eLEND

DEBT SERVICE COVERAGE RATIO (DSCR)

PROGRAM SPECIFICATIONS	
Description	The Debt Service Coverage Ratio (DSCR) is the ratio of a property's monthly Gross Rents divided by the PITIA of the Subject property. The program is available to both new and experienced investors who are purchasing or refinancing income-producing rental properties. Borrowers are required to execute a Certification of Business Purpose and an Occupancy Certification, detailing the intended use of the property and confirming that it will not be owner-occupied.
Channels	• Retail • Broker

Eligible Borrowers	• Citizenship:
	  ○ U.S. Citizen, or
	  ○ Permanent Resident Alien

Eligible Title Vesting	• Borrower:
	  ○ Individuals,
	  ○ Joint tenants,
	  ○ Tenants in Common, or
	  ○ Inter vivos revocable trusts
	• If title is held by entity, it must be one of the following structures:
	  ○ Limited Liability Company (LLC),
	  ○ Partnership, or
	  ○ Corporation

FICO/Credit	• Minimum:
	  ○ 680-699 **(See LTV Reductions below)**
	  ○ ≥700
	• Tradelines:
	  ○ If borrower has three credit scores, use middle,
	  ○ if 2 scores, use the lower.
	  ○ For each borrower who has three credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually). Each borrower with less than three credit scores must meet the minimum tradeline requirements outlined below.
	• Activity:
	  ○ 3 tradelines minimum of 12 – months with recent activity
	  ○ 2 tradelines minimum of 24 -months with recent activity
	  ○ See DSCR Program Underwriting Guidelines for more details
	• Credit Event Seasoning:
	  ○ Bankruptcy (BK)/Foreclosure (FC)/Short Sale (SS)/Deed-in-Lieu (DIL):
	  ▪ ≥ 36 months
	  ○ Forbearance, Modification, or Deferral:
	  ▪ ≥ 36 months
	  ▪ Modification requires 720 FICO
	  ○ Significant adverse credit occurred in prior 7 years, maximum LTV 75%

Housing History	• 1x30x12 - Maximum LTV 75%
UW Method	• Manual
Eligible Terms	• 30 Year Fixed Rate
Loan Amounts	• Minimum $100,000 • Maximum $1,000,000

Eligible Transaction Types	• Investment Properties only:
	  ○ Purchase
	  ○ Refinance:
	  ▪ Rate/Term, and
	  ▪ Cash-Out

Eligible Property Types	• Single Family attached and detached
	• Single Family with 1 Accessory Dwelling Unit (ADU)
	• 2-4 Units:
	  ○ Borrower may not occupy any units
	  ○ Illinois (IL) not eligible
	• PUDs
	• Condominium
	  ○ Non-Warrantable condominiums are not eligible

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EQUAL HOUSING LENDER

Revised 9/16/2026

	• Modular Homes

Maximum LTV and DSCR	• **Single Family attached and detached with DSCR ≥ 1.00:**
	  ○ Purchase – 80%
	  ○ Rate/Term Refi – 75%
	  ○ Cash-Out Refi – 75%
	• **2-4 Units and Condominiums:**
	  ○ Purchase – 75%
	  ○ Rate/Term Refi – 70%
	  ○ Cash-Out Refi – 70%
	• **Rural:**
	  ○ Purchase – 75%
	  ○ Rate/Term Refi – 70%
	  ○ Cash-Out Refi – 70%
	• **States of Connecticut (CT), Illinois (IL), and New Jersey (NJ):**
	  ○ Maximum LTV 75% for Purchases
	  ○ Maximum LTV 70% for Rate/Term and Cash-Out Refinance
	• **LTV Reductions**
	  ○ Short Term Rental Income utilized reduce LTV by 5%
	  ○ Cash-Out Refi Subject Property owned < 6 months reduce LTV by 5%
	  ○ Refi transactions where Subject Property is Vacant or lease is not obtained - Maximum LTV 70%
	  ○ Significant adverse credit event within prior 7 years - Maximum LTV 75%
	  ○ Loan amount < $150,000
	  ▪ Maximum LTV 70% for Purchases
	  ▪ Maximum LTV 65% for Rate/Term and Cash-Out Refinance
	  ▪ Requires DSCR ratio ≥1.25
	  ○ FICO 680-699
	  ▪ Maximum LTV 70% for Purchase & Rate/Term Refinance
	  ▪ Cash-Out Refinance not permitted
	  ○ LTV reductions are not stacked, the most restrictive applies

Maximum Cash-Out	• $500,000 • Cash-out proceeds cannot be used to payoff personal consumer debts

Appraisals	• FNMA Form 1004, 1025, 1007 with interior/exterior inspection, photos, and with Rent Schedules.
	• Condition Ratings C5 and C6 or Quality Rating Q6 are Not Eligible.
	• CU or LCA Score ≤ 2.5 is acceptable with no other valuation required. If the CU or LCA Score is > 2.5 Or No Score is available, a Collateral Data Analysis (CDA) is required.
	• Appraisal CU/LCA score > 2.5:
	  ○ Collateral Data Analysis (CDA) from Clear Capital required,
	  ○ If > 10% variance compared to the appraisal, use the value from CDA, or
	  ○ Field review or second appraisal is required.
	• Declining Markets:
	  ○ Properties identified on the appraisal in a declining market are subject to the following restrictions:
	  ▪ 75% LTV – Purchase
	  ▪ 70% LTV Rate Term or Cash-Out
	• Property Acquisition Timing (Flip):
	  ○ A 2nd Appraisal is required under the following circumstances:
	  ▪ ≥ 10% increase in sales price if seller acquired the property in the past 90 days
	  ▪ ≥ 20% increase in sales price if seller acquired the property in the past 91- 180 days
	  ○ For additional information see DSCR Program Underwriting Guidelines.
	• Acceptable Appraisal Products:
	  ○ 1004 (1-Unit Single Family Residence) + 1007, 1004 (1-Unit Single Family Residence) + STR (Short Term Rents)
	  ○ 1025 (2-4 Unit Income Property), 1025 (2-4 Unit Income Property) + STR (Short Term Rents)
	  ○ 1073 (Condo Unit) + 1007, 1073 (Condo Unit) + STR (Short Term Rents)
	• **NOTE:** If property is dependent on Short Term Rental Analysis, please use one of the following AMCs when requesting Appraisal:
	  ○ Nationwide Appraisal Network (NAN)
	  ○ AMC Encore
	  ○ Appraisal Links
	  ○ @Home VMS
	  ○ Class Appraisals
	  ○ iAppraisal
	  ○ Nationwide Property and Appraisal Services (NPAS) **Retail only**

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Acreage	• Properties up to 5-acres maximum

DSCR	• Calculation:
	  ○ Monthly Gross Rents are divided by the PITIA of the Subject property. PITIA is based on the Note Rate of the loan.
	  ○ Gross Rents/PITIA = DSCR
	• Minimum Ratio:
	  ○ ≥1
	  ○ ≥1.25 is required for loan amounts < $150,000

Investor Experience	• **Experienced Investor (EI)**: Borrower/Guarantor with a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in the last 3 years.
	• **First Time Investors (FTI):** Borrower/Guarantor purchasing an investment property for the first time, meaning they have not previously owned a property for rental income, resale, or other investment purposes. FTI's that do not currently own a primary residence are ineligible.
	  ○ Additional requirements:
	  ▪ Maximum LTV 75%
	  ▪ 12-months housing payment history,
	  ▪ Single Family 1-unit residence only
	  ▪ 36-months seasoning from any credit event
	  ▪ 12-months reserves
	  ▪ Minimum Credit Score of 720
	  ▪ Must own a primary residence
	• First-time homebuyers (FTHB) are not eligible.
	  ○ FTHB is defined as having no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time homebuyer if they had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

Income	**Long-Term Rental - Purchase Transactions**
	• Monthly Gross Rents are the monthly rents established on FNMA Form 1007/1025 reflecting long term market rents.
	• If the subject property is currently tenant occupied, the 1007/1025 must reflect the current monthly rent. Monthly gross rent is to be evaluated for each unit individually:
	  ○ If using the lower of the actual lease amount or estimated market rent, nothing further is required.
	  ○ If using a higher actual lease amount, evidence of 3-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%.
	  ○ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%. (*e.g., lease is $1,100 and Form 1007/1025 is $1,500, then $1,320 may be used to qualify*)
	• If the lease is being assumed by the new owners, documentation showing the transfer of deposits, first month or current collected rents is required. A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007/1025. Otherwise, a copy of the lease is required. If the subject is vacant as indicated by the appraiser, use the market rent from Form 1007/1025 with no vacancy factor.
	• Unit subject to rent control or housing subsidy must utilize current contractual rent amount.

	Long-Term Rental -Refinance transactions
	Required documentation:
	• Original appraisal report reflecting tenant-occupied, and
	• FNMA Form 1007 or 1025 reflecting long-term market rents, and
	• Executed lease agreement:
	  ○ Leases are required to be no less than twelve (12) months but may convert to month-to-month upon expiration.
	  ○ If lease agreement is not provided - Maximum LTV 70%
	• A vacant subject property as indicated on the appraisal is allowed subject to the following:
	  ○ Maximum LTV 70%
	• Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025. Monthly gross rent is to be evaluated for each unit individually.
	  ○ If using the lower of the actual lease amount or estimated market rent, nothing further is required.

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	○ If using a higher actual lease amount, evidence of 3-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%. ○ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%.(*e.g., lease is $1,100 and Form 1007/1025 is $1,500, then $1,320 may be used to qualify*) • Unit subject to rent control or housing subsidy must utilize current contractual rent amount.
	Short-Term Rental - Refinance Transactions Only (Purchases are not permitted) • Short-term rental (STR) analysis form or 1007/1025 may be used, must include the following: ○ Provide the source of the data used to complete the STR analysis. ▪ Include comparable STR properties, focusing on room count, gross living area (GLA), location, and market appeal. ▪ Include daily rental rate and occupancy percentage. ▪ Factor seasonality and vacancy into the analysis. ▪ Must be completed by a licensed appraiser. ▪ If the subject property is leased on a short-term basis utilizing an on-line service such as Airbnb or VRBO, gross monthly rents are based upon a 12-month average to account for seasonality required. ▪ Must show the property is in a short-term rental market with no restrictions (i.e. Code enforcements, county, city, HOA restrictions, etc.) as determined by the appraiser. • Once the loan file is submitted using Short Term Rents, it cannot be changed to Long-Term Rents. • Gross rents reduced by 20% to reflect extraordinary costs (i.e., advertising, furnishings, cleaning) associated with operating short-term rental property compared to non-short-term property. If the rental documentation referenced below includes expenses, actual expenses should be compared to the 20% expense factor. If actual expenses are less than 20%, a minimum 20% expense factor is required to be utilized. If actual expense exceeds 20%, the actual expense factor should be used. (Gross Rents *.80 divided by PITIA = DSCR) • When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized. • A 5% LTV reduction is required when using short-term rental income to qualify.
	• For properties defined as a one-unit property with an accessory unit (ADU), rental income may be qualified from the accessory unit subject to the following: ○ Appraisal must reflect that the zoning compliance is legal (permits are not required to establish zoning compliance), ○ The appraisal must include at least one sales comparable with an accessory unit, and Form 1007 must include at least rental comparable with an accessory unit in which the ADU receives rental income. ○ Multiple accessory units are not permitted. ○ **Refinance:** Market rent for the accessary unit should be documented on Form 1007, and the file must include a copy of the current lease with two months' proof of current receipt. ○ **Purchase:** Use the lesser of the market rent on Form 1007 or the lease agreement.
Assets	• Minimum of 30-days asset verification required • Reserves: ○ 6 months PITI on subject property ○ First time investor 12 months PITI on subject property
Gift Funds	• Borrower must demonstrate they have a minimum of 10% of their own funds for the down payment. The borrower does not have to actually contribute 10%, only document they have 10%. • Gifts must be from a family member. • Gifts cannot be counted toward reserves. • Gifts of Equity are not permitted. • Unsecured loans, sweat equity, and gifts that require repayment are not eligible for sources of down payment.
Geographic Restrictions	• Hawaii (HI), New York (NY), Philadelphia County, PA, and Baltimore City, MD
Prepayment Penalties	• Prepayment penalties may be placed for a period of at least 3 years (36 months) in an amount equal to three percent of the original principal balance, to the extent permitted by state and federal law. The flat prepay structure is charged to curtailment or the entire outstanding loan amount during the prepay period and the charge applies to loans that payoff due to sale or refinance during the prepay period. • NC require a loan amount greater than $100,000

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	• Prepayments are not allowed in the following states: ○ AK, AR, IL, KS, MD, MI, MN, MS, ND, NJ, NM, OH, PA, RI, WV, and WI Note: There is pricing implications for loans structured without a Prepayment Penalty		

Escrows	• Escrow waivers are permitted, unless required by applicable state law.
	• Escrow accounts for property taxes and hazard insurance may be waived subject to the following requirements:
	  ○ Minimum credit score of 720, and
	  ○ Minimum 12 months of reserves.
	  ○ Escrow waiver is subject to an LLPA adjustment.
	• Flood insurance must be escrowed.		

Compliance	• High-cost or predatory loans under state laws are not permitted		

Ownership Types	• The following are ineligible:
	  ○ Irrevocable Trust
	  ○ Land Trust
	  ○ Blind Trust
	  ○ Not-For-Profit entity
	  ○ Entity not domiciled in a U.S. state
	  ○ Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party List, or any other exclusionary list.		

Ineligible Property Types	• Assisted Living • Agricultural Properties • Barndominiums • Boarding Houses • C5 or C6, Q6 property condition • Earth Homes, Burm Homes, or Basement Homes • Commercial properties • Environmental Conditions • Geodesic domes • Lagoon/Cesspools • Leasehold Properties on Tribal Land • Log Homes	• Manufactured homes • Mixed Use • Model Home Leasebacks • Mortgage Loans Financing builder inventory • Padsplits • Properties with less than 600 sq. ft. total living space • Properties Under Construction • Properties used for the cultivation, distribution, manufacture, or sale of marijuana	• Properties designated by the government as places of worship (i.e., Churches) • Rural properties greater than 5 acres • Tenancy in Common properties • Time-Shares • Unique Properties • Working Farms • Vacant Lots • Work escrows not permitted

Miscellaneous	• Power of Attorney is not permitted under the following:
	  ○ Cashout transaction
	  ○ Closing/Vesting in the name of the Entity		

Forms	• Non-QM Condominium Questionnaire • Borrower Certification of Business Purpose & Occupancy Certification Affidavit • Borrower Contact Consent form		
Underwriting Guidelines	• If not addressed in this Matrix see DSCR Program Underwriting Guidelines		

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