

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		DSCR .50-.74		
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"> <li>1x30x12 – No reduction</li> <li>0x60x12 – Max 70% LTV Purchase &amp; Max 65% LTV Rate/Term &amp; Cash-out</li> </ul>	BK/FC/SS/DIL: <ul style="list-style-type: none"> <li>&gt;=36 Mo – No reduction</li> <li>&gt;=24 Mo – Max 75% LTV Purchase &amp; Max 70% LTV Rate/Term &amp; Cash-out</li> </ul> Forbearance, Mod or Deferral: See Guidelines	<b>Experienced Investor:</b> 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.  <b>First Time Investor:</b> A borrower not meeting the experienced investor criteria.
<b>State Restrictions</b> 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"> <li>Min credit score: 680</li> <li>No mortgage late payments during the past 36 Mo</li> <li>Max LTV: 75%                • 5% reduction to max LTV by matrix segment above</li> <li>&gt;= 36 Mo from any credit event</li> <li>Cash-out not eligible</li> <li>First Time Home Buyer: Not eligible</li> </ul>
<b>Ineligible Locations:</b> Puerto Rico, Guam, & the US Virgin Islands not eligible		
<b>Unleased Properties</b>		
All refinances: If appraisal reflects a unit vacant, MAX LTV 70% for DSCR >= 1.0 and MAX LTV 65% for DSCR < 1.00		
<b>Subordinate Financing</b> Not Permitted. Seller Carryback not permitted		

GENERAL REQUIREMENTS	
<b>Product Type</b>	30-Yr Fixed, 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term available when combined with interest only feature)
<b>Interest Only</b>	• Min Credit Score: 660 • Max LTV: 75%
<b>Loan Amounts</b>	• Min: 100,000 • Max: 3,000,000
<b>Loan Amt &lt; 150K</b>	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.50)
<b>Loan Purpose</b>	Purchase, Rate/Term, and Cash Out
<b>Property Type</b>	<b>Single Family, Attached, Detached:</b> No restrictions   <b>Rural:</b> Not eligible   <b>2-4 Units, Condominium:</b> Max LTV/CLTV Purchase 75%, Refinance 70%   <b>Condo Hotel Max LTV:</b> Purchase – 75% Refinance – R/T & Cash-out – 65%
<b>Acreage</b>	Property up to 2-acres, not meeting the rural definition, eligible
<b>Cash-In-Hand</b>	• Max cash-in-hand: LTV > 65% - \$500,000 LLTV < 65% - \$1,000,000; Total equity withdrawn can't exceed above limits
<b>Appraisal</b>	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. <b>Declining Market:</b> 5% reduction to max LTV if appraisal indicates property is located in a declining market.
Underwriting Requirements	
<b>Assets</b>	Sourced and Seasoned for 30 days. Gift funds allowed when 10% of borrower's own funds used for down payment.
<b>Credit</b>	Min. 2 tradelines reporting 24- months w/activity in last 12 months or 3 reporting 12-months w/recent activity.
<b>Reserves</b>	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)
<b>Document Age</b>	90 - days for all documents.
<b>Prepayment Penalty</b>	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  $\geq 1.00$
  - When the DSCR is .99 - .50 matrix grid to be followed for this DSCR score
  - **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. 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.