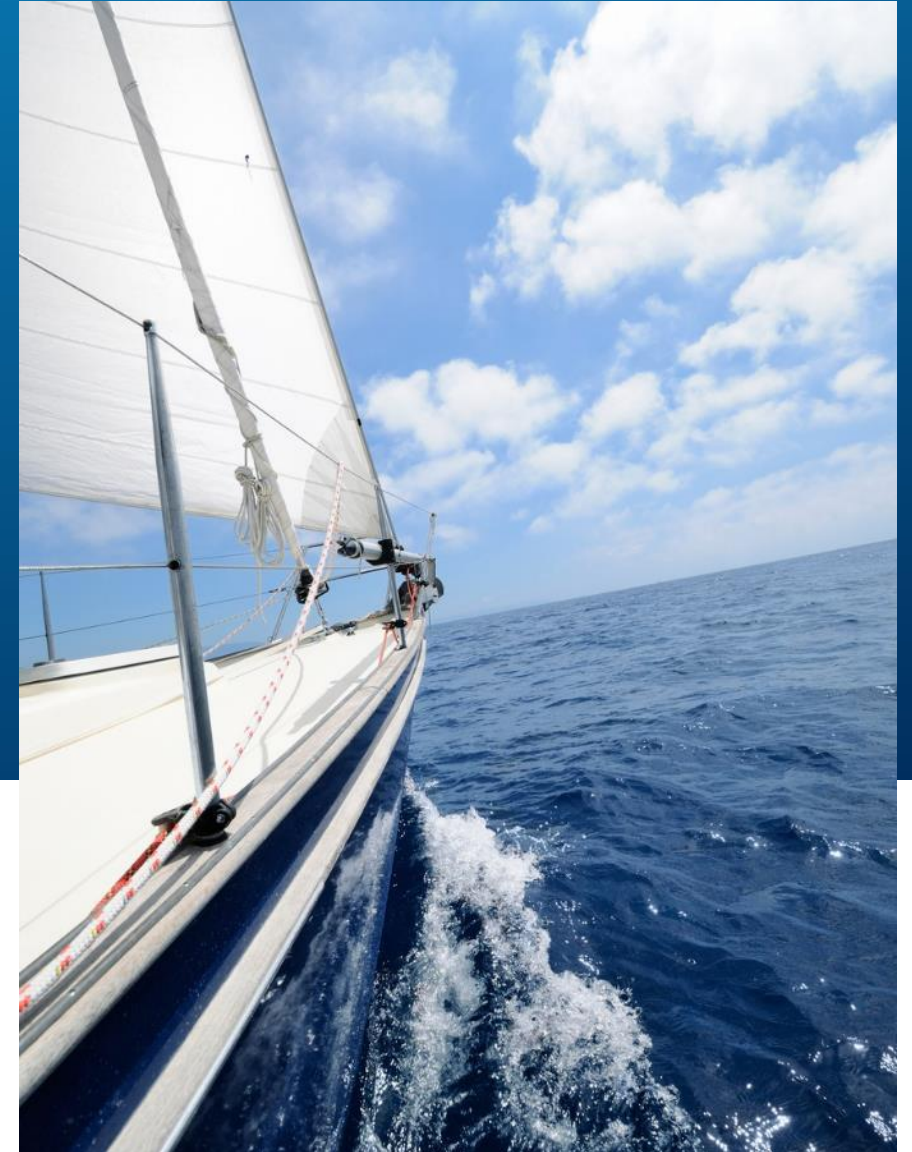


# Bayview DSCR

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## Blanket Mortgages

Last Updated: February 24, 2023



# Agenda

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## Topics we will cover today:

- Introduction to Non-Agency Investor Products
- Bayview DSCR Blanket Mortgages
- Benefits
- Details and Highlights
- Q & A



# Non-Agency Investor Products

- We are pleased to offer a suite of products tailored to meeting the needs of the real estate investment community. This comprehensive suite is home to the following products:
  - Agency Investor
  - Agency Investor Plus
  - DSCR
- The properties cannot be occupied by any of the Borrowers or Guarantors.
- The Agency Investor Plus and DSCR loans are for business purposes only and are certified as such by the Borrowers and/or Guarantors as applicable.
- Our Jumbo products also offer opportunities for the real estate investment community.

## Bayview DSCR



**This product is supported via the Lakeview Correspondent portal to price, lock, and deliver loans.**

- **Select: Delegated/Closed Loan when logging in.**

# Blanket / Multi-property / Cross-Collateralized Loans

- A single mortgage that covers multiple pieces of real estate.
- Delegated Underwriting only





# Benefits of a Blanket Mortgage

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- Time-saver: Allows you to obtain financing on multiple properties with only one mortgage approval process
- Consolidate finances
- Allows you to acquire and refurbish multiple properties at the same time
- Less payments to manage
- Potential savings on closing costs
- Fixed and interest-only options to improve cash flow

# Blanket Guidelines

- Up to **25** properties combined into a single loan
- Minimum of **2** properties
- Maximum loan amount of **\$6,250,000** (subject to Bayview aggregate maximum)
- Minimum asset value of \$100,000
- Maximum asset value of \$1.5M per unit for each property included (i.e., \$1.5M maximum value on 1-unit, \$3.0M maximum value on 2-unit, etc.)
- Minimum **1.0** DSCR
- Maximum **80%** LTV
  - LTV/LTC/CLTV/HCLTV reductions were put in place for properties located in declining markets.
- Partial Releases are permitted
  - Allows for refinance or payoff of a property without having to pay off entire loan
  - 120% of allocated loan amount
- Allocated loan amounts are determined proportionate to the appraised values of each property

# Blanket Guidelines, continued

- Blanket loans may contain:
  - Multiple property types
  - Multiple occupancy types
- If a blanket loan contains **25%** or more of warrantable or un-warrantable condominiums, 2-4 units, or any combination of these, **an exception approval** will be required.



# DSCR Calculation

- Determine rent from each property according to guidelines:
  - **Purchase:** Use Market rent
  - **Refinance/Cash-out:** Use lesser of lease or Market Rent
  - **Short term rentals:** Use average of 12 month's receipts
- Determine monthly Taxes, Insurance and any applicable HOA fees (TIA) for each property
- Gross TIA = the sum of all the properties' taxes, insurance, and any applicable HOA fees
- Gross Rent = the sum of all rents
- Calculate the Principal and Interest payment using the note rate
  - Interest-only loans must use fully amortized PITIA payment.
- Add the principal and interest payment to the gross TIA to obtain the PITIA
- $DSCR \text{ Calculation} = \text{Gross Rent} / \text{PITIA}$

# DSCR Example

Property	Rent	Taxes	Insurance	HOA fees
12 Smith Drive	1000	500	30	125
14 Smith Drive	1000	500	30	125
1821 Red Lane	1250	650	60	
191 Elm Street	1100	650	60	350
<b>Total</b>	<b>4350</b>	<b>2300</b>	<b>180</b>	<b>600</b>

- Gross Rent = **\$4350**
- Principal and Interest = **\$508**
- Gross Taxes, Insurance and HOA fees = **\$3080**
- **PITIA = 3588**

$$\text{DSCR} = \text{Gross Rent} / \text{Gross PITIA}$$
$$4350/3588$$
$$\text{DSCR} = 1.21$$

# DSCR Blanket Loan Eligibility Table

## How to determine max LTV/LTC.

1. Determine **FICO**.
2. Find **Loan amount**.
3. Find the corresponding **LTV/LTC** under the correct **transaction type**.

1

Bayview Blanket DSCR Eligibility				
FICO & Loan Amount <sup>3</sup>		Max LTV/LTC <sup>1,2</sup>		
		DSCR ≥ 1.0		
Credit Score	Loan Amount	Purchase	Rate and Term	Cash Out
700+	≤ \$6,250,000	80	80	75
680-699	≤ \$5,500,000	80	75	70
660-679	≤ \$5,500,000	75	75	65
640-659	≤ \$3,000,000	70	70	60
620-639	≤ \$3,000,000	65	65	55
<sup>1</sup> See LTV/LTC Restriction section <sup>2</sup> See Declining Markets section for LTV/LTC/SLTV/HCLTV reduction requirements <sup>3</sup> See Loan Amount section				

2

3

# LTV/LTC Restrictions-Blanket Loans

Reduce LTV on refinances by **5%** if:

- **A vacant property transactions** defined as:
  - 25% or more of the included properties are vacant according to the below chart

# Units in Subject Property	# Vacant Units	Additional 6 months PITIA reserves required?
1	1	Yes
2	1	Yes
3	2	Yes
4	3	Yes

- **A refinance or cash-out of a short-term rental property transaction** defined as:
  - 25% or more of the included properties are short-term rentals

- Reduce LTV by **10%** for **a non-warrantable condominium transaction** (with a maximum of 70% LTV/LTC), defined as:
  - 25% or more of the included properties are non-warrantable condominiums

# Reserve Requirements

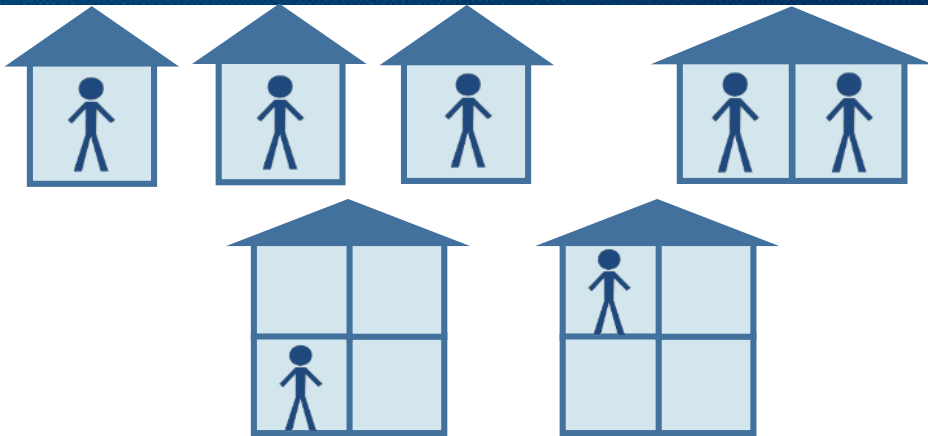
- **3 months PITIA**
- Funds utilized for down payment and closing costs cannot be included in reserve funds.
- **Additional 6 months PITIA** (9 months in total) is required on a purchase of a short-term rental property transaction.
- **An additional 6 months reserves** (9 months in total) is required on a vacant property transaction.

# Vacancy Example

Refinance of a blanket with 6 properties:

- Three single-families, all occupied
- One 2-unit, both units occupied
- Two 4-units, each with only one unit occupied

Is it a vacant property loan?



# Units in Subject Property	# Vacant Units	Additional 6 months PITIA reserves required?
1	1	Yes
2	1	Yes
3	2	Yes
4	3	Yes

- Yes, greater than 25% of the included properties are vacant according to the above definition; 2 of 6 are vacant (33%). Therefore, **9 months of PITIA** is required for reserves.



# Property / Appraisal Requirements

## Appraisals:

- A Market Rent Comparable Schedule (FNMA 1007 or 1025) must be provided.
- Required for **all** properties in the blanket.

**Collateral Desktop Analysis (CDA)** is also required to support the value of **all** of the appraisals. The Seller is responsible for ordering the CDA.

- If the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, the lower value of the two must be used.

## Property Flips

- Second appraisal is required and the increase in value should be documented with commentary from the appraiser as well as show recent comps.

# Process

## Best Efforts Lock:

- Use one of the property's information.

## Delivery:

- Provide an application with information on all subsequent properties.
  - Remember to include...
    - Address
    - Property type and number of units
    - Appraised value and date of appraisal
    - Occupancy (vacant or occupied)
    - Rent
    - Taxes, Insurance and any applicable HOA fees

# Remember

- Check all sections of the product matrix for additional guidelines or requirements for blanket loans!

<p>I</p> <p>Loan Documentation Requirements</p>	<ul style="list-style-type: none"><li>o Inexperienced investor</li></ul> <p><u>Application must include the following:</u></p> <ul style="list-style-type: none"><li>• Loan amount and terms</li><li>• Subject and primary residence property address, type of property and number of units</li><li>• <b>Blanket mortgage applications</b> should include the following for all properties included in the blanket:<ul style="list-style-type: none"><li>o Address</li><li>o Property type and number of units</li><li>o Appraised value and date of appraisal</li><li>o Occupancy (vacant or occupied)</li><li>o Rent</li><li>o Taxes, Insurance and any applicable HOA fees</li></ul></li><li>• Entity name and address (if applicable)</li><li>• Borrower/guarantor(s) information including: social security number, <b>HMDA information (natural borrower or business entity as applicable, not required for guarantors)</b>, date of birth, address and authorization to pull credit</li></ul>
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- If the blanket loan covers multiple states and a prepayment penalty option is selected, it must meet the requirements of the most conservative state included in the blanket.

# Who to Contact with Questions

<b>General Program Rollout</b>	Contact your internal Product Implementation Team or your Business Development Director.
<b>Disclosures, Forms, or Conditions on Closed Loans</b>	Contact <a href="mailto:NonAgencyDD@Bayview.com">NonAgencyDD@Bayview.com</a> .
<b>Pricing</b>	Pricing and guidelines are not available in most product and pricing engines, you will need to use the daily rate sheets. Contact your internal lock desk on how to access your pricing.
<b>Pre-closing Program Guideline or Specific Scenario</b>	Contact the Bayview Non-Agency Scenario Desk at <a href="mailto:nonagency@bayview.com">nonagency@bayview.com</a> .
<b>Locking or Delivering Loans</b>	Contact Lakeview Client Services at 855-253-8439, option 3 or at <a href="mailto:clientservices@bayviewloans.com">clientservices@bayviewloans.com</a> .

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# Non-Agency Investor Product Comparison



# Non-Agency Investor Product Comparison

	Agency Investor** (Bayview FNMA/FHLMC Conforming and High Balance/Super Conforming)	Agency Investor Plus	DSCR
Max number of Financed Properties	10	50	NA
Multiple properties (Blanket) <b>Delegated only</b>	Not permitted	Not permitted	Maximum 50 properties, minimum 5
Max Loan Amount	Area limits	\$1.5M	\$2.0M standard   \$6.25M Blanket ( <b>Delegated only</b> )
Min Loan Amount	NA	\$100,000	\$100,000
Benefits	<ul style="list-style-type: none"> <li>Ease of underwrite</li> </ul>	<ul style="list-style-type: none"> <li>Ease of underwrite</li> <li>Interest-only option</li> <li>No MI over 80%</li> <li>\$1.5M Loan amount</li> <li>Vesting in the name of LLC</li> </ul>	<ul style="list-style-type: none"> <li>Underwrite based on the debt of the property, not individual debt</li> <li>Less documentation needed for underwrite</li> <li>Business entity can be the borrower</li> <li>Interest-only options</li> <li>Maximum loan sizes</li> <li>Blanket mortgage options</li> <li>Fixed and interest-only options</li> <li>Non-warrantable condominiums are permitted</li> </ul>



# Non-Agency Investor Product Comparison

	Agency Investor** (Bayview FNMA/FHLMC Conforming and High Balance/Super Conforming)	Agency Investor Plus	DSCR
Minimum FICO	620	660	620
Maximum LTV (LTC)*	85%	85%	85% Std / 80% Blanket
Underwrite	DU/LPA	DU/LPA	Manual
Income Calculation	Full Doc/Follow findings	Full Doc/Follow findings	Debt Service Coverage Ratio Gross rent/PITIA
Appraisal Requirements	<ul style="list-style-type: none"> <li>Follow findings</li> </ul>	<p>Additional requirements on Non-conforming loan amounts:</p> <ul style="list-style-type: none"> <li>A Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>Collateral Underwriter (CU) with a score of 2.5 or less in lieu of a CDA</li> </ul> <p><b>**See product matrix for full details**</b></p>	<ul style="list-style-type: none"> <li>Appraisal (including Market Rent schedule) and Collateral Desktop Analysis from an approved provider is required for all loans</li> <li>A third-party rent estimate from an approved provider is required for all vacant properties</li> </ul>

\* Refer to the product matrix for LTV/LTC/CLTV/HCLTV requirements in declining market areas.

# Questions?

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# Thank you!

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