



## Foreign National

This product is for Foreign Nationals who are purchasing or refinancing an investment property. Exceptions are not allowed.

### DSCR LTV Matrix

#### Fixed Rate

| Occupancy  | Purpose   | Units <sup>1</sup> | Loan Amount Maximum | Credit Score Minimum | LTV              | Minimum DSCR |
|------------|-----------|--------------------|---------------------|----------------------|------------------|--------------|
| Investment | Purchase  | 1                  | \$1,500,000         | 700 or No FICO       | 70% <sup>1</sup> | 1.00         |
|            |           | 2-4                | \$1,500,000         | 700 or No FICO       | 65%              | 1.00         |
|            | Rate/Term | 1-4                | \$1,500,000         | 700 or No FICO       | 60%              | 1.00         |
|            |           |                    | \$1,000,000         | 700 or No FICO       | 65%              | 1.00         |

<sup>1</sup>. Condominiums: Max 65% LTV

### Product Specific Requirements

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| <b>Amortization Type</b>      | Full Principal and Interest: <ul style="list-style-type: none"> <li>30 Year Fixed Rate</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Appraisal Requirements</b> | <ul style="list-style-type: none"> <li>One appraisal is required.</li> <li>Transferred appraisals are permitted.</li> <li>Refer to the Arc Underwriting Guide for additional Appraisal Valuation Requirements.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Asset Requirements</b>     | <ul style="list-style-type: none"> <li>All asset documentation must be dated within 60 days of closing.</li> <li>All funds for down payment, closing costs and reserves must be sourced and seasoned for 60-days and must be in a US account for 30 days.</li> <li>Foreign assets deposited into a U.S. institution within 60 days of application are acceptable if there is evidence that the funds were transferred from the country from which the borrower previously or currently resides. It must also be established that the funds belonged to the borrower before the date of transfer.</li> <li>Foreign bank accounts must be translated into English. Documents must be signed and dated by certified translator, such as <a href="http://www.language.com">www.language.com</a></li> <li>Foreign bank accounts must be verified in U.S. Dollar equivalency at the current exchange rate via either <a href="https://www.xe.com/">https://www.xe.com/</a> or <a href="https://www.wsj.com/market-data/currencies/exchangerates">https://www.wsj.com/market-data/currencies/exchangerates</a> conversion tables. The exchange conversion web print-out must be documented in the loan file.</li> <li>The foreign bank must be a publicly traded internationally known financial institution. A search may be conducted via a web site such as <a href="https://finance.yahoo.com/">https://finance.yahoo.com/</a>. The web print-out must be documented in the loan file.</li> <li>Business funds are not allowed.</li> <li>Gift funds are not allowed.</li> <li>Refer to the Arc Underwriting Guide for eligible sources and types of assets.</li> </ul> |
| <b>Borrower Eligibility</b>   | <b>Non-Delegated Correspondent and Wholesale require Credit Policy approval for borrower eligibility prior to Underwriting Approval.</b><br><b>Eligible:</b> <ul style="list-style-type: none"> <li>A Foreign National is a citizen of a country other than the United States who resides outside of the U.S., who has not become a naturalized U.S. Citizen. Borrowers must have a primary residence (mortgage, rental, or free and clear property) within their country of origin or country of residence.</li> <li>Borrowers must reside in one of the following country/regions:</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|  | <ul style="list-style-type: none"> <li>○ Canada</li> <li>○ Caribbean (Except Cuba)</li> <li>○ China (Except Hong Kong) as allowed by applicable state law; e.g. Florida.</li> <li>○ Europe (Except Balkan Region)</li> <li>○ Latin America (Except Nicaragua)</li> <li>○ South America (Except Venezuela)</li> </ul> <ul style="list-style-type: none"> <li>• Copies of the Borrower's passport (including photograph) from the country of their primary residence and unexpired visa must be obtained. A third-party document with an address that matches the primary residence on the application e.g., lease agreement, utility bill, financial statement is required.             <ul style="list-style-type: none"> <li>○ The following Visa types are allowed as Foreign Nationals:                     <ul style="list-style-type: none"> <li>▪ B-1 and B-2</li> </ul> </li> </ul> </li> <li>• Citizens of Canada traveling to the United States do not require a nonimmigrant visa.</li> <li>• Borrowers who are residents of countries which participate in the State Department's Visa Waiver Program (VWP) will not be required to provide a valid visa. Participating countries can be verified through the U.S. Department of State website at: <a href="https://travel.state.gov/visas/visa-waiver-program">Visa Waiver Program (state.gov)</a>. The credit file should be documented with a current print-out of the participating countries, with the borrower's country of origin highlighted.</li> <li>• If a non-US Citizen is borrowing with a US Citizen, foreign national documentation requirements still apply.</li> <li>• Borrowers are required to complete the Borrower Contact Consent Form, which provides accurate borrower contact information to Arc Home.</li> <li>• Automatic Payment Authorization (ACH) Form is required to be signed by all borrowers. ACH debit must be from a U.S. Bank. The executed ACH enrollment must be included in the closed loan submission package. The ACH enrollment form must include the bank routing number, account number, and account type. Borrowers may select a date within the grace period stated on the Note.</li> <li>• World Compliance product is required on all applications to verify they are not a Politically Exposed Person.</li> <li>• All parties (Borrower's and Seller's) involved on the transaction must be screened through exclusionary lists and must be cleared through OFAC's SDN list. A search of Specially Designated Nationals &amp; Blocked Persons list may be completed via US Department of Treasury: <a href="http://sdnsearch.ofac.treas.gov/">http://sdnsearch.ofac.treas.gov/</a>.</li> <li>• Closing documents signed outside of the United States must be notarized by a US embassy, Consulate, or on a Military Base. All requirements set forth by the State Department for overseas Citizens Services and the Uniform Code of Military Justice must be met. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal.</li> <li>• First time investors are allowed.</li> </ul> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Foreign Nationals from any other country/regions not listed above</li> <li>• Borrowers from OFAC sanctioned countries: <a href="http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx">http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx</a></li> <li>• Individuals with Diplomatic immunity, immunity status is listed on the reverse side of the U.S. issued ID card or at: <a href="https://2009-2017.state.gov/s/cpr/rls/dpl/index.htm">https://2009-2017.state.gov/s/cpr/rls/dpl/index.htm</a></li> <li>• Politically Exposed Person (PEP): someone who, through their prominent position or influence, is more susceptible to being involved in bribery or corruption. In addition, any close business associate or family member of such a person will also be deemed as being a risk</li> <li>• LLC's, Corporations, Partnerships</li> <li>• Inter-Vivos trusts</li> <li>• Power of Attorney (POA)</li> </ul> |
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|                                     | <ul style="list-style-type: none"><li>• Non-occupant co-borrowers</li><li>• Non-arm's length transactions</li><li>• Foreign nationals with no primary home ownership</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                              |            |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
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| Credit/Payment History Requirements | <ul style="list-style-type: none"><li>• Credit report and reference letters must be dated within 60 days of the date of the loan documents; if more than 60 days, a new credit report must be obtained, or updated reference letters provided.</li><li>• A full 24 month housing history is required. 0x30x24 mortgage/rental history on the subject property and the borrower's primary residence. Living rent free with family is reviewed on an exception basis only.</li><li>• All derogatory credit must be seasoned 36 months.</li><li>• FraudGuard report or similar must be included in each file submission. The report should include a comparison of all participant names against industry watch and exclusionary lists such as OFAC.</li><li>• <b>Tradelines:</b> A minimum of three (3) current tradelines for at least 24 months, accounts may be open or closed with activity reflected within the last 12 months. Tradelines must be evidenced by any combination of U.S. credit report, international credit report and/or credit reference letter from county of origin.<ul style="list-style-type: none"><li>○ A U.S. credit report should be obtained if available. The credit report should provide merged credit information from the 3 major national credit repositories. Frozen credit reports are not allowed.</li><li>○ Arc Home will accept international credit reports from Equifax and Factual Data only. The credit report does not need to be reissued to Arc Home.</li><li>○ Credit reference letters must be from verified financial institutions (including those where savings/checking accounts are maintained) in the borrower's country of origin.<ul style="list-style-type: none"><li>▪ A minimum of 1 reference letter must be from an internationally known financial institution.</li><li>▪ Each letter of reference must state the type and length of the relationship, how the account is held, payment amount, outstanding balance and status of account including a minimum 24-month payment history.</li><li>▪ A single reference source may provide verification of multiple accounts. Individual account detail must be provided.</li><li>▪ The letter must mention the borrower by name.</li><li>▪ Name, title &amp; contact information of the person signing the letter must be included.</li><li>▪ Currency must be converted to U.S. Dollars and translated into English. Documents must be signed and dated by certified translator, such as <a href="http://www.languageonline.com">www.languageonline.com</a>.</li></ul></li></ul></li></ul> |                              |            |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
| Declining Markets                   | <p>The following LTV reductions apply when the LTV &gt; 65%:</p> <table><tr><th>Property Value</th><th>Demand</th><th>Market Time</th><th>Reduce LTV</th></tr><tr><td>Declining</td><td>Shortage or In balance</td><td>Under 3 months or 3-6 months</td><td>5%</td></tr><tr><td>Declining</td><td>In balance</td><td>3-6 months or Over 6 months</td><td>10%</td></tr><tr><td>Declining</td><td>Over Supply</td><td>Over 6 months</td><td>10%</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Property Value               | Demand     | Market Time | Reduce LTV | Declining | Shortage or In balance | Under 3 months or 3-6 months | 5% | Declining | In balance | 3-6 months or Over 6 months | 10% | Declining | Over Supply | Over 6 months | 10% |
| Property Value                      | Demand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Market Time                  | Reduce LTV |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
| Declining                           | Shortage or In balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Under 3 months or 3-6 months | 5%         |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
| Declining                           | In balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 3-6 months or Over 6 months  | 10%        |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
| Declining                           | Over Supply                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Over 6 months                | 10%        |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
| Documentation Type                  | Doc Type must reflect "Debt Service Coverage (DSCR)"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                              |            |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |
| DSCR Calculation                    | <p>DSCR calculation: Gross Income divided by PITIA of the subject rental.</p> <p>Lease agreement: Monthly Gross Rents are determined by the lower of the lease agreement amount or market rent from 1007/1025. On refinances, the higher 12-month lease agreement</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                              |            |             |            |           |                        |                              |    |           |            |                             |     |           |             |               |     |

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|                                      | <p>amount may be used with evidence of 2-months history of receipt and the lease agreement amount may not be greater than 125% of the market rent from the 1007/1025.</p> <p>Short term rental income (such as AirBNB/VRBO income): On Refinances, the monthly Gross Rents are determined by the 12-month average payout amount. If the property has not been rented 12 months, use the short term market rent from 1007/1025.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>DSCR Documentation</b>            | <p>All transactions require a landlord's hazard insurance policy on the subject property. Proof of primary home ownership is required.</p> <p><b>For purchase transactions:</b></p> <ul style="list-style-type: none"> <li>Long-Term Rental Income (Any term between month to month and 12 months): Provide a long-term Comparable Rent Schedule Form 1007/1025. When the borrower has an executed lease agreement that will commence within 60 days after the note date, then a copy must be provided. When the property has a current tenant who will continue to occupy the property, the transferred lease agreement from the existing tenant/landlord is required.</li> <li>Short-Term Rental Income (such as AirBNB/VRBO income) is not allowed.</li> </ul> <p><b>For all refinance transactions:</b></p> <ul style="list-style-type: none"> <li>Provide a nightly, weekly, monthly, seasonal, or long-term (as available per market) Comparable Rent Schedule Form 1007 or 1025 and either: <ul style="list-style-type: none"> <li>Long-Term Rental Income (Any term between month to month and 12 months): When the property is currently occupied by a tenant, an executed lease agreement is required. For month-to-month lease agreements, a 12-month rental payment history must be documented. <ul style="list-style-type: none"> <li>If a new lease agreement has been executed, it must commence within 60 days after the note date and proof of receipt of security deposit is required.</li> <li>When the property is currently vacant, then reduce the LTV by 10% LTV from the program max that the borrower qualifies for is required. Borrower must provide a letter of explanation for why the property is vacant. On a 2-4 unit property, only 1 unit may be vacant.</li> </ul> </li> <li>Short-Term Rental Income (such as AirBNB/VRBO income): Remittance statements from the renting entity covering the most recent 12-month period is required. The payout amount must be used for qualifying. Refer to the <a href="#">LTV Matrix</a> for the minimum DSCR.</li> </ul> </li> </ul> <p><b>Accessory Dwelling Unit (ADU) Income:</b><br/>ADU income is not allowed.</p> |
| <b>Escrow Holdbacks</b>              | Not allowed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Escrow/Impound Accounts</b>       | Required.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Geographic Restrictions</b>       | In Hawaii and Missouri, Arc Home may only fund fully delegated loans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Lien Position</b>                 | First                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Minimum Loan Amount</b>           | Minimum loan amount is \$150,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Mortgage Insurance</b>            | Not required                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Number of Financed Properties</b> | For Arc Elite, Arc Access, Conventional Investment Property, FNMA/FHLMC Second Home-Investment Property and Jumbo PPP Products, each borrower may not exceed either an aggregate unpaid principal balance amount of \$3MM or 2 loans (including the subject property) financed with Arc Home.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Occupancy</b>                     | Investment only                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |



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| <b>Property Types</b>               | <p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• 1-4 unit (Detached, Semi Detached, Attached)</li> <li>• PUD (Detached, Attached)</li> <li>• Warrantable Condominium (Detached, Attached)</li> <li>• Non-Warrantable Condominiums, including condotels. Refer to the Arc Underwriting Guide for details.</li> <li>• Maximum acreage is 2 acres. Acreage and land value must be typical and common for the subject's market.</li> </ul> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Rural properties</li> <li>• Mixed use properties</li> <li>• Refer to the Arc Underwriting Guide for ineligible property types.</li> </ul>                                                                                                                    |
| <b>Prepayment Penalty</b>           | Allowed on investment properties. May be subject to up to a five-year prepayment penalty or the maximum permitted by state law, whichever is lower. Arc does not allow a prepayment penalty to be charged: Alaska, Illinois, Kansas, Michigan, Minnesota, New Jersey, New Mexico, North Dakota, Ohio, and Rhode Island.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Reserve Requirements</b>         | 12 months PITIA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Secondary Financing</b>          | Not allowed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>State Licensing Requirements</b> | <p>Brokers, and the LO's authorized to represent those brokers, may originate DSCR (business purpose) loans for properties that are in the Permitted States below without any applicable state license as a Broker and Loan Officer respectively. The same logic would be applicable to loan originators selling loans to Arc on either a non-delegated or delegated correspondent basis.</p> <p>Permitted states:</p> <ul style="list-style-type: none"> <li>• Wholesale and Correspondent: AK, AL, AR, CO, CT, DE, FL, GA, IN, KS, KY, LA, ME, MA, MD, MO, MS, MT, NE, NH, NM, OH, OK, SC, TX, VA, WA, WI, WV, and WY</li> <li>• Wholesale Only: Washington DC</li> <li>• Refer to the <a href="#">Geographic Restrictions</a> section for additional state restrictions.</li> </ul> |
| <b>Tax Transcripts</b>              | A signed 4506-C and IRS Tax Transcripts are not required during the loan process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Transaction Types</b>            | <p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate/Term Refinance</li> </ul> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Cash out</li> <li>• Delayed Financing</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| Product Names                                                                                                                                                                                                                                                                                                                                                            |
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| Names and Product Codes                                                                                                                                                                                                                                                                                                                                                  |
| 30 YEAR FIXED FOREIGN NATIONAL DSCR<br>30 YEAR FIXED FOREIGN NATIONAL DSCR- 1 YR PREPAY PENALTY TERM<br>30 YEAR FIXED FOREIGN NATIONAL DSCR- 2 YR PREPAY PENALTY TERM<br>30 YEAR FIXED FOREIGN NATIONAL DSCR- 3 YR PREPAY PENALTY TERM<br>30 YEAR FIXED FOREIGN NATIONAL DSCR- 4 YR PREPAY PENALTY TERM<br>30 YEAR FIXED FOREIGN NATIONAL DSCR- 5 YR PREPAY PENALTY TERM |