

# N2F - NonQM - DSCR

**12 MO Housing 0x60 - Minimum FICO 620 - Max LTV 80% - BK/FC/SS/DIL 24 MO - Loan Amounts to \$3.5 Million!**

## 30 Day Pricing

Rate	5/6 ARM	30yr Fixed
7.625	97.075	96.925
7.750	97.700	97.550
7.875	98.325	98.175
7.999	98.950	98.800
8.125	99.325	99.175
8.250	99.700	99.550
8.375	100.075	99.925
8.500	100.450	100.300
8.625	100.825	100.675
8.750	101.200	101.050
8.875	101.575	101.425
8.999	101.950	101.800
9.125	102.325	102.175
9.250	102.700	102.550
9.375	103.075	102.925
9.500	103.450	103.300
9.625	103.825	103.675
9.750	104.200	104.050
9.875	104.575	104.425
10.000	104.950	104.800
10.125	105.325	105.175
10.250	105.700	105.550
10.375	106.075	105.925
10.500	106.450	106.300
10.625	106.825	106.675
10.750	107.200	107.050
10.875	107.575	107.425

Additional Products	
7/6 ARM	See Optimal Blue
10/6 ARM	
15 Year Fixed	

Add to 30 year Price

## DSCR Base Pricing

FICO/CLTV	<=50	55%	60%	65%	70%	75%*	80%*
760 +	1.625	1.250	1.125	0.750	0.125	-0.250	-1.500
740 -759	1.500	1.125	1.000	0.625	-0.125	-0.500	-2.000
720-739	1.250	0.875	0.750	0.375	-0.375	-0.750	-2.375
700-719	0.625	0.250	0.125	-0.250	-1.000	-1.375	-3.000
680-699	0.250	-0.125	-0.125	-0.625	-1.375	-2.250	NA
660-679	0.000	-0.375	-0.625	-1.125	-1.875	-4.000	NA
640-659	-2.000	-2.375	-2.750	-3.375	-3.875	NA	NA
620-639	-2.875	-3.250	-3.625	-4.250	-4.750	NA	NA

\* Maximum LTV in CT, IL and NJ 75%, Purchase, 70% all refinances

## DSCR Adjustments

DSCR	<=50	55%	60%	65%	70%	75%*	80%*
>=1.25	0.375	0.375	0.375	0.375	0.375	0.375	0.375
1.00-1.24	0.000	0.000	0.000	0.000	0.000	0.000	0.000
.75-.99	-1.000	-1.000	-1.000	-1.250	-1.500	-1.750	NA
<.75	-2.000	-2.000	-2.000	-2.250	-2.250	-2.750	NA

## Additional Loan Level Price Adjustments

Rate Adjustments	<=50	55%	60%	65%	70%	75%	80%
Housing History 0x60x12	-0.250	-0.250	-0.250	-0.250	-0.250	-0.250	NA
Housing Event ≥ 36 Months	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Housing Event 24 - 36 Months	-0.250	-0.250	-0.250	-0.250	-0.375	-0.375	NA

Cash-Out Refi & FICO ≥ 700	-0.375	-0.375	-0.375	-0.500	-0.500	-1.000	NA
Cash-Out Refi & FICO < 700	-0.500	-0.500	-0.500	-0.500	-0.750	-1.250	NA

Condo	-0.125	-0.125	-0.125	-0.250	-0.250	-0.250	NA
Condotel	-1.375	-1.375	-1.375	-1.375	-1.375	-1.375	NA
2-4 Unit	-0.500	-0.500	-0.500	-0.500	-0.625	-0.750	NA

5% Fixed PPP	<=50	55%	60%	65%	70%	75%	80%	Max Price
60 Months	0.875	0.875	0.875	0.875	1.000	1.000	1.000	103.000
48 Months	0.625	0.625	0.625	0.625	0.750	0.750	0.750	103.000
36 Months	0.375	0.375	0.375	0.375	0.375	0.375	0.375	103.000
24 Months	-0.375	-0.375	-0.375	-0.375	-0.500	-0.500	-0.500	102.500
12 Months	-1.125	-1.125	-1.375	-1.375	-1.625	-1.625	-1.625	100.000
No Penalty	-1.750	-1.750	-2.000	-2.000	-2.250	-2.250	-2.250	99.000

PPP not allowed in: AK, KS, MI, MN, NM, OH and RI, IL or NJ vested to individuals, PA with loan Amt <\$248,204. MS allows only declining PPP structures

Lock Period	Lock Price
15 Days	0.150
30 Days	0.000
45 days	-0.150
5 Day Extension	-0.125
Lock Desk Closes at 3pm PST - M-F	
Pricing Subject to Change	

Other Information	
Origination Fee	\$1,295
Min / Max Loan Size	\$100k to \$3.5 Million
Min / Max Buy Price	98.00 / See PPP Section
ARM Index / Margin	SOFR 30 Avg / 6.5
5yr ARM Cap Reset	2 / 1 / 5
7yr & 10yr ARM Cap	5 / 1 / 5
Reset Frequency	6 Mo

Rate Adjustments	<=50	55%	60%	65%	70%	75%	80%
<=\$150,000**	-1.000	-1.000	-1.125	-1.125	-1.125	-2.000	-2.000
\$150,001 - \$250,000	-0.500	-0.500	-0.500	-0.500	-0.500	-0.500	-0.500
\$250,001 - \$1,000,000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$1,000,001 - \$1,500,000	0.600	0.600	0.600	0.600	0.600	0.600	NA
\$1,500,001 - \$2,000,000	0.350	0.350	0.225	0.225	0.100	-0.025	NA
\$2,000,001 - \$2,500,000	0.475	0.475	0.350	0.225	0.100	NA	NA
\$2,500,001 - \$3,000,000	-0.025	-0.025	-0.025	-0.150	-0.275	NA	NA
\$3,000,001 - \$3,500,000	-0.400	-0.400	-0.400	-0.525	-0.650	NA	NA
40 Year Maturity	-0.250	-0.250	-0.250	-0.250	-0.250	-0.375	NA
Interest Only	-0.250	-0.250	-0.250	-0.250	-0.375	-0.500	NA

\* Qualifying Rate: All ARMs qualified at the Greater of the Fully Indexed Rate or Note Rate. \* 40 Yr Term requires 10 Yr IO (Not available as 40 Yr amortizing)

Escrow Waiver *	-0.250	-0.250	-0.250	-0.250	-0.250	-0.250	-0.250
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\* 720 Min Score Required

\*\* Loan Balance under \$150k require a DSCR of Greater than or equal to 1.50 | Max LTV/CLTV: Purchase 70%, any Refinance 65%

## Making NonQM EASY!

- ✓ Short Term Rentals Allowed
- ✓ Loan Amounts to \$3,500,000
- ✓ Credit Event as little as 24 months
- ✓ Condo Hotel Eligible
- ✓ First time Investors Eligible
- ✓ Credit Scores as low as 660
- ✓ Cash in hand up to \$1 Million dollars
- ✓ 40 Year Terms
- ✓ Interest Only Available
- ✓ Gift funds allowed
- ✓ Housing Event 12 Months
- ✓ Cash Out as Reserves - OK!
- ✓ Vacant properties eligible
- ✓ Easy Trade-Line Requirements

**All price and rate adjustments are cumulative, Rates & Terms are subject to change without notice. Refer to product guide for eligibility**



## N2 FUNDING NONQM DSCR PROGRAM MATRIX

Single Investment Property				
Maximum LTV/CLTVs		>= 1.00		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
720+	<=1,000,000	80	75	75
700- 719	<=1,000,000	80	75	75
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,000,000	70	65	65
	2,000,001 – 3,500,000	70	NA	NA
660 - 699	<=1,000,000	75	70	70
	1,000,001 – 1,500,000	75	70	70
	1,500,001 – 2,000,000	70	65	65
	2,000,001 – 3,000,000	65	NA	NA
620 - 659	<=1,000,000	70	65	65
	1,000,001 – 1,500,000	65	NA	NA
	1,500,001 – 2,000,000	65	NA	NA
	2,000,001 – 3,000,000	60	NA	NA
Maximum LTV/CLTVs		< 1.00		
720+	<=1,000,000	75	70	70
700- 719	<=1,000,000	75	70	70
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	NA	NA
660 - 699	<=1,000,000	70	65	65
	1,000,001 – 1,500,000	70	65	65
	1,500,001 – 2,000,000	65	60	60
	2,000,001 – 3,000,000	60	NA	NA
Housing History		Credit Event Seasoning		Investor Experience
<ul style="list-style-type: none"> <li>1x30x12 – No reduction</li> <li>0x60x12 – Max 70% LTV Purchase &amp; Max 65% LTV Rate/Term &amp; Cash-out</li> </ul> <p><b>Living Rent Free:</b> not eligible <b>Renter:</b> Must have 12 months housing history.</p> <p>Forbearance, Mod, or Deferrals (see Housing History below)</p>		<p>BK/FC/SS/DIL:</p> <ul style="list-style-type: none"> <li>&gt;=36 Mo – No reduction</li> <li>&gt;=24 Mo – Max 75% LTV Purchase &amp; Max 70% LTV Rate/Term &amp; Cash-out</li> </ul>		<p><b>Experienced Investor:</b> Borrower 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 not meeting the experienced investor criteria.</p> <ul style="list-style-type: none"> <li>First Time investors eligible subject to the following restrictions:                             <ul style="list-style-type: none"> <li>Min credit score: 680</li> <li>Max LTV: 75%</li> <li>No mortgage late payments during the past 36 Mo</li> <li>&gt;= 36 Mo from any credit event</li> <li>Cash-out not eligible</li> </ul> </li> <li><b>First Time Home Buyer not eligible</b></li> </ul>
State Restrictions	CT, IL, NJ: Max LTV: 75% Purchase, 70% all refinances		Unleased Properties	
HI, NY, RI, UT, Puerto Rico, Guam, & the US Virgin Islands not eligible		All refinances: If appraisal reflects any unit vacant, Max LTV 70% for DSCR >= 1.00 and Max LTV 65% for DSCR < 1.00		
General Requirements				
Product Type	Fixed Rate Terms: 15, 30, 40-years; 5/6 ARM, 7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature)			
Interest Only	• Min Credit Score: 660		• Max LTV: 75%	
Loan Amounts	• Min: 100,000		• Max: 3,500,000	
Loan Amt < 150K	Max LTV/CLTV: Purchase 70%, any Refinance 65% (Min DSCR 1.50)			
Loan Purpose	Purchase, Rate/Term, and Cash Out			
Occupancy	Investment			
Property Type	Single Family, Attached, Detached: No restrictions Rural: Not eligible		2-4 Units, Condominium: Max LTV/CLTV Purchase – 75%, Refinance – 70%	
Acreage	Property up to 2-acres, not meeting the rural definition, eligible			
Cash-In-Hand	<ul style="list-style-type: none"> <li>Max cash-in-hand:                             <ul style="list-style-type: none"> <li>LTV ≥ 65% - \$500,000</li> <li>LTV &lt; 65% - \$1,000,000</li> <li>Total equity withdrawn cannot exceed above limits</li> </ul> </li> </ul>			

Date: 09/16/2022

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## N2 FUNDING NONQM DSCR PROGRAM MATRIX – continued

General Requirements - Continued	
<b>Appraisals</b>	FNMA Form 1004, 1025, 1073 with interior/exterior inspection. Appraisal review product required unless 2 <sup>nd</sup> appraisal obtained. 2 <sup>nd</sup> Appraisal required for loans > \$2,000,000.
Income Requirements	
<b>Income</b>	<ul style="list-style-type: none"> <li>• <b>Long-Term Rental Documentation and DSCR Calculation</b> <ul style="list-style-type: none"> <li>○ Purchase Transactions: <ul style="list-style-type: none"> <li>▪ Rents determined by FNMA Form 1007 or 1025 reflecting long term market rents. If subject property currently tenant occupied, the 1007 or 1025 must include the current monthly rent.</li> <li>▪ Vacant or unleased properties are allowed without LTV restriction.</li> </ul> </li> <li>○ Refinance Transactions: <ul style="list-style-type: none"> <li>▪ Rents determined by FNMA Form 1007 or 1025 reflecting long term market rents, and least agreement;</li> <li>▪ If lease converted month to month, then provide most recent two (2) months proof of receipt to evidence continuance of lease.</li> <li>▪ Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025. If using a higher monthly 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 or 1025.</li> <li>▪ Vacant or unleased properties are allowed, and the maximum LTV allowed is reduced by 5%.</li> </ul> </li> <li>○ DSCR Calculation: <ul style="list-style-type: none"> <li>▪ Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios.</li> <li>▪ Gross rents divided by PITIA = DSCR</li> </ul> </li> </ul> </li> <li>• <b>Short-Term Rental (e.g., Airbnb, VRBO, FlipKey) Documentation and DSCR Calculation</b> <p>Short-term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis.</p> <p>Short-Term Rental Income – Purchase and Refinance Transactions:</p> <ul style="list-style-type: none"> <li>○ A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is &gt;= 1.00</li> <li>○ When the DSCR is &lt; 1.00, the sub-1.00 DSCR Eligibility Matrix must be used.</li> <li>○ DSCR Calculation: <ul style="list-style-type: none"> <li>▪ Monthly gross rents based upon a 12-month average to account for seasonality required.</li> <li>▪ 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.</li> <li>▪ (Gross Rents * .80) divided by PITIA = DSCR.</li> </ul> </li> <li>○ Any of the following methods may be used to determine gross monthly rental income: <ul style="list-style-type: none"> <li>▪ A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.</li> <li>▪ A most recent 12-month rental history statement from the 3<sup>rd</sup> party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees.</li> <li>▪ 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. <ul style="list-style-type: none"> <li>▫ AIRDNA Rentalizer and Overview reports must meet the following requirements: <ul style="list-style-type: none"> <li>▪ Rentalizer <ul style="list-style-type: none"> <li>▫ Only allowed for purchase transaction</li> <li>▫ Forecast period must cover 12 months from the Note date</li> <li>▫ The occupancy rate must be &gt; 65%</li> <li>▫ Must have six (6) comparison properties</li> <li>▫ Must be within two (2) miles of subject property.</li> <li>▫ Must be similar in size, room count, amenities, availability, and occupancy</li> </ul> </li> <li>▪ Overview Report <ul style="list-style-type: none"> <li>▫ Market grade by zip code</li> <li>▫ Must be B or greater</li> </ul> </li> <li>▪ Income Calculation <ul style="list-style-type: none"> <li>▫ Annual revenue / 12</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> </ul> </li></ul>

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## N2 FUNDING NONQM DSCR PROGRAM MATRIX – continued

Underwriting Requirements							
<b>Credit Score</b>	Middle of 3 scores or lower of 2	<b>Tradelines</b>	Min: 2 reporting 24-months w/activity in last 12- months or 3 reporting 12-months w/recent activity				
<b>Assets</b>	Min of 30-days asset verification required	<b>Reserves</b>	<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 &gt; \$2.5M: 12-months of PITIA</li> <li>• Cash out may be used to satisfy requirement</li> </ul>				
<b>Gift Funds</b>	Allowed after min 10% borrower contribution	<b>Document Age</b>	90-days				
<b>Prepayment Penalty - Investment Property Only</b>	<ul style="list-style-type: none"> <li>• 5% Fixed percentage</li> </ul>		<ul style="list-style-type: none"> <li>• Prepayment periods up to 5-Years eligible, see rate sheet</li> <li>• Penalties not allowed in AK, KS, MI, MN, NM, OH, and RI</li> <li>• Penalties not allowed on loans vested to individuals in IL and NJ</li> <li>• Penalties not allowed on loan amounts less than \$278,204 in P</li> </ul>				
<b>Housing History</b>	Forbearance, Modification, or Deferrals are considered under housing payment history. <ul style="list-style-type: none"> <li>• <b>Greater than 12 Months from Note Date:</b> Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated greater than 12 months from the Note date of the subject transaction and having a 0x30x12 Housing History are allowed under all programs including ELITE.</li> <li>• <b>Within 12 Months of Note Date:</b> <ul style="list-style-type: none"> <li>○ Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated within 12 months of the Note date of the subject transaction are <b>not eligible</b> under ELITE and/or DSCR.</li> </ul> </li> </ul>						
Miscellaneous							
<b>Broker License Requirements by State</b>	The following is a list of states where N2 Funding is licensed and does not require the Broker / Loan Officer to be licensed in order to submit DSCR Loans. <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• Alabama</li> <li>• Alaska</li> <li>• Arkansas</li> <li>• Colorado</li> <li>• Connecticut</li> <li>• Delaware</li> </ul> </td> <td style="width: 25%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• District of Columbia</li> <li>• Florida</li> <li>• Georgia</li> <li>• Illinois</li> <li>• Indiana</li> <li>• Kansas</li> </ul> </td> <td style="width: 25%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• Kentucky</li> <li>• Louisiana</li> <li>• Maryland</li> <li>• New Jersey</li> <li>• Ohio</li> <li>• Oklahoma</li> </ul> </td> <td style="width: 25%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• Pennsylvania</li> <li>• South Carolina</li> <li>• Texas</li> <li>• Washington</li> <li>• Wisconsin</li> </ul> </td> </tr> </table> <p>NOTE: Loans meeting this category require manual submission.</p>			<ul style="list-style-type: none"> <li>• Alabama</li> <li>• Alaska</li> <li>• Arkansas</li> <li>• Colorado</li> <li>• Connecticut</li> <li>• Delaware</li> </ul>	<ul style="list-style-type: none"> <li>• District of Columbia</li> <li>• Florida</li> <li>• Georgia</li> <li>• Illinois</li> <li>• Indiana</li> <li>• Kansas</li> </ul>	<ul style="list-style-type: none"> <li>• Kentucky</li> <li>• Louisiana</li> <li>• Maryland</li> <li>• New Jersey</li> <li>• Ohio</li> <li>• Oklahoma</li> </ul>	<ul style="list-style-type: none"> <li>• Pennsylvania</li> <li>• South Carolina</li> <li>• Texas</li> <li>• Washington</li> <li>• Wisconsin</li> </ul>
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