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NonOM – DSCR

Investment Property (Business Purpose)				
Maximum LTV/CLTVs		>=1.00 DSCR*		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
740	125,000 - < 150,000	80	80	75
	150,000 - 1,000,000	85	80	75
	1,000,001 – 1,500,000	85	75	70
	1,500,001 – 2,000,000	75	75	60
	2,000,001 – 2,500,000	70	70	60
720	2,500,001 – 3,000,000	70	70	60
	125,000 - <150,000	80	80	75
	150,000 - 1,000,000	85	80	75
	1,000,001 – 1,500,000	85	75	70
	1,500,001 – 2,000,000	75	75	60
700	2,000,001 – 2,500,000	70	70	60
	2,500,001 – 3,000,000	70	70	60
	<=1,500,000	75	75	70
	1,500,001 – 2,000,000	70	70	60
680	2,000,001 – 2,500,000	70	70	60
	2,500,001 – 3,000,000	70	70	60
	<=1,500,000	75	75	70
660	1,500,001 – 2,000,000	65	65	60
	1,000,001 – 1,500,000	65	65	60
	<=1,000,000	70	70	65
640 – 659	1,500,001 – 2,000,000	55	55	50
	1,000,001 – 1,500,000	60	60	55
	<=1,000,000	65	65	60
Maximum LTV/CLTVs		< 1.00 DSCR* Note Minimum DSCR is .75		
740	<=1,000,000	75	75	70
	1,000,001 – 1,500,000	75	75	70
	1,500,001 – 2,000,000	75	75	60
720	<=1,000,000	75	75	70
	1,000,001 – 1,500,000	70	70	65
	1,500,001 – 2,000,000	65	65	NA
700	<=1,000,000	75	75	70
	1,000,001 – 1,500,000	70	70	65
	1,500,001 – 2,000,000	65	65	NA
680	<=1,000,000	65	65	60
Maximum LTV/CLTV		No Ratio		
740	<=1,000,000	75	75	65
	1,000,001 – 1,500,000	70	70	60
720	<=1,000,000	70	70	60
	1,000,001 – 1,500,000	65	65	60
700	<=1,000,000	65	65	60
	1,000,001 – 1,500,000	65	65	60
Housing History	Housing Event Seasoning		Property Type Restrictions	
<ul style="list-style-type: none"> • 0x30x12 – No reduction • 1x30x12: 	BK/FC/SS/DIL/Mod: <ul style="list-style-type: none"> • >=36 Mo – No reduction 		<ul style="list-style-type: none"> • 1-4 Units : • Purchase ONLY to 85% 	

<ul style="list-style-type: none"> ○ Max 60% LTV ● Past due balloon will be considered a delinquency (1x30) not a housing event, only if within 180 days of maturity. ● 1x30 not permitted on No Ratio 	<ul style="list-style-type: none"> ● >=24 Mo – Max 75% LTV Purchase & Max 70% LTV Rate/Term & Cash-out ● Discharged Ch 13, use filing date; min 1yr discharged. ● Dismissed Ch 13, use dismissal date. <u>No Ratio</u>: ● Requires 3+ years from a housing event. ● Multiple BKs not permitted. ● Chapter 13s must be discharged or dismissed 24+ months. 	<ul style="list-style-type: none"> ● 2 Units - Refinance: ● Max LTV/CLTV: 80% ● 3-4 Units - Refinance: ● >= 1.00 DSCR = Max LTV 75% ● < 1.00 DSCR = Max LTV 70% <u>Condos:</u> ● Ineligible for > 80% LTV ● 720+ Purchase/R&T: Max 80% ● < 720 Purchase/R&T: Max 75% ● 720+ Cash Out: Max 75% ● < 720 Cash Out: Max 70%
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State Restrictions

- FL: Non-Permanent Resident Aliens originating from China are ineligible
- HI: Non-licensed State.
- NY:
 - STRs in the 5 NYC Boroughs are ineligible.
 - No 5/6 ARMs on OO loans below the FNMA loan limits.
 - Subprime permitted on Fixed Rate only. See guidelines for full details.
- MS: LTVs must be reduced by 5%.

General Requirements – Investor DSCR

Product Type	<ul style="list-style-type: none"> ● 40-Year Fixed IO = Max 75% LTV ● 30-Yr Fixed, 15-Yr Fixed or 30-Yr Fixed IO. ● Interest only not permitted on No Ratio. ● When ARMs are reinstated, ARMs are not permitted in MS or with DSCRs < 1 		
Interest Only	<ul style="list-style-type: none"> ● Min Credit Score: 640 when DSCR >= 1% ● Min Credit Score: 700 when DSCR < 1% ● Interest Only not allowed on No Ratio Loans 	<ul style="list-style-type: none"> ● Borrower to qualify using the IO payment based on the qualifying rate (Greater of the fully indexed rate or note rate). 	
Loan Amounts	<ul style="list-style-type: none"> ● Min: 75,000 ● Max \$3,000,000 	Loan Amounts \$75K to < \$100K: <ul style="list-style-type: none"> ● Max LTV 65% ● 1% DSCR Required 	Loan Amounts >=\$100,000 to < \$125,000: <ul style="list-style-type: none"> ● Max LTV 75% Purchase/Rate and Term. ● Max LTV 70% Cash Out. ● 1% DSCR Required
Occupancy	<ul style="list-style-type: none"> ● Investment Properties (Business Purpose) 		
Loan Purpose	<ul style="list-style-type: none"> ● Purchase, Rate/Term, and Cash Out 		
2-1 Temporary Buydown Purchase Only Option	<ul style="list-style-type: none"> ● Seller Paid Buydown/Concession ● Min Score 680 ● Min DSCR >= .75 	<ul style="list-style-type: none"> ● Borrower qualifies at actual rate (pre-buydown). ● Lender Paid or 3rd Party Paid Buydown (Excluding Real Estate Agents, Brokerages, Borrower, or relatives) permitted for Correspondent Clients only. 	
Cash-Out	<ul style="list-style-type: none"> ● LTV > 60% - \$500,000 or when DSCR is >=.75 ● unlimited cash out permitted with 18 months reserves exclusive of cash back ● LTV <=60% - Unlimited 	<ul style="list-style-type: none"> ● NOTE: that ● Financing Transactions ● Cash out refinances on properties acquired in the past 12 months require DSCR of .75 ● Condos in FL max LTV 75% 	<ul style="list-style-type: none"> ● cash-in-hand limits do not apply to Delayed Financing Transactions
Property Type	<ul style="list-style-type: none"> ● Single Family, Attached, 2-4 Units, Warrantable Condo, and Non-Warrantable Condo. ● C4 condition rating or better. ● Condotels ● Rural Properties are not eligible. 		
Condotel	Purchase or Rate/Term: <ul style="list-style-type: none"> ● 700 Score / Max LTV 70% ● 680 Score / Max LTV 65% 	Cash Out: <ul style="list-style-type: none"> ● 700 Score / Max LTV 65% ● 680 Score / Max LTV 60% 	<ul style="list-style-type: none"> ● Min DSCR >= .75 ● Max Loan Amt: \$1,500,000 ● Min Reserves: 6 months
Appraisals	<ul style="list-style-type: none"> ● FNMA Form 1004, 1025, 1073 with interior/exterior inspection ● 2nd Appraisal required for loan amounts > \$2m on loans with a DSCR > .75. ● No Ratio loans with loan amounts > \$1,500,000 require 2 appraisals. ● Appraisal Review Product to be ordered on all loans with an SSR over 2.5 with the exception of those with a full second appraisal. 		
Declining Markets	<ul style="list-style-type: none"> ● Declining markets, as identified by the appraiser, require a 5% LTV reduction off Matrix Max LTV. 		

Rural Property (Vacation Areas Only)	<ul style="list-style-type: none"> • Properties meeting the rural definition are not allowed. • Property up to 2-acres, not meeting the rural definition, eligible with the following restrictions: • If property is accessible by a gravel road and distance of comparables is > 1 mile away, the property could be considered rural even if it is marked suburban, and then Max LTV is the lesser of 65% LTV or the applicable Matrix LTV. • Min DSCR >= 1.00 		
Income Requirements – Investor DSCR			
Income	<p><u>General Requirements:</u></p> <ul style="list-style-type: none"> • All refinance transactions require the property to be leased. Vacant property not eligible with the exceptions of properties leased through short term rental agencies or on certain Delayed Financing loans (see guides for details). • Property must not be occupied by any member of the borrower’s LLC or any family member. <u>Short Term Rentals:</u> • Defined as properties leased on a nightly, weekly, monthly, or seasonal basis. • ALL STRs require evidence from third party vendor (such as Property Guard, Vrolio or equivalent) validating that the governing municipality where the subject STR is located allows properties to be rented as STRs; with the exception of the five (5) New York City Boroughs (Manhattan, Brooklyn, The Bronx, Queens and Staten Island), which are ineligible for purchase by NQM Funding. • Not permitted for No Ratio. • Max LTV: <ul style="list-style-type: none"> ○ Lesser of 75% or the LTV/CLTV available per the matrix. ○ Foreign Nationals: Lesser of 70% or the LTV/CLTV available per the matrix. <p><u>DSCR Calculation Methods and Minimum DSCR:</u></p> <ul style="list-style-type: none"> • <u>Option 1:</u> Lesser of 1007/1025 completed using either long-term or short-term market rents – Min DSCR .75. <ul style="list-style-type: none"> ○ When the 1007/1025 is prepared with the use of short-term rentals, the appraiser is required to address the seasonality of the subject property short term rental market in computing the market rent. If the appraiser fails to appropriately address for seasonality, gross rents should be computed using the vacancy factor as determined by the AirDNA Property Earning Report. For example, if the occupancy rate is 60%, a 40% vacancy factor must be applied to the short term rental income from the comparable rent schedule. 		
	<ul style="list-style-type: none"> ○ For Long Term Rentals, when the actual rent as documented from the lease exceeds market rents, the higher figure may be used with two months proof of receipt of the higher rental income. • <u>Option 2:</u> 12-month lookback period to determine avg rents or annual or monthly statements from AirBNB or similar service – Min DSCR .75. • <u>Option 3:</u> AirDNA / Min DSCR 1.15. Available only on purchases or recently renovated refinances • AirDNA’s “Revenue Calculator/Property Earning Potential Report” (fka Rentalizer) must meet the following requirements): <ul style="list-style-type: none"> • Forecast period must cover 12 months from Note date. • Occupancy rate must be >= 50%. • Income calculation (AirDNA annual gross revenue ÷ 12) • Must have five (5) comparison properties. • Must be similar in size, room count, amenities, availability, and occupancy. • For 2-4 Units, a report must be pulled on each individual unit in AirDNA, and the sum of all combined units’ rental income will be used to determine the DSCR ratio. 		
Underwriting Requirements – Investor DSCR			
Credit Score	<ul style="list-style-type: none"> • Lowest Middle score of all borrowers 	DSCR	<ul style="list-style-type: none"> • Loan amounts < \$125K: 1.00. • Cash out refinances on properties acquired in the past 12 months: .75. • Minimum DSCR .75 unless qualifying using the No Ratio guides. • Condotels min DSCR >= .75 • See matrix for all else.
Tradelines when DSCR is .75 or greater	<ul style="list-style-type: none"> • All borrowers have 3 scores: or • Min: 2 open and reporting 24- months; or • 3 open and reporting 12-months; or • 24-months mortgage rating reporting on credit 	Reserves (>= .75)	<ul style="list-style-type: none"> • Loan Amount to \$500K and <=80% LTV = 3 months of PITIA <ul style="list-style-type: none"> • Loan Amount to \$500K and > 80% LTV = 6 months of PITIA • Loan Amount >\$500K to \$2.0M = 6 months of PITIA • Loan Amount > \$2.0M = 12 months of PITIA • Multi-Family @ 80% LTV requires greater of 6 months or reserves indicated above. • Cash out may be used to satisfy requirement

Tradelines – No Ratio	<ul style="list-style-type: none"> Each borrower must have a minimum of two trades within 24 months that show a 12-month history OR a combined credit profile between both borrowers with a minimum of three tradelines. Tradeline activity is not required. Eligible trades cannot have delinquency in the past 24 months. Current housing not reporting on credit may count as a trade if cancelled checks/debits are provided. 	Reserves – No Ratio	<ul style="list-style-type: none"> Loan Amount >=\$125K to \$500K – 3 months of PITIA Loan Amount > \$500,000 – \$2.0M = 6 months of PITIA Cash out may be used to satisfy requirement
		Gift Funds	<ul style="list-style-type: none"> Allowed after min 10% borrower contribution. Cannot be used to meet reserve requirements
		Assets	<ul style="list-style-type: none"> 30-day asset verification required
Investor Experience	<ul style="list-style-type: none"> Not required 	Age of Documentation	<ul style="list-style-type: none"> Credit reports must be dated within 120 days of the Note date. Income and Asset Documentation must be dated within 90 days of the Note date.
Prepayment Penalty	<ul style="list-style-type: none"> Required on Investment Properties when permitted. See PPP Requirements Matrix 		
Product Description		Product Code	

NonQM DSCR 30 Year DSCR	D30
NonQM DSCR 15 Year DSCR	D15
NonQM DSCR 30 Year DSCR Interest Only	D30IO
NonQM DSCR 40 Year DSCR Interest Only	D40IO
NonQM DSCR 30-Year Fixed Rate No Ratio	D30NR
