



INTERNAL MEMORANDUM

DATE: April 25, 2022
TO: All Origination Staff
FROM: Craig Timmins, Managing Director
RE: Guideline/Process Change on DSCR Loans

Effective immediately, the attached application will be acceptable for submissions on business purpose loans. The application does not require the borrower/entity to list all real estate holdings, however, we are requiring that the borrowers list all real estate holdings on a separate sheet. The additional properties owned do not have to be entered into the Loan Origination System (Byte or Empower). We will continue to provide a final 1003 for the borrower/guarantor to sign at closing.

Additionally, on purchase transaction at 70.00% LTV and below, properties with minor deferred maintenance may close without curing the defects provided that a contractor's bid is provided and the borrower has sufficient assets to cure the defect (no gift funds). The total cost of the repairs may not exceed the greater of \$5,000 or 3.00% of the property's value. The repairs must be minor in nature and may not affect the fundamental habitability of the property. Major repairs involving the foundation, structure or roof of the property will not be eligible. Examples of repairs that are allowed are as follows:

- Repair flooring
- Repair kitchen cabinetry
- Minor drywall repair

Additionally, page 31 of the guidelines regarding loans closing in the name of an entity will be updated as shown below:

CRITERIA	ENTITY	PERSONAL GUARANTOR
60+day mortgage late payments	None in past 24 months reporting on credit	None in past 24 months reporting on credit