

## Leverage Investor - DSCR

Effective Date: 6/6/2018

FICO	Loan Amount	Reserves	DSCR >= 1.30			1.00-1.29			<1.00		
			LTV/CLTV			LTV/CLTV			LTV/CLTV		
			Purchase	Rate/Term	Cash Out	Purchase	Rate/Term	Cash Out	Purchase	Rate/Term	Cash Out
700+	<=1,000,000	6 Months	80	75	70	80	75	70	75	75	70
		None	75	75	70	75	75	70	75	75	70
	1,000,001 - 1,500,000	6 Months	75	75	70	75	75	70	70	70	65
		None	70	70	65	70	70	65	70	70	65
	1,500,001 - 2,000,000	6 Months	70	70	65	70	70	65	70	70	65
	2,000,001 - 3,000,000	6 Months	65	60	55	65	60	55	65	60	55
640 - 699	<=1,000,000	6 Months	75	70	65	75	70	65	75	70	65
		None	75	70	65	75	70	65	75	70	65
	1,000,001 - 1,500,000	6 Months	65	65	65	65	65	65	65	65	65
		None	65	65	60	65	65	60	65	65	60
1,500,001 - 2,000,000	12 Months	65	65	60	65	65	60	65	65	60	
2,000,001 - 3,000,000	12 Months	60	55	50	60	55	50	60	55	50	
620 - 639	<=500,000	12 Months	65	65	60	65	65	60	NA	NA	NA

Program Restrictions	
Minimum FICO	620
Housing	0x30x12
BK (Chap 13 Discharge)	12 months
BK (Other)	36 months
Foreclosure	36 months
Short Sale/DIL	24 months
Max LTV: Purchase	80
Max LTV: R/T	75
Max LTV: Cash Out	70
Max CLTV	80
Max Loan Amount	5,000,000
3/1 LIBOR ARM	1 YR LIBOR - 6 % Margin/Floor - 2/2/5 Caps
5/1 LIBOR ARM	1 YR LIBOR - 6 % Margin/Floor - 2/2/5 Caps
7/1 LIBOR ARM	1 YR LIBOR - 6 % Margin/Floor - 5/2/5 Caps

GENERAL	
Maximum Cash to Borrower	<ul style="list-style-type: none"> <li>Maximum cash to borrower is limited to 65% of Property Value including Free and Clear properties</li> <li>Loan Amounts exceeding \$1,000,000, Loan Amounts less than \$150,000, Condominiums, and Multi-Units limited to 60% of Property Value cash in hand</li> </ul>
Eligible Products	<ul style="list-style-type: none"> <li>3/1 ARM (2/2/5 Caps) • 5/1 LIBOR ARM (2/2/5 Caps) • 7/1 LIBOR ARM (5/2/5 Caps) • 15 Year Fixed • 30 Year Fixed</li> <li>- ARM Qualifying Rate: Greater of the Fully-Indexed Rate or Note Rate</li> <li>- ARM Index: 12 Month LIBOR</li> <li>- ARM Note Margin: 7%</li> <li>- ARM Floor = Margin</li> </ul>
Interest Only	<ul style="list-style-type: none"> <li>IO Period: 120 Months</li> <li>Available Products: 5/1 ARM, 7/1 ARM, 30 Year Fixed</li> <li>• Maximum LTV/CLTV: 70%</li> <li>• Loan Term: 360 Months; Qualified at 360 Months</li> <li>• Minimum FICO: 660</li> </ul>
Loan Amounts	<ul style="list-style-type: none"> <li>Program Minimum Loan Amount: \$75,000</li> <li>Loan Amount &lt; \$150,000: 70% Max LTV</li> <li>Loan Amounts &gt; \$1,500,000 require 2 appraisals</li> <li>Minimum Loan Amount \$150,000 when DSCR &lt; 1.15</li> <li>• Non-Warrantable Condo Max: \$1,500,000</li> <li>• Loan Amounts &gt; \$3,000,000 must meet the following: <ul style="list-style-type: none"> <li>Only Available in the following states: CA, IL, FL, NY, NJ, MD, VA, DC, WA</li> <li>Maximum cash to borrower is the lower of 50% of property value or \$3,000,000</li> <li>Property Types: SFR, Warrantable and Non-Warrantable Condos</li> <li>See Appraisal overlays below for specific appraisal requirements</li> </ul> </li> </ul>
Investor Experience	<ul style="list-style-type: none"> <li>• <b>Experienced Investor:</b> A borrower who has owned 2 or more properties within the most recent 12 months (Primary residence can be included), with 1 having documented rental income of 12 months or more. Rental income can be documented with one of the following; <ul style="list-style-type: none"> <li>o Two (2) mortgage trade lines on the credit report, reflecting 0x30x12 history, or</li> <li>o Copy of lease with 2-months proof of receipt</li> </ul> </li> <li>• <b>First Time Investor:</b> A borrower that does not meet the Experienced Investor criteria. First Time Investors must have owned a residence (primary or rental) for a minimum of the most recent 12 months. <ul style="list-style-type: none"> <li>- First Time Investors Maximum LTV: 65%</li> </ul> </li> </ul>
Prepayment Penalty	<ul style="list-style-type: none"> <li>• Terms up to 3 years available for 3 Year ARMs. Otherwise terms up to 5 Years are acceptable. The following structures are acceptable... <ul style="list-style-type: none"> <li>- 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance</li> <li>- 3%, 4%, or 5% for the term of the penalty</li> <li>- Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years (5%/4%/3%/2%/1%, 5%/4%/3%, etc)</li> </ul> </li> <li>• Penalties not available in New Mexico and loan vested to individuals in New Jersey</li> </ul>

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CREDIT	
Residency	<ul style="list-style-type: none"> <li>US Citizen; Permanent resident alien; Non-permanent resident alien</li> </ul>
Housing Eligibility	<ul style="list-style-type: none"> <li>Housing: 0x30x12</li> <li>BK-Chap 13: 12 mo</li> <li>BK-Other: 36 mo</li> <li>Foreclosure: 36 mo</li> <li>Short Sale/DIL: 24 mo</li> </ul>
Income Tax Liens	<p>All income tax liens (federal, state, local) must be paid off prior to or at loan closing. Tax liens that do not impact title may remain open provided the following are met;</p> <ul style="list-style-type: none"> <li>The file must contain a copy of the repayment agreement</li> <li>A minimum of 6-payments has been made under the plan with all payments made on time</li> <li>The balance of the lien must be included when determining the maximum CLTV for the program</li> <li>Refinance transactions require a subordination agreement from the taxing authority</li> </ul>
Tradelines Requirements	<ul style="list-style-type: none"> <li>A minimum of three trade lines per credit report. At least one trade line should be active for the most recent 24 months; and two trade lines should have reported in the last 12 months.</li> <li>The following are not acceptable to be counted as a tradeline: "non-traditional" credit as defined by Fannie Mae, any liabilities in deferment status, accounts discharged through bankruptcy, authorized user accounts, charge-offs, collection accounts, foreclosures, deed-in-lieu of foreclosure, short sales, or pre-foreclosure sales.</li> <li>Limited Tradelines are not allowed</li> </ul>
DTI/INCOME/ASSETS	
Lease Requirements	<ul style="list-style-type: none"> <li>Unleased Property: A property where 1 or both of the following exist: <ul style="list-style-type: none"> <li>More than 50% of the units within the subject property do not have an existing lease;</li> <li>More than 50% of the units within the subject property have an executed lease with less than three months remaining without proof of extension.</li> </ul> </li> <li>Unleased Property LTV/CLTV Restrictions <ul style="list-style-type: none"> <li>Purchase Transaction: Program Max</li> <li>Refinance (Rate/Term and Cash-Out) <ul style="list-style-type: none"> <li>Loan Balance &lt;= \$1,000,000 - 65%/65%</li> <li>Loan Balance &gt; \$1,000,000 - 60%/60%.</li> </ul> </li> </ul> </li> </ul>
Documentation Requirements: Purchase	<ul style="list-style-type: none"> <li>Form 1007 and Existing lease agreement(s) if applicable.</li> <li>Rent loss insurance covering a min of 6 months is required for the subject property</li> </ul>
Documentation Requirements: Refinance	<ul style="list-style-type: none"> <li>Form 1007 and Existing lease agreement(s)</li> <li>Rent loss insurance covering a min of 6 months is required for the subject property</li> <li>If subject property leased on a short term basis utilizing an on-line service such as Airbnb; gross monthly rents can be determined by using a 12-month look back period and either 12-monthly statements or an annual statement provided by the on-line service to document receipt of rental income. If documentation can't be provided covering a 12-month period, property will be considered unleased.</li> </ul>
Gift Funds	<ul style="list-style-type: none"> <li>Gift Funds not allowed for loans qualified under the Debt Service Coverage Program.</li> <li>Gift of Equity not allowed.</li> </ul>
Income	<p><b>Debt Service Coverage Ratio (DSCR):</b></p> <ul style="list-style-type: none"> <li>Gross Income/PITIA</li> <li>Transaction qualified on cash flow of the subject property</li> </ul> <p><b>Gross Income:</b></p> <p>Lower of Estimated Market Rent from Form 1007 and monthly rent from an existing lease (If lease amount higher, may be utilized with two months proof of receipt)</p>
Reserves	<ul style="list-style-type: none"> <li>Each financed property, in addition to the subject property, will increase the applicable reserve requirement by two (2) months PITIA on the subject property to a maximum requirement of 12 months. The additional reserves are based upon the PITIA of the subject property.</li> <li>Reserves must be sourced and documented per guidelines.</li> <li>Reserves for a loan with an Interest Only feature based upon the interest only payment (ITIA).</li> <li>Proceeds from a cash-out refinance cannot be used to meet the minimum reserve requirements.</li> <li>Proceeds from 1031 Exchange cannot be used to meet reserve requirements.</li> </ul>
PROPERTY	
Appraisal	<ul style="list-style-type: none"> <li>Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a re-certification of value is acceptable up to 180 days. New appraisal is required after 180 days.</li> <li>Condition rating must be C4 or lower; Quality rating of Q5 or below is acceptable.</li> <li>Second Appraisal from Clear Capital or Assurance is required when any of the following conditions exist. The lower of the two "Appraised Value" is used and the second appraisal must be from a different company and appraiser than the first appraisal. <ul style="list-style-type: none"> <li>Loan Amount exceeds \$1,500,000</li> <li>Transaction is a flip as defined in the Property Flipping section</li> </ul> </li> </ul> <p><b>Appraisal Review:</b></p> <ul style="list-style-type: none"> <li>CDA from Clear Capital is required on all transactions; or</li> <li>A field review or 2nd appraisal from Approved AMC is acceptable. Source of the appraisal review product may not be the same AMC used for the appraisal.</li> </ul> <ul style="list-style-type: none"> <li>If the CDA reflects a value more than 10% below the appraised value or cannot provide a validation, the next option in the review must be followed which is a field review or 2nd appraisal.</li> </ul>

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<p>Appraisal Overlays for Loan Amounts &gt;\$3,000,000</p>	<p><b>Neighborhood Analysis</b></p> <ul style="list-style-type: none"> <li>Degree of Development and Growth Rate: Properties designated as "rural" not allowed</li> <li>Trend of Property Values: "Declining" Markets not allowed</li> <li>Supply of Properties in the Subject Neighborhood: Markets in "Over-supply" not allowed</li> <li>Price Range and Predominant Price: The appraised value may not exceed the highest value of the Predominant Price Range by more than 10%</li> <li>Marketing Time for Properties: "Over 6 months" Not Allowed</li> <li>Over-Improvement: The subject property may not be designated as an "over-improvement"</li> </ul> <p><b>Comparable Sales</b></p> <ul style="list-style-type: none"> <li>Minimum of 4 closed comparable sales</li> <li>All comparable sales must have occurred within the 12 months preceding the appraisal date</li> <li>At least 1 closed comparable must have occurred with 120 days of the appraisal date</li> <li>All comparable sales must be located within 4 miles of subject</li> <li>At least 1 closed comparable sales must be located within 1 mile of subject</li> <li><b>At least 2 closed comparable sales must be located within the same neighborhood as the subject</b></li> </ul> <p><b>Property Condition</b></p> <ul style="list-style-type: none"> <li>Eligible Property Condition Ratings: C1, C2, C3</li> <li>Eligible Quality of Construction Ratings: Q1, Q2, Q3, Q4</li> </ul> <p><b>Maximum Acceptable Acreage</b>= 2 acres</p> <p><b>Zoning</b> - Properties zoned as agricultural are not eligible</p> <p><b>Total Adjustments</b> - Total net adjustments should be minimal if the comparable is truly similar. Net Adjustments may not exceed 15% of the sales price of the comparable sale and gross adjustments may not exceed 25%.</p>
<p>Property Type Limitations</p>	<ul style="list-style-type: none"> <li>Condo / 2-4 Unit: 70% Max LTV</li> <li>Rural Property: Not allowed</li> <li>Max 2 acres</li> <li>Non-Warrantable Condo Maximum Loan Amount: \$1,500,000</li> </ul>
<p>MISCELLANEOUS</p>	
<p>Compliance</p>	<ul style="list-style-type: none"> <li>Impounds are required</li> <li>Points and Fees may not exceed 5%</li> <li>Loans considered high-cost by Federal or State law are not eligible for purchase</li> </ul>
<p>Eligible States</p>	<ul style="list-style-type: none"> <li>See our licensed state list</li> </ul>
<p>Financed Properties</p>	<ul style="list-style-type: none"> <li>No limit on financed properties; exposure to a single borrower not to exceed \$5,000,000 or 6 properties;</li> <li>Add 2 months reserves for each additional financed property (including departure residence). Total reserve requirement is not to exceed 12 mo. Requirement is not applicable when there is no reserve requirement</li> </ul>