

# Top 20 DSCR FAQ's Every Client Should Know

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**Silver Hill Capital**



# Top DSCR FAQ's Every Lender Should Know

## 1. Is prior investor experience required to qualify for the DSCR Program?

No, both inexperienced and experienced investors are eligible. Refer to the Eligibility section of the guidelines for specific requirements.

## 2. If there are multiple borrowers, how does experience affect LTV/LTC?

The experience level of the primary guarantor determines the LTV/LTC

## 3. Which credit score is used for qualification when there are multiple borrowers?

The lowest representative credit score among all borrower(s) and/or guarantor(s) is used.\*

## 4. Do LLC members with less than 25% ownership need to be guarantors?

This may depend on the ownership and management structure.\*

## 5. When the business entity is the borrower, does the application need to include the borrower(s), guarantor(s), and the business entity?

Yes

## 6. Can the borrower be a natural person while the title is vested in an LLC?

Yes, a borrower can be a natural person with the property vested in an LLC.

## 7. What is the minimum and maximum loan amount for this program?

- Minimum loan amount: \$100,000
- Standard single family: \$2.0M
- Standard 2-4 family: \$2.5M
- Blanket/cross-collateralized: \$6.25M

## 8. Can multiple property types be included in a blanket/cross-collateralized mortgage?

Yes, blanket loans may include multiple property types, subject to specific terms and conditions.\*



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**9. If a property in a blanket loan is sold, does the entire loan need to be paid off?**

No, a partial release is available for the sold property or properties, subject to a release fee.\*

**10. Are specific Prepayment Penalty Riders needed?**

As long as the Rider terms align with the chosen prepayment penalty and comply with state and federal laws, you may use your own form. Proposed Prepayment Penalty Riders are available in the Non-Agency Document Reference Guide on the Correspondent portal.

**11. Are copies of all required Riders provided?**

Sample Riders are included in the Non-Agency Reference Guide on the Correspondent portal. However, we do not guarantee compliance with state or federal laws.

**12. When should the Business Purpose Affidavit be signed?**

The form can be completed before closing but must be executed and notarized at closing. We provide one that has been thoroughly reviewed by internal compliance and legal team, ensuring it meets all regulatory and risk standards, and is therefore recommended.

**13. Do we refer to the Note date for all seasoning requirements?**

Yes, the Note date is used unless otherwise specified in the guidelines.

**14. Are large deposits required to be sourced?**

No, sourcing large deposits is not necessary.

**15. Are secured borrowed funds, like a HELOC, acceptable for reserves or closing funds?**

Secured borrowed funds can be used once transferred into a checking or savings account. Unsecured funds are ineligible.

**16. Are gift funds allowed?**

Yes, with specific requirements.\*



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## 17. Can transferred appraisals be used?

Appraisal transfers are allowed but must meet additional requirements.\*

## 18. Are short-term rentals allowed?

Yes, refer to the DSCR section of the product matrix for details on calculating DSCR, LTV restrictions, and minimum DSCR requirements.

## 19. What are the housing history requirements if the borrower owns their primary residence free and clear?

Experienced borrowers without a primary housing history (rental or mortgage) may qualify if they meet the housing history requirements for the subject property.\*

## 20. Is HMDA information required?

Yes, HMDA information is necessary for all DSCR loans. For business entity borrowers, indicate "not applicable" for the required questions.

## 21. Are exceptions to guidelines considered?

Exceptions may be considered on a case-by-case basis when strong compensating factors exist to offset the risk. Single Loan Variances must be approved by Silver Hill Capital.

For Delegated – please follow the Single Loan Variance (SLV) process [SLV User Guide](#)

For Non-Delegated – please complete the Exception Request Form [Non-Delegated Forms](#) and submit to underwriting with your loan submission.

## 22. Are DSCR loans subject to TRID Requirements?

Since DSCR loans are considered business purpose loans, TRID requirements do not apply.

