Wholesale Lending Division

DSCR LOAN ELIGIBILITY GUIDELINES

Version 6.0 v.2 — Summary of Changes

Effective: October 22, 2026

VERSION 6.0 V.2 — SUMMARY OF CHANGES

The following is a summary of all updates made to the CAKE DSCR Eligibility Guidelines from Version 5.0 to Version 6.0. Please review all changes prior to October 22, 2026.

SECTION	CHANGE SUMMARY
Section 2 – General Program Overview	Eliminated requirement to include any REO other than the primary residence and the subject property on the URLA.
Section 3 – Debt Service Coverage Ratio (DSCR)	Added language stating that all refinance transactions must demonstrate a net tangible benefit.
Section 3.1 – Purchase – Rent Qualification	Updated language confirming that in new tenant situations, a higher lease amount with proof of receipt of the security deposit and first month's rent can be utilized even if it exceeds market rent on Form 1007/1025 by more than a 20% tolerance.
Section 3.2 – Purchase – Short-Term Rental Qualification	Added language stating that when Form 1007/1025 is based on long-term rent, it is acceptable to use a higher rent amount from an alternative short-term rental method. Also noted that 12 months of bank statements would have to be provided by the seller and not the borrower.
Section 3.3 – Refinance – Rent Qualification	Updated language confirming that in new tenant situations, a higher lease amount with proof of receipt of the security deposit and first month's rent can be utilized even if it exceeds market rent on Form 1007/1025 by more than a 20% tolerance.
Section 3.4 – Refinance – Short-Term Rental Qualification	Added language stating that use of AIRDNA is now an option for refinances provided evidence is obtained that confirms the subject to be currently listed/marketed as a short-term rental. Also referenced the same long-term rent exception as noted in Section 3.2.
Section 3.8 – DSCR Documentation and Calculation Requirements	Renamed section from DSCR No Ratio to DSCR Documentation and Calculation Requirements. Clarified that notwithstanding certain alternatives in Sections 3.2 and 3.4 relative to use of short-term rental income, Form 1007/1025 must always be obtained for 1-4 unit properties. Regardless of transaction type or any particular loan attribute, a DSCR calculation must always be made (applies even to "No Minimum" or "No Ratio" products).
Section 4.1.2 – Permanent Resident Aliens	With respect to a non-expired foreign passport containing a non-expired I-551 stamp, removed the requirement that the stamp must be valid for a minimum of 3 years.
Section 4.7.1 – Acceptable Forms of Vesting	Clarified that fractional ownership is not allowed when vesting as Tenants in Common.
Section 5.2 – Rate/Term Refinance	Clarified that a PPP does not apply if prohibited by state law for properties that have been listed for sale within 90 days of the loan application.
Section 5.3 – Cash-Out Refinance	Updated ownership seasoning requirements from 90 days to 0 days. Properties owned ≤ 90 days (acquisition date to Note Date) are subject to the following: 1) No credit exceptions allowed, 2) Additional 6 months in reserves required, 3) Minimum 1.15 DSCR, and 4) Transferred appraisals not allowed. Properties

SECTION	CHANGE SUMMARY
	acquired through inheritance or legal award (divorce, separation, dissolution of domestic partnership) are not subject to these requirements. Clarified that a PPP does not apply if prohibited by state law for properties that have been listed for sale within 90 days of the loan application.
Section 5.5 – Non-Arm's Length Transactions	Added language stating that the loan transaction is ineligible if the borrower is also the noteholder of the seller mortgage(s) being paid off.
Section 6.2 Credit Score Requirements	Clarified that when only one borrower is on the loan and the borrower has only two credit scores, the higher of the two credit scores is the representative qualifying credit score.
Section 6.4 – Collections, Charge-Offs, Judgments, Liens, and Garnishments	Removed language that created subjectivity relative to a charge-off or collections that could potentially result in a lien on title.
Section 6.7 – Housing History	Added language clarifying that alternative documentation such as bank statements, canceled checks and payment histories from the servicer/noteholder are acceptable in lieu of obtaining a VOM.
Section 7.1 – Asset Verification	Aligned with Cake NQM guides in not requiring asset verification for LTV/CLTV ≤ 65%. Also noted one month bank statement as an alternative documentation source to a VOD.
Section 7.3 – Eligible Donors	Added new section to align with existing Cake NQM guidelines.
Section 7.4 – Gift Fund Documentation	Added new section to align with existing Cake NQM guidelines.
Section 8.1.2 – Second Appraisals	Clarified that when two appraisals are obtained, the same appraiser cannot complete both appraisals.
Section 8.1.3 – Appraisal Review Requirements	For enhanced desk reviews, removed an ARA from Computershare as an option. Also added clarifying language stating that when a field review is obtained in addition to the original appraisal and the field review reports a different value than the original appraisal, the lesser of the two values must be used to calculate LTV.
Section 8.1.8 – Appraiser Assignment Limitation	New section with language that mirrors our AMC Engagement Letter whereby no individual appraiser can be assigned more than three (3) appraisal assignments for the same borrower.
Section 8.4 – Eligible Property Types	Added language stating that each property (or each unit for 2+ unit properties) must have a functioning kitchen that is common to the property type and location.
Section 8.5 – Ineligible Property Types	Added language indicating that log homes may be considered on a case-by-case basis if common to the area.
Section 8.10 – Condominium Projects	Removed state specific requirements in California and Florida that the HOA attest to required structural inspections. Utilize Cake's existing Full Condo Questionnaire (Form 1076).

This document reflects all guideline updates effective October 22, 2026. The full updated guidelines are available in the CAKE DSCR Eligibility Guidelines Version 6.0 document.