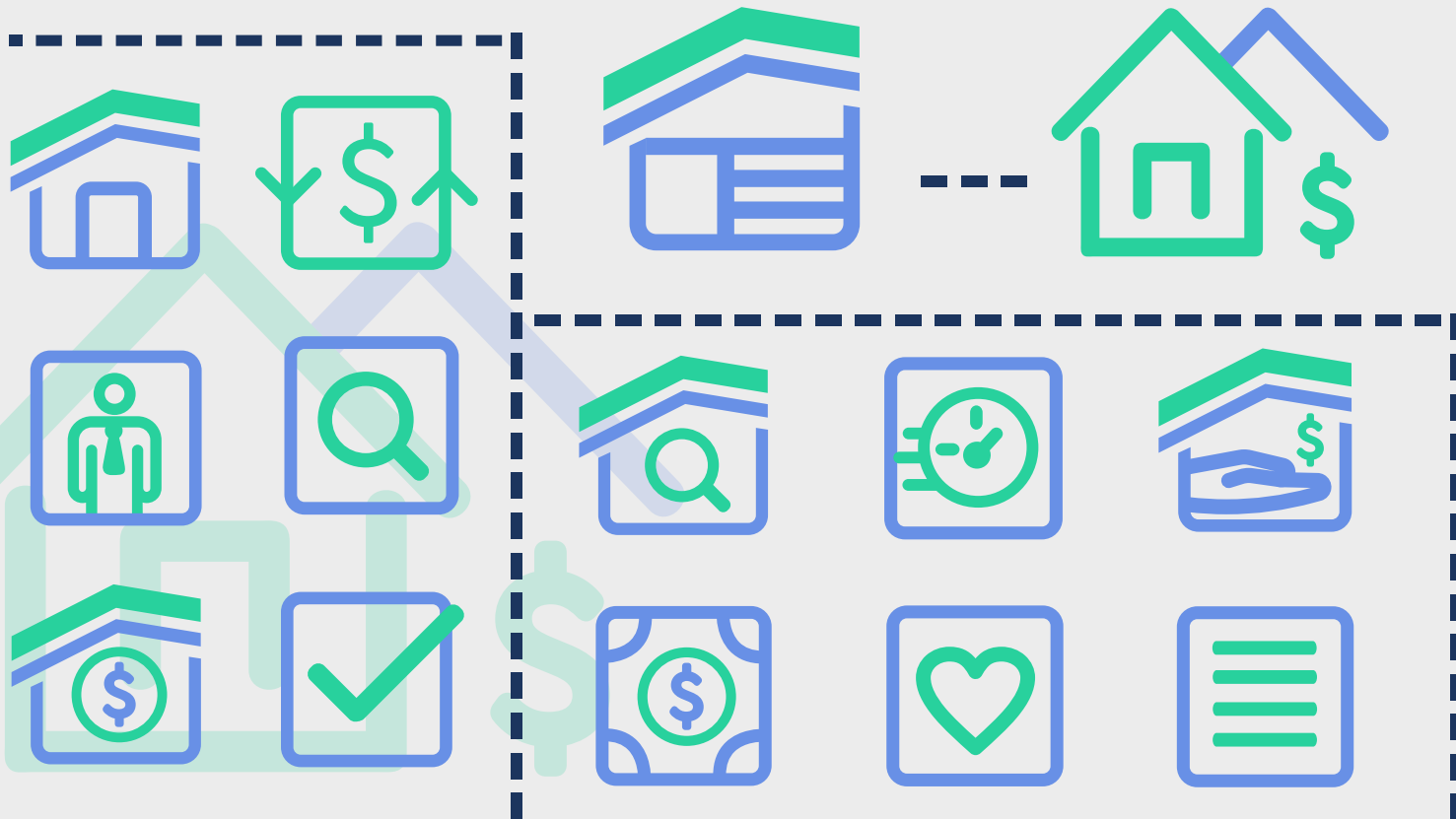


EPM (DSCR) Program Eligibility Guide



EPM Aspire DSCR Program Eligibility Guide

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Aspire DSCR Eligibility Matrix (1-4 Units)					
Fixed Rate Products					
Investment Purchase and Rate/Term Refinance					
Transaction Type	Units~	Minimum Fico	Maximum LTV2	Debt Service Coverage Ratio (DSCR)3¹	Maximum Loan Amount
Purchase / Rate and Term Refinance	1-4	640	70%	≥1.00x	\$2,500,000
		660	75%	≥1.00x	\$2,500,000
		700	80%	≥1.00x	\$2,500,000
		700	75%	≥1.00x	\$3,000,000
		720	75%	≥.80x	\$2,500,000
		720	75%	≥.75x	\$1,500,000
		720	60%	≥.75x	\$3,000,000
Investment Cash-Out Refinance					
Transaction Type	Units~	Minimum Fico	Maximum LTV2	Debt Service Coverage Ratio (DSCR)3¹	Maximum Loan Amount
Purchase / Rate and Term Refinance	1-4	640	70%	≥1.00x	\$2,500,000
		660	75%	≥1.00x	\$2,500,000
		700	75%	≥1.00x	\$3,000,000
		720	70%	≥.80x	\$2,500,000

DSCR is a single property business purpose loan program. The borrower's purpose for obtaining the loan, owning the property, and use of cash out proceeds must be for business purposes only. The sole purpose of the property being financed is to be leased as income producing property to non-borrower tenants.

A signed and dated BPL Affidavit statement by all borrowers must be provided.

Aspire DSCR 1-4 units Notes:

- Minimum loan amount is \$75,000 -2-4 units is \$100,000
- Minimum appraised value for SFR/Condominium is \$100,000
- 1-Minimum appraised value for 2-4 units is \$50,000/unit
- Short Term Rental Max 80% LTV, minimum DSCR is 1.00x
- First Time Investors 5% LTV reduction applies, minimum FICO score 680
- 2-Refinance transactions on unleased properties: Max LTV reduced by 5%
- Foreign Nationals / Non-Permanent residents: Refer to Eligible Borrowers Section
- 3-Foreign Nationals / Non-Permanent residents: Minimum DSCR is 1.25x
- Maximum Cash out > 65% LTV is \$1,000,000, ≤ 65% LTV is unlimited
- Maximum exposure to one (1) borrower or entity \$5,000,000.
 - Maximum number of total financed properties 25
- Exceptions to guidelines are allowed case-by-case
- **Ineligible States:** North Dakota, South Dakota, Nevada, Minnesota, all U.S. Territories

Aspire DSCR Eligibility Matrix (5-8 Units)					
Fixed Rate Product					
Investment Purchase					
Transaction Type	Units~	Minimum Fico	Maximum LTV2	Debt Service Coverage Ratio (DSCR)3¹	Maximum Loan Amount
Purchase / Rate and Term Refinance	5-8	700	75%	≥1.00x	\$1,500,000
			70%	≥1.00x	\$2,000,000
Investment Rate/Term Refinance					
Transaction Type	Units~	Minimum Fico	Maximum LTV2	Debt Service Coverage Ratio (DSCR)3¹	Maximum Loan Amount
Purchase / Rate and Term Refinance	5-8	700	70%	≥1.00x	\$1,500,000
			65%	≥1.00x	\$2,000,000
Investment Cash-Out Refinance					
Transaction Type	Units~	Minimum Fico	Maximum LTV2	Debt Service Coverage Ratio (DSCR)3¹	Maximum Loan Amount
Purchase / Rate and Term Refinance	5-8	700	65%	≥1.00x	\$2,000,000

Aspire DSCR 5-8 units Notes:

- 1-Minimum loan amount \$400,000
- Max cash-in-hand \$1,000,000
- Short term rentals are ineligible for 5-8 units
- First time homebuyers (or first time obtaining a mortgage) are not permitted.
- Rural properties are ineligible
- 2-No Foreign Nationals on 5-8 units

Regulatory Compliance

1.A. Loan Purpose

Loans are not made for personal, family, or household purposes. Borrowers are required to sign a business purpose affidavit or similar document which confirms that the loan purpose complies with this paragraph. The sole purpose of the property being financed is to be **leased as income producing property to non-borrower tenants (as outlined below)**.

1.B. Bank Secrecy and USA Patriot Acts

The Bank Secrecy Act ("BSA") requires financial institutions to assist US government agencies to detect and prevent money laundering. EPM has and will continue to use implemented anti-money laundering policies and procedures to comply with applicable federal law.

As a part of this policy, EPM must screen all borrowers and guarantors against the list of specially designated nationals maintained by the US Department of the Treasury and OFAC pursuant to the USA PATRIOT Act, amendments to the Bank Secrecy Act and its implementing regulation, and investigate name matches as required by law.

1.C. State Law

EPM has and will continue to comply with applicable state law governing lending practices and will continue to maintain the applicable state lending licenses to the extent required.

Lendable Value:

- For Delayed Purchases, If the property was acquired less than 180 days from the origination date, the Loan to As-Is Value ("LTV") and is treated as a purchase.
- Sale Restriction: Property must be removed from listing for at least one month prior to application. Property's lendable value will be based on the lower of list price or appraised value when listed within the last 3 months by current owner.

Note: If improvements have been made, scope of work/rehab budget must be provided to support the increase in value. The appraiser must also opine where improvements have been made, or Borrower must provide additional documentation to support scope of work/rehab budget.

Cost Basis:

- The total acquisition cost includes property purchase price plus verified Borrower/Guarantor paid rehab amounts expended to date, and any expenses related to completing the transaction including brokerage fees, closing costs and other expenses related to the documentation, transfer and recording of the property.

Loan to Value:

- Loan amount at the origination date divided by the lower of the as-is appraised value or the purchase price.
- Max LTV is 80% (subject to loan purpose, FICO and other eligibility matrix restrictions)

Rate and Term:

- A refinance that is not a cash-out.
- Refinance of delinquent loans is not permitted.

Regulatory Compliance

Purchase:

- The lower of cost basis and the current appraised value must be used (original purchase documents will be required).

Cash Out:

- In the event the borrower is refinancing existing debt on the property, the borrower receives net proceeds (excluding third party expenses reflected on the HUD) from the refinancing that exceeds 2% of the original loan amount. A Cash Out refinance does not include financing a property without existing debt if such refinance occurs within 180 days of acquisition. Such transactions would instead be considered a Delayed Purchase.
- Refinance of a previous loan that provided cashout and is seasoned less than 6 months will be considered cashout.
- Properties are not eligible for a cash out refinance if there has been a prior cashout transaction in the last 6 months.

Delayed Purchase:

- Financing of properties owned free and clear and acquired between three (3) and six (6) months is permitted.
- The following apply:
 - Original transaction was arm's length
 - Settlement statement from the purchase confirms no mortgage was used
 - The lower of the verified cost basis and the current appraised value must be used (original purchase documents will be required)

First Time Investor:

- A Borrower who does not meet the Experienced Borrower definition.
 - Reduce matrix LTV by 5%.
 - Minimum credit score 680
 - First time homebuyers (or first time obtaining a mortgage) are not permitted.

Experienced Borrower:

- A Borrower who has owned two (2) or more properties for at least 12 months during the most recent 36-month period. One (1) property must be an income producing property (residential or commercial).

EPM (DSCR) Underwriting Guidelines	
Eligible Products	<p>Fixed Rate:</p> <ul style="list-style-type: none"> • Fixed Rate: 30, 40-year term, Fully Amortizing and IO • Interest Only: 30, 40-year, 10-year IO period. Qualify based on Note rate with a 20, 30-year amortization.
Eligible Borrowers	<p>Borrower(s) / Guarantor(s):</p> <ul style="list-style-type: none"> • Permitted without restrictions: <ul style="list-style-type: none"> • Individuals • US Citizen • Permanent Resident Alien • Must be at least 21 years of age • Borrowing entities as domiciled in the U.S are permitted <ul style="list-style-type: none"> • LLC • LPs • Trusts • Corporations. • All loans must include a third-party fraud detection report for all borrowers and guarantors. Report findings must cover standard areas of quality control including, but not limited to: <ul style="list-style-type: none"> • Borrower validation • Social security number verification • Criminal records, and • Property Information • Borrowers/Guarantors that intend to self-manage the property must meet at least one of the following requirements: <ul style="list-style-type: none"> • Have three years of experience managing income producing properties • Have a certification or proof of equivalent coursework in real estate property management • New managers (defined as having less than 3 years property management experience) are permitted with a 680 credit score • Guarantor: <ul style="list-style-type: none"> • All loans are required to have a full recourse personal guaranty by all material owners. • All loans must have full recourse guaranties by at least 51% of the owners. • The borrower is a legal entity, all members of the entity with 20% or more controlling interest are considered material owners and must provide a full recourse guarantee. • Required for all Borrowers/Guarantors: <ul style="list-style-type: none"> • All members must be disclosed. • Personal identification is required for all material owners. • Formation documents including Articles of Organization.

EPM (DSCR) Underwriting Guidelines

Eligible Borrowers	<ul style="list-style-type: none"> • Operating documents including operating agreement, partnership agreement and bylaws. • Certificate of Good Standing • Executed W9 • Borrower/Guarantor Liquidity <ul style="list-style-type: none"> • Loan files must evidence of Borrower liquidity sufficient for down payment, closing costs, prepaid items, debt payoff, and applicable reserves. • Funds for down payment, closing costs and other related items should be sourced and seasoned for at least 60 days. • Asset documentation: See Asset Section. • Non- Permanent Residents <ul style="list-style-type: none"> • Must have a credit report supporting two (2) year credit history • Valid US issued VISA that is indicative of residency • Valid and unexpired passport from their country of residence/citizenship • Maximum Loan to Value is 75% for Purchase and Rate and Term transactions • Maximum Loan to Value is 70% for Cash Out transactions • Minimum credit score 680
Foreign Nationals	<p>Foreign National Eligibility:</p> <ul style="list-style-type: none"> • Defined as applicants who live and work outside the U.S. • First-Time Home Buyer not allowed • May purchase property through an entity (must follow entity requirements) • Must meet all standard underwriting criteria • Maximum Loan to Value is 65% for Purchase and Rate and Term transactions • Maximum Loan to Value is 60% for Cash Out transactions • Required Documentation: <ul style="list-style-type: none"> • IRS Form W-8BEN (filed with IRS; copy in loan file) • Foreign documentation must be in the original language, currency AND include a certified English translation • Visa & Passport Requirements: <ul style="list-style-type: none"> • Must provide a valid foreign passport and visa • Visa must show legal U.S. entry; no minimum stay required • Eligible Visas: B1, B2, E, G, H, L, O, P, TN • Exceptions to Visa Requirements: <ul style="list-style-type: none"> • Canadian citizens: No visa required • Visa Waiver Program countries: Must provide passport + waiver documentation • Mexican citizens: Acceptable documents: <ul style="list-style-type: none"> • Laser visa card (B1/B2 and border crossing) • NAFTA visas (TN, TC, E1, E2)

Aspire DSCR Underwriting Guidelines	
Foreign Nationals (Continued)	<ul style="list-style-type: none"> • Credit Requirements: <ul style="list-style-type: none"> • No credit report or score required unless the applicant has a U.S. Social Security Number • If U.S. credit exists: <ul style="list-style-type: none"> • Must be reviewed per standard credit guidelines • If multiple applicants: <ul style="list-style-type: none"> • U.S. credit users must use their score for eligibility/pricing • Others will be underwritten using a 999 FICO
Ineligible Borrowers	<ul style="list-style-type: none"> • Borrowers with any ownership in a business that is federally illegal, regardless if income is not being considered for qualifying. • Property occupied by Borrower/Guarantor, or any member of the borrowing entity. • ITIN • DACA • Irrevocable Trusts • Land Trusts • Series LLC • Religious organizations or non-profits • Any individual with diplomatic immunity, and persons on a government or agency exclusionary list.
Eligible Occupancy Types	<ul style="list-style-type: none"> • Investment only – must be a business purpose loan.
Documentation / Underwriting	<p>All files to include:</p> <ul style="list-style-type: none"> • Occupancy Affidavit • Borrower Contact Consent Form • Borrower information form or URLA • Business Purpose Affidavit • Certificate of Occupancy • EIN or SSN where applicable

Aspire DSCR Underwriting Guidelines

Documentation / Underwriting

- Appraisal
 - Market Rent Addendum
 - Third-party valuation product and, if applicable, third-party market rent estimate
 - Flood Certification
 - Proof of liquidity
 - Credit report(s)
 - Preliminary Title Report
 - Deed of trust or mortgage
 - Note
 - Evidence of insurance (fire insurance and flood insurance if applicable)
 - Personal identification of guarantor and/or borrower (driver's license, passport or other government issued photo identification)
 - Loan agreement (if separate from the Note)
 - Proof of rental income (leases) if applicable
 - P&S agreement, trustee receipt, disbursement letter, or Closing Disclosure (if property acquired in previous 90 days or 180 days if it is a Delayed Purchase)
- If Applicable:**
- Personal guarantee (if legal entity borrower)
 - Certificates of formation/ filed articles of organization/incorporation (if legal entity borrower)
 - Operating agreement / partnership agreement / bylaws (if legal entity borrower)
 - Certificate of good standing from state of organization (if legal entity borrower which was formed more than 12 months prior to origination date)
 - Closing instructions and closing protection letter
 - Spousal consent (if married individual borrower located in a community property state)
 - Environmental Screen Assessment (if an environmental issue is identified on the appraisal)
 - Completed condominium questionnaire (If collateral is part of condominium association)

Aspire DSCR Underwriting Guidelines

Documentation / Underwriting

- Copy of the condominium master insurance policy/certificate (If collateral is part of condominium association)
- For refinance loans, pay off letter and verification of mortgage from the prior lender
- Other documents (inspection reports, explanation letters, etc. if applicable)
- Optional: Term sheet, credit approval, underwriter worksheet, and similar documents

Documentation for Other Owned Properties

- Mortgage statements for properties identified on the borrower's Schedule of Real Estate Owned are required only to the extent necessary to verify or reconcile each property's mortgage payment history.
- Documentation used solely to calculate PITIA—such as tax invoices, homeowner's insurance declarations, or HOA statements—for additional properties is not required.

Experienced Borrower – Eligibility & Documentation

Definition: A Borrower is considered an Experienced Borrower if they meet the following criteria:

- Has owned two (2) or more properties concurrently for a minimum of 12 months within the most recent 36 months; and
- At least one (1) of the properties must be income-producing (residential or commercial)

Documentation Requirements to validate Experienced Borrower status, the borrower must provide at least one document from each category below:

1. Ownership History (to confirm 12-month concurrent ownership):

- Property tax statements
- Mortgage statements
- Deed(s) or title report(s)
- Homeowner's insurance declarations

2. Income-Producing Property Evidence (for at least one property):

- Executed lease/rental agreement
- Rent roll (for commercial or multifamily properties)
- Property management statements
- Business license and income documentation (for owner-operated commercial property)

NOTE: Additional documentation may be accepted at EPM's discretion to support Experienced Borrower eligibility.

Aspire DSCR Underwriting Guidelines

Documentation / Underwriting

Age of Documentation

The following depicts the maximum age of certain documentation prior to the origination date.

All other loan documentation other than what is depicted below must be no more than 90 days seasoned as of the origination date.

If a credit document exceeds the age limit, it must be updated prior to funding of the mortgage loan and such documentation must be incorporated and included in the underwriting of the loan.

Documentation Type	Maximum Age of Documentation
VOM (Listed in the Credit Report)	90 DAYS from the last reported month through note date
VOM (Not listed in the Credit Report)	No more than 60 DAYS from the note date
CREDIT REPORT	No more than 90 DAYS from the note date
OFAC CHECK	No more than 90 DAYS from the note date
BANK STATEMENTS	No more than 90 DAYS from the note date
APPRAISAL	No more than 120 DAYS from the note date
TITLE	No more than 90 DAYS from the note date
CERTIFICATE OF GOOD STANDING	No more than 30 DAYS from the note date
POWER OF ATTORNEY	No more than 90 DAYS from the note date
FLOOD CERTIFICATE	No more than 90 DAYS from the note date
INSURANCE	If expiration is less than 3 months from note date, renewal is required
FLOOD CERTIFICATE	No more than 90 DAYS from the note date

Debt Service Coverage Ratio (DSCR)

- **DSCR Calculation:**
 - Monthly Gross Rental Income divided by monthly PITIA (ITIA for Interest Only loans)
- **Foreign Nationals / Non- Permanent Residents:**
 - 1.25x DSCR
- **Gross Rental Income**
 - Leased property/unit: The lower of in-place rent and market rent from 1007, whichever is lower.
 - Vacant property: 100% of market rent from 1007

Aspire (DSCR) Underwriting Guidelines	
Debt Service Coverage Ratio (DSCR)	<ul style="list-style-type: none"> • PITIA: Total monthly payments of: <ul style="list-style-type: none"> • Monthly mortgage principal and interest payment at time of origination • Monthly property tax payment • Monthly home insurance payment • Monthly HOA payment. • (P) Principal Payment: Fully amortizing loans: The initial monthly principal payment calculated using the initial loan balance and the original interest rate • (I) Interest Payment: The initial monthly interest payment calculated using the initial loan balance and the original interest rate • (T) Real Estate Taxes: Listed on the title policy or current real estate tax bill and converted into a monthly payment • (I) Insurance Premium: Listed on the approved insurance certificate (or other documentation) and converted into a monthly payment • (A) Association Fees: The monthly amount listed on the appraisal or current homeowner association (HOA) statement
LTV Calculation for Refinances	<ul style="list-style-type: none"> • If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame may be based on subject transaction Note date • If the subject property has been owned for less than twelve (12) months, the LTV/CLTV/HCLTV ratios must be based on the lesser of: <ol style="list-style-type: none"> 1. The cost basis (defined as the original purchase price plus documented improvements made after the purchase of the property), --OR-- 2. The current appraised value of the property. <p>Note: Documented improvements must be supported with receipts or equivalent verifiable documentation.</p> <p>The twelve (12) month time frame may be measured from the Note date of the subject transaction.</p>
Seasoning Requirements	<ul style="list-style-type: none"> • For cash out refinances, the property must have been owned for a minimum of six (6) months to be eligible.
Secondary Financing	<ul style="list-style-type: none"> • Not Allowed.
Credit	<ul style="list-style-type: none"> • A credit report is required for every Borrower / Guarantor. The credit report should provide merged credit information from the 3 major national credit repositories.

Aspire DSCR Underwriting Guidelines

Credit

- Credit reports must show sufficient trade lines with activity; the qualifying Borrower must have at least 3 trade lines reporting for 12 months or 2 reporting for 24 months with activity in past 12 months
- Authorized user accounts are not allowed as an acceptable tradeline.
- Non-traditional credit is not allowed as an acceptable tradeline. A valid Social Security number (SSN) is required for all Borrowers/Guarantors on the loan for Foreign Nationals see eligible borrower's section.
- All Fraud Alerts must be properly addressed and resolved prior to closing. The actions must be reasonable and compliant with applicable laws.
 - Examples of fraud alerts include:
 - Initial 90-day Fraud Alert
 - Extended Fraud Alert
 - Active-Duty Alert
 - HAWK Alert
- Qualifying Score for each Borrower / Guarantor is calculated using the lower of two or the middle of three scores.
- The Qualifying Score for the loan will be the lowest Qualifying Score of each Borrower / Guarantor.
- No Borrower/Guarantor shall have:
 - Previous felony convictions, misdemeanor convictions involving fraud, embezzlement , or other similar crimes.
 - Bankruptcies, foreclosures, short sales or other events within the last 24 months.
 - Outstanding liens or unpaid judgements in excess of \$5,000.
 - OFAC listed
- Mortgage Lates:**
 - No more than 1 (one) 30-day mortgage late in past 12 months. 1x30x12
 - 0x30x12 for mortgage for 5–8–unit properties
- Derogatory Credit:**
 - Bankruptcy, Chapter 7, 11, 13
 - Two (2) years since discharge / dismissal date
 - Foreclosure – Two (2) years since completion date
 - Short Sale/Deed-in-Lieu - Two (2) years since completion / sale date
 - Mortgage accounts that were settled for less, modifications, negotiated or short payoffs/Forbearance (due to true hardship) -Two (2) years since settlement date

Aspire DSCR Underwriting Guidelines

Credit

Credit Reports–Frozen Bureaus:

- Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required.
- Credit Refreshes/Rescores: EPM will allow for Credit Score refreshes; however, the closed loan file must include all documentation to support the change in score and still meet sufficient assets as required by the program guidelines.

Outstanding Tax Liens, Collections, Charge-offs:

- Material liens must be paid in full or in satisfactory status (borrower provides evidence of being current on payment plan for minimum of 6 months prior to close).
- All combined Judgements >\$3,000 per the credit report must be paid in full or in satisfactory status (borrower must provide evidence of being current on payment plan for minimum of 6 months prior to close).
- All judgements, tax liens or other material liens >\$10,000 identified on the credit report, fraud report, or title must have proof as satisfied.

Assets

Asset Requirements

Documentation used to verify liquidity must be dated within 60 days of the loan origination date.

When bank statements are used, large deposits must be evaluated. Large deposits are defined as any single deposit that represents more than 50% of the monthly average deposit balance.

Liquidity may be verified from the following sources for the borrower and/or guarantor(s): For purposes of verifying liquidity, any bank, brokerage, retirement, or other statement used must include the following:

- Name of the institution
- Validation of account ownership
 - Borrower(s)/Guarantor(s) name and business name, when applicable
- Account number to include at least three digits of the account number
- Visible and legible dates
- Statements with ALL pages evidencing at least two months consecutive activity
 - Electronic submission such as scans, photos, and faxes are acceptable so long as they are legible and include all of the above criteria
 - Asset verification by a Fannie Mae Asset Validation provider is allowed in lieu of two months statements provided by the borrower. Asset verification must provide 60 days of activity.

Note: Editable forms, such as Microsoft Excel workbooks, are NOT acceptable

Aspire DSCR Underwriting Guidelines			
	Asset Type	% Eligible for Calculation of Funds	Additional Requirements
Assets	Checking/ Savings/Money Market/CDs	100%	• Two (2) months most recent statements.
	Publicly Traded Stocks/Bonds/ Mutual Fun	100%	• Two (2) months most recent statements. Margin account and/or pledged asset balances must be deducted.
	Retirement Accounts (401(k), IRAs etc.)	50%	• Two (2) months most recent statements.
	Cash Value of Life Insurance / Annuities	100% of cash value unless subject to penalties	• Two (2) months most recent statements.
	1031 Exchange	• Allowed for down payment	• Property must be documented and in compliance with IRS code section 1031.
	Business Funds	• Allowed for down payment / closing costs / reserves	• Requires a copy of the full Operating Agreement that details ownership of the entity and access to funds in the entity's bank/brokerage account. -OR- • Requires formal or official documentation from the bank substantiating that the applicant is an authorized signor and has access to business account funds.

Aspire DSCR Underwriting Guidelines

Assets	Accounts held in name of Trust	<ul style="list-style-type: none"> • Allowed for down payment / closing costs / reserves 	<ul style="list-style-type: none"> • Requires copy of the full Trust Agreement that provides beneficiary details and access to funds in the Trust's bank and/or brokerage account -OR- • Requires formal or official documentation from the bank substantiating that the applicant is the beneficiary and has unlimited access to funds in the Trust account • Donor must be family member, future spouse or domestic partner. • Executed gift letter with gift amount and source, donor's name, address, phone number and relationship.
	Gift Funds	<ul style="list-style-type: none"> • Gift funds may be used once borrower has contributed 5% of their own funds. • Gift funds NOT allowed for reserves. 	<ul style="list-style-type: none"> • Must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account. • Acceptable documentation includes the following: <ul style="list-style-type: none"> • Copy of donor's withdrawal slip and borrower's deposit slip. • Copy of donor's check to the closing agent. • A settlement statement/CD showing receipt of the donor's gift check.

Aspire DSCR Underwriting Guidelines				
	Reserve Requirements (# of Months of PITIA)			
Assets	Gurantor	Loan Amount	PITIA Reserves*	
	US Citizen / Permanent Resident	≤ \$1,500,000	• Six (6) months	
		> \$1,500,000	• Nine (9) months	
		≥ \$2,500,000	• Twelve (12) months	
	Foreign Nationals / Non-Permanent Resident / First Time Investors	≥ \$75,000	• Twelve (12) months	
		5-8-unit properties	≤ \$1,500,000	• Six (6) months
			> \$1,500,000	• Nine (9) months
	≥ \$2,500,000		• Twelve (12) months	
		NOTE: Reserve requirements may also be met with twelve (12) months deposit of subject PITIA into escrow reserves account at close.		
Use of Loan Proceeds Permitted for Reserve Requirements				
Escrow Reserves	<ul style="list-style-type: none">• At loan origination, the borrower shall deposit with lender an amount sufficient to pay:<ul style="list-style-type: none">• All property taxes due within 90 days• and Initial insurance premium for a policy expiring within 2 months of loan origination date.• On each monthly payment date, the borrower shall deposit with lender an amount sufficient to pay:<ul style="list-style-type: none">• 1/12 of projected annual property taxes that the servicer estimates will be payable with respect to the property(s) during the next ensuing twelve (12) months,• and an amount equal to 1/12 of the Insurance Premium(s) that servicer estimates will be payable for renewal or replacement of the insurance policies upon the expiration thereof. <p>Note: Subject to traditional and periodic escrow account analysis, performed by the servicer</p>			

Aspire DSCR Underwriting Guidelines

Legal / Insurance Requirements

Title

The following title insurance requirements are applicable to loans purchased:

- Good and marketable fee simple lender's title free of any liens (except for minor or customary liens that can be readily mitigated including taxes not yet due for each property securing the loan) in an amount equal to or greater than the allocated loan amount from a U.S. domiciled title insurer which satisfies the financial ratings guidelines in the Fannie Mae Single Family Selling Guide as available at www.fannie-mae.com (the "Fannie Mae Guidelines")
- Each property must be comprised of at least one (1) parcel which constitutes a separate tax lot and does not constitute a portion of any other tax lot not a part of such property.
- Each property must have adequate rights of access to public utilities, public rights of way and private usage/cross easement rights necessary for proposed operations of the property and/or as required by local zoning regulations (i.e., parking, outdoor areas, etc.)
- Acceptable insurers must be domiciled in the United States and licensed to do business in the state of the subject property/properties.
- Each policy must affirmatively insure against encroachments by any structures located on the property and by any structure located on any adjoining property.
- Standard survey exceptions must be deleted or replaced with a specific survey reading.

Subject Property Insurance

- Each Mortgaged Property must be insured by a fire and extended perils insurance policy and such other hazards as are customary in the area where each Mortgaged Property is located, in an amount not less than the lesser of
 - (i) the principal balance of the Mortgage Loan --and--
 - (ii) the full insurable value of each Mortgaged Property.
- **All loans will require rent loss insurance covering a minimum of 6 months for the subject property for the greater of in place or market rent during disruption.**

Loan Collateral

- First priority mortgage / deed of trust for each property
- First priority blanket assignment and subordination of leases and rents
- Assignment and subordination of property

Condominium

- FNMA Warrantable and Non-Warrantable projects are permitted.

Aspire DSCR Underwriting Guidelines

Legal / Insurance Requirements

- If the project is part of a condominium association, the homeowners' association must maintain a master insurance policy. A certified copy of the Declarations page is required.
- Premiums must be paid as a common expense.
- Hazard insurance for entire condominium project must be verified through review of the following documents:
 - Master Liability Insurance Policy
 - Master Property Insurance Policy
 - Rent-Loss InsuranceH06/Walls-In-Policy
- Condominiums must be covered by an insurance policy which protects against fire, and all other hazards that are normally covered by the standard extended coverage endorsement, --and-- all other perils customarily insured against by similar types of projects, including those covered by the standard "all risk" endorsement.
- Policies covering the common elements for a condominium project must cover all elements except for those that are normally excluded from coverage, such as land, foundation and excavations. Fixtures and building service equipment that are considered part of the common elements, as well as common personal property and supplies, should be covered.
- The "master" or blanket policy covering common elements of a condominium project must cover all of the general and limited common elements that are normally included in coverage such as fixtures, building service equipment, and common personal property and supplies belonging to the homeowner association.
- The condominium owner's association must maintain blanket "all risk" coverage for the following:
 - General and limited common elements within the condominium project
 - Fixtures, machinery, equipment, and supplies maintained for the service of the condominium project
 - Fixtures, improvements, alterations, and equipment within the individual condominium units
- Coverage must be 100% of the insurable value of the common elements or property described above and provide loss or damage settlement on a replacement cost basis.
- The deductible for fire, water (not caused by flooding) or wind damage to the insured improvements may not exceed 5% of the limit maintained for building coverage.

Insurance Policy Endorsements (Condominium projects and PUDs)

- Construction Code Endorsement – if there is a construction code provision that would require changes to undamaged portions of the subject project's building even if only part of the building is destroyed by and insured hazard

Aspire DSCR Underwriting Guidelines

Legal / Insurance Requirements

- Steam Boiler and Machinery Coverage Endorsement – if the project has central heating and cooling. The minimum coverage per accident must be at least equal to the lesser of \$2 million or the insurance value of the building(s) containing the boiler or machinery. Separate stand-alone boiler and machinery coverage may be purchased in lieu of obtaining this endorsement.
- Additionally, policies covering a condominium project should provide that:
 - Insurance trust agreements will be recognized
 - The right of subrogation against unit owners will be waived
 - The insurance will not be prejudiced by any acts or omissions of individual owners that are not under the control of the HOA.
 - The policy will be primary, even if a unit owner has other insurance that covers the same loss

Flood Insurance

- A flood certification is required on all loans. If any property is identified as having special flood hazards (located in an SFHA requiring flood insurance), and flood insurance is available, the borrower must obtain a flood insurance policy meeting the guidelines set forth in the Federal Emergency Management Agency.
- Flood insurance should cover no less than the least of (i) the maximum principal balance of the mortgage loan, (ii) the full insurable value of the mortgaged property, and (iii) the maximum amount of insurance available under the National Flood Insurance Act of 1968.

Required Documentation:

- Flood insurance should generally be in the standard policy form issued under the National Flood Insurance Program.
- The declaration page of the policy is acceptable evidence of flood insurance coverage.

For loans where Flood Insurance is required, the mortgage loan must have one of the following:

- A complete flood insurance policy containing a standard mortgagee clause
- A complete application to the National Flood Insurance Program (NFIP) with evidence that the first-year premium on the policy has been paid

The amount of flood insurance required is the lesser of:

- The unpaid principal balance of the mortgage, -or-
- The maximum amount of coverage available under the NFIP for the type of improvements, -or-
- The replacement cost of the improvements.

Condominiums and PUD Projects:

- For condominium projects, master policy is sufficient if coverage equals either 80% of the replacement -or-
- The maximum insurance available from NFIP per unit (currently \$250,000)

Aspire DSCR Underwriting Guidelines	
Legal / Insurance Requirements	<ul style="list-style-type: none"> • For PUD units, master policy must cover any common element buildings and any other common property located in an SFHA. • The unit allocation from the master policy must meet the one-to-four-unit coverage requirements. • The same flood insurance for individual PUD units that is required for other one-to-four-unit properties • If coverage amount does not meet one of the above criteria, the borrower must obtain an individual dwelling policy to cover the deficiency.
Eligible Properties	<ul style="list-style-type: none"> • Single Family Residences • 2-4 Unit Residences • 5–8-unit properties residential • Condominiums (Fannie Mae Warrantable and Non-Warrantable)
Ineligible Properties	<ul style="list-style-type: none"> • Manufactured, modular or mobile homes (properties with VIN numbers or otherwise not attached to a permanent foundation) • Cooperatives • Properties subject to a ground lease • 9+ Unit properties • Raw land, working farms, or ranches • Properties subject to purchase options • Vacant land or land development properties • Acreage greater than 10 acres • Single family properties with less than 675 square feet of living area • Properties which are not in compliance with local zoning regulations (including as reflected on the appraisal or residential evaluation) • Properties with known adverse environmental conditions (other than lead paint, radon, or asbestos in each case which do not present a health hazard, do not require remediation and have been verified contained per EPA guidelines prior to funding) • Properties with underground oil tanks are not permitted without environmental assessment. • Total or partially condemned property (including threatened or pending eminent domain) • Mixed use properties • Assisted living facilities

Aspire DSCR Underwriting Guidelines	
Ineligible Properties	<ul style="list-style-type: none"> • Log homes • Houseboats • Boarding houses • Dome or geodesic homes • Homes on Indian reservations • Single family condominiums of less than 480 square feet or 2–4-unit multifamily residences of less than 480 square feet on average for each residential living unit • Property occupied by Borrower/Guarantor, or any member of the borrowing entity • Properties with deed restrictions. They may only be approved on a case-by-case exception basis (e.g., age-restricted communities) • Cross Collateralized properties • Appraisals that are made “subject to” are not eligible • Properties not in lease ready condition • Properties with C-5 or C-6 ratings • No Rural Locations – As defined by the USDA Rural Designation website: https://www.fns.usda.gov/rural-designation
Prepayment Penalty	<p>Prepayment penalty is not allowed in the following states:</p> <ul style="list-style-type: none"> • New Mexico • Ohio • Delaware • Kansas <p>EPM will allow the following PPP structures in all other states not listed below with state specific guidance</p> <ul style="list-style-type: none"> • Hard • Soft • Max 5 yr term • 3yr fixed term 6mo interest • Fixed PP term • Stepdown fee structure <ul style="list-style-type: none"> ○ 5-year penalty with 5%, 4%, 3%, 2%, 1% stepdown fee structure; OR ○ 4-year penalty with 4%, 3%, 2%, 1% stepdown fee structure; OR ○ 3-year penalty with 3%, 2%, 1% stepdown fee structure; OR ○ 2-year penalty with 2%, 1% stepdown fee structure; OR ○ 1-year penalty with 1% fee

Aspire DSCR Underwriting Guidelines

Prepayment Penalty

State Specific PPP

- Illinois:
 - Maximum interest rate less than 8%.
 - Cook County- Allowed with loan amount greater than \$250,000 and max interest rate of 8%.
- Maryland:
 - Loan amounts greater than \$75,000.
- Michigan:
 - Allowed with maximum 3-year PPP term and 1% PPP on unpaid balance.
- New Jersey:
 - Allowed only for loans closed in an LLC or LP.
- Pennsylvania:
 - Allowed on 1-2 Units with loan amounts greater than applicable state limit (41 PA Const. Stat. Ann. Sect 101). This value will adjust annually and will need to be adjusted for.
 - Allowed on 3-4 units with no loan amount restrictions.
- Rhode Island:
 - Allowed with maximum 1 year PPP term and a 2% PPP on unpaid balance.
- Virginia:
 - Loan amounts less than \$75,000 1% PPP on unpaid balance.

Non-Arm's Length Transactions

- **Non-Arm's Length Transactions are not permitted**

Appraisal Requirements

First Lien Amount	Appraisal Requirements
≤ \$2,000,000	1 Full Appraisal
> \$2,000,000	2 Full Appraisals

- **Accurate valuations and market rent estimates are required on all loans.**
 - Sellers must obtain a current (120 days of loan closing) valuation and market rent estimates of the property.
 - Market rent estimates included in the appraisals for long-term rentals, must be on the applicable form required by Fannie Mae Guidelines. Currently those forms are FNMA 1007 (1 Family) or FNMA 1025 (2-4 Family).
- NOTE:** *Specialized use rental rates are not acceptable for use as market rent.*

Aspire DSCR Underwriting Guidelines

Appraisal Requirements

- Transferred Appraisals allowed with the following requirements:
 - Copy of appraiser's license
 - Copy of appraiser's E&O insurance declaration page
 - AIR Certification from the AMC who facilitated the order
 - Assignment letter from previous lender
- 5-8 residential: FHLMC 71A or FNMA 1050 or similar short form used to appraise 5+ unit residential properties
- If multiple valuations are ordered (i.e., two appraisals), the lowest value must be used.
- All properties: The appraisal must be on the applicable form required by the Fannie Mae Guidelines for 1-4 family properties. Currently those forms are FNMA 1004/FH 70 (1 Family), FNMA 1073/FH 465 (Individual Condo) or FNMA 1025/FH 72 (2-4 Family).
 - 5-8 Unit Properties: The following attachments are required:
 - 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
 - Appraiser qualifications

Secondary Valuation

- A secondary valuation is required to support the appraised value.
- Acceptable products by approved providers include:
 - Collateral Desk Review (CDA) or Consolidated Collateral Analysis (CCA)
 - If CDA/CCA variance exceeds 10%, second full independent appraisal required
 - Second Full Appraisal (appraisals must be completed by different, independent appraisers and the lower of the two appraised values used to determine value)
 - 5-8-unit properties will require a commercial BPO as secondary support
- Clear Capital or Consolidated Analytics should be used for all (CDA)/(CCA) products

Aspire DSCR Underwriting Guidelines	
FEMA Disaster Declaration	<p>Disaster Areas:</p> <ul style="list-style-type: none"> • Appraisals Completed Prior to State of Emergency or Disaster <ul style="list-style-type: none"> • An exterior inspection of the subject property is required. • The inspector should provide a statement indicating if the property is free from any damage, is in the same condition from the previous inspection. • Inspection report must include photographs of the subject property and street view. • Any damage must be repaired and re-inspected prior to purchase. • Appraisals Completed After the State of Emergency or Disaster <ul style="list-style-type: none"> • Appraiser must comment on the adverse event and certify that there has been no change in the valuation. • Any existing damage notated from the original report must be repaired and re-inspected prior to purchase
Property Management	<ul style="list-style-type: none"> • Borrowers that intend to self-manage the property must meet at least one of the following requirements: <ul style="list-style-type: none"> • Have three (3) years of experience managing income producing properties. • Have a certification or proof of equivalent coursework in real estate property management. • First Time Investors permitted with a 680 minimum FICO, max LTV is 70%, minimum 12 months reserves. • All properties are required to be in lease ready condition with no renovations or repairs required. • Appraisals that are made “subject to” are not eligible. • Properties must have a property condition rating of C-1 to C-4 as reflected in the appraisal. • No Fair or Poor ratings • Properties must have a quality rating of Q1-Q5 as reflected in the appraisal. • Deferred maintenance items identified in 3rd party reports: <ul style="list-style-type: none"> • Are not to exceed 3% of the value of the subject property and must be cured prior to closing.
Occupancy Requirements	<p>Occupancy Requirements</p> <ul style="list-style-type: none"> • Borrowers are required to sign a business purposes affidavit/certification that confirms the property is not owner occupied. <ul style="list-style-type: none"> • If unable to provide a business purpose affidavit or non-owner occupancy certificate, documentation reflecting the business purpose must be obtained. • Purchase transactions: <ul style="list-style-type: none"> • 1- 4-unit property may be vacant at origination.

Aspire DSCR Underwriting Guidelines	
Occupancy Requirements	<ul style="list-style-type: none"> • Single family properties are not required to be leased at the time of origination. • If there is an existing lease on the property that is being transferred to the borrower, it must be verified that the lease does not contain any provision impacting Lender's first lien position of the property. • Refinance transactions: <ul style="list-style-type: none"> • Single family properties must be leased at the time of closing and the borrower must provide evidence that the property has been leased. • For 1-4-unit properties, there shall be no more than one vacant unit at origination and any vacant unit must provide evidence of a recent lease within the last two (2) months. • 5-8 units- No more than 2 vacancies on 5+ Units.
Lease Requirements	<p>Leased / Unleased Properties</p> <ul style="list-style-type: none"> • Leased Properties are defined as those with: <ul style="list-style-type: none"> • A currently active lease with a minimum initial term of 12 months, between unrelated parties • A lease with a start date within 30 days of closing date and proof of receipt of security deposit and tenant application OR executed lease • Month-to-Month leases are permitted but must be in place for at least two (2) months prior to origination • Vacation or seasonal rentals <ul style="list-style-type: none"> • Refer to short term rental section (Airbnb/ VRBO) • Leased Units: <ul style="list-style-type: none"> • Lower of in-place rent and market rent from 1007. • Proof of receipt of security deposit for new lease required. • Unleased Units: <ul style="list-style-type: none"> • 100% of market rent from 1007. • Unleased Properties are defined as those with: <ul style="list-style-type: none"> • No Current Tenant/Vacant • Unleased property LTV overlay: <ul style="list-style-type: none"> • 5% LTV reduction on Refinance transactions <p>Lease Requirements</p> <ul style="list-style-type: none"> • All leases must be third party leases with no members of the borrower or borrower's family members leasing or occupying the property. (Eligible Tenant) • Must be executed by both and Eligible Tenant and the borrower(s) (as landlord(s)) • Each leased property must be used for residential purposes. • No individual room leases, Single Room Occupancy (SRO), or boarder leases permitted. • Leases must be in U.S. dollars.

Aspire DSCR Underwriting Guidelines	
Lease Requirements	<ul style="list-style-type: none"> • No commercial use allowed. • No purchase or sale-leaseback options are permitted. • No cash-for-deeds. • No leases with a term of >3 years. • Lease must have an initial term of at least 12 months. • Month-to-month leases are acceptable and are considered valid leases- all month-to-month leases must have proper roll over clauses or roll over must be fully documented. <p>NOTE: Tenant must not have requested forbearance or missed any rent payments by 30 days or more.</p> <ul style="list-style-type: none"> • Vacation or seasonal rentals – refer to short term rental section (Airbnb/ VRBO)
Short Term Rentals	<ul style="list-style-type: none"> • Short term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis. • Appraisal report must include similar short-term rentals for market rent comparison <p>• DSCR Calculation:</p> <ul style="list-style-type: none"> • Monthly gross rental income based up on a 12-month average to account for seasonality required • Gross Rental Income reduced by 20% to reflect extraordinary costs (i.e., advertising, furnishings, cleaning) associated with operating short-term rental property • $(\text{Gross Rents} * 0.80) \text{ divided by PITIA} = \text{DSCR}$ <p>• Gross rental income determined by any of the following methods:</p> <ul style="list-style-type: none"> • A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting similar short-term market rents, <p style="text-align: center;">--OR--</p> <ul style="list-style-type: none"> • A most recent 12-month rental history statement from the third-party rental/management service. • The statement must identify the subject property, rents collected for the previous 12 months, and all vendor management fees. The underwritten rental income will exclude all vendor or management fees, <p style="text-align: center;">--OR--</p> <ul style="list-style-type: none"> • The most recent 12-month bank statements from the borrower evidencing short term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits, <p style="text-align: center;">--OR--</p> <ul style="list-style-type: none"> • AIRDNA Rentalizer and Overview reports, which must meet the following requirements (www.airdna.co): • Rentalizer <ul style="list-style-type: none"> • Only allowed for purchase transactions • Forecast Period must cover 12 months from the Note date

Aspire DSCR Underwriting Guidelines	
Short Term Rentals	<ul style="list-style-type: none"> • The occupancy rate must be > 60% • Must have five (5) comparable properties, all within the same ZIP code • Must be similar in size, room count, amenities, availability, and occupancy • Overview report <ul style="list-style-type: none"> • Market grade by zip code • Must be 60 or greater • Income calculation • Annual revenue / 12 • When short term rental income is documented using multiple sources, the lowest source of monthly income is to be utilized for calculating DSCR. • Maximum LTV – 80% • Not allowed on 5–8-unit properties
Condominiums	<p>Condominiums- Must be Fannie Mae Warrantable</p> <ul style="list-style-type: none"> • Maximum concentration in any one condominium project is 20%. • All condo questionnaires must be on either a FNMA 1076 or FHLMC full form • See Legal/Insurance requirements for condominiums section
Non-Warrantable Condominiums	<p>Only two (2) non-warrantable features are allowed and LTV/CLTV must be 5% below product/program maximum for a purchase or refinance</p> <p>For example, if borrower qualifies for a loan at 80% LTV based on transaction, FICO score, debt service coverage ratio and reserves, then the maximum allowed would be 75%:</p> <p>Non-warrantable condominiums are eligible based on the following characteristics.</p> <ul style="list-style-type: none"> • Maximum LTV/CLTV/HCLTV is 80% • Commercial Space - Commercial space includes space above and below grade. Commercial space must be compatible with the residential use of the project. For example, restaurants, small shops, business offices, small market/grocery store that complement the neighborhood. <ul style="list-style-type: none"> • Maximum 50% commercial space allowed. • Maximum ownership by one (1) entity is 35% for projects with more than ten (10) units. <ul style="list-style-type: none"> • Units owned by the developer, sponsor, or succeeding developer that are vacant and being actively marketed for sale are not included in the calculation. • Units currently leased must be included in the calculation. • For projects with ten (10) units or less, Fannie Mae guidelines apply for the number of units owned by one (1) entity and would not be considered non-warrantable.

Aspire DSCR Underwriting Guidelines

Non-Warrantable Condominiums

- **Presale** – New projects or converted projects (as defined by Fannie Mae) must have at least 30% of the units sold or under contract to owner occupants or second home purchasers for the subject phase; common areas/amenities must be complete for the subject phase.
 - **Budget** – for projects with line item for replacement reserves of less than 10%
 - Less than 10% but greater than 7% replacement reserves allowed if current reserve balance exceeds 10% of operating expenses
 - Less than 7% replacement reserves allowed if current reserve balance exceeds 20% operating expenses
 - Project balance sheet must be provided and within 120 days of the Note date.
 - **Investor Concentration**– For investment property transactions in established projects at least 50% of the total units in the project must be conveyed to primary residence or second home purchasers. Exceptions allowed case by case to this percentage.
The subject legal phase and any other prior legal phases in which units have been offered for sale are substantially complete (common elements complete and units complete subject to selection of buyer upgrades/preference items).
 - All other Fannie Mae condo requirements met
 - Loan must be locked as a non-warrantable condominium with applicable pricing adjustments applied.
- Loans outside of these parameters with strong compensating factors may be considered on an exception basis.*

Non-Warrantable Condotel

- Condotel Projects - LTV/CLTV must be 10% below product/program maximum.**
For example, if borrower qualifies for a loan at 80% LTV based on FICO score, loan amount and reserves, then the maximum allowed would be 70%:
- Maximum loan amount is \$1,500,000**
Maximum LTV/CLTV/HCLTV is 80%
- No fractional ownership allowed in the project
 - Project must have no more than 50% investor concentration
 - Commercial space limited to 50%
 - Commercial space does not need to include square footage from parking garage
 - Commercial space including the units that are part of a rental pool, max 75% commercial space
 - Minimum square footage of 500 square feet and unit must have a fully functioning kitchen

Aspire DSCR Underwriting Guidelines	
Non-Warrantable Condotels	<ul style="list-style-type: none"> • Housekeeping, front desk, card key access and daily rentals allowed • When there is a membership included as part of the purchase, the membership dues must be included in the qualifying DTI. Membership dues can be for public or private and include dues for common area, golf course, pool and club house maintenance. • Appraisal must include similar condotel comps • Loan must be locked as a condotel with applicable pricing hits applied.