

Maximum LTV/CLTV		DSCR >= 1.0		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash - Out Refinance
700+	<= 1,000,000	80	75	75
	1,000,001-1,500,000	75	70	70
	1,500,001 - 2,000,000	70	65	65
	2,000,001 - 3,000,000	70	NA	NA
660 - 699	<= 1,000,000	75	70	70
	1,000,001-1,500,000	75	70	70
	1,500,001 - 2,000,000	70	65	65
	2,000,001 - 3,000,000	65	NA	NA
620-659	<= 1,000,000	70	65	65
	1,000,001-1,500,000	65	NA	NA
	1,500,001 - 2,000,000	65	NA	NA
	2,000,001 - 3,000,000	60	NA	NA

Maximum LTV/CLTV		DSCR .99 - .75		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash - Out Refinance
700+	<= 1,000,000	75	70	70
	1,000,001-1,500,000	70	65	65
	1,500,001 - 2,000,000	65	60	60
	2,000,001 - 3,000,000	60	NA	NA
660 - 699	<= 1,000,000	70	65	65
	1,000,001-1,500,000	70	65	65
	1,500,001 - 2,000,000	65	60	60
	2,000,001 - 3,000,000	60	NA	NA

Maximum LTV/CLTV		No Ratio (DSCR < .75)		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash - Out Refinance
700+	<= 1,000,000	70	65	65

Housing History	Credit Event Seasoning	Investor Experience
<ul style="list-style-type: none"> 1x30x12 – No reduction 0x60x12 – Max 70% LTV Purchase & Max 65% LTV Rate/Term & Cash-out 	BK/FC/SS/DIL: <ul style="list-style-type: none"> >=36 Mo – No reduction >=24 Mo – Max 75% LTV Purchase & Max 70% LTV Rate/Term & Cash-out Forbearance, Mod or Deferral: See Guidelines	Experienced Investor: Borrower must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years. First Time Investor: A borrower not meeting the experienced investor criteria.
State Restrictions Max Loan Amt \$2MM and 5% LTV reduction: Arizona, Connecticut, Idaho, Illinois, New Jersey, New York, Oregon, Tennessee and Utah		o First Time investors eligible subject to the following restrictions: <ul style="list-style-type: none"> Min credit score: 680 No mortgage late payments during the past 36 Mo Max LTV: 75% <ul style="list-style-type: none"> 5% reduction to max LTV by matrix segment above >= 36 Mo from any credit event Cash-out not eligible First Time Home Buyer: Not eligible
Ineligible Locations: Puerto Rico, Guam, & the US Virgin Islands not eligible		
Unleased Properties All refinances: If any unit is unleased/vacant, Max LTV to be reduced by 5%		
Subordinate Financing Not Permitted. Seller Carryback not permitted		

GENERAL REQUIREMENTS	
Product Type	30-Yr Fixed, 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term available when combined with interest only feature)
Interest Only	<ul style="list-style-type: none"> Min Credit Score: 660 Max LTV: 75%
Loan Amounts	<ul style="list-style-type: none"> Min: 100,000 Max: 3,000,000
Loan Amt < 150K	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.50)
Loan Purpose	Purchase, Rate/Term, and Cash Out
Property Type	Single Family, Attached, Detached: No restrictions Rural: Not eligible 2-4 Units, Condominium: Max LTV/CLTV Purchase 75%, Refinance 70% Condo Hotel Max LTV: Purchase – 75% Refinance – R/T & Cash-out – 65%
Acreage	Property up to 2-acres, not meeting the rural definition, eligible
Cash-In-Hand	• Max cash-in-hand: LTV > 65% - \$500,000 LLTV < 65% - \$1,000,000; Total equity withdrawn can't exceed above limits
Appraisal	Loan Amounts ≥ \$1,500,000 require 2 appraisals. Properties with condition rating of 5 or 6 are not acceptable. Desk review required for all loan files not requiring 2nd appraisal. Transferred appraisal acceptable. 2nd appraisal or Desk Appraisal must be ordered from Champions Approved AMC. Declining Market: 5% reduction to max LTV if appraisal indicates property is located in a declining market.
Underwriting Requirements	
Assets	Sourced and Seasoned for 30 days. Gift funds allowed when 10% of borrower's owns funds used for down payment.
Credit	Min. 2 tradelines reporting 24- months w/activity in last 12 months or 3 reporting 12-months w/recent activity.
Reserves	Loan Amt <1.5 M: 2 months PITIA Loan Amt > 1.5 M: 6-months PITIA Loan Amt > 2.5 M: 12-months PITIA Cash out may be used to satisfy reserves requirements)
Document Age	90 - days for all documents.
Prepayment Penalty	5% of the unpaid principal balance. (Other than the monthly payments required herein, if Borrower prepays this Note in whole or in part before the full term of the pre-payment period, Borrower will pay a Prepayment Premium equal to Five Percent (5%) of any amounts prepaid ("Prepayment Premium").) (Standard Term 3 yrs.) Not allowed Alaska, Delaware, Kansas, Maryland, Michigan, Minnesota, Mississippi, New Mexico, Ohio, and Rhode Island. Permitted ONLY if closing in the name of an Entity: IL & NJ. Pennsylvania - Min Loan Amt \$301,022.

CBSA Restrictions	
Max Loan Amt \$2MM and 5% LTV reduction:	
CBSA Name	CBSA Code
San Francisco-Oakland-Hayward, CA	41860
San Jose-Sunnyvale-Santa Clara, CA	41940
Santa Cruz-Watsonville, CA	42100
Boulder, CO	14500
Breckenridge, CO	14720
Cape Coral-Fort Myers, FL	15980
Naples-Immokalee-Marco Island, FL	34940
North Port-Sarasota-Bradenton, FL	35840
Punta Gorda, FL	39460
Reno, NV	39900
Boone, NC	14380
Austin-Round Rock, TX	12420
Aberdeen, WA	10140

Long-Term Rental Documentation and DSCR Calculation

- **Purchase Transactions:**
 - Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents
 - If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent
 - Vacant or unleased property is allowed without LTV restrictions
- **Refinance Transactions:**
 - **Required Documentation:**
 - FNMA Form 1007 or 1025 reflecting long term market rents, and lease agreement
 - If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease
 - Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025. If using a higher monthly actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025.
 - Vacant or unleased properties are allowed, and the maximum LTV allowed is reduced by 5%.
- **DSCR Calculation:**
 - Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios.
 - $\text{Gross rents divided by PITIA} = \text{DSCR}$

Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation - Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.

- **Short – Term Rental Income – Refinance or Purchase Transactions:**
 - A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is ≥ 1.00 (excludes condo hotel projects)
 - When the DSCR is .99 - .75 matrix grid to be followed for this DSCR score
 - Ineligible for No Ratio (DSCR < .75)
 - **DSCR Calculation:**
 - Monthly gross rents based upon a 12-month average to account for seasonality required.
 - 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.
 - $(\text{Gross Rents} * .80) \text{ divided by PITIA} = \text{DSCR}$.
- **Any of the following methods may be used to determine gross monthly rental income:**
 - A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents and a most recent 12-month rental history statement from the 3rd party rental/management service.
 - The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees.
 - The most recent 12-month bank statements from the borrower evidencing short-term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits.