



ACCELERATOR 1-4 Units
Business Purpose - DSCR | No Ratio

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	80	75	75
	1,500,001 - 2,000,000	75	70	70
	2,000,001 - 3,000,000	70	65	65
660 - 699	<= 1,000,000	75	75	75
	1,000,001-1,500,000	75	70	70
	1,500,001 - 2,000,000	70	65	65
	2,000,001 - 2,500,000	70	65	65
	2,500,001 - 3,000,000	65	NA	NA
620-659	<= 1,000,000	75	70	70
	1,000,001-1,500,000	65	65	65
	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	75	70	70
	1,500,001 - 2,000,000	70	65	65
	2,000,001 - 2,500,000	65	NA	NA
	2,500,001 - 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	75	70	70

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: First time investor is a borrower not meeting the experienced investor definition, but who currently owns a primary residence for at least one (1) year.

State Restrictions
Max Loan Amt \$2MM | Purchase Max LTV 75% | Refinance Max LTV 70%
Connecticut, Idaho, Illinois, Louisiana, New Jersey, and New York

Short-Term Rent
Max LTV: Purchase 75% | Refinance 70%

Ineligible Locations: Puerto Rico, Guam, & the US Virgin Islands not eligible

Unleased Properties

All refinances: Eligibility (LTV) must use the DSCR .99-.75 matrix for all properties with any unleased (vacant) units. Pricing is based upon the DSCR from the gross rents on the 1007. Not applicable for short-term rentals, see short-term rental income section for specific criteria.

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: 125,000 Max: 3,000,000
Loan Amt < 150K	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.25)
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
Declining Market	If either or both of the following apply: 1) the appraisal report identifies the property as a declining market; 2) the subject property is in a state listed above in the state restriction section or CBSA in the table below, the maximum LTV/CLTV is limited to 75% for purchases and 70% for all refinances and the maximum loan amount is limited to \$2MM.
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.
Subordinate Financing	Allowed up to max LTV for transaction. Must be institutional. No seller carrybacks.
Underwriting Requirements	
Assets	Sourced and Seasoned for 30 days. Gift funds allowed when 10% of borrower's own 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, 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	Purchase Max LTV 75%	Refinance Max LTV 70%	
CBSA Name	CBSA Code	CBSA Name	CBSA Code
Phoenix-Mesa-Scottsdale, AZ	38060	Santa Cruz-Watsonville, CA	42100
Sacramento-Roseville, CA	40900	Boulder, CO	14500
San Francisco-Oakland-Hayward, CA	41860	Breckenridge, CO	14720
San Jose-Sunnyvale-Santa Clara, CA	41940	Sevierille, TN	42940
		Austin-Round Rock, TX	12420



ACCELERATOR 5-8 Units
Business Purpose - DSCR | No Ratio

Maximum LTV/CLTV		DSCR >= 1.0		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash - Out Refinance
700+	1,500,000	75	70	70
	2,000,000	70	65	65
660 - 699	1,500,000	70	65	65
	2,000,000	65	60	60
Housing History	Credit Event Seasoning	Investor Experience		
0x30x12	BK/FC/SS/DIL: ≥ 24 months 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: Not Eligible		
Ineligible Locations:		Unleased Units		
Puerto Rico, Guam, & the US Virgin Islands not eligible		Maximum 2 vacant units		
GENERAL REQUIREMENTS				
Product Type	Fixed Rate Terms: 15, 30-years; 5/6 ARM, 7/6 ARM, 10/6 ARM. Maximum loan term cannot exceed 30-years.			
Interest Only	Eligible			
Loan Amounts	• Min: 400,000		• Max: 2,000,000	
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Property Type	Residential 5-8 Units, no mixed use			
Acreage	Property up to 2-acres, not meeting the rural definition, eligible			
Cash-In-Hand	• Max cash-in-hand: \$1,000,000			
Appraisal	A full interior inspection with photos is required for all units. Narrative report The following attachments required for 5-8 Residential appraisal reports: <ul style="list-style-type: none"> • Rent Roll • Income and Expense Statement • Photos of subject including exterior/interior and street scene • Aerial photo • Sketch or floor plan of typical units • Map • Plot plan or survey • Appraiser qualifications Review Product – A commercial BPO required for all loans. <ul style="list-style-type: none"> • In Pennsylvania and North Carolina, a commercial evaluation product is used instead of a commercial BPO. 			
Property Condition	<ul style="list-style-type: none"> • No fair or poor ratings • No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat) • No health or safety issues (As noted by appraiser, i.e., broken windows, stairs) • No excessive deferred maintenance that could become a health or safety issue for tenants • No structural deferred maintenance (i.e., foundation, roof, electrical, plumbing) 			
Income	<ul style="list-style-type: none"> • Leased – Use lower of Estimated market rent or lease agreement. • Short-Term Rental Income not eligible • Vacant Unit(s) – Use 75% of market rents. Max: 2 vacancies • Reduce qualifying rents by any management fee reflected on appraisal report. 			
DSCR	<ul style="list-style-type: none"> • Minimum DSCR >= 1.00 • DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment). • Loan amounts >= \$2,000,000 require DSCR >= 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater) • Reduce qualifying rents by any management fee reflected on the appraisal report 			
Subordinate Financing	Allowed up to max LTV for transaction. Must be institutional. No seller carrybacks.			
Underwriting Requirements				
Assets	Sourced and Seasoned for 30 days. Gift funds are not eligible.			
Credit Score	• Middle of 3 scores or lower of 2, Minimum of 2 scores required			
Credit	<ul style="list-style-type: none"> • Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/activity in last 90 days • For each borrower who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually). 			
Reserves	<ul style="list-style-type: none"> • 6 months of PITIA • Loan Amount > \$1.5M: 9 months PITIA • Cash out may not be used to satisfy requirement. 			
Document Age	90 - days for all documents other than appraisal			
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, New Mexico, Ohio, and Rhode Island. Permitted ONLY if closing in the name of an Entity: IL & NJ. Pennsylvania - Min Loan Amt \$301,022.			

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. If unable to provide evidence of receipt, the unit will be treated as vacant and subject to the following:
 - Eligibility (LTV) must use the DSCR .99-.75 matrix. Pricing is based upon the DSCR from the gross rents on the 1007.
 - 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. If the actual rent exceeds the market more than 120%, the rents are capped at 120%.
 - A vacant or unleased property is allowed. Eligibility (LTV) must use DSCR .99-.75 matrix for all properties with any unleased (vacant) units. Pricing is based upon the DSCR from the gross rents on the 1007.
- **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 Documentation and DSCR Calculation

Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis. For example: [AirBnB](#), [VRBO](#), [Flipkey](#), etc.

- **Short – Term Rental Income – Refinance or Purchase Transactions:**
 - **LTV/CLTV limits:**
 - Purchase: Lesser of 75%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
 - Refinance: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix.
 - See matrix for condo hotel LTV/CLTV limits.
 - 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. 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.
 - $(\text{Gross Rents} * .80) \text{ divided by PITIA} = \text{DSCR}$.
- **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.
 - If long-term rent is utilized, 20% expense factor is not to be applied.
 - The 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.

5-8 Unit Property Income Analysis

- Minimum DSCR \geq 1.00
- DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment)
 - Leased Unit(s) – Use **lower** of Estimated market rent or lease agreement.
 - Vacant Unit(s) – Use 75% of market rents. Max: 2 vacancies
 - Reduce qualifying rents by any management fee reflected on appraisal report.
- Loan amounts \geq \$2,000,000 require DSCR \geq 1.00 and Debt Yield of 9% or greater (Net operating income/Loan amount = 9% or greater)
- Copies of any existing leases must be provided (Purchase and Refinance transactions).
- Short-term rental use/income **not** eligible.