 30yr term
	PPF405¹ 5yr I/O with loan fully amortizing over remaining 25 yrs.
	PPF410 10yr I/O with loan fully amortizing over remaining 20 yrs.
	¹ 7-year pre-payment penalty cannot be paired with this product
Loan Amounts	<ul style="list-style-type: none"> • Maximum Loan Amount: \$2,000,000 (Standard single family), \$2,500,000 (2-4 units) • Minimum Loan Amount: \$100,000
LTV/LTC Calculation	<ul style="list-style-type: none"> • Calculation is: lesser of LTV or LTC <ul style="list-style-type: none"> ◦ LTC is calculated as: loan amount divided by the cost basis at loan origination date and only utilized if the subject property is a new acquisition or has been acquired in the past six months <ul style="list-style-type: none"> ▪ Cost Basis: Cost basis is inclusive of purchase price, verified Borrower/Guarantor paid hard and soft costs expended to date (rehabilitation/renovation expenses), and customary Borrower/Guarantor paid arms-length closing costs/ fees, including real estate broker commissions, title, escrow, other closing costs and the amount of taxes, HOA dues, fees, assessments, Assignment Fees, and liens paid by the Borrower/Guarantor or its affiliates in connection with and at the time of the acquisition. If closing costs are not documented or clearly verifiable at the time of closing, then up to 2% of the purchase price may be added to the purchase price for the assessment of Cost Basis. Mortgage broker fees, origination fees, points, etc. are excluded • LTV is calculated as: loan amount divided by the value of the mortgaged property. If property is owned less than six months, must use purchase price as value instead of the appraised value with the exception of below: <ul style="list-style-type: none"> ◦ Loan amount is less than or equal to the cost of the property plus all documented renovation costs.
LTV/LTC Restrictions	<ul style="list-style-type: none"> • Reduce LTV by 5% for: <ul style="list-style-type: none"> ◦ Vacant properties as defined in Occupancy section of this Product Matrix ◦ Refinance of a short term rental property or Cash-out of a short term rental property • Reduce LTV by 10% for non-warrantable condominiums with a maximum of 70% LTV/LTC • Maximum LTV/LTC of 70% for: <ul style="list-style-type: none"> ◦ Inexperienced investor
Loan Documentation Requirements	<p><u>Application must include the following:</u></p> <ul style="list-style-type: none"> • Loan amount and terms • Subject and primary residence property address, type of property and number of units • Entity name and address (if applicable) • Borrower/Guarantor(s) information including: social security number, HMDA information (natural Borrower or business entity as applicable, not required for Guarantors), date of birth, address and authorization to pull credit <p><u>Note must include:</u></p> <ul style="list-style-type: none"> • Collateral information • Loan terms, including prepayment penalty (if applicable) as shown in the section



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	<p><u>Security Instrument must include:</u></p> <ul style="list-style-type: none"> • Collateral information, • Language that provides the holder of the security instrument with a valid and enforceable lien position <p><u>Additional Required Documentation</u></p> <ul style="list-style-type: none"> • Business Purpose/Non-owner Occupancy must be addressed in loan documentation • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests • Personal Guaranty (business entity) • Cash-Out explanation for natural person Borrowers (if not addressed on the Business Purpose Affidavit) • 1-4 Family Rider (residential package)/Assignment of Rents Rider (commercial package) • If utilizing the FNMA\FHLMC residential document set, the Business Loan Rider must also be completed [see C2022-06 for full details] • All other business entity forms noted in the Eligibility section below (if applicable) • All other forms required per the document checklist which is posted in the Reference Library of the Correspondent Portal • All Sellers must comply with all aspects of ECOA, including the Right to Receive a Copy of the Appraisal Report Disclosure
<p>Loan Purpose</p>	<p>All loans originated to Bayview DSCR product are secured by the business real estate or commercial property owned by the individual or business and its principals. All loans are for business purposes only, and are certified as such by the Borrower/Guarantor(s). Properties cannot be occupied by any of the Guarantors.</p> <ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out: Refinancing existing debt on the property in which the Borrower/Guarantor receives net proceeds (excluding third-party expenses reflected on the HUD or similar document) from the refinancing that exceed 2% of the loan amount. Financing of properties owned free and clear and acquired more than six (6) months prior to the loan origination date is also considered a Cash Out Refinance
<p>Rate/Term Refinance Transactions</p>	<ul style="list-style-type: none"> • The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items <ul style="list-style-type: none"> ◦ If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months ◦ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months ◦ A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history • Max cash back at closing is limited to 2% of the new loan amount <p><u>Continuity of Obligation</u></p> <ul style="list-style-type: none"> • When at least one (1) Borrower on the existing mortgage is also a Borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:



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- The Borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the Borrower meets the following requirements:
 - Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or
 - Is related to the Borrower on the mortgage being refinanced
 - The Borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction
 - The Borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership
 - The Borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
 - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer
 - The transferring entity and/or Borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan
- NOTE:** Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement
- If owned ≤ one year:**
- 0-6 months
 - Use lower of cost basis or appraised value to calculate LTV, or
 - If greater than 20% (based on original cost) of the rehabilitation work that was completed on the property as evidenced by an “as-is” appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100% LTC) up to the maximum applicable LTV/LTC per the eligibility grid.
- Example:
- For illustrative purposes, the below assumptions will be made
- Purchase Price: \$200,000
 - Appraised Value: \$500,000
 - Closing Costs: \$4000
 - Documented Renovations: \$102,000
- A) Cost Basis Determination (inclusive of closing costs and documented renovations)
- \$200,000 (purchase price) + \$4000 (closing costs) + \$102,000 (documented renovations) = \$306,000
- B) Current Appraised Value
- \$500,000 (assuming a maximum allowable LTV of 80% would yield a maximum loan amount of \$400,000)
- In the above example, since greater than 20% of the renovation work was completed on the property, the current appraised value (B) can be used to calculate maximum LTV, however, the maximum loan amount is limited to the cost basis plus documented renovations (A) \$306,000.
- 7-12 months
 - Use appraised value



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<p>Cash-Out Transactions</p>	<ul style="list-style-type: none"> • Cash-out loan proceeds may be used for business purposes only • Signed explanation of cash out required if Business Purpose Affidavit does not address reason for proceeds (required for natural Borrowers only) • Cash-out loan proceeds may be used for reserves if FICO > 700 <p><u>Maximum Cash Out (excluding delayed financing transactions)</u></p> <ul style="list-style-type: none"> • <u>Standard Loans:</u> • If owned ≤ one year: <ul style="list-style-type: none"> ○ <u>0-6 Months</u> <ul style="list-style-type: none"> ▪ Use lower of cost basis or appraised value to calculate LTV, or ▪ If greater than 20% (based on original cost) of the rehabilitation work that was completed on the property as evidenced by an “as-is” appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100% LTC) up to the maximum applicable LTV/LTC per the eligibility grid. ▪ Cash out proceeds cannot exceed \$500,000 standard ▪ See above example in the Rate/Term Refinance Transactions Section for calculation of maximum LTV and loan amount ○ <u>7-12 Months</u> <ul style="list-style-type: none"> ▪ Option 1 <ul style="list-style-type: none"> • Use lower of cost basis or appraised value for all properties • Cash out proceeds cannot exceed \$500,000 standard ▪ Option 2 <ul style="list-style-type: none"> • Use appraised value • LTV > 65%, cash out proceeds to Borrower cannot exceed \$250,000 standard • LTV < 65%, cash out proceeds to Borrower cannot exceed \$500,000 standard • If owned ≥ one year: <ul style="list-style-type: none"> ▪ \$500,000
<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Property was purchased within six (6) months of the loan application • HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property • Preliminary title reflects the Borrower/Guarantor as the owner and no liens • Prior transaction must have been arm’s length • Will be treated as a rate and term refinance
<p>Occupancy</p>	<ul style="list-style-type: none"> • Properties cannot be occupied by any of the Borrower/Guarantors or their immediate family. • Investment properties for 1-4 units <ul style="list-style-type: none"> ○ Occupied/Leased Property: A property that has at least the following number of Occupied/Leased Units: <ul style="list-style-type: none"> ▪ single-family property = one unit ▪ two-family property = two units ▪ three-family property = two units ▪ four-family property = three units ○ Unoccupied/Unleased: A unit or property that is not categorized as an Occupied/Leased Unit or an Occupied/Leased Property, as applicable
<p>Age of Documents</p>	<p>All credit documents, including title commitment must be no older than ninety (90) days from the Note date with the exception of the credit report which must be no older than one hundred and twenty (120) days from the Note date</p>



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Eligibility

<p>Eligibility</p>	<ul style="list-style-type: none"> • At least one Borrower/ primary Guarantor must have owned a home/property for twelve (12) months or more in the last three (3) years. • Both experienced investors and inexperienced investors are permitted. <ul style="list-style-type: none"> ○ <u>Experienced investors are defined as:</u> <ul style="list-style-type: none"> ▪ Borrower/primary guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 12 consecutive months in the most recent three (3) years, or ▪ Borrower/primary guarantor must have had ownership in three or more properties over the past 24 months ○ <u>Inexperienced investors are defined as:</u> <ul style="list-style-type: none"> ▪ Borrowers not meeting the definition of an experienced investor are considered to be inexperienced investors. These loans must meet the additional criteria: <ul style="list-style-type: none"> • Minimum DSCR of 1.0 • Maximum LTV 70% • Minimum loan amount of \$150,000 and maximum loan of \$1,000,000 • First-time homebuyers are not eligible. A first-time homebuyer is defined as a borrower who has not owned a residential property at any time during the prior three years • Business entity Loans must have a Guarantor defined as a primary Guarantor who owns at least 25% of the borrowing entity. In the event that no Guarantor owns at least 25%, the primary Guarantor will be designated as the Guarantor with the highest ownership percentage of the borrowing entity. • Borrower/Guarantor(s) must be US Citizens or Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the <u>Residency and Eligibility Guide</u> • All Borrower/Guarantor(s) must have a valid Social Security Number <p><u>All business entities must:</u></p> <ul style="list-style-type: none"> • Be a legal entity domiciled in the United States, including LLCs, LPs, partnerships, and corporations • Be an entity with natural person members • Be a U.S. based Entity in Good Standing • Provide a full recourse guarantee by one or more individual(s) and the managing member, if applicable, which are the largest percentage owners and in aggregate own at least 51% of the borrowing entity or 50% if there are only 2 members of the borrowing entity, unless otherwise approved by Community Loan Servicing • The guarantor(s) on the loan application must be a managing member(s) with documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity. <p><u>Business Entity Documentation Requirements:</u></p> <ul style="list-style-type: none"> • Certificate of formation, filed articles of incorporation, including any and all amendments, as applicable, and a current listing of all ownership interests • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests
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	<ul style="list-style-type: none"> • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC, including but not limited to granting authority to the signor to encumber indebtedness on behalf of the entity • Current Certificate of good standing, dated within 12 months prior to Note date
Ineligible Borrower/Guarantors	<ul style="list-style-type: none"> • Life Estates • Trusts • Guardianships • Community Land Trust • Land Trusts • Borrower/Guarantors/business entities with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying • Foreign Nationals – defined as a citizen of another country that does not fall into one of the categories or meet the requirements as defined in the Residency and Eligibility Guide • Non-profit organizations including, but not limited to 501(c)(3) and 501(c)(4) • Trusts or LLCs whose members include other LLCs, corporations, partnerships, or trusts • Trusts or LLCs where a Power of Attorney is used • Borrower/Guarantor(s) with Diplomatic Immunity status
Non-Arm’s Length	<p>A non-arm’s length transaction exists whenever there is a personal or business relationship with any party to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.</p> <p>The following non-arm’s length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Assignment of contracts • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller’s real estate agent • Borrower/Guarantor acting as their own real estate agent • Relative of the Borrower/Guarantor acting as the Borrower/Guarantor’s real estate agent • Borrower/Guarantor is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file. • Originator is related to the Borrower/Guarantor • Borrower/Guarantor purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between Borrower/Guarantor and landlord)
Credit	
Underwriting	<ul style="list-style-type: none"> • Manual underwrite is required • In some cases, single loan variances (SLV) to program eligibility may be acceptable when strong compensating factors exist to offset the risk. Single loan variance must be granted by Bayview • Items not addressed in this matrix should be referred to Community Loan Servicing • Simultaneous Submissions do not need to be underwritten simultaneously
Credit Requirements	<ul style="list-style-type: none"> • Tri-merged credit reports are required on all Borrower/Guarantor(s) dated within 120 days of loan origination <ul style="list-style-type: none"> ◦ The representative score for each Borrower/Guarantor is: <ul style="list-style-type: none"> ▪ The middle score when three scores are obtained, or ▪ The lower score when two scores are obtained ▪ If only one score is obtained, the Borrower/Guarantor is ineligible



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	<ul style="list-style-type: none"> • The representative score for the loan is the lowest representative score of the Borrower(s) or Guarantor(s), as applicable • Minimum two (2) trade lines are acceptable if the Borrower/Guarantor has a satisfactory mortgage rating for at least twelve (12) months (opened or closed) within the last twenty-four (24) months and one (1) additional open trade line • Each Borrower/Guarantor must meet the minimum trade line requirements • Authorized user accounts are not allowed as an acceptable trade line • Non-traditional credit is not allowed as an acceptable trade line • Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required • In addition to compliance the OFAC and Exclusionary list policy as set forth in the Special Products Seller Guide, Section B707, lender must also complete a background check on Borrower/Guarantor • Background search on borrower/guarantor(s) must include litigation, judgment and lien searches and dated within 90 days of loan origination <ul style="list-style-type: none"> ○ To the extent there is evidence of an adverse finding listed below such persons are not permitted <ul style="list-style-type: none"> ▪ Previous felony conviction ▪ Misdemeanor conviction involving fraud, embezzlement or other similar crimes or an adverse fraud screen result, all within the last 5 years ▪ Loans where a Google search or other information known to the originator reveals material litigation, pending misdemeanors or felonies, regulatory investigations/citations or other matters of similar relevance on any of the Guarantors, Borrower/Guarantors, or the property are ineligible unless otherwise approved by Community Loan Servicing ▪ Each Borrower/Guarantor, if applicable, with 10 or more judgements and/or liens in the last 36 months, or current liens in excess of \$250,000 are ineligible unless otherwise approved by Community Loan Servicing ▪ Lenders must also verify that all parties are not citizens of or reside in a country identified by Financial Action Task Force (FATF) as being a high-risk jurisdiction or a jurisdiction with strategic deficiencies ○ Background search may be from one of the suggested vendors below or another comparable provider. A combination of vendor reports may be used provided that together they fulfill the prescribed background search requirements listed above. <ul style="list-style-type: none"> ▪ Lexis Nexis (i.e, SmartLinx Person Report) ▪ Checkpoint (i.e., Investigative Instant and/or Non-Instant Search) ▪ Pacer (Public Access to Court Electronic Records) ▪ Fraud Guard ▪ DataVerify
<p>Mortgage Housing History</p>	<ul style="list-style-type: none"> • <u>Experienced Borrowers</u> <ul style="list-style-type: none"> ○ Provide a twelve (12) month mortgage history on the primary residence and the subject property, applicable to all Borrower/Guarantor/entity (s) on the loan • <u>Inexperienced Borrowers</u> <ul style="list-style-type: none"> ○ Provide a twelve (12) month history on the primary residence and all other properties owned by the Borrower/Guarantor/entity(s), applicable to all Borrower/Guarantor/entity (s) on the loan



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	<ul style="list-style-type: none"> • Maximum 1x30x12 between <u>all</u> disclosed mortgages, including those required to be verified as indicated above • The mortgage rating may be from the credit report, credit supplement or a third party verification service, unless the mortgage holder is a party to the transaction or relative of the Borrower/Guarantor, cancelled checks or bank statements to verify satisfactory mortgage history is required • Sellers must review the Borrower/Guarantor(s) credit report to determine status of all mortgage loans including verification that any mortgage is not subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan unless related to COVID-19 forbearance and meets all additional requirements in forbearance section within this Product Matrix
<p>Significant Derogatory Credit</p>	<ul style="list-style-type: none"> • Bankruptcy, Chapter 7, 11, 13 - three (3) years since discharge/dismissal date • Foreclosure – three (3) years since completion date • Short Sale/Deed-in-Lieu - three (3) years since completion/sale date • Forbearance (refer to section below) • Mortgage accounts that were settled for less, negotiated or short payoffs – three (3) years since settlement date • Loan modification – three (3) years since modification date • Notice of Default – three (3) years <ul style="list-style-type: none"> ◦ NOD's on short term bridge loans (<2 year term) with hard maturities may be acceptable assuming all deficiencies are cleared and documented. These loans are subject to Community Loan Servicing approval. • A satisfactory explanation letter from the Borrower/Guarantor(s) must be provided addressing any of the above derogatory credit events if the event occurred in the last four (4) years • Multiple derogatory credit events require a seven (7) year seasoning period <ul style="list-style-type: none"> ◦ A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event ◦ A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event • Medical collections are allowed to remain outstanding if the balance is less than \$10,000 in aggregate • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full
<p>Forbearance</p>	<ul style="list-style-type: none"> • Any forbearance resulting in subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a three (3) year waiting period. • Any forbearance filed after 6/1/22 is considered a significant derogatory credit event and subject to a three (3) year waiting period. <p>Forbearance on Subject and Non-subject property(s) that do not fall into the above scenarios:</p> <ul style="list-style-type: none"> • Any loan(s) that is shown to be in <u>active</u> forbearance is considered ineligible. • Any loan that is shown to be in a past forbearance is only permitted if the plan has been exited and all reported payments have been made on time since the exit. • Loan file must contain a letter of explanation from the Borrower/Guarantor detailing the reason for forbearance and that the hardship no longer exists.



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Lawsuit/Pending Litigation	If the loan application, title commitment or credit documents indicate that the Borrower/Guarantor is party to a lawsuit, additional documentation must be obtained to determine no negative impact on the Borrower/Guarantor's ability to repay, assets or collateral
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Debt Service Coverage Ratio

Debt Service Coverage Ratio (DSCR)	<p>Debt Service Coverage Ratio (DSCR):</p> <ul style="list-style-type: none"> • The DSCR is calculated by taking the gross rents divided by the PITIA of the subject property • Interest-Only loans must use the <u>30 year fully amortized PITIA payment</u> for DSCR calculation • Short-term rentals require a DSCR ≥ 2.0 • Use the Note Rate to calculate PITIA • Use the real estate taxes listed on the title policy or a current real estate tax bill converted into a monthly payment • Use the insurance premium that is listed on the approved insurance certificate (or other documentation) converted into a monthly payment • Use the Association fees (if applicable) that is listed as the monthly amount on the appraisal or current homeowner association statement <p><u>Gross Rent Requirements:</u></p> <ul style="list-style-type: none"> • Purchase: <ul style="list-style-type: none"> ○ Obtain Appraisal Form 1007/1025 as applicable and use 100% of the gross market rent in DSCR calculation • Refinance: <ul style="list-style-type: none"> ○ Obtain both a current lease agreement and Appraisal Form 1007/1025 as applicable. An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires or per local statutes is still current is allowed. ○ Gross rent used in the DSCR calculation must come from the lesser of the lease agreement or Appraisal Form 1007/1025 as applicable, except as noted below: <ul style="list-style-type: none"> • When the lease agreement is higher than the gross market rent on the appraisal, the following requirements apply: <ul style="list-style-type: none"> • The amount used for qualifying cannot exceed 10% over the market rent on the appraisal • If the actual rent is greater than market rent, but is $\leq 10\%$ over the market rent, then the lease amount can be used for qualifying <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Example #1 – Actual Rent is 20% Above Market</th> <th colspan="2" style="text-align: left;">Example #2 – Actual Rent is 5% Above Market</th> </tr> </thead> <tbody> <tr> <td>Actual Rent per Lease Agreement</td> <td style="text-align: right;">\$1200</td> <td>Actual Rent per Lease Agreement</td> <td style="text-align: right;">\$1050</td> </tr> <tr> <td>Market Rent per Appraisal</td> <td style="text-align: right;">\$1000</td> <td>Market Rent per Appraisal</td> <td style="text-align: right;">\$1000</td> </tr> <tr> <td>Allowable Amount for Qualifying</td> <td style="text-align: right;">\$1100</td> <td>Allowable Amount for Qualifying</td> <td style="text-align: right;">\$1050</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Short-Term Rentals: Short-term rentals are properties in which the rental term is less than 12 months, relatively variable in duration (e.g. short weekend, two weeks, several months, etc.), and may not be subject to a traditional lease agreement. <ul style="list-style-type: none"> ○ Short-term rentals are permitted. All short-term rental loans must be originated in accordance with federal, state and local regulations and restrictions. New York City short-term rental qualifying income not permitted ○ Proof of receipt for the most recent 12 months* is required. ○ Utilize documented 12 months* of payments to derive the gross monthly rental amount, not to exceed 100% of market rent schedule. If no rent is received, use zero for that month OR 	Example #1 – Actual Rent is 20% Above Market		Example #2 – Actual Rent is 5% Above Market		Actual Rent per Lease Agreement	\$1200	Actual Rent per Lease Agreement	\$1050	Market Rent per Appraisal	\$1000	Market Rent per Appraisal	\$1000	Allowable Amount for Qualifying	\$1100	Allowable Amount for Qualifying	\$1050
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**Non-Delegated Correspondent
Bayview Debt Service Coverage Ratio (DSCR)**

	<ul style="list-style-type: none"> o Utilize documented 24 months of payments to derive the gross monthly rental amount, not to exceed 125% of market rent schedule. If no rent is received, use zero for that month o Property must be tenant ready with furniture, appliances, etc. o LTV is reduced by 5% <p>*Properties owned ≥ 6 months but < 12 months will be reviewed on an exception basis. Income calculation will be at Community Loan Servicing's discretion but not more than 80% of documented rent.</p>						
DSCR Restrictions	<ul style="list-style-type: none"> • DSCR < 1.0 not permitted for: <ul style="list-style-type: none"> o 2-4 unit properties with FICO < 740 OR o Inexperienced investors • DSCR < 1.0 requires 6 months reserves • Short-term rentals require a DSCR ≥ 2.0 • Minimum DSCR of 1.25 if: <ul style="list-style-type: none"> o Loan amount < \$150,000 unless the transaction is a purchase with a minimum FICO of 700 						
Lease Requirements	<p>Leases must:</p> <ul style="list-style-type: none"> • Be a third-party lease with no Borrower/Guarantors, owners of the Borrower/Guarantor or their immediate family members leasing or occupying the property (“Eligible Tenant”) <ul style="list-style-type: none"> o Immediate Family members is defined as those by lineal descendant, adoption or marriage, this includes spouses, siblings, children, parents, or grandparents • Be in the name of the Borrower/Guarantor or their verified property manager, as landlord • Be fully executed by both an Eligible Tenant and the Borrower/Guarantor(s) (as landlord(s)) <ul style="list-style-type: none"> o All tenants on leases must be natural persons. Exceptions for other types of entities may be considered on a case by case basis • Have a unit rental rate, and terms consistent with rates and terms prevailing in the local market where the property is located • Be on a form that is customary to the area the property is located in and comply with all applicable legal requirements in all material respects (including all required disclosures) • Cover 100% of the square footage of the applicable residential unit • <i>Rent to own and/or contract for deeds are ineligible</i> 						
Assets/Reserves							
Asset Requirements	<ul style="list-style-type: none"> • Beyond the minimum reserve requirements and to fully document the Borrower/Guarantor’s ability to meet their obligations, Borrower/Guarantors should disclose all liquid assets • Eligible assets must be held in a US account • Two (2) most recent months account statements from either the Borrower/Guarantor/primary Guarantor or the borrowing entity, as applicable (including inter vivos revocable trust assets), must be provided. The asset verification must provide sixty (60) days of account activity and include all items normally indicated on bank statements • Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets <table border="1" data-bbox="435 1543 1539 1738"> <thead> <tr> <th data-bbox="435 1543 740 1648">Asset Type</th> <th data-bbox="740 1543 1050 1648">% Eligible for Calculation of Funds</th> <th data-bbox="1050 1543 1539 1648">Additional Requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="435 1648 740 1738">Checking/Savings/ Money Market/CDs</td> <td data-bbox="740 1648 1050 1738">100%</td> <td data-bbox="1050 1648 1539 1738">Two (2) months most recent statements</td> </tr> </tbody> </table>	Asset Type	% Eligible for Calculation of Funds	Additional Requirements	Checking/Savings/ Money Market/CDs	100%	Two (2) months most recent statements
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	Publicly Traded Stocks/Bonds/Mutual Funds	100%	Two (2) months most recent statements. Non-vested stock is ineligible. Margin account and/or pledged asset balances must be deducted
	Retirement Accounts (401(k), IRAs, etc.)	70% of the vested value after the reduction of any outstanding loans	<ul style="list-style-type: none"> • Most recent statement(s) covering a two (2) month period • Evidence of liquidation if using for down payment or closing costs • Evidence of access to funds required for employer- sponsored retirement accounts • Retirement accounts that do not allow for any type of withdrawal are ineligible for reserves
	Cash Value of Life Insurance/Annuities	100% of value unless subject to penalties	Most recent statement(s) covering a two (2) month period
	1031 Exchange	Reverse 1031 exchanges not allowed	<ul style="list-style-type: none"> • HUD-1/CD for both properties • Exchange agreement • Sales contract for exchange property • Verification of funds from the Exchange Intermediary
	Business Funds	Allowed for down payment/closing costs and reserves with additional requirements met	<ul style="list-style-type: none"> • If business account used is not in the same name as the borrowing entity, then the following requirements must be met: <ul style="list-style-type: none"> ○ Natural Borrower/Guarantor(s) must have ownership of 25% or greater of the entity holding the account ○ Borrower/Guarantor must also be named on the account or provide proof of access to 100% of the funds from other members
	Gift Funds	Permitted after Borrower/Guarantor minimum 10% contribution	<ul style="list-style-type: none"> • Donor must be a family member, future spouse or domestic partner • Executed gift letter with gift amount and source, donor's name, address, phone number and relationship • Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account



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			<ul style="list-style-type: none"> • Acceptable documentation includes the following: <ul style="list-style-type: none"> o Copy of donor's check and borrower's deposit slip o Copy of donor's withdrawal slip and borrower's deposit slip o Copy of donor's check to the closing agent • A settlement statement/CD showing receipt of the donor's gift check • Gift funds are not permitted to meet reserve requirements 															
	Gifts of Equity	Not Permitted	N/A															
	Virtual Currency	Not Permitted	N/A															
Reserves	<ul style="list-style-type: none"> • DSCR \geq 1.0: 3 months PITIA for subject property • DSCR $<$ 1.0: 6 months PITIA for subject property • Cash out may be utilized for reserves if FICO $>$700 • Gift funds are not permitted to meet reserve requirements • Funds utilized for down payment and closing costs cannot be included in reserve funds • Additional 6 months reserves are required for purchase of short term rental • Additional reserves are required for refinance transactions due to vacancy of units as noted in the table below: <table border="1" data-bbox="462 1018 1502 1239"> <thead> <tr> <th># Units in Subject Property</th> <th># Vacant Units</th> <th>Additional 6 months PITIA Reserves Required</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>Y</td> </tr> <tr> <td>2</td> <td>1</td> <td>Y</td> </tr> <tr> <td>3</td> <td>2</td> <td>Y</td> </tr> <tr> <td>4</td> <td>3</td> <td>Y</td> </tr> </tbody> </table>			# Units in Subject Property	# Vacant Units	Additional 6 months PITIA Reserves Required	1	1	Y	2	1	Y	3	2	Y	4	3	Y
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1	1	Y																
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4	3	Y																
Interested Party Contributions	<ul style="list-style-type: none"> • Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender or their affiliates and/or any other party with an interest in the real estate transaction • The following restrictions for interested party contributions apply: <ul style="list-style-type: none"> o May only be used for closing costs and prepaid expenses and may not be used for down payment or reserves o Maximum interested party contribution is limited to 3% of the purchase price 																	
Seller Concessions	<ul style="list-style-type: none"> • All seller concessions must be addressed in the sales contract, appraisal and HUD-1/CD. A seller concession is defined as any interested party contribution beyond the stated limits (as shown in the prior section, Interested Party Contributions) or any amounts not being used for closing costs or prepaid expenses • If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount for the purposes of calculating the LTV/CLTV/HCLTV 																	



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Personal Property	<ul style="list-style-type: none"> Any personal property transferred with a property sale must be deemed to have zero transfer value as indicated by the sales contract and appraisal If any value is associated with the personal property, the sales price and the appraised value must be reduced by the personal property value for purposes of calculating the LTV/LTC
Subordinate Financing	
Subordinate Financing	Not permitted
Down Payment/Closing Cost Assistance	Down payment and closing cost assistance subordinate financing is not permitted
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> 1-4 Unit residential investment properties leased as income producing properties to non-Borrower/Guarantor affiliated tenants Attached and Detached Planned Unit Developments (PUDs) Condominiums (refer to section below) Properties that are legal or legal-non-conforming use <p>Miscellaneous:</p> <ul style="list-style-type: none"> Leasehold must meet Fannie Mae requirements Properties with leased solar panels must meet Fannie Mae requirements All units/properties must have a functioning kitchen Properties must meet the following minimum square footage: <ul style="list-style-type: none"> 1 unit: 700 sqft Condominium: 500 sqft 2-4 unit: 400 sqft per unit <ul style="list-style-type: none"> 2-4 unit property with FICO ≤ 740 requires DSCR ≥ 1.0
Acceptable Forms of Ownership	<ul style="list-style-type: none"> Fee Simple Deed/Resale Restrictions must meet Fannie Mae requirements
Ineligible Property Types	<ul style="list-style-type: none"> Assisted living facilities, nursing homes or any arrangement where the unit owner or tenant contracts for a commitment for resident or tenant care Community Land Trusts Property value <\$100,000 Cooperatives Condotels or time-shares Lease with purchase option properties Manufactured/Modular/Mobile Homes Mixed-Use Properties Model Home Leasebacks Multifamily (5+ units) Rural Properties defined as properties classified as rural by the appraisal or with two of three comparable properties more than 5-miles from the subject property Properties with atypical physical features for the neighborhood Properties in areas where more than 10% of other properties within a 2-block radius are either clearly vacant, abandoned and/or boarded-up Properties located in Hawaii in lava zones 1 & 2 Properties located in areas where a valid security interest in the property cannot be obtained Properties not configured or used for residential purpose properties on Native American reservations or properties not easily accessible by roads that meet local standards



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	<ul style="list-style-type: none"> • Properties with known adverse environmental conditions (other than lead paint, radon or asbestos in each case which do not present a health hazard, do not require remediation and have been contained per EPA guidelines) • Properties which are not in compliance with local zoning regulations • Properties where the appraisal indicates any environmental concerns • Properties with condition rating of C5/C6 or not lease ready • Properties with construction rating of Q6 • Properties with revolving credit facilities which permit the addition of additional collateral • Properties >2 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Single Room Occupancy (SROs) or former healthcare facilities • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards 								
<p>Accessory Dwelling Unit (ADU) Requirements</p>	<p>An ADU is typically an additional living area independent of the primary dwelling that may have been added to, created within, or detached from a primary one-unit dwelling.</p> <ul style="list-style-type: none"> • Rental income from the ADU is not permitted • Only one ADU is permitted on the parcel of the primary one-unit dwelling and it must: <ul style="list-style-type: none"> ◦ Be subordinate in size to the primary dwelling ◦ Have the following separate features from the primary dwelling: <ul style="list-style-type: none"> • Means of ingress/egress, • Kitchen with cabinets, a countertop, a sink with running water and a stove • Sleeping area • Bathing area and bathroom facilities <p>Additionally, the appraiser must confirm that subject property is a one-unit property with an ADU and the appraisal must contain comparables with ADUs in the subject property's market area. The appraisal report must demonstrate that the improvements are acceptable for the market. An aged settled sale will qualify as a comparable, and an active listing or under contract sale will qualify as a supplemental exhibit to show marketability.</p>								
<p>Geographic Area</p>	<ul style="list-style-type: none"> • The following states are not eligible: NY • Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted 								
<p>Condo Project Requirements</p>	<p>If the property is part of a condominium association, the originator must obtain a condominium questionnaire and insurance certificate from the condominium association to ensure that it meets the eligibility criteria below. Condominiums must either meet FNMA requirements (inclusive of limited reviews) or the following warrantable guidelines as applicable. If neither set of guidelines is met, refer to the non-warrantable guideline requirements below.</p> <table border="1" data-bbox="462 1606 1578 1816"> <thead> <tr> <th colspan="2" data-bbox="462 1606 1578 1642">Warrantable Condominiums</th> </tr> <tr> <th data-bbox="462 1642 820 1680">Criteria</th> <th data-bbox="820 1642 1578 1680">Requirement</th> </tr> </thead> <tbody> <tr> <td data-bbox="462 1680 820 1732">HOA Delinquency</td> <td data-bbox="820 1680 1578 1732">No more than 15% of tenants within an HOA may be delinquent more than 30 days</td> </tr> <tr> <td data-bbox="462 1732 820 1816">Capital Reserves/ Special Assessments</td> <td data-bbox="820 1732 1578 1816"> Must be the Greater of: <ul style="list-style-type: none"> • two years of planned capital reserves and any special assessments available for immediate use </td> </tr> </tbody> </table>	Warrantable Condominiums		Criteria	Requirement	HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 days	Capital Reserves/ Special Assessments	Must be the Greater of: <ul style="list-style-type: none"> • two years of planned capital reserves and any special assessments available for immediate use
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	<p><u>OR</u></p> <ul style="list-style-type: none"> 10% of the budget as long as the budget includes allocations for line items pertinent to the is type of condo project and provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is as least 10% of the total budget
Conveyance	At least 90% of units have been sold to owners
Renter Concentration	No more than 50% of total units may be renter occupied unless Borrower/Guarantor owns 50% or more of total units or controls the association
Ownership Concentration	Units owned by a single entity (individual, investor group, partnership or corporation) represent no more than 25% of total units, or in projects with only 5 to 20 units – 2 units, other than the Borrower/Guarantor unless the Borrower/Guarantor is the largest single owner in the project
Project Status	Project is 100% complete and not subject to additional phasing
Insurance	The Condominium Association maintains a master insurance policy per FNMA guidelines
Non-Incidental Business	Income other than condo association fees may not make up more than 20% of total association income unless approved by Community Loan Servicing and must be excluded from use in the reserve requirement
Litigation	Association is not named as party to any material litigation, defined as litigation that would not be covered under current insurance policy or any reputational litigation as determined by Community Loan Servicing
Conveyance	Control of HOA has been turned over to unit owners
Commercial Component	No more than 35% of total square footage may be used for commercial purposes
Listed Securities	No projects may be listed securities (projects with documents on file with the SEC)
Ownership Interests	Units in the project must be held fee simple
Use Restrictions	The project must not restrict owner occupancy or the ability of new owners to rent units entirely
Significant Deferred Maintenance	Loans secured by units in condo and co-op projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are not eligible for purchase. These projects will remain ineligible until the required repairs have been made and documented. Acceptable documentation may include a satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns.
Special Assessments	<p>Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability.</p> <p>The lender must document the loan file with the following:</p> <ul style="list-style-type: none"> the reason for the special assessment; the total amount assessed and repayment terms; documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and Borrower qualification with any outstanding special assessment payment <p>The lender is expected to obtain the financial documents necessary to confirm the association has the ability to fund any repairs. If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed or the project is not eligible. Additionally, If the lender or appraiser is unable to determine that there is no adverse impact, the project is ineligible.</p>
Non-Warrantable Condominiums	
Criteria	Requirement



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	LTV/LTC	Must reduce LTV/LTC from eligibility table by 10% with a Max LTV of 70% permitted
	HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 days
	Capital Reserves Special Assessments*	<10% replacement, maintenance, and/or deductible
	Conveyance*	At least 30% of units have been sold to owners or under contract
	Renter Concentration*	No more than 55% of total units may be renter occupied
	Ownership Concentration*	Units owned by a single entity (individual, investor group, partnership or corporation) represent no more than 30% of total units, or in projects with only 5 to 20 units – 2 units, other than the Borrower/Guarantor unless the Borrower/Guarantor is the largest single owner in the project
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	Special Assessments	<p>Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability.</p> <p>The lender must document the loan file with the following:</p> <ul style="list-style-type: none"> the reason for the special assessment; the total amount assessed and repayment terms; documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and Borrower qualification with any outstanding special assessment payment <p>The lender is expected to obtain the financial documents necessary to confirm the association has the ability to fund any repairs. If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed or the project is not eligible. Additionally, If the lender or appraiser is unable to determine that there is no adverse impact, the project is ineligible.</p>
	Non-Incidental Business	Income other than condo association fees may not make up more than 20% of total association income unless approved by Community Loan Servicing and must be excluded from use in the reserve requirement
	Litigation*	<p>Association is not named as party to any material litigation, defined as: Structural/Functional litigation against developer</p> <p>Non-material litigation (Slip and fall/single unit complaints/3rd party claims) is permitted with adequate reserves</p> <p>Lender must provide verification of lawsuit amount and proof of sufficient insurance coverage.</p>
	Conveyance	Control of HOA has been turned over to unit owners
	Commercial Component	No more than 35% of total square footage may be used for commercial purposes
	Miscellaneous	Newly converted Non-full gut rehab are ineligible All units/properties must have a functioning kitchen
	*Denotes a non-warrantable feature. No more than one non-warrantable feature may be present per property	
Appraisal Requirements	<ul style="list-style-type: none"> At minimum, a USPAP and FIRREA compliant interior appraisal from a state licensed appraiser who is independent of the originator and Borrower/Guarantor must be completed for the subject transaction. This appraisal must contain a customary independence 	



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- certification by the appraiser. Re-use of a prior appraisal is not permitted regardless of the date of the appraisal. See below table for appraisal requirements based on loan amount.
- Restricted appraisals are not permitted
 - The subject property must be appraised within 90 days prior to the Note
 - Appraisal must ensure that any and all additions or conversions have been completed according to code or lender must provide a recent certificate of occupancy validating code requirements have been met
 - Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value.
 - In no event, are appraisals ordered or selected by Borrower/Guarantors, or other lenders acceptable
 - Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan
 - A single appraiser cannot be used for more than 3 out of every 5 consecutive valuations in any specific county or for any one Borrower/Guarantor, managing member, or other related party

Standard DSCR Appraisal Requirements Based on Loan Amount:	
Loan Amount	Appraisal Requirements
≤ \$2,000,000	1 Full Appraisal
> \$2,000,000	2 Full Appraisals

Valuation Criteria:

- The interior appraisals must be on the applicable form required by the Fannie Mae Guidelines for 1-4 family properties or a form approved by Community Loan Servicing. Currently those forms are FNMA 1004/FH 70 (1 Family), FNMA 1073/FH 465 (Individual Condo), or FNMA 1025/FH 72 (2-4 Family)
- Appraisal market rent estimates must be based on an annual lease for residential purposes and must be on the applicable form required by the Fannie Mae Guidelines or a form approved by Community Loan Servicing. Currently those forms are FNMA 1007 (1 Family) or FNMA 1025 (2-4 Family). Short term or specialized use rental rates are not acceptable for use as market rent
- Condominium or townhouse properties must be valued on a rental basis whenever less than 50% of the properties in the building or same development are owned by individual homeowners
- There must be at least 3 comparables in the same zip code or within 1 mile of the subject property. One comparable must be within 1 mile of the subject property with limited net adjustments unless otherwise approved by Community Loan Servicing.
- The originator must review the valuation to ensure that the value is well supported by the evidence in the appraisal or residential evaluation and by the comparable transactions. Lender must take care to ensure that the property is not being “flipped” as property flipping is not acceptable.
 - The appraiser must inspect the exterior of the property and provide a photo
 - Appraiser must review current market data to determine whether the property has declined in value since the date of the original appraisal. If the value has declined since the original appraisal, a new full appraisal is required



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Non-Delegated Correspondent Bayview Debt Service Coverage Ratio (DSCR)

- A market rent comparable schedule (FNMA 1007 or 1025) must be provided
- Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date
- Properties with condition rating of C5/C6 or not lease ready, and/or properties with construction rating of Q6 are ineligible
- See Property Flipping section for additional requirements
- When two (2) appraisals are required, the following applies:
 - Appraisals must be completed by two (2) independent companies
 - The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion
 - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled
 - If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon

Third-Party Review

- Collateral Desktop Analysis (CDA) ordered from Clear Capital or a Collateral Underwriter (CU) score of 2.5 or less is required to support the value of the appraisal. The Seller is responsible for ordering the CDA if needed.
 - If the CDA returns a value that is “Indeterminate” then one (1) of the following requirements must be met:
 - A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of the three Reports is required. The Value Reconciliation will be used for the appraised value of the property.
 - A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property.
 - If the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, the lower value of the two must be used.
- Sellers must comply with all aspects of ECOA, including the Right to Receive a Copy of the Appraisal Report Disclosure
- If two (2) full appraisals are provided on a standard DSCR loan, a CDA is not required

Appraisal Transfers

- Appraisal transfers are permitted. All appraisal transfers must meet the following requirements:
 - Appraisal must be in the name of the transferring lender
 - Transfer letter from transferring lender
 - Must be on company letterhead
 - Borrower name and address must be included
 - Must be executed by an authorized member of the company. The printed name and signature of seller’s representative, title and date is required. Appraisal transfer letters signed by loan officers or loan processors will not be acceptable
 - Statement from the transferring lender that the appraisal was prepared in compliance with Appraisal Independence Requirements
 - Paid invoice
 - Proof that original appraisal report was provided to the borrower
 - Maximum 75% LTV/LTC
 - CDA is required. A CU score is not permitted to be used to meet appraisal review



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**Non-Delegated Correspondent
Bayview Debt Service Coverage Ratio (DSCR)**

	requirements
Property Flips	<p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement <p>If the property is a “flip” as defined above, the following additional requirements apply:</p> <ul style="list-style-type: none"> • A second appraisal must be obtained and a copy of the second appraisal must be provided to the borrower • The second appraisal must be dated prior to the loan consummation/note date. • The property Seller on the purchase contract must be the owner of record. • Increases in value should be documented with commentary from the appraiser and recent comparable sales • Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable • There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months • Non-Arm’s Length transactions are not permitted. Client is responsible for reviewing chain of title. Particular due diligence should be exercised in cases of entity to entity transfers to ensure no red flags are present • The property must have been marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in-lieu
Insurance	<ul style="list-style-type: none"> • Proof of Rent loss Insurance/Renters Policy covering the property rent is required. <ul style="list-style-type: none"> ◦ This is in addition to all other insurance requirements per the Special Products Selling Guide.
Disaster Area Requirements	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the Special Products Seller Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> ◦ FEMA Major Disaster Declarations with designated counties eligible for Individual Assistance (IA); ◦ Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; ◦ Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the Disaster Declaration File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster



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Escrows	<ul style="list-style-type: none"> • Escrows for the payment of 1/12 of the annual taxes and required insurances are required and are collected at closing <ul style="list-style-type: none"> ◦ Escrow amounts should be collected in an amount sufficient to allow for timely payment of the property expenses plus a 2-month cushion ◦ Refer to the Special Products Selling Guide • Escrows for flood insurance, if applicable is required • The collection of escrow deposits for insurance on condominiums is not required if coverage is provided by a blanket insurance policy which the homeowner's association has purchased • Escrow waivers are permitted and must meet the below criteria: <ul style="list-style-type: none"> ◦ Minimum 720 FICO ◦ Minimum 12 month of reserves ◦ Pricing adjustment will be applied ◦ Present taxes and insurance payments must be current ◦ Flood insurance not eligible for escrow waiver 																																																																												
Escrow Holdbacks	Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase																																																																												
Assumability	Loans are not assumable																																																																												
Pre-Payment Penalties	<ul style="list-style-type: none"> • Prepayment penalties are not allowed in New Mexico nor Alaska for any reason. • Prepayment penalties may be assessed as noted below for loans that prepay between the loan origination date and year five (5) in all states except: MI, MN, MS, NC, NJ, OH, PA, RI, TX and VA which must follow all state specific requirements as noted in the Appendix A. • The 7 year PPP option is not available in the following states: LA, MI, MN, MS, MO, OH (for 1-2 units), and RI • The 7 year PPP is not permitted to be paired with 5yr IO product. <table border="1" data-bbox="435 1014 1539 1810"> <thead> <tr> <th colspan="8">Prepayment Penalty by Year</th> </tr> <tr> <th></th> <th>Year 0-1</th> <th>Year 1-2</th> <th>Year 2-3</th> <th>Year 3-4</th> <th>Year 4-5</th> <th>Year 5-6</th> <th>Year 6-7</th> </tr> </thead> <tbody> <tr> <th>7-Year Option(s)</th> <td>5.00%</td> <td>5.00%</td> <td>4.00%</td> <td>4.00%</td> <td>3.00%</td> <td>2.00%</td> <td>2.00%</td> </tr> <tr> <th rowspan="2">5-Year Option(s)</th> <td>5.00%</td> <td>5.00%</td> <td>5.00%</td> <td>5.00%</td> <td>5.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>5.00%</td> <td>4.00%</td> <td>3.00%</td> <td>2.00%</td> <td>1.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <th rowspan="2">4-Year Option(s)</th> <td>5.00%</td> <td>5.00%</td> <td>5.00%</td> <td>5.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>4.00%</td> <td>3.00%</td> <td>2.00%</td> <td>1.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <th rowspan="3">3-Year Option(s)</th> <td>5.00%</td> <td>5.00%</td> <td>5.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>3.00%</td> <td>2.00%</td> <td>1.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> <tr> <td>1.00%</td> <td>1.00%</td> <td>1.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table>	Prepayment Penalty by Year									Year 0-1	Year 1-2	Year 2-3	Year 3-4	Year 4-5	Year 5-6	Year 6-7	7-Year Option(s)	5.00%	5.00%	4.00%	4.00%	3.00%	2.00%	2.00%	5-Year Option(s)	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%	5.00%	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%	4-Year Option(s)	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%	3-Year Option(s)	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
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		6 month's interest if pay down >2 0%	0.00%	0.00%	0.00%	0.00%
	2-Year Option(s)	5.00%	5.00%	0.00%	0.00%	0.00%
		2.00%	1.00%	0.00%	0.00%	0.00%
	1-Year Option(s)	5.00%	0.00%	0.00%	0.00%	0.00%
		1.00%	0.00%	0.00%	0.00%	0.00%
	No PPP	0.00%	0.00%	0.00%	0.00%	0.00%
Special Restrictions						
Maximum Financed Community Loan Servicing Exposure	Borrower/Guarantor(s)/entities are limited to a maximum \$6,250,000 in aggregate with Community Loan Servicing					
Properties Listed for Sale	<ul style="list-style-type: none"> • Properties currently listed for sale (at the time of application) are not eligible for refinance transactions. <ul style="list-style-type: none"> ◦ If a property is discovered to be for sale prior to purchase, the loan will be deemed ineligible for purchase • Properties listed for sale within six (6) months of the application date are acceptable if the following requirements are met: <ul style="list-style-type: none"> ◦ Documentation provided to show cancellation of listing ◦ Acceptable letter of explanation from the Borrower/Guarantor detailing the rationale for cancelling the listing ◦ Must include a minimum pre-payment penalty of two or more years (if a pre-payment penalty is not permitted due to state statutes, transaction would be ineligible until greater than six months since the cancellation of the listing) 					
Additional Requirements						
Bank Secrecy and USA Patriot Acts	The Bank Secrecy Act (BSA) requires financial institutions to assist U.S. government agencies to detect and prevent money laundering. Correspondents must have implemented anti-money laundering policies and procedures to comply with applicable federal law. As a part of this policy, correspondents must screen all Borrower/Guarantors and Guarantors against the list of specially designated nationals maintained by the U.S. Department of the Treasury and OFAC pursuant to the USA PATRIOT Act, amendments to the Bank Secrecy Act and its implementing regulation and investigate name matches as required by law. Community Loan Servicing does not acquire loans which are made to Borrower/Guarantors or Guarantors which are specially designated nationals.					
Purchase approval	All loan purchases are contingent on Community Loan Servicing's satisfactory review of the loan, mutual execution of the purchase advice and the lender being in good standing at the time of loan purchase. Community Loan Servicing reserves the right to decline to purchase any loan for any reason					



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Assignment Fees	Third party/arms-length assignment fees are permitted. Loan to Cost excluding assignment fees cannot exceed 90%
Seasoning	Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to Community Loan Servicing for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by Community Loan Servicing within 60 days of the note date.
Interest Rate Restrictions	Interest rates must comply with all state usury law requirements.
Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated with this product matrix	



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**Appendix A
State Specific Pre-payment Penalty Requirements**

<u>State</u>	<u>PPP Permitted</u>	<u>Requirement</u>
Alaska	No	No prepayment penalty shall be permitted
Louisiana	Yes with conditions	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
Michigan	Yes with conditions	Max 3YR at max 1% for SFR
Minnesota	No	No prepayment penalty shall be permitted
Mississippi	Yes with conditions	(i) Five percent (5%) of the unpaid principal balance if prepaid during the first year; (ii) Four percent (4%) of the unpaid principal balance if prepaid during the second year; (iii) Three percent (3%) of the unpaid principal balance if prepaid during the third year; (iv) Two percent (2%) of the unpaid principal balance if prepaid during the fourth year; (v) One percent (1%) of the unpaid principal balance if prepaid during the fifth year; and (vi) No penalty if prepaid more than five (5) years from date of the note creating the debt.
New Jersey	Yes with conditions	Permitted for business entity Borrowers. Pre-payment penalties cannot be charged to natural person Borrowers.
New Mexico	No	No prepayment penalty shall be permitted
North Carolina	Yes with conditions	Prepayment penalty may be charged only on loans greater than \$150,000
Ohio	Yes with conditions	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount \geq \$107,633; No prepayment penalty permitted if loan amount $<$ \$107,633; 3-4 unit : prepayment penalty permitted without restriction
Pennsylvania	Yes with conditions	1-2 unit: only if loan balance $>$ \$301,022 No prepayment penalty permitted if balance \leq \$301,022 3-4 unit: prepayment penalty allowed without restriction
Rhode Island	Yes with conditions	Prepayment penalty max 2% of balance
Texas	Yes with conditions	Property cannot be owner-occupied
Virginia	Yes with conditions	Max 1% if balance $<$ \$75k



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Version Control

Author	Section	Date	Update
AS	All	05.16.22	Matrix created
DM	Forbearance	06.03.22	Removed COVID Forbearance guidance and changed to:



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			<ul style="list-style-type: none"> Any forbearance resulting in subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a three (3) year waiting period. Any forbearance filed after 6/1/22 is considered a significant derogatory credit event and subject to a three (3) year waiting period. <p>Forbearance on Subject and Non-subject property(s) that do not fall into the above scenarios:</p> <ul style="list-style-type: none"> Any loan(s) that is shown to be in active forbearance is considered ineligible. Any loan that is shown to be in a past forbearance is only permitted if the plan has been exited and all reported payments have been made on time since the exit. Loan file must contain a letter of explanation from the Borrower/Guarantor detailing the reason for forbearance and that the hardship no longer exists.
DM	Appendix B	06.03.22	Updated PA and MNPPP amounts
DM	Appendix	06.03.22	Removed approved vendor list- incorporated required options into matrix in appropriate sections
DM	Assets	06.03.22	<p>Added</p> <ul style="list-style-type: none"> Virtual currency is not permitted <p>Added</p> <ul style="list-style-type: none"> Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
DM	Rate and Term	06.03.22	<p>Added:</p> <ul style="list-style-type: none"> If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history
DM	Lease Requirements	06.03.22	<p>Added:</p> <ul style="list-style-type: none"> Rent to own and/or contract for deeds are ineligible
DM	Delayed Purchase	06.03.22	Will be treated as a rate and term refinance
DM	LTV LTC	06.03.22	LTV is calculated as: loan amount divided by the value of the mortgaged property. If property is owned less than six months, must use purchase price as value instead of the appraised value with the exception of below: Loan amount is less than or equal to the cost of the property plus all documented renovation costs.
DM	Loan Documentation Requirements	06.03.22	Clarified when the cash out explanation is required: Cash out explanation for natural person Borrowers (if not addressed on Business Purpose Affidavit)
DM	Assets	07.01.22	Added : gifts of equity not permitted
DM	Derogatory Credit	07.01.22	Added: • Multiple derogatory credit events require a 7 year seasoning period
DM	Appraisal	07.01.22	Clarified that third party rent estimates are only needed for refinance transactions on vacant properties
DM	Eligibility Grid	07.01.22	Expanded maximum loan amount to \$ 2.5M on 2-4 units with 680+ FICO
DM	Cash out	07.01.22	Added consistent language on value for 0-6 mo transactions: If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC).
DM	Rate and Term	07.01.22	Added: If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC).
DM	Prepayment Penalty	07.15.22	Added new options
DM	Rate/Term refinance	07.15.22	<ul style="list-style-type: none"> Added section to clarify: Continuity of Obligation When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible: <ul style="list-style-type: none"> The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or Is related to the borrower on the mortgage being refinanced The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer



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			<ul style="list-style-type: none"> The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan <p>NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement</p>
DM	Eligible Property types	07.15.22	<ul style="list-style-type: none"> Added leaseholds
DM	Acceptable Forms of Ownership:	07.15.22	<ul style="list-style-type: none"> Added leaseholds
DM	Loan Documentation requirements	07.15.22	<ul style="list-style-type: none"> Added clarification/reminder to obtain HMDA
DM	Loan Documentation	08.12.22	<ul style="list-style-type: none"> Updated verbiage surrounding business purpose and non-owner occupancy
DM	Eligibility Grid	08.12.22	<ul style="list-style-type: none"> Removed 85% LTV options for 720+FICO
DM	Blanket Mortgages	08.12.22	<ul style="list-style-type: none"> Added: *Cannot use FNMA/FHLMC Notes and/or Security Agreements
DM	Appraisal	08.12.22	<ul style="list-style-type: none"> Added clarifying language in bold: A single appraiser cannot be used for more than 3 out of every 5 consecutive valuations in any specific county or for any one borrower/guarantor, managing member, or other related party with the exception of blanket/multi-property loan transactions which will also require a third party rent estimate for each property with the same appraiser
DM	Housing History	08.12.22	<ul style="list-style-type: none"> Added clarifying language: Credit supplement also acceptable
DM	Condo Project Requirements	09.09.22	<ul style="list-style-type: none"> Added clarifying language: Condominiums must either meet FNMA requirements (inclusive of limited reviews) or the following warrantable guidelines as applicable. If neither set of guidelines is met, refer to the non-warrantable guideline requirements below.
DM	Credit Requirements	09.09.22	<ul style="list-style-type: none"> Removed "criminal" search from background search requirements
DM	DSCR	09.09.22	<ul style="list-style-type: none"> Added clarification that io loans must use 30 year fully amortized payment in DSCR calculation Added clarification that a lease is considered current per local/state statues or if month to month verbiage occurs
DM	Eligible Property	09.09.22	<ul style="list-style-type: none"> Added that all units/properties must have fully functioning kitchens
DM	Age of Documents	09.09.22	<ul style="list-style-type: none"> Added "appraisal" report as being acceptable per 120 days
DM	Prepay Penalty	09.23.22	<ul style="list-style-type: none"> Added the 7 year PPP option
DM	LTV/LTC restrictions	10.07.22	<ul style="list-style-type: none"> Removed: Interest-only loans must meet the following additional requirements: If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 If DSCR ≥ 1.0, maximum LTV of 80% but a minimum FICO of 660
DM	DSCR	10.07.22	<ul style="list-style-type: none"> Removed: IO must meet the following additional requirements If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 If DSCR ≥ 1.0, maximum LTV per eligibility table but a minimum FICO of 660
DM	Prepayment penalty	10.07.22	Clarified: *** 7 year PPP not permitted to be paired with 5yr IO product***
DM	DSCR Restrictions	10.07.22	Minimum DSCR of 1.25 required on loan amounts less than \$150,000 Added: unless the transaction is a purchase loan with a minimum FICO of 700
DM	Eligibility	10.21.22	Replaced this language "The Guarantor(s) on the loan application must be the same as the managing member(s) and have documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity" with this language to clarify." • The guarantor(s) on the loan application must be a managing member(s) with documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity.
DH	Eligibility Grid	11.4.22	Added Declining Market footnote
DH	Gift Funds	11.4.22	<ul style="list-style-type: none"> Added Gift Fund Documentation Specificity Donor must be a family member, future spouse or domestic partner Executed gift letter with gift amount and source, donor's name, address, phone number and relationship Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account Acceptable documentation includes the following: <ul style="list-style-type: none"> Copy of donor's check and borrower's deposit slip Copy of donor's withdrawal slip and borrower's deposit slip Copy of donor's check to the closing agent A settlement statement/CD showing receipt of the donor's gift check
DH	Declining Markets	11.4.22	<ul style="list-style-type: none"> Added Declining Market section LTV/LTC must be 5% below product maximum per product matrix eligibility grid for any loan where the appraisal indicates that the subject property is in a declining market <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/LTC for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/LTC should be reduced to 70%</i></p>
DH	Appraisal Requirements	11.4.22	Removed



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			<ul style="list-style-type: none"> Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from the Note date <p>Added</p> <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date The subject property must be appraised within 90 days prior to the Note date Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements
DH	Eligibility Grids	11.18.22	Re-named Footnote #2 to read See State/MSA LTV/CLTV/HCLTV Reduction Section
DH	Debt Service Coverage Ratio (DSCR)	11.18.22	<p>Added</p> <ul style="list-style-type: none"> Short-term rentals require a DSCR \geq 2.0
DH	DSCR Restrictions	11.18.22	<p>Added</p> <ul style="list-style-type: none"> Short-term rentals require a DSCR \geq 2.0
DH	Declining Market	11.18.22	Removed Declining Market Section
DH	Appraisal Requirements	11.18.22	<p>Removed</p> <ul style="list-style-type: none"> Transferred appraisals are not permitted <p>Added</p> <ul style="list-style-type: none"> Appraisal transfers are permitted. All appraisal transfers must meet the following requirements: <ul style="list-style-type: none"> Appraisal must be in the name of the transferring lender Transfer letter from transferring lender <ul style="list-style-type: none"> Must be on company letterhead Borrower name and address must be included Must be executed by an authorized member of the company. The printed name and signature of seller's representative, title and date is required. Appraisal transfer letters signed by loan officers or loan processors will not be acceptable Statement from the transferring lender that the appraisal was prepared in compliance with Appraisal Independence Requirements Paid invoice Proof that original appraisal report was provided to the borrower Maximum 75% LTV/LTC CDA is required. A CU score is not permitted to be used to meet appraisal review requirements
DH	State/MSA LTV/CLTV/HCLTV Reduction	11.18.22	<p>Added MSA LTV/CLTV/HCLTV Reduction Section</p> <ul style="list-style-type: none"> <u>In the states of GA, WA, KS, ND, OR, UT:</u> Reduce LTV/CLTV/HCLTV by 5% from the maximum allowed per the eligibility grid up to a maximum of 75% <u>In the states of TX, AZ, ID, NC, DC, NV, SD:</u> Reduce LTV/CLTV/HCLTV by 10% from the maximum allowed per the eligibility grid up to a maximum of 70% A 10% LTV/CLTV/HCLTV reduction from the maximum allowed per the eligibility grid applies to the Metropolitan Statistical Areas identified in the below table. An MSA Lookup tool by zip code is available on the Lakeview Correspondent Portal <ul style="list-style-type: none"> If a property is in one of the states identified in the first two bullet points above AND is also in one of the MSAs in the table below then both LTV/CLTV/HCLTV reductions must be applied <p>(See State/MSA LTV/CLTV/HCLTV Reduction Section to view table)</p>
AS	DSCR – Gross Rents	11.18.22	<p>Clarified Refinance Requirements: Previously</p> <ul style="list-style-type: none"> Refinance: <ul style="list-style-type: none"> Obtain both a current lease agreement and Appraisal Form 1007/1025 as applicable. An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires or per local statutes is still current is allowed. Gross rent used in the DSCR calculation must come from the lesser of the lease agreement or Appraisal Form 1007/1025 as applicable, except as noted below: <ul style="list-style-type: none"> If the lease agreement is higher than the gross market rent on the appraisal, the actual rent from the lease agreement may be used up to 10% over the market rent on the appraisal. <p>New: When the lease agreement is higher than the gross market rent on the appraisal, the following requirements apply:</p> <ul style="list-style-type: none"> The amount used for qualifying cannot exceed 10% over the market rent on the appraisal. If the actual rent is greater than market rent, but is \leq 10% over the market rent, then the lease amount can be used for qualifying.
DH	Declining Markets	11.21.22	<p>Added Declining Market section</p> <ul style="list-style-type: none"> LTV/LTC must be 5% below product maximum per product matrix eligibility grid for any loan where the appraisal indicates that the subject property is in a declining market <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/LTC for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/LTC should be reduced to 70%</i></p>
DH	Appraisal Requirements	11.21.22	<p>Added</p> <p>Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements</p>



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DH	Eligibility Grids	11.23.22	Added LTV/LTC/CLTV/HCLTV Reduction Table															
DH	Declining Markets	11.23.22	<ul style="list-style-type: none"> Updated Declining Market section to reflect specific LTV/LTC/CLTV/HCLTV reductions by category <table border="1"> <thead> <tr> <th>Category</th> <th>States</th> <th>LTV/LTC/CLTV/HCLTV Reductions</th> </tr> </thead> <tbody> <tr> <td>Category 1</td> <td>TX</td> <td>20% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%</td> </tr> <tr> <td>Category 2</td> <td>AZ, ID</td> <td>15% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%</td> </tr> <tr> <td>Category 3</td> <td>NC, DC, NV, SD, WA</td> <td>10% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%</td> </tr> <tr> <td>Category 4</td> <td>CA, CO, TN, GA, KS, ND, OR, UT</td> <td>5% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%</td> </tr> </tbody> </table>	Category	States	LTV/LTC/CLTV/HCLTV Reductions	Category 1	TX	20% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%	Category 2	AZ, ID	15% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%	Category 3	NC, DC, NV, SD, WA	10% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%	Category 4	CA, CO, TN, GA, KS, ND, OR, UT	5% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%
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DH	Appraisal Requirements	11.23.22	<p>Removed</p> <ul style="list-style-type: none"> Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets 															
DH	Appendix B	11.23.22	Added Appendix B – Category 1															
DH	Appendix C	11.23.22	Added Appendix C – Category 2															
DH	Appendix D	11.23.22	Added Appendix D – Category 3															
DH	Appendix E	11.23.22	Added Appendix E – Category 4															
DH	Eligibility	02.15.23	<p>Prior</p> <ul style="list-style-type: none"> <u>Experienced investors</u> are defined as: <ul style="list-style-type: none"> Owning 2 properties for more than 12 months, or Owning 1 investment property for 24 months, or Owning a commercial property for 12 months, or Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. or Have had ownership in three or more properties over the past 24 months <u>Inexperienced investors</u> are defined as: <ul style="list-style-type: none"> Owning one property (primary or investment) for a minimum of the most recent 12 months; these loans must meet the additional criteria: <ul style="list-style-type: none"> Minimum DSCR of 1.0 Maximum LTV 70% Minimum loan amount of \$150,000 and maximum loan of \$1mil. <p>Updated</p> <ul style="list-style-type: none"> <u>Experienced investors</u> are defined as: <ul style="list-style-type: none"> Owning two (2) or more properties for at least twelve (12) months within the most recent three (3) years, or Owning one (1) investment property for at least twenty-four (24) months within the most recent three (3) years, or Owning one (1) commercial property for at least twelve (12) months within the most recent three (3) years, or Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. or Have had ownership in three or more properties at least twelve (12) months over the past 24 months <u>Inexperienced investors</u> are defined as: <ul style="list-style-type: none"> Borrowers not meeting the definition of an experienced investor are considered to be inexperienced investors. These loans must meet the additional criteria: <ul style="list-style-type: none"> Minimum DSCR of 1.0 Maximum LTV 70% Minimum loan amount of \$150,000 and maximum loan of \$1mil. <p>Prior</p> <ul style="list-style-type: none"> The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC <p>Updated</p> <ul style="list-style-type: none"> The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC, including but not limited to granting authority to the signor to encumber indebtedness on behalf of the entity 															
DH	Lease Requirements	02.15.23	<p>Added</p> <ul style="list-style-type: none"> All tenants on leases must be natural persons. Exceptions for other types of entities may be considered on a case by case basis 															
DH	Property Flips	02.15.23	<p>Added New Section – Property Flips</p> <p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement 															



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DH	Appendix A State Specific Pre-payment Penalty Requirements	02.15.23	<ul style="list-style-type: none"> Updated PPPs for PA, MN and OH for 2023
DH	Asset Requirements	03.08.23	<p>Added to the gift section</p> <ul style="list-style-type: none"> Gift funds are not permitted to meet reserve requirements
DH	Reserves	03.08.23	<p>Added</p> <ul style="list-style-type: none"> Gift funds are not permitted to meet reserve requirements
DH	Rate/Term Refinance Transactions	03.08.23	<p>Added the below example to illustrate maximum LTV and loan amount calculations for properties owned 0-6 months</p> <p><u>Example:</u></p> <p>For illustrative purposes, the below assumptions will be made</p> <ul style="list-style-type: none"> Purchase Price: \$200,000 Appraised Value: \$500,000 Closing Costs: \$4000 Documented Renovations: \$102,000 <p>C) <u>Cost Basis Determination</u> (inclusive of closing costs and documented renovations)</p> <p>\$200,000 (purchase price) + \$4000 (closing costs) + \$102,000 (documented renovations) = \$306,000</p> <p>D) <u>Current Appraised Value</u></p> <p>\$500,000 (assuming a maximum allowable LTV of 80% would yield a maximum loan amount of \$400,000)</p> <p>In the above example, since greater than 20% of the renovation work was completed on the property, the current appraised value (B) can be used to calculate maximum LTV, however, the maximum loan amount is limited to the cost basis plus documented renovations (A) \$306,000.</p> <p>Added</p> <p>Clarification in the Rate/Term Refinance Transactions section that properties owned 7-12 months can use the appraised value to calculate LTV</p>
DH	Appraisal Requirements	03.08.23	<p>Removed</p> <ul style="list-style-type: none"> Appraisals must be ordered by the lender through a state licensed Appraisal Management Company (AMC). A third party rent estimate is required on refinance transactions from either RentRange or Summit Valuation Solutions for all Unoccupied/Unleased properties. <ul style="list-style-type: none"> If the variance between the market rent estimate included in the appraisal and the third party rent estimate is less than or equal to 10%, the market rent estimate in the appraisal will be used for loan qualification. In cases where there is a variance greater than 10%, the lower of the two values will be utilized. Sellers must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure <p>Added</p> <ul style="list-style-type: none"> Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan
DH	Declining Markets	03.20.23	<ul style="list-style-type: none"> Removed declining markets requirements throughout product matrix
DH	Standard Eligibility Grid	04.24.23	<ul style="list-style-type: none"> Updated to reflect changes to minimum FICO requirements: <ul style="list-style-type: none"> 1-unit: Minimum 660 FICO 2-4 units: Minimum 680 FICO



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****All Items below dated 05.10.23 are retroactive, applying to all pipeline loans****			
DH	Eligibility	05.10.23	<ul style="list-style-type: none"> Redefined experienced investor requirements and clarified that the borrower/primary guarantor must meet those requirements
DH	Credit Requirements	05.10.23	<ul style="list-style-type: none"> Removed "entity" from background check requirements Added the below clarification <ul style="list-style-type: none"> Background search may be from one of the suggested vendors below or another comparable provider. A combination of vendor reports may be used provided that together they fulfill the prescribed background search requirements listed above. <ul style="list-style-type: none"> Lexis Nexis (i.e., Smartlinks Person Report) Checkpoint (i.e., Investigative Instant and/or Non-Instant Search) Pacer (Public Access to Court Electronic Records) Fraud Guard DataVerify
DH	DSCR Restrictions	05.10.23	<ul style="list-style-type: none"> Updated <ul style="list-style-type: none"> DSCR < 1.0 requires 6 months reserves
DH	Reserves	05.10.23	<ul style="list-style-type: none"> Reduced reserve requirements on loans with DSCR < 1.0 from 12 months PITIA for subject property to 6 months PITIA for subject property
DH	Escrows	07.12.23	<ul style="list-style-type: none"> Added <ul style="list-style-type: none"> Escrow waivers are permitted and must meet the below criteria: <ul style="list-style-type: none"> Minimum 720 FICO Minimum 12 month of reserves Pricing adjustment will be applied Present taxes and insurance payments must be current Flood insurance not eligible for escrow waiver
DH	Appraisal Requirements	07.12.23	<ul style="list-style-type: none"> Added <ul style="list-style-type: none"> Two full appraisals required for loan amounts > \$2M for standard DSCR loans
DH	Appendix A	07.12.23	<ul style="list-style-type: none"> Updated the state of Minnesota No Prepayment Penalties permitted
DH	Debt Service Coverage Ratio (DSCR)	09.27.23	<ul style="list-style-type: none"> Added <ul style="list-style-type: none"> All short-term rental loans must be originated in accordance with federal, state and local regulations and restrictions. New York City short-term rental qualifying income not permitted



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