



# Forward Lending DSCR 5-8 Unit Residential Matrix

forwardlendingmtg.com

Effective Date: 06.08.26 | Revised Date: 06.08.26

Single Investment Property 5 – 8 Unit Residential							
Loan Amount	DSCR				Loan Programs	<ul style="list-style-type: none"> <li>• 15-Year Fixed (180 Months)</li> <li>• 30-Year Fixed (360 Months)</li> <li>• 30-Year Fixed IO (120 mos IO + 240 mos Amort)</li> <li>Maximum loan term cannot exceed 30 years</li> </ul>	
	FICO to Max LTV/CLTV						
	FICO	Purchase	Rate/Term	Cash-Out			
\$1,500,000	720	75%	75%	65%	Interest Only	Qualify with IO payment based on 10yr IO term	
	700	75%	75%	65%			
	680	70%	65%	60%			
\$2,000,000	720	70%	70%	65%	Product Type	Residential 5-8 Units	
	700	70%	65%	65%	Loan Purpose	Purchase, Rate/Term and Cash-Out	
	680	65%	65%	60%	Occupancy	Investment	
\$2,500,000	720	65%	60%	60%	Loan Amounts	<ul style="list-style-type: none"> <li>• Min: \$350,000 • Max: \$3,000,000</li> </ul>	
	700	65%	60%	60%			
	680						
\$3,000,000	720	60%	55%		Cash In Hand	\$1.0MM max • 65% max LTV	
	700	60%	55%				
	680						
DSCR							
<ul style="list-style-type: none"> <li>• Minimum DSCR ≥ 1.00</li> <li>• DSCR = Eligible monthly rents/PITIA (loans with an interest only feature may use the ITIA payment)</li> <li>• Reduce qualifying rents by any management fee reflected on the appraisal report</li> </ul>							
General Requirements				Property Requirements			
Investor Experience	<ul style="list-style-type: none"> <li>• Experienced Investor: Borrower(s) with history of owning &amp; managing non-owner occupied income-producing investment real estate for at least 1 year within the last 3 years</li> <li>• Only 1 borrower has to meet the Experienced Investor definition</li> </ul>			Appraisals	<ul style="list-style-type: none"> <li>• Appraisals to be dated no more than 120 days prior to Note date</li> <li>• New appraisal required if dated more than 120 days prior to Note date</li> </ul>		
Borrowers	<ul style="list-style-type: none"> <li>• U.S Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens</li> <li>• Foreign Nationals, ITIN, DACA are not allowed</li> </ul>				<ul style="list-style-type: none"> <li>• Full interior inspection of all units with photos required</li> <li>• Acceptable appraisal forms:                             <ul style="list-style-type: none"> <li>◦ FHLMC 71A/71B, FNMA Form 1050, or a similar short form for 5+ unit residential properties</li> </ul> </li> <li>• Narrative reports are also acceptable w/sales approach with repeat sales analysis</li> </ul>		
Housing History	• 0 x 30 x 12 & 1 x 30 x 24				<ul style="list-style-type: none"> <li>• Attachments required for appraisal reports:                             <ul style="list-style-type: none"> <li>◦ Rent Roll</li> <li>◦ Income and Expense Statement</li> <li>◦ Photos of subject including exterior/interior and street scene</li> <li>◦ Aerial photo</li> <li>◦ Sketch or floor plan of typical units</li> <li>◦ Area map</li> <li>◦ Plot plan or survey</li> <li>◦ Appraiser qualifications</li> </ul> </li> </ul>		
Credit Event	• BK/FC/SS/DIL/Mod: > 36 Mos seasoning				<ul style="list-style-type: none"> <li>• Commercial Sales and Income BPO (exterior) is required on all properties</li> <li>• Appraised value used when BPO is greater than or no more than 10% below appraised value</li> <li>• BPO value used when BPO is more than 10% below appraised value</li> </ul>		
Interested Party Contributions (IPC)	• May not exceed 3%				<ul style="list-style-type: none"> <li>• Properties &gt; 2 acres not allowed</li> <li>• Rural properties and Leaseholds ineligible (Contact AE for complete list of ineligible property types and transactions)</li> </ul>		
Prepayment Penalty	• Refer to PPP Matrix for state specific details			Property Condition	<ul style="list-style-type: none"> <li>• No fair or poor ratings</li> <li>• No environmental issues (storage or use of hazardous material e.g., Dry Cleaners, Laundromat)</li> <li>• No health or safety issues (e.g., broken windows, stairs)</li> <li>• No excessive deferred maintenance that could become a health or safety issue for tenants</li> <li>• No structural deferred maintenance, (e.g., foundation, roof, electrical, plumbing)</li> </ul>		
Income Requirements					Review Product		
Income	<ul style="list-style-type: none"> <li>• Leased - Use lower of estimated market rent or lease agreement</li> <li>• Reduce qualifying rents by any management fee reflected on the appraisal report. Purchases only - 8% fixed expense factor applied if management fee is not listed.</li> <li>• Use 75% of market rents for vacant unit, no more than 2 vacant units allowed</li> <li>• STR income ineligible, considered a vacant unit and no income used</li> </ul>						
Leased Units	<ul style="list-style-type: none"> <li>• Existing leases with ≥ 6 mos initial term to be provided</li> <li>• Month-to-month leases allowed w/prior lease of ≥ 6 months &amp; most recent 2 mos receipt</li> <li>• Individual room leases, Single Room Occupancy (SRO) or boarder leases ineligible</li> <li>• Commercial use of the unit is not allowed</li> <li>• STR income not permitted, considered a vacant unit and no income used</li> </ul>						
Unleased Units	• Maximum 2 vacancies						
Seasoning Requirements							
Rate/Term Refinance				Cash-Out Refinance			
<ul style="list-style-type: none"> <li>• Acquired ≤ 6 months - Lesser of the current appraisal value or purchase price plus documented improvements (if any) is used</li> <li>• Acquired &gt; 6 months - Appraised value is used</li> </ul>				<ul style="list-style-type: none"> <li>• Acquired &gt; 6 months &amp; &lt; 12 months - Lesser of the current appraisal value or purchase price plus documented improvements (if any) is used</li> <li>• Acquired &gt; 12 months - Appraised value used</li> </ul>			
Underwriting Requirements							
Reserves		Standard Tradeline Requirements					
<ul style="list-style-type: none"> <li>• 6 months</li> <li>• &gt; \$1.5MM loan amount: 9 months</li> <li>• Cash out may not be used to satisfy requirement</li> </ul>		<ul style="list-style-type: none"> <li>• 3 tradelines reporting 12 months with activity in last 12 months, or</li> <li>• 2 tradelines reporting for 24 months with activity in last 12 months, or</li> <li>• 1 revolving tradeline reporting for 60 months with activity in the last 12 months, or</li> <li>• 1 installment tradeline reporting for 36 months with activity in the last 12 months</li> <li>• If each borrower has 3 credit scores, the minimum tradeline requirement is met. Any borrower with less than 3 credit scores must independently meet the minimum tradeline requirement. When closing in an entity, if the member with highest percentage of ownership has 3 credit scores, the minimum tradeline requirement is met. If all members have equal ownership shares each borrower evaluated individually.</li> <li>• Limited tradeline option is not allowed</li> <li>• Note: Borrower's credit scores primarily based on thin credit—such as authorized user accounts, self-reported accounts, or recently opened accounts with limited activity—must still meet one of the standard tradeline requirements</li> </ul>					
Credit Score	Document Age	Assets	Escrows				
<ul style="list-style-type: none"> <li>• Lowest decision score</li> <li>• When vesting in an entity, decision score of the member with the highest percentage of ownership used</li> <li>• If all members have equal ownership, the lowest score is used</li> <li>• If members are married and each owns 50%, the higher score may be used</li> </ul>	<ul style="list-style-type: none"> <li>• 90 days</li> </ul>	<ul style="list-style-type: none"> <li>• Min of 30 days asset verification required</li> <li>• Gift funds ineligible</li> </ul>	<ul style="list-style-type: none"> <li>• Escrows for insurance and taxes required</li> </ul>				