

INVESTOR DEBT SERVICE COVERAGE - LOW RATIO

PROGRAM ID: **SP I14**
Program description: Investor Debt Service Coverage, Low Ratio

Products and Terms:

5/1 ARM: Fully Amortizing **5/1 ARM:** With 10 year Interest-Only period
7/1 ARM: Fully Amortizing **7/1 ARM:** With 10 year Interest-Only period
15-Yr Fixed: Fully Amortizing
30-Yr Fixed: Fully Amortizing **30-Yr Fixed:** With 10 year Interest-Only period

Eligible borrowers: Citizens / US persons and foreign borrowers permitted (refer to Section 4.1 of the Sales Guide)

Minimum debt service coverage ratio: 75% of PITIA for LTV ≤ 75% or Loan Amount ≤ \$1,000,000;
80% of PITIA for LTV > 75% and Loan Amount > \$1,000,000

Minimum credit score: 680. No foreclosure, bankruptcy, deed in lieu or short sale permitted in the past 24 months. If foreclosure, bankruptcy, deed in lieu or short sale between 24 and 48 months, then max 65% LTV and reserves increased by 6 months. Mortgage and Rental History: maximum 1 x 30 x 12 with 0 x 30 in the last 6 months from Note Date

Loan amounts and loan to value limits:
Investment / Business Purpose
Purchase and Rate & Term Re-fi*

1-4 unit and Condos
(example based on 740 min credit score)
80% to \$1,000,000
75% to \$1,500,000
70% to \$2,000,000

Investment / Business Purpose
Cash-out Re-fi

(example based on 740 min credit score)
70% to \$1,000,000
60% to \$1,500,000
55% to \$2,000,000

* I/O limited to 75% LTV.
Rate&Term Refinance and Cash Out
transactions are limited to 80% LTV

Loans with one or more foreign borrowers:

65% to \$1,000,000 50% to \$1,000,000

Acceptable occupancy: investment / business purpose properties only. (Borrowers must sign a business use affidavit)

Acceptable property types: 1-4 units, warrantable / non-warrantable condo. Condotels not permitted.

Required reserves: 6 months PITIA for loan amount ≤ \$2MM; 12 months PITIA for loan amount > \$2MM

Acceptable states: All 50 states and DC (US Territories not permitted). Wholesale; verify currently licensed states

Other Info: ARM Index - 1-yr LIBOR; Margins – investor-occupied 5.25%; Caps – 2% initial, 2% each year and 5% lifetime; Floor (lifetime minimum rate) - is initial note rate. Refer to the Sales Guide for prepayment penalty information and for escrow information. Gifts permitted and must conform to all Fannie Mae gift requirements (except that Fannie requirements are modified to permit gifts for investor occupancy). ACH draft required if one or more Borrowers is a foreign national.