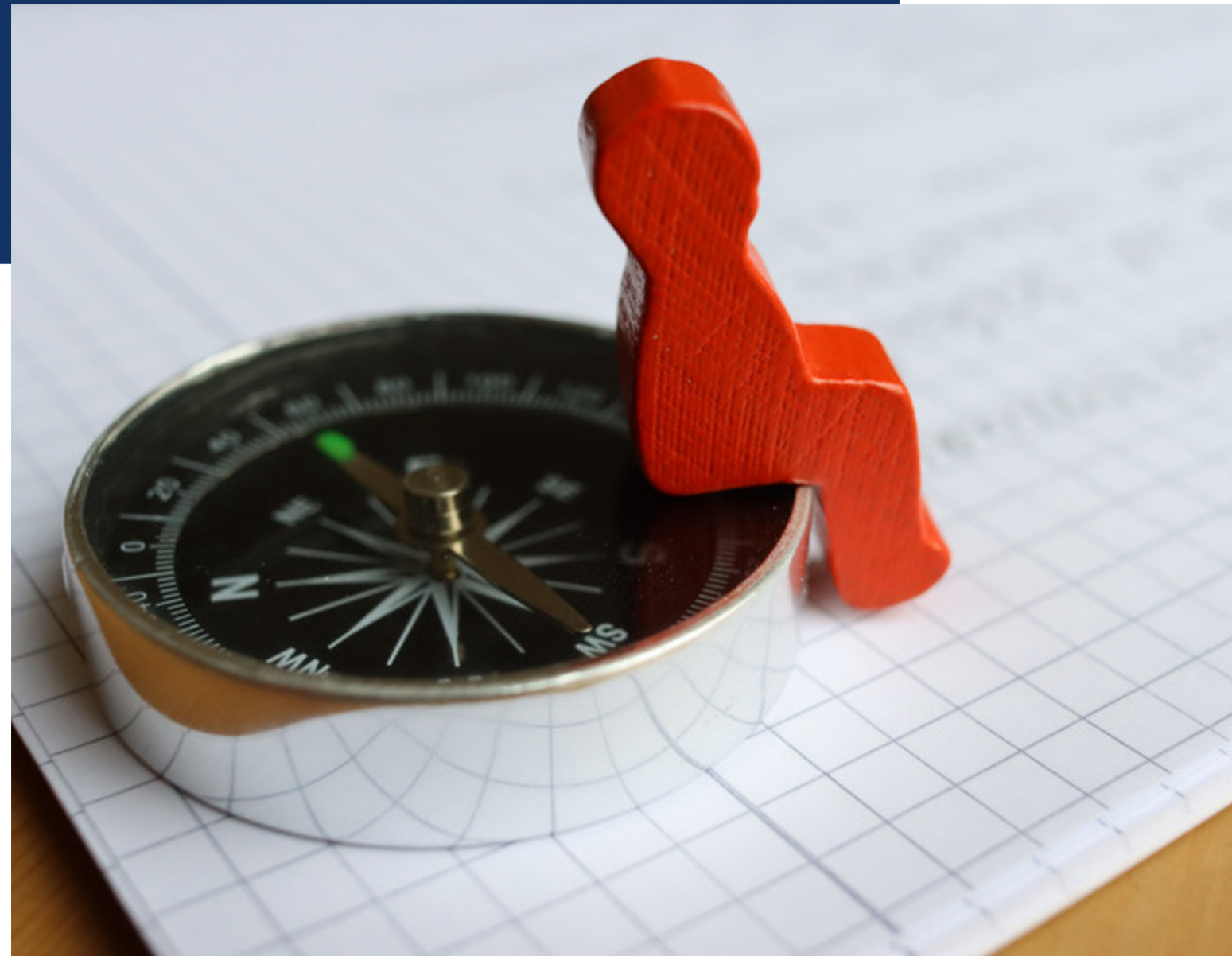




NON-QM | MLBWHOLESALE
Making Lives Better



NAVIGATING SUB -1.00 DSCR

A Loan Officer's Guide to CORE and Premium Programs

Making Lives Better

www.MLBWholesale.com/non-qm

🏠 NMLS #1101220

MLB Residential Lending, LLC, NMLS 1101220, is a Residential Mortgage Lender, located at 841 Mountain Ave, Suite 400, Springfield, NJ 07081. Phone 732-243-0140. MLB is licensed by NJ Department of Banking and Insurance, AL State Banking Department, AK Division of Banking & Securities, AR Combination Mortgage Banker-Broker-Service, AZ Department of Insurance and Financial Institutions, CA Department of Financial Protection and Innovation, CO Division of Real Estate, CT Department of Banking, DC Department of Insurance, Securities, and Banking, DE Office of the State Bank Commissioner, FL Office of Financial Regulation, GA Department of Banking and Finance, IA Division of Banking Finance Bureau, ID Mortgage Broker Lender License, IL Department of Financial & Professional Regulation, IN Department of Financial Institutions, KS Office of the State Bank Commissioner, KY Department of Financial Institutions, LA Office of Financial Institutions, MD Office of the Commissioner of Financial Regulation, ME Bureau of Consumer Credit Protection, MI Department of Insurance and Financial Services, MN Department of Commerce, MS Department of Banking and Consumer Finance, MO Division of Finance, MS Department of Banking and Consumer Finance, MT Division of Banking & Financial Institutions, NE Department of Banking and Finance, NV Division of Mortgage Lending, NH Banking Department, NC Commission of Banks Office, ND Department of Financial Institutions, NM Mortgage Loan Company License, NY Department of Financial Services, OH Division of Financial Institutions, OK Department of Consumer Credit, OR Department of Consumer and Business Services, PA Department of Banking and Securities, RI Department of Business Regulation, SC Board of Financial Institutions, SD Division on Banking, TN Department of Financial Institutions, TX Department of Savings and Mortgage Lending, UT Department of Financial Institutions, VT Department of Financial Regulation, VA Bureau of Financial Institutions, WA Department of Financial Institutions, WI Department of Financial Institutions, WV Division of Financial Institutions, WY Division of Banking. All Rates subject to change without notice. MLB, in no way, claims to represent or to conduct business on behalf of HUD or the Federal Government. EQUAL HOUSING LENDER



THE TWO PATHS FOR DSCR < 1.00



DSCR CORE

The flexible path. Designed for broader eligibility, first-time investors, and complex scenarios. Offers a 'No Ratio' safety net.

Flexibility

Accessibility

First-Time Investors



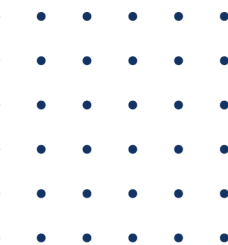
DSCR Premium

The power path. Built for experienced investors with strong credit. Uses Interest-Only to maximize qualification and LTV.

Power

Experience

Optimization





THE PREMIUM GAME-CHANGER: INTEREST-ONLY

↘ Standard Qualification (PITIA)

Market Rent: \$5,000

Monthly PITIA \$5,500

Market Rent \$5,000

DSCR Ratio 0.909

FAIL — Below 1.00

- Principal & Interest payment included
- Results in a sub-1.00 DSCR

↗ I/O Qualification (ITIA)

Market Rent: \$5,000

Monthly ITIA \$4,200

Market Rent \$5,000

DSCR Ratio 1.19

PASS — Above 1.00

- Principal payment is EXCLUDED
- Moves DSCR over 1.00, unlocking better LTV & pricing





CORE'S STRATEGIC FLEXIBILITY



2-1 Temporary Buydown

For Purchase Transactions Only

- ✓ Borrower qualifies at the actual (pre-buydown) rate
- ✓ DSCR calculation is **NOT** improved by the buydown
- ✓ Primary use: Improves cash flow for the first 2 years
- ✓ Requires min 680 FICO and 0.75 DSCR

A tool for payment management, not qualification.



The 'No Ratio' Option

When DSCR is Below 0.75

- ✓ Removes the DSCR calculation entirely
- ✓ Enables deals that would otherwise fail
- ✓ Carries stricter requirements (e.g., 3-year housing event seasoning)
- ✓ Max loan amounts are lower (\$1.0M-\$1.5M)

The ultimate safety net for challenging properties.





LTV COMPARISON: DSCR < 1.00

Comparing maximum LTVs for Purchase, R/T Refi, and Cash-Out transactions.

FICO	Program	Purchase LTV	R/T Refi LTV	Cash-Out LTV
740+	CORE	75%	75%	70%
720	CORE	75%	75%	70%
700	CORE	75%	75%	70%
700	PREMIUM ★	75%	75%	75%
680	CORE	65%	65%	60%
680	PREMIUM	65%	65%	60%





WHO QUALIFIES? BORROWER PROFILE DEEP DIVE

DSCR CORE

DSCR Premium

Investor Experience

 **No experience required.** First-time investors are welcome.

 **12 months of proven ownership/management** within the last 24 months. Non-negotiable.

Housing History

 **Flexible:** 1x30x12 allowed with a 5% LTV reduction.

 **Zero Tolerance — 0x30x12 REQUIRED.** Any late payment eliminates Premium eligibility.

Minimum FICO

 **680 minimum.** Wider FICO range accepted.

 **700 minimum.** Higher FICO floor — below 700 means CORE only.

Premium's strict requirements are non-negotiable — they are the primary filter for program eligibility.



NEW INVESTORS & FIRST-TIME HOMEBUYERS

First-Time Investors



CORE: Eligible

No prior real estate ownership experience required. A key advantage of the CORE program.



Premium: Ineligible

Requires 12 months of proven investor experience within the last 24 months. Non-negotiable.

First-Time Homebuyers (FTHB)



CORE: Eligible*

Allowed with 700 FICO, 75% Max LTV, and 12 months reserves. Must have an established primary residence.



Premium: Ineligible

FTHBs are explicitly excluded from the Premium program, regardless of other qualifications.



FINANCIALS: RESERVES & CASH-OUT

Reserve Requirements

DSCR CORE

6-12

Months PITIA

Higher requirement, scales with loan amount (\$1M+ requires 9-12 months)

DSCR Premium

3-6

Months PITIA

Significantly lower reserves, offering better liquidity for the borrower

Premium holds a strong advantage in lower reserve requirements.

Max Cash-Out (>60% LTV)

DSCR CORE

\$1.0M

Max Cash-in-Hand

Allows larger cash-out amounts, providing greater flexibility for investors

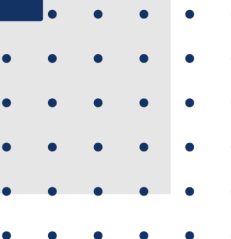
DSCR Premium

\$500K

Max Cash-in-Hand

More restrictive limit on cash-out proceeds above 60% LTV

CORE is the preferred program for large cash-out refinance transactions.





COACHING THE BORROWER: HOW TO GET OVER 1.00



Use Interest-Only (Premium)

Premium Only

The most powerful tool. Excludes principal from the payment calculation, significantly boosting the DSCR ratio.



Increase Market Rent

Both Programs

Use a higher actual lease (with proof) or make pre-appraisal improvements to justify a higher appraised rent.



Lower the Loan Amount

Both Programs

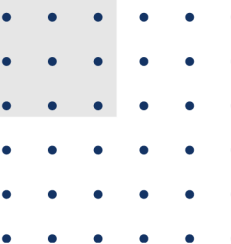
A larger down payment reduces the monthly PITIA/ITIA, directly improving the DSCR calculation.



Permanent Rate Buydown

CORE Only





Lowers the interest payment component. Note: The 2-1 temp buydown does **not** help with qualification — permanent buydowns do.









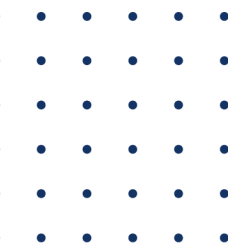
THE FINE PRINT: PROPERTY & ENTITY RULES

Eligible Property Types

-  **Non-Warrantable Condos:** CORE Only. Premium Ineligible.
-  **Short-Term Rentals (STR):** CORE allows purchases. Premium is for Refinance only (with history).
-  **3-4 Unit Refinance:** CORE has a 70% LTV max for DSCR < 1.00.
-  **ADU Properties:** Allowed in Premium with specific appraisal requirements.

Entity Vesting Rules

-  **Nested LLCs:** CORE allows one layer. Premium prohibits them entirely.
-  **Ownership:** Both require $\geq 51\%$ ownership by applicants/guarantors.
-  **Good Standing:** Entity must be in good standing in state of formation and property location.
-  **Guarantors:** Premium requires personal guarantees from all owners.





DECISION MATRIX: CORE VS. PREMIUM



Choose **DSCR CORE** When...

- ✓ Client is a first-time investor
- ✓ FICO is between 680–699
- ✓ Property is a non-warrantable condo
- ✓ Borrower has a recent 30-day housing late
- ✓ DSCR is below 0.75 (use No Ratio)
- ✓ A large cash-out amount (>\$500k) is needed



Choose **DSCR Premium** When...

- ✓ Client is an experienced investor (12+ months)
- ✓ Housing history is perfect (0x30x12)
- ✓ FICO is 700+
- ✓ Goal is to push DSCR over 1.00 with I/O
- ✓ Lower reserve requirements are a priority
- ✓ Need consistent 75% LTV on a cash-out





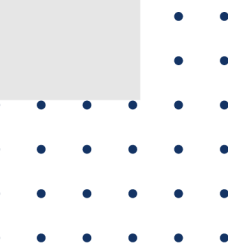
RED FLAGS & COMMON MISTAKES

Instantly Eliminates Premium

- ✗ First-time investor client
- ✗ ANY 30-day housing late in past 12 months
- ✗ Borrower is a First-Time Homebuyer (FTHB)
- ✗ FICO score is below 700
- ✗ Property is a non-warrantable condo
- ✗ Transaction is an STR purchase

Common LO Mistakes

- ⚠ LTV caps
- ⚠ Missing geographic restrictions (e.g., Baltimore City, MD)
- ⚠ Not verifying investor experience before quoting Premium
- ⚠ Assuming I/O is always the best option
- ⚠ Incorrectly calculating reserve requirements





SAMPLE SCENARIOS & SOLUTIONS

Scenario 1: First-Time Investor, 0.88 DSCR

PROFILE

720 FICO, purchase deal, perfect credit history, no prior investment experience.

ANALYSIS

Premium is **INELIGIBLE** due to lack of 12-month investor experience. The only path is CORE.

SOLUTION

CORE Program: Approved at 75% LTV. The 2-1 Buydown is also available to help with initial cash flow.

DECISION: CORE PROGRAM

Scenario 2: Experienced Investor, 0.92 DSCR

PROFILE

710 FICO, 3 years experience, perfect housing history, refinance transaction.

ANALYSIS

Qualifies for both, but Premium offers a strategic advantage. The 0.92 DSCR is ideal for an I/O boost.

SOLUTION

Premium I/O: Switches to ITIA calculation, boosting DSCR to 1.15. Unlocks higher LTV (80%) and better pricing.

DECISION: PREMIUM PROGRAM





KEY TAKEAWAYS & NEXT STEPS

Top 5 Strategic Points

- 1 Premium I/O is a Game-Changer:** Use it to push 0.85–0.99 DSCR deals over 1.00.
- 2 Experience for Premium is Non-Negotiable:** CORE is the default for first-time investors.
- 3 Perfect History for Premium:** One 30-day late means you must use CORE.
- 4 CORE's No Ratio is the Safety Net:** Saves deals that fall below the 0.75 DSCR floor.
- 5 FICO 700 is the Magic Number:** Unlocks the best of the Premium program for sub-1.00 deals.

Resources



Best Practice: Run both CORE and Premium I/O scenarios for every sub-1.00 deal.



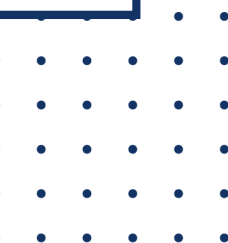
DSCR Calculator:
mlbwholesale.com/non-qm



Guidelines: Review full CORE and Premium underwriting docs.



Rate Sheets: Contact your MLB Account Executive.





MLBWHOLESALE
Making Lives Better

READY TO WIN MORE DEALS?



www.MLBWholesale.com

 (937) 422-9167



841 Mountain Ave, Suite 400, Springfield, NJ 07081

 NMLS #1101220

MLB Residential Lending, LLC, NMLS 1101220, is a Residential Mortgage Lender, located at 841 Mountain Ave, Suite 400, Springfield, NJ 07081. Phone 732-243-0140. MLB is licensed by NJ Department of Banking and Insurance, AL State Banking Department, AK Division of Banking & Securities, AR Combination Mortgage Banker-Broker-Service, AZ Department of Insurance and Financial Institutions, CA Department of Financial Protection and Innovation, CO Division of Real Estate, CT Department of Banking, DC Department of Insurance, Securities, and Banking, DE Office of the State Bank Commissioner, FL Office of Financial Regulation, GA Department of Banking and Finance, IA Division of Banking Finance Bureau, ID Mortgage Broker Lender License, IL Department of Financial & Professional Regulation, IN Department of Financial Institutions, KS Office of the State Bank Commissioner, KY Department of Financial Institutions, LA Office of Financial Institutions, MD Office of the Commissioner of Financial Regulation, ME Bureau of Consumer Credit Protection, MI Department of Insurance and Financial Services, MN Department of Commerce, MS Department of Banking and Consumer Finance, MO Division of Finance, MS Department of Banking and Consumer Finance, MT Division of Banking & Financial Institutions, NE Department of Banking and Finance, NV Division of Mortgage Lending, NH Banking Department, NC Commission of Banks Office, ND Department of Financial Institutions, NM Mortgage Loan Company License, NY Department of Financial Services, OH Division of Financial Institutions, OK Department of Consumer Credit, OR Department of Consumer and Business Services, PA Department of Banking and Securities, RI Department of Business Regulation, SC Board of Financial Institutions, SD Division on Banking, TN Department of Financial Institutions, TX Department of Savings and Mortgage Lending, UT Department of Financial Institutions, VT Department of Financial Regulation, VA Bureau of Financial Institutions, WA Department of Financial Institutions, WI Department of Financial Institutions, WV Division of Financial Institutions, WY Division of Banking. All Rates subject to change without notice. MLB, in no way, claims to represent or to conduct business on behalf of HUD or the Federal Government. EQUAL HOUSING LENDER