



Sequoia DSCR 5-8 Units				
LTV/CLTV MATRIX – Investment Property				
Loan Amount	Credit Score	>= 1.00 DSCR		
		Purchase	Rate & Term	Cash-Out
≤ \$1,500,000	700	75%	70%	70%
	660	70%	65%	65%
≤ \$2,000,000	700	70%	65%	65%
	660	65%	60%	60%

  

Sequoia DSCR 5-8 Units				
Available Products	Product	Qualifying Rate	Term	I.O. Term
	15 Year Fixed	Note Rate	180	N/A
	30 Year Fixed	Note Rate	360	N/A
	30 Year Fixed I.O.	Note Rate	360	120
	40 Year Fixed I.O.	Note Rate	480	120

  

Prepayment Penalty	5% PPP Program - Prepayment penalty charge is 5.000% of the amount prepaid PPP Not Allowed in the following states: - DC, Minnesota, North Carolina PPP Allowed in the following states w/ restrictions: - New Jersey: Allowed only if closing in LLC or Corp
Minimum Loan Amount	\$400,000
Interest Only	Allowed at all LTV's
Secondary Financing	Allowed - See LTV/CLTV grid Junior financing must meet the requirements as defined by Fannie Mae Junior financing used for purchase or fixed 2nd's seasoned for 12 months can be paid off for transaction to be considered rate & term If junior financing is a HELOC, total draws within previous 12-months cannot exceed the lesser of 2% or \$5,000 to be considered rate & term
PACE / HERO Loans	Follow FNMA Any energy efficiency-based liens, like PACE or HERO, when paid off through loan proceeds, the transaction is treated like a rate & term Cannot be subordinated



Property Type	Residential 5-8 units
Cash-Out	Max cash-out \$1,000,000
LTV Determination	Rate & Term - use current appraised value Cash-Out owned >= 12 months - use current appraised value Cash-Out owned < 12 months - use lesser of acquisition cost or appraised value
Delayed Financing	Properties purchased with cash within the past six (6) months (measured from the purchase date of the property to the disbursement date of the new loan) are eligible for a cash-out refinance Cash-out equity withdrawal not restricted to guideline maximums Follow Fannie Mae requirements
<b>Borrower Requirements</b>	
Eligible Borrowers	US Citizens and Permanent Resident Alien - No restrictions  Non-Permanent Resident Alien - 70% Max LTV - Gift funds not allowed
Non-Permanent Resident	Borrower with the following visa types are eligible with no restrictions: E Series (E-1, E-2, E-3), EB-5, G Series (G-1, G-2, G-3, G-4, G-5), H Series (H-1B), L Series (L-1B), NATO Series (NATO 1=6), O Series (O-1), R-1, TN-1 Canadian NAFTA Visa, TN-2 Mexican NAFTA Visa  - Visa must be current. If the visa will expire within six (6) months following the close date, additional documentation is required: evidence that the proper extension steps have been followed per the USCIS website, along with proof of payment receipt and proof that the extension was done in the timeframe required by USCIS. - When applicable, a valid Employment Authorization Document (EAD) is required for US employment if borrower is not sponsored by a current employer. If the visa will expire within six (6) months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower's continued employment and continued visa renewal sponsorship. The employer on the loan application must be the same as on the unexpired visa.



Entity Vesting Requirements	<p>Entity vesting is allowed, the following are required:</p> <ul style="list-style-type: none"> <li>- All entity members must also be borrowers</li> <li>- 4 borrower MAX - U.S. domiciled entities only</li> <li>- Purpose of entity must be for real estate acquisition</li> </ul> <p>Documentation verifying the following must be provided:</p> <ul style="list-style-type: none"> <li>- Verify entity membership</li> <li>- Provide state or federal licensing entity ID number</li> <li>- Show the entity is in good standing</li> </ul>
Investor Experience	<p><b>Experienced Investor:</b> A borrower who has owned one (1) or more commercial or residential properties for at least twelve (12) months during the most recent thirty-six (36) month period</p> <p><b>First Time Investor:</b> Not Allowed</p> <p>The timelines for Experience Level categories listed above is counted backwards from our note date</p>
Multiple Loans - Same Borrower	Max exposure to Newfi for any one (1) borrower is 5 loans or \$5,000,000 UPB
Multiple Properties Owned	No Limit
<b>Credit</b>	
Credit Score	<p>Refer to Matrices for eligibility</p> <p>When multiple borrowers apply, the lowest middle score is the qualifying credit score</p>
Age of Credit Docs	<p>Appraisal and title valid for 120-days from note date</p> <p>Credit and Assets valid for 90-days from note date</p> <p>Appraisal Re-Certs Allowed</p>
Housing Payment History	<p>Document the pay history covering the most recent 24 months for the subject property and the borrower's primary residence</p> <p>The payment history for any other REO is not required or evaluated if provided</p> <ul style="list-style-type: none"> <li>- Max 0X30X24 on mortgage/rental debt for primary residence and subject property allowed</li> </ul>



Credit History	Foreclosure, Short Sale, Deed in Lieu, Any BK, Modification (COVID-19 related forbearance modification not considered housing event): >= 24 Months Review of inquiries is not required
Forbearance	Forbearance allows for borrower experiencing financial hardship to pause making mortgage payments. Only applies to borrowers primary residence and subject property (on a refinance). A modification related to COVID-19 forbearance plan not considered a housing event. A recent forbearance, due to COVID-19, may be eligible based upon the following:  1. Borrowers who entered into forbearance but continued to make timely payments and remained employed without income disruption, are eligible without any other requirements  2. Borrowers who participated in forbearance and missed payments have two options: a) Pay loan current by making all missed payments from borrower verified funds b) Make three monthly payments in lender modification plan after exiting forbearance Third payment must be made prior to note date Evidence the borrower has exited forbearance or entered the modification plan is required
Credit Report Security Freeze	If the credit report shows a security freeze and the borrower unfreezes credit after the date of the original credit report, a new report is required to reflect current and updated information
Collections & Charge Offs	Need not be paid or addressed unless the collection / charge-off impacts title
Required Credit History	For each borrower who has three credit scores, the minimum tradeline requirement is met. Borrowers without three credit scores must meet one of the two following options:  Option #1 - <b>3 of 12</b> : At least three (3) tradelines reporting for a minimum of 12 months, with all three (3) having activity in the last 12 months, accounts can be open or closed Option #2 - <b>2 for 24</b> : At least two (2) tradelines reporting for a minimum of 24 months, with both having activity in the last 12 months, accounts can be open or closed  Tradelines with recent serious adverse history are not acceptable Rental verification can be included as a tradeline Student loans can be counted in credit depth as long as they are in repayment and not being deferred
<b>Rental Income</b>	



DSCR	<p>Minimum DSCR <math>\geq 1.00</math> required</p> <p>Loans with I.O. feature may use the ITI payment to qualify</p> <p>Loan amounts <math>\geq</math> \$2mm require debt yield of 9% or greater</p> <p>Debt yield: <math>\text{Net operating income} / \text{Loan amount} = 9\%</math> or greater</p> <p>NOI= Monthly Net Income X 12</p> <p>3rd Party Management Fees must be subtracted from gross income</p>
Rental Income	<ul style="list-style-type: none"> <li>- Use the lower of Estimated market rent from 1007 or lease agreement</li> <li>- If lease amount is higher then market rents it may be used with two (2) months proof of rent received</li> <li>- Short term rental income on a refinance is permitted with use of a 12-month look back period to determine average monthly rents. Max LTV must be reduced by 5%.</li> <li>- Annual or monthly statements from Airbnb or similar service required</li> <li>- 3rd Party Management Fees must be subtracted from gross income</li> <li>- 1007 required on all transactions</li> <li>- DSCR calculated on all transactions</li> </ul>
Vacant Units	<p>2 vacant units allowed, use 75% of 1007 rents</p> <p>&gt; 2 vacancies not allowed</p>
Accessory Dwelling Unit (ADU) Rents	<p>Not allowed for value or income, however, may be acceptable if no health and safety issues and appraiser confirms market acceptance</p>
Assets	



Asset Documentation & Review of Large Deposits	Minimum 1-month asset docs required Large deposits need only be addressed if they are clearly from borrowers business (see guidance on business funds below)
Gift Funds	Allowed with a minimum of a 10% borrower contribution Gift funds not allowed for non perm resident alien borrowers
Crypto Currency	Crypto currency that has been converted to USD is an acceptable source of funds provided the crypto can be acceptably documented. Recently this asset type has gained more widespread popularity and documentation has improved. The documentation must show the acquisition date of the asset and it must show a sufficient history to meet 60-day seasoning requirements. Not all crypto currencies or crypto brokerages will provide for adequate documentation. An abundance of care must be used in reviewing statements provided.
Reserves	All reserve requirements are based on subject property PITI or ITI, whichever applies If transaction fits 2 categories listed below, only the larger requirement applies 6 months PITI required 9 months PITI required for loan amounts > \$1.5mm 12 months PITI required for loan amounts > \$2.5mm Cash-Out proceeds <b>CANNOT</b> be used to meet reserve requirement
Source of Reserves	Funds in non-cash holdings, like stocks, bonds & mutual funds Life insurance surrender value 529 accounts Business funds IRA Cash-Out proceeds <b>CANNOT</b> be used to satisfy reserve requirement
Ineligible Source of Reserves	Reserves may not come from a 1031 exchange account Reserves may not come from gift funds Employer sponsored savings plans, like 401k
Business Funds	Document borrower's ownership position in the business Funds up to the percentage of the borrower's ownership position may be used with no restriction If funds required exceed the borrower's ownership position, the balance of funds may be used with the permission of the other owner(s) Large deposits into a business account do not need to be addressed
IPC (Interested Party Contributions)	3% for all LTV's

Property / Appraisal Information	
Acreage	No more than two (2) acres
Rural Properties	<p>NOT ALLOWED</p> <p>Considered Rural when 2 of the 3 listed below are present or the appraiser has designated the property as rural:</p> <ul style="list-style-type: none"> <li>- Non paved service road</li> <li>- 2 or more comps are &gt; 5 miles away from the subject property</li> <li>- Subject surrounding area is less than 25% built up</li> </ul>
Recently Listed Properties	<p>Properties listed at the time of application are not eligible</p> <p>Properties listed in the past six (6) months prior to the application date are not eligible for cash-out transactions</p> <p>Properties listed in the period between three (3) and six (6) months from app date may be eligible for rate &amp; term refinances</p>
Ineligible Property Characteristics	<p>Property condition of C5 or C6</p> <p>Properties with environmental concerns</p> <p>Health and Safety Issues - i.e. broken windows, broken stairs, missing railings, etc.</p> <p>Excessive deferred maintenance that could become a health and safety issue</p> <p>Structural deferred maintenance</p>
Appraisal Requirements	One (1) appraisal required for all transactions
Appraisal Review	<p>BPO (Broker Price Opinion) is required</p> <ul style="list-style-type: none"> <li>- If BPO value variance is &lt; 10% the appraised value is accepted</li> <li>- If BPO variance is &gt;= 10% then the BPO value is used</li> </ul>
Appraisal Age	<p>Appraisal must be dated within 120 days of the note date</p> <p>Re-certs of value are allowed</p>
Transferred Appraisals	Allowed
Declining Property Value	Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as noted on the appraisal