

DSCR Cross-Collateralized



Agenda

- Introduction to Non-Agency Investor ProductsDiscuss Program Highlights
- Define the Cross-Collateralized LoansReview available resources
- Discuss Benefits
- Details and Highlights
- Q & A



Investor Products



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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 and Bank Statement products also offer opportunities for the real estate investment community



Define DSCR Cross-Collateralized Loans



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Blanket / Multi-property / Cross-Collateralized Loans

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



Benefits of the Cross-Collateralized Loan



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Benefits

- 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



Details and Highlights



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Blanket Guidelines

- Up to **25** properties combined into a single loan
- Minimum of **2** properties
- Maximum loan amount of **\$6,250,000** (subject to Silver Hill Capital 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



Blanket Guidelines

- 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 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 Calculations

1. 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
2. Determine monthly Taxes, Insurance and any applicable HOA fees (TIA) for each property
3. Gross TIA = the sum of all the properties' taxes, insurance, and any applicable HOA fees
4. Gross Rent = the sum of all rents
5. Calculate the Principal and Interest payment using the note rate
 - Interest-only loans must use fully amortized PITIA payment.
6. Add the principal and interest payment to the gross TIA to obtain the PITIA
7. DSCR Calculation = $\text{Gross Rent} / \text{PITIA}$



Cross-Collateralized 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
Total	4350	2300	180	600

Gross Rent = **\$4350**

Principal and Interest = **\$508**

Gross Taxes, Insurance and HOA fees = **\$3080**

PITIA = 3588

DSCR = Gross Rent / Gross PITIA
4350/3588
DSCR = 1.21



Cross-Collateralized Example

- **How to determine max LTV/LTC**
 1. Determine **FICO**
 2. Find **Loan amount**
 3. Find the corresponding **LTV/LTC under the correct transaction type**

Silver Hill Capital Blanket DSCR Eligibility					
Minimum Credit Score	Units	Maximum Loan Amount	Max LTV DSCR ≥ 1.0		
			Purchase	Rate & Term	Cash-Out
700	1-4	\$6,250,000	80	80	75
680	1-4	\$5,500,000	80	75	70
660	1	\$5,500,000	75	75	65



LTV/LTC Restrictions

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	LTV Restrictions 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.



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



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Questions?

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