



loanwyse
NMLS #1724453

COMMERCIALWYSE
5+ UNITS DSCR - NO RATIO

Commercial Investor Debt Service Coverage Ratio (DSCR)

LoanWyse offers loans to Borrower(s) utilizing solely the rental income on subject investment properties to determine cash flow. CommercialWyse program is for 5-8 units residential properties, where traditional lenders cannot provide a loan for this unique class of property. Loans in this program are deemed as exempt from the ATR rule as defined in section 1026.43 as they are business purpose loans.

HIGHLIGHTS

- Loan amounts up to \$2.0M
- Interest only available
- Credit score down to 700
- 5/6 and 7/6 ARM, 15 and 30-year FRM
- Multiple financed properties allowed
- No DTI or employment verified

Eligible Occupancy

Investment Property

Property Types

- Residential: 5 - 8 Units
- Mixed use: 2 – 8 Units (Residential with Retail/Office)
 - 2-3 Units: Max 1 commercial unit
 - 4-5 Units: Max 2 commercial units
 - 6-8 Units: Max 3 commercial units

Eligible Transactions

PURCHASE, including non-arm’s length transactions [see Underwriting Guidelines](#)

RATE AND TERM REFINANCE

- No seasoning required to use current appraised value
- Payoff of first and second, where the second is seasoned for 12-months and not drawn on in 12-months preceding proposed closing date unless the second was used in full to purchase the property
- Refinance of a previous loan that provided cash-out, as measured from the previous loan closing date to the proposed closing date, and is seasoned less than 6 months, will be considered a cash-out refinance.
- Recoup of funds expended to improve the subject property. Improvements must have been completed within the last 6-months preceding the proposed closing date, funds must have been Borrower’s own. Cash out amount not to exceed documented improvement costs
- Buyout accompanied by an executed buyout agreement

CASH-OUT REFINANCE

- Refinances which do not fit into the rate and term guidelines is deemed to be cash out
- 6-months seasoning required measured from property acquisition date to the proposed closing date
- Value to be utilized must be supported

Tradelines

Standard Tradelines apply. Borrower(s) who do not have three (3) credit scores must meet the minimum tradeline requirements: 2 open tradelines reporting 24-months or 3-open tradelines reporting 12- months

| Credit Score | <ul style="list-style-type: none"> • Credit scores allowed down to 700, subject to loan amount and LTV restrictions • Use lowest middle score of all Borrower(s) for pricing and underwriting purposes | | | | |
|-------------------------------------|--|-------------------------------------|--|------------------|--------------|
| Housing Payment History | <p>Housing payment history no greater than 0x30x12 for all mortgages/rental verifications on current primary residence and subject property if a refinance transaction.</p> <p>Housing History:</p> <ul style="list-style-type: none"> • Any housing event reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility. • For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required. | | | | |
| Credit Event | <p>Borrower(s) with any of the following major credit events (bankruptcy, foreclosure, modification, short sale, short pay, deed in lieu) are subject to the below requirements, measured from event completion date or discharge/dismissal to application date:</p> <table border="1" data-bbox="553 611 1198 714"> <thead> <tr> <th colspan="2">HOUSING EVENT SEASONING RESTRICTION</th> </tr> </thead> <tbody> <tr> <td>BK/FC/SS/DIL/Mod</td> <td>>= 36 Months</td> </tr> </tbody> </table> <p>Additional credit requirements:</p> <ul style="list-style-type: none"> • Judgment/Tax Liens - must be paid off prior to or at closing if on title to subject property • Collections/Charge-Offs - can be ignored unless title is impacted | HOUSING EVENT SEASONING RESTRICTION | | BK/FC/SS/DIL/Mod | >= 36 Months |
| HOUSING EVENT SEASONING RESTRICTION | | | | | |
| BK/FC/SS/DIL/Mod | >= 36 Months | | | | |
| INCOME AND ASSETS | | | | | |
| DSCR | No DTI is developed for this product. Qualification is based solely on the Debt Service Coverage Ratio (DSCR) of the subject property only. The minimum DSCR is 1.00. | | | | |
| Experienced Investor | At least one Borrower must be able to document a 12-month history of ownership and management of at least one investment property (commercial or residential) in the last 36-month period. | | | | |
| First-Time Investor | Not Allowed | | | | |
| Gift Funds | No gift funds allowed. | | | | |
| Reserve | <ul style="list-style-type: none"> • Loan amounts up to \$1.5MM: 6-months PITIA • Loan amount above \$1.5MM and up to \$2.0M: 9-months PITIA • Cash-out may not be used to satisfy requirement • Additional reserves required for multiple financed properties. Two (2) months subject PITIA for each additional property up to 12 months maximum. | | | | |
| Assets | <ul style="list-style-type: none"> • Use 100% of cash and cash equivalents • Use 70% of retirement assets • 1031 exchanges eligible • Business funds may be used provided the Borrower(s) owns a minimum of 25% ownership of the business. The amount of funds that may be utilized is based on the Borrower's percentage of ownership. Borrower(s) must provide: | | | | |

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| <p>Assets (Cont)</p> | <ul style="list-style-type: none"> • A signed letter from a 3rd party Tax Professional (defined as a CPA, Tax Attorney, Enrolled Agent (EA), California Tax Education Council (CTEC) or Paid Tax Professional (PTIN)) or borrower must be obtained verifying that the withdrawal of funds for the transaction will not have a negative impact on the business; AND • All non-borrowing owners of the business must provide a signed and dated letter acknowledging the transaction and confirming the borrowers access to funds in the account. • Cash out proceeds may not be used to satisfy the reserve requirement |
| <p>Calculation Method</p> | <p>The DSCR is defined as the gross rents divided by the qualifying PITIA on the subject property.</p> <ul style="list-style-type: none"> • 2-8 Mixed Use – Income from Commercial Space must not exceed 49% of the total property income. <p>DETERMINATION OF RENTS</p> <p>PURCHASE/REFINANCE:</p> <p>Use 100% of the lesser of current or market rents as determined by the appraiser. For rented properties, Borrower must provide lease agreements in place.</p> <ul style="list-style-type: none"> • Leased – use lower of estimated market rent or lease agreement • Short-term rental income, such as AirBNB or VRBO, is not eligible. • Unleased properties/vacant units – use 75% of market rents. Max 1 vacancy on 2-3 unit properties; max 2 vacancy on 4+ units. • Reduce qualifying rents by any management fee reflected on appraisal report. • 2-8 mixed use – Income from commercial space must not exceed 49% of the total property income. <p>I/O PAYMENT QUALIFICATION</p> <ul style="list-style-type: none"> • On a loan with interest only feature, the interest only payment (ITIA) on a loan may be used in lieu of an amortizing payment to calculate the Qualifying Payment and the DSCR. |
| <p>OTHER HIGHLIGHTS</p> | |
| <p>Appraisal / Valuation</p> | <p>APPRAISAL REQUIREMENTS:</p> <ul style="list-style-type: none"> • 5-8 Residential Units (max 2-acres) <ul style="list-style-type: none"> ○ FHLMC 71A, FNMA 1050 or similar short form used to appraise 5+ residential, or ○ Narrative report can also be utilized but not required • 2-8 Mixed-Use Units <ul style="list-style-type: none"> ○ General Purpose (GP) commercial appraisal form ○ Commercial use is limited to retail or office space. The commercial space must not exceed 49% of the total building area. Residential or commercial zoning is acceptable • For all property types, in addition to appraisal form, the following attachments are also required: <ul style="list-style-type: none"> ○ Rent Roll ○ Income and Expense Statement ○ Photos of subject including exterior/interior and street scene ○ Aerial photo ○ Sketch or floor plan of typical units ○ Map ○ Plot plan or survey ○ Appraiser qualifications |

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| <p>Appraisal / Valuation (Cont)</p> | <ul style="list-style-type: none"> • Appraisal Review Product – a commercial Broker Price Opinion (BPO) required for all loans <p>PURCHASE: lesser of purchase price or appraised value</p> <p>REFINANCE (all types): For properties owned less than 6-months as of the proposed closing date, the lesser of the current appraised value or the previous purchase price plus documented improvements (if any) must be used, unless Rate and Term refinance transaction, which may use current appraised value. For properties owned between 6 and less than 12-months as of the proposed closing date, current appraised value may be used provided the value is supported both by appraisal and a BPO with a variance not greater than 10%. If value is not supported, use lesser of purchase price plus documented improvements or current appraised value. If more than 12-months, use current appraised value.</p> <p>CBSA/Declining markets – properties located in certain geographic area (see State CBSA List) or declining market are subject to a 5% LTV reduction to max LTV.</p> |
| <p>Title Vesting</p> | <ul style="list-style-type: none"> • Individual names as joint tenants, community property, or tenants in common • Limited Liability Corporations Partnerships/Corporations |
| <p>ARM Terms</p> | <ul style="list-style-type: none"> • Margin = 6.500% • Index = 30 Day Average of SOFR • Caps 5yr ARM = 2/1/5 • Caps 7yr ARM = 5/1/5 • Floor rate = Note Rate • Adjustment Period = 6-months |
| <p>Interest Only</p> | <p>Interest Only (I/O) features are allowed on ARMs and FRMs. The IO period is 10-years. Standard guidelines apply.</p> |
| <p>Qualifying Payment</p> | <p>To determine the P&I component of the Qualifying Payment, utilize the below (except as otherwise specified):</p> <ul style="list-style-type: none"> • Fixed Rate: Utilize the start rate over the full term of the loan • Amortizing ARM: Utilize the start rate fully indexed rate over the full term of the loan • FRM/ARM with IO Feature: Qualify using the fully amortized payment calculated over the fully amortizing period, based on the greater of the note rate or the fully indexed rate to determine qualifying PITIA. The 40-year term has a 10-year period followed by a 30-year fully amortizing period. |
| <p>Prepayment Penalty</p> | <p>Prepayment penalties may be placed on investment properties for a period of at least five (5) years in an amount equal to five (5%) percent of the original principal balance, to the extent permitted by state and federal law. See Underwriting Guidelines for requirements. Price implications apply for prepayment penalty terms less than five years.</p> |
| <p>Loan Amount</p> | <ul style="list-style-type: none"> • Minimum: \$500,000 for 5-8 residential units; \$750,000 for 2-8 mixed-use units • Maximum: \$2.0MM |



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COMMERCIALWYSE
5+ UNITS DSCR - NO RATIO

Effective Date: 04/17/2024

| DSCR | | | | | |
|--------------|-----------------------|----------|-----|----------|----------|
| >= 1.00 DSCR | | | | | |
| Credit Score | Loan Amount | Purchase | R/T | Cash Out | Reserves |
| 700+ | <= 1,500,000 | 75% | 70% | 65% | 6 |
| | 1,500,001 - 2,000,000 | 70% | 65% | 65% | 9 |

| LOAN PARAMETERS | |
|--|--|
| Loan Limits | |
| Min. Loan Amount | \$500,000 |
| Max. Loan Amount | \$2,000,000 |
| Max. Cash Out | \$1,000,000 |
| Min. DSCR | >= 1.00 |
| Product Type | |
| ARMs (SOFR 30 A) | 5/6 ARM |
| | 7/6 ARM |
| Fixed Rate | 15 & 30 YEAR |
| Investor Experience | |
| Experience Investor | |
| Min FICO | 700 |
| Max LTV | 75 |
| Property Owner | Rental Income Min. 12 Months in last 36 |
| First-Time Investor | |
| Not Eligible | |
| Housing Restrictions | |
| 0x30x24 | |
| Housing Event Seasoning Restriction | |
| BK/FC/SS/DIL/Mod | >= 36 Months |
| Property Status Restrictions | |
| Home Listed for Sale | Not Allowed |
| Unleased Property/Vacant Units | Use 75% of Market Rents |
| Short-Term Rental | Income Not Eligible |
| Lot Size | Max 2 Acres, not Rural |
| State Restrictions | |
| CBSA/Declining Markets | 5% reduction to max LTV applies |
| | Applies to the following states - LA, CT, ID, IL, NJ, NY |
| | See State CBSA List for additional area restrictions. |