

## LEAD+ Wholesale Lending

### Lead DSCR

**\*\*Lead DSCR is the ultimate design for the Investor. \*\***

			DSCR >= 1.00		
Credit	Reserve	Loan Amount	Purchase	Rate/Term	Cash out
700	2	\$1,000,000	80	75	75
	6	\$1,500,000	80	75	75
		\$2,000,000	75	70	70
		\$2,500,000	70	65	65
	12	\$3,000,000	70	65	65
		\$3,500,000	70	65	NA
660	2	\$1,000,000	75	75	70
	6	\$1,500,000	75	70	70
		\$2,000,000	70	65	65
		\$2,500,000	70	65	65
	12	\$3,000,000	65	NA	NA
640	2	\$1,000,000	75	70	NA
	6	\$1,500,000	65	65	NA
		\$2,000,000	65	NA	NA
		\$2,500,000	60	NA	NA
	12	\$3,000,000	60	NA	NA

			DSCR < 1.0		
Credit	Reserve	Loan Amount	Purchase	Rate/Term	Cash out
700	2	\$1,000,000	75	70	70
	6	\$1,500,000	75	70	70
		\$2,000,000	70	65	65
		\$2,500,000	65	NA	NA
	12	\$3,000,000	60	NA	NA
680	2	\$1,000,000	70	65	NA
	6	\$1,500,000	70	65	NA
		\$2,000,000	65	60	NA
		\$2,500,000	60	NA	NA
	12	\$3,000,000	60	NA	NA
660	2	\$1,000,000	65	NA	NA

CT, IL, NJ: MAX LTV/CLTV limited to 80% Purchase and 75% Rate and Term, Cash outs and max loan amount is limited to \$2.0MM

**\*DSCR < .75 a Prepayment is required**

### Requirements

Products	Fixed rate terms of: 40, 30, and 15 year terms.
Interest Only	Credit score: 680 Max LTV: 75% Purchase, 75% Rate/Term, 70% Cash-Out
Loan Amounts	Minimum: \$100,000 Maximum: \$3,500,000 Loan amounts < 150,000 Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.25)
Debt Paid Off with Cash Out Refi	Only debt on the subject property can be paid off with proceeds from cash out refinance. ANY other pay off/pay down of debt is ineligible.
Property Types	SFR- Attached and Detached 2-4 units/ condos Purch: 75% Refi 70%- CO 70% Non-Warrantable Condos allowed: No pending litigation related, or structural deficiencies allowed Condotel: Purchase 75% Refi 70% / CO 65% / Max loan amount: \$1,500,000 Rural is ineligible
California Condominiums	Condominium Inspection Requirement (Including Condo Hotels) For loans secured by a condominium unit in the state of California, an inspection is required per SB326, for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground as evidenced on the condo questionnaire. Projects with an unacceptable or no inspection are ineligible.
Floridas Condominiums	Condominium Inspection Requirement (Including Condo Hotels) For loans secured by a condominium unit in the state of Florida, if the project is over 30 years old (or 25 years if within 3 miles of the coast), a structural inspection is required for projects 3 stories or greater. The inspection needs to address items that substantially conform to the definition of a milestone inspection as defined in Florida statute 553.899. Inspection must confirm there are no conditions severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements. Projects with an unacceptable or no inspection are ineligible.

Requirements (continued)	
Unleased Properties	All long-term rental refinances: A vacant or unleased property is allowed subject to max LTV of 70%. Not applicable for short-term rentals, see short-term rental income section for specific criteria
Acreage	Maximum: 2 Acres, Rural is ineligible
Declining Market	If the appraisal report identifies the property in a declining market, max LTV/CLTV is limited to 75% for Purchase and 70% for Rate/Term and Cash-Out transactions and the maximum loan amount is limited to \$2.0MM.
Cash In Hand	Maximum : LTV >= 65% 500,000 LTV < 65% 1,000,000 Total equity withdrawn cannot exceed these limits (Not applicable to Delayed Financing transactions)
Appraisals	FNMA 1004, 1025, 1073 with interior /exterior inspections Appraisal review product required unless 2nd appraisal obtained 2nd appraisal required for loans greater than \$2,000,000 Appraisal Review is required from Clear Capital CDA or Field Review or FNMA SSR with a CU Risk Score of 2.5 or less
Income	<p><b>Long-Term Rental Documentation and DSCR Calculation</b></p> <p><b>No Income other than the subject rental income is to be disclosed on the initial or final URLA</b></p> <p>Purchase Transactions:</p> <p><b>Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents.</b></p> <p>If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.</p> <ul style="list-style-type: none"> <li>▪ If using the lower of the actual lease amount or estimated market rent, nothing further is required.</li> <li>▪ If using a higher 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 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%.</li> <li>▪ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%.</li> </ul> <p>▪ vacant or unleased property is allowed without LTV restriction: Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR</p> <p>DSCR Documentation (Investment only) maximum 75% LTV/CLTV</p> <p>Refinance Transactions:</p> <p><b>Required documentation:</b></p> <ul style="list-style-type: none"> <li>▪ FNMA Form 1007 or 1025 reflecting long-term market rents, and lease agreement.</li> <li>▪ 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:</li> </ul> <p style="text-align: center;">LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix</p> <p><b>Monthly Gross Rents are determined by using the actual lease amount or estimated market rent from 1007/1025 as follows:</b></p> <ul style="list-style-type: none"> <li>▪ If using the lower of the actual lease amount or estimated market rent, nothing further is required.</li> <li>▪ If using a higher 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 1007/1025. If the actual rent exceeds the estimated market rent by more than 120%, the rents are capped at 120%.</li> <li>▪ If using a higher estimated market rent from 1007/1025, it must be within 120% of the lease amount. If the estimated market rent exceeds the lease amount by more than 120%, the estimated market rent is capped at 120%.</li> </ul> <p><b>A vacant or unleased property is allowed subject to the following:</b></p> <ul style="list-style-type: none"> <li>▪ LTV/CLTV limits: Lesser of 70%, or the LTV/CLTV based upon the DSCR/FICO/Loan balance matrix</li> <li>o Unit subject to rent control or housing subsidy must utilize current contractual rent to calculate DSCR.</li> </ul> <p>DSCR Calculation:</p> <p>Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. Refer to the matrix for required Debt Service Coverage Ratios</p> <p>Gross rents divided by PITIA = DSCR</p>

Requirements (continued)	
Income (continued)	<p><b>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation</b></p> <p>Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis</p> <p><b>Short-Term Rental Income – Purchase and Refinance Transactions:</b></p> <p>LTV is lesser of 75% for a purchase and 70% for a refinance, or the LTV based upon the DSCR/FICO/Loan balance. (Excludes Condo Hotel projects)</p> <p>o <b>DSCR Calculation:</b></p> <ol style="list-style-type: none"> <li>1. Monthly gross rents based upon a 12-month average to account for seasonality required.</li> <li>2. 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.</li> <li>3. <math>(\text{Gross Rents} * .80) \text{ divided by PITIA} = \text{DSCR}</math>.</li> </ol> <p>When short-term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR.</p> <p>Short-term rents can be documented with one of the following options depending upon the transaction:</p> <ul style="list-style-type: none"> <li>o Alternative Short-Term Rent Analysis form developed by an AMC (Opteon report)</li> <li>o 12-month look back on rents received using bank statements or 3rd party rental statements</li> <li>o AirDNA Rentalizer/ Property Earning Potential Report accessed using the Explore Short-Term Rental data, must meet the following: <ul style="list-style-type: none"> <li>▪ Rentalizer (Property Earning Potential Report) <ul style="list-style-type: none"> <li>- Only allowed for purchase transaction</li> <li>- Gross rents equal the revenue projection from the Property Earning Potential Report less the 20% extraordinary expense factor</li> <li>- Forecast period must cover 12-months and dated 90-days within the Note date</li> <li>- Maximum occupancy limited to 2 individuals per bedroom</li> <li>- Must have three (3) comparable properties similar in size, room count, amenities, availability, and occupancy</li> <li>- Market Score or Sub-Market Score must be 60 or greater as reflected on the Property Earning Potential Report</li> </ul> </li> <li>▪ If utilizing Rentalizer/Property Earning Potential Report please note this will require an "AirDNA Pro" account. AirDNA account should be set up by broker and will be a broker expense.</li> </ul> </li> <li>o If refinance, provide a screen shot of the online listing showing the property is actively marketed as a short-term rental</li> </ul>
Prepays 5% (Investment only)	<p>States Penalties Not Allowed: AK, DC, IL, KS, MD, MI, MN, MS, NJ, NM, OH, OK, PA and RI</p> <ul style="list-style-type: none"> <li>• VA have state restrictions prohibiting PPP for loans less than \$75k. Even if a loan amount exception is granted, to or below \$75k, the PPP restriction will remain in place.</li> </ul> <p>DSCR &lt;.75 a Prepayment is required</p>
Credit scores	<p>Use representative credit score of the borrower/guarantor with the highest representative score</p> <p>Middle of 3 scores or lower of 2</p>
Borrower Experience	<p><b>Experienced Investor:</b> Borrower/guarantor 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.</p> <p><b>First Time Investor:</b> A borrower/guarantor not meeting the experienced investor criteria.</p> <ul style="list-style-type: none"> <li>o First time investors eligible subject to the following restrictions: <ul style="list-style-type: none"> <li>▪ Min credit score: 680</li> <li>▪ If reported, no mortgage late payments during the past 36 Mo</li> <li>▪ &gt;= 36 Mo from any credit event</li> <li>▪ Own a primary residence for at least 1-year</li> <li>▪ Cash-out not eligible</li> </ul> </li> </ul> <p><b>First Time Homebuyer:</b> Not eligible except as allowed in Seller Guide</p>

Requirements (continued)	
Reserves	<ul style="list-style-type: none"> <li>· 2-months of PITIA</li> <li>· Loan Amount &gt; \$1.5M: 6-months of PITIA</li> <li>· Loan Amount &lt;= \$1.5M: 2-months of PITIA</li> <li>· Loan Amount &gt; \$2.5M: 12-months of PITIA</li> </ul> Cash out may be used to satisfy Reserve Requirements
Assets	Min of 30-days asset verification required; DSCR large deposits should be in line and consistent with the borrower's overall credit profile and may require a letter of explanation
Gift Funds	Permitted with Minimum 10 % contribution from borrowers
Tradelines	Minimum 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity <b>If the primary borrower/guarantor has three (3) credit scores, the minimum tradeline requirement is waived</b>
Credit History	Housing History : 1x30x12 (no restrictions) 0x60x12: Max 70% LTV Purchase, 65% LTV for Rate and Term & Cash Out
	Credit event: BK/FC/SS/DIL >= 36 Mo (no restrictions) >= 24 mo: Max 75% Purchase, 70% LTV for Rate and Term & Cash out
	Housing Event Seasoning: Forbearance, Mod or Deferral:See Non-Agency Seller Guide
Escrows	Escrows may be waived, see seller guides Escrow/Impounds for requirements
Geographical Restrictions	CT, IL, NJ: MAX LTV/CLTV limited to 80% Purchase and 75% Rate and Term, Cash outs and max loan amount is limited to \$2.0MM We do not lend in Puerto Rico, Guam, US Virgin Islands, New York, North Dakota and South Dakota
<b>*Note* Product guidelines/rates/terms are subject to change without notice, loans will be locked and affiliated to current product matrices at the time of the rate lock. Summit Funding, Inc. DBA Lead + Wholesale Lending NMLS ID# 3199</b>	