

Debt Service Coverage Ratio

A formula for determining a borrower's ability to repay a mortgage using the cash flow from the subject investment property

- Gross income divided by Proposed PITIA / IO as well (ITIA)
- FICOs down to 600
- Minimum loan amount - \$100,000
- Max loan amount - \$3.5M
- Max cash out - \$500,000, 75% LTV
- Cash out may be used towards reserves
- Minimum FICO – 660
- Three tradelines reporting for 12+ months
- Two tradelines reporting for 24+ months
- Max LTV - 80%
- Foreign National – 65%
- 3 months reserves DSCR > 1.0
- 6 months reserves loan amount >\$1M
- DSCR <1.0 – 6 months reserves, purchase only
- Assets sourced and seasoned for 60 days
- One tradeline reporting for 36+ months
- Must be a mortgage or installment account



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- First time investors – Max LTV 75%, (borrowers without history in the most recent 12 months)
- 36 months of seasoning for recent housing events
- 30-year fixed
- 30-year fixed IO
- 5/6 ARM and 5/6 ARM IO
- Unlimited financed properties
- LLC vesting allowed
- Max 2 acres
- For properties acquired between 6 and 12 months from application date, Max LTV is 65% based on current appraised value
- If the property was acquired <6 months from application date, the lesser of the current appraised value or the previous purchase price plus documented improvements (if any) must be used
- Eligible property types: 1-4 unit residential/5-8 unit residential/2-8 unit mixed use, condo and condotel



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- First time home buyers not allowed
- Borrowers who own a primary residence
- Proof of ownership of a superior home in value and/or appeal
- Mortgage/rental history on both the primary and the subject property are required – refinance
- Must be current on both
- REOs not reporting on credit report do not have to be listed
- Gift funds can be used for the down payment, closing costs and reserves after borrower has documented minimum 10% contribution of their own funds
- Gift funds must be verified either in donor's account or evidence of transfer to borrower or transfer to closing agent
- Gift can be provided by a relative or non-relative that shares a familial relationship with the borrower (domestic partner, relative of domestic partner, fiancé, former relative or godparent)



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Refinance Transactions:

- An executed lease with no less than 3 months remaining at the time of close (required on all units)
- Month-to-Month tenancy is not subject to this requirement with sufficient evidence (signed extension letter)
- Monthly lease payments must be consistent with market rents
- A unit of the property can not be occupied by the borrower

Seasoning:

- Property acquired >12 months from application date – appraised value must be used
- Properties acquired between 6 and 12 months from app date – max LTV cannot exceed 65% based on current appraised value
- Property acquired <6 months from app date – the lesser of the current appraised value or the previous purchase price plus documented improvements must be used, and the purchase settlement statement and any invoices for materials/labor will be required



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Short Term Rentals Qualifying Income:

- 12-month evidence of receipt via the home-sharing service/property management company
- Bank statement deposits clearly evidencing short-term rental deposits
- Appraisal form 1007 or 1025
- A 20% expense factor will be applied to Gross Rents (after management fees)
- $DSCR = \text{Average monthly gross income} * 80 / \text{Proposed [P]ITIA}$

