

GLA February 2026 Meeting Video Link

<https://youtu.be/otvtLUBCuBA>

Please see documents on 2<sup>nd</sup> page that Prosperity Home Mortgage handed out at the meeting.

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To calculate the Debt-Service Coverage Ratio (DSCR), divide a company's or property's annual net operating income (NOI) or EBITDA by its total annual debt service (principal + interest payments). The formula is **DSCR = Net Operating Income / Total Debt Service**. A ratio of 1.0x means net income equals debt payments, while >1.25x is typically considered healthy. ☺

## The DSCR Formula

$$\text{DSCR} = \frac{\text{Net Operating Income (NOI) or EBITDA}}{\text{Total Annual Debt Service}}$$

## Steps to Calculate DSCR

1. **Determine Net Operating Income (NOI):** Calculate the property's annual income after operating expenses, often using EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) for businesses.
2. **Calculate Total Debt Service:** Sum all annual debt payments, including principal and interest on loans, and sometimes lease payments.
3. **Divide NOI by Debt Service:** Divide the figure from step 1 by the figure from step 2.
4. **Interpret the Result:**
  - **DSCR > 1:** The entity generates sufficient income to pay its debts.
  - **DSCR < 1:** The entity has negative cash flow and cannot cover debt payments without outside funds. ☺

## Examples

- **Commercial Real Estate:** A property has an annual NOI of \$100,000 and annual debt payments of \$80,000.
  - Calculation:  $\$100,000/\$80,000 = 1.25x$  DSCR.
- **Small Business:** A business has an annual EBITDA of \$200,000 and total debt payments of \$150,000.
  - Calculation:  $\$200,000/\$150,000 = 1.33x$  DSCR. Ⓢ

## Key Components

- **Net Operating Income (NOI):** Total income minus operating expenses (excluding taxes and interest).
- **Debt Service:** The cash required to cover the repayment of interest and principal on a debt for a particular period.
- **EBITDA:** Used frequently for business loans to measure cash available for debt repayment. Ⓢ

INVESTMENT PROPERTY				
Transaction Type	Min. FICO	LTV <sup>1 2 3</sup>	Maximum Loan Amount	Max DTI
Purchase and Rate/Term Refinance	720	75/75%	\$3,000,000	50%
		80/80%	\$2,500,000	
		85/85%	\$1,500,000	
	700	70/70%	\$3,000,000	
		80/80%	\$2,500,000	
		85/85%	\$1,500,000	
	680	70/70%	\$3,000,000	
		75/75%	\$2,500,000	
		80/80%	\$2,000,000	
	660	70/70%	\$2,000,000	
		80/80%	\$1,500,000	
	640	75/75%	\$1,500,000	
620	70/70%	\$1,500,000		
Cash-Out	720	65/65%	\$3,000,000	
		75/75%	\$2,500,000	
	700	65/65%	\$3,000,000	
		70/70%	\$2,500,000	
	680	65/65%	\$3,000,000	
		70/70%	\$2,000,000	
	660	65/65%	\$2,000,000	
		75/75%	\$1,500,000	
	620	65/65%	\$1,500,000	

<sup>1</sup> Max 85% LTV 2-4 Unit Properties for Purchase and Rate/Term; 75% LTV for Cash-Out Refinance

<sup>2</sup> Refer to Non-Warrantable Condos and Condotels sections for LTV

<sup>3</sup> 5% LTV reduction if appraisal indicates declining market for loan amounts up to \$2.5M. 10% LTV reduction for loan amounts >\$2.5M

**Reserves Requirements**

<b>Full Doc - Requirements</b>	
Loan amount up to \$1.5 MM	3 months PITIA
Loan amount above \$1.5 MM and up to \$2MM	6 months PITIA
Loan amount above \$2MM and up to \$3MM	12 months PITIA
<b>Other real estate owned</b>	<b>2 month of each property's PITIA</b>
First Time Homebuyer	Minimum 6 months' PITIA
<b>Second Home &gt;80 LTV</b>	<b>Additional 3 months' PITIA</b>
<b>Bank Statement - Requirements</b>	
Loan amount up to \$1.5 MM	3 months PITIA
Loan amount above \$1.5 MM up to \$2MM	6 months PITIA
Loan amount above \$2MM up to \$3MM	12 months PITIA
<b>Other real estate owned</b>	<b>2 month of each property's PITIA</b>
FTHB	Minimum 6 months' PITIA
1-2 years SE	Additional 6 months' PITIA
<b>Second Home &gt;80 LTV</b>	<b>Additional 3 months' PITIA</b>
<b>1099 Only - Requirements</b>	
Loan amount up to \$1.5 MM	3 months PITIA
<b>Loan amount above \$1.5 MM and up to \$2MM</b>	<b>9 months PITIA</b>
Loan amount above \$2MM and up to \$3MM	12 months PITIA
<b>Other real estate owned</b>	<b>2 month of each property's PITIA</b>
FTHB	Minimum 6 months PITIA
<b>Second Home &gt;80 LTV</b>	<b>Additional 3 months' PITIA</b>



## The Saver Loan Qualify Based on Liquid Assets

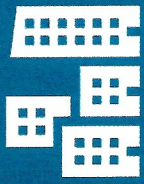


**Who It's For:**  
**Individuals with significant assets** but limited income.

**Key Benefits:**

- Qualify using assets instead of income
- No income required if assets cover 125% of all outstanding mortgage debt
- OR assets divided by 84 months as an income supplement
- Loan amounts up to \$3,000,000
- Borrow up to 90% of the home's value
- Purchase, refinance, and cash-out options

**Eligible Property Types:** Single-family homes, condos, 2-4-unit properties



# The Portfolio Builder Loan

## *Build an Investment Portfolio Easily*



### Who It's For:

NEW or established Real estate investors who want to **qualify based on rental income** rather than personal income.

### Key Benefits:

- Qualifies based on rental income, not personal income
- 1031 Exchange Allowed
- Can close in the name of an LLC
- Uses market rent of property
- No tax returns, paystubs, or W2s required
- No employment required
- Loan amounts up to \$3,500,000
- Minimum FICO score: 620

### Eligible Property Types:

- Single-family homes, condos,
- 2-4-unit investment properties





# The Gig Economy Loan

*An Alternative to Traditional Income*



## Who It's For:

**Independent contractors** who don't have consistent traditional W2 income.

## Key Benefits:

- Qualify using a CPA-prepared Profit & Loss statement or two years of 1099s
- No tax returns required
- Must be self-employed for at least 12 months
- Loan amounts up to \$3,000,000
- Minimum FICO score: 620

## Eligible Property Types:

Primary, secondary, and investment properties

[Learn More](#)



# The Entrepreneur Loan

## Smart Financing for Self-Employed



### Who It's For:

**Self-employed borrowers who don't show enough taxable income due to write-offs.**

### Key Benefits:

- Qualify using cash-flow from as little as 12 months bank statements instead of tax returns
- Personal or business bank statements accepted
- Loan amounts up to \$3,000,000
- Must be self-employed for at least 12 months
- Minimum FICO score: 620

### Eligible Property Types:

Single-family homes, condos, investment properties, 2-4-unit properties



# HomeBridge/NFTYDOOR

## HELOC System & Program Overview

### The Program

- 30-year ARM....5-Year, interest-only draw period converts to 25 year fully amortized
- SFR, 1-4 Family, Condos (no condo questionnaire required)
- Max 80% CLTV Owner OCC, 75% Second home, 70% Investment)
- Loan amounts.....\$25,000 - \$750,000
- \$25,000 - \$500,000 is AVM only.....\$500,001 - \$750,000 Full Appraisal paid for up front by the borrower
- Max 50% DTI (45% for credit below 680)
- 640+ credit score (Minimum 700 Investment)
- Payoff debt to Qualify
- Remove debts paid by others with 6 months proof of payments
- Qualify on the interest only payment
- Borrower types...
  - Co Borrower and Non-Occ Co Borrower / Co Signor and Non-Occ Co Signor
  - Fico for Primary wage earner is used, and we only pull a single Bureau Experian Fico 8
- 1<sup>st</sup> or 2<sup>nd</sup> Lien position allowed
- No Seasoning required