DSCR Underwriting

Last Updated: May 14, 2026

Silver Hill Capital

Agenda

- Define DSCR
- Review a Standard DSCR Calculation
- Review a Short-Term Rental Transaction
- Review a Cross-Collateralized transaction
- Navigate through resources
- Q&A

Correspondent Lending Structure

Correspondent Lending

Lakeview

AGENCY PRODUCTS

- FNMA/FHLMC
- FHA
- HFA/Affordable Lending
- USDA
- VA

Silver Hill Capital

NON-AGENCY PRODUCTS

- Agency Investor Plus
- Bank Statement
- DSCR
- Jumbo AUS
- Jumbo ARMs
- Conforming (2^{nd} Home/NOO)
- High LTV Medical Professionals

Correspondent Lending

Key Contacts	Lakeview	Silver Hill Capital
Client Services	clientservices@lakeview.com	clientservices@silverhillcap.com
Scenario Help Desk	underwritingquestions@lakeview.com	nonagency@silverhillcap.com
Loan Servicing	LoanCare, LLC originationsserviceroversightteam@lakeview.com	Rushmore Servicing bvcmservicing@silverhillcap.com
Client Manager Contacts	Regional Assignments See the Quick Reference Guide	nonagencyclientmgt@silverhillcap.com

Product Support

We make subject matter experts available from beginning to end to support a flawless execution.

- Your credit teams will have access to a dedicated group to assist your credit teams with scenarios, single loan variances, and guideline expertise.

nonagency@silverhillcap.com	Utilized for all pre-close questions and scenarios
nonagencyclientmgt@silverhillcap.com	Utilized to answer your post-closing, pre-purchase questions regarding loan status, suspense conditions, escalations and rebuttals.

DSCR Standard Transaction

Program Details

- Investment properties only
- Maximum LTV/LTC is **80%**
- Best Efforts & Bulk/Mandatory delivery options
- **30**-year fixed
- Minimum DSCR is **.75** (1.0 for Cross-collateralized)
- **10**-year **Interest Only** option available, calculated using ITIA payment
- Minimum Fico is **660**
- Minimum loan amount - **$100,000**
- Maximum Loan amount - **$2,000,000** (Standard) - **$2.5 million** (2-4 units), - **$6.25 million** (Cross-collateralized)

Borrower Eligibility

Eligible

- Natural Borrower
- Legal Business Entities Including:
  - LLCs
  - LPs
  - Partnerships
  - Corporations
- All business entity loans require at least one full recourse warm body personal guaranty
- Borrower/Guarantor(s) must:
  - Be a US Citizens or Non-US Citizen(s) lawfully present in the United States
  - Have a valid Social Security number

Ineligible

- Life Estates
- Irrevocable Trusts
- Blind Trusts
- Guardianships
- Community Land Trusts
- Land Trusts
- Foreign Nationals
- Non-profit organizations, 501(c)(3) and501(c)(4)
- Trusts or LLCs whose members include other LLCs, corporations, partnerships, trusts, or where a Power of Attorney is used.
- Borrower/Guarantor with diplomatic immunity status.

Borrower Eligibility, continued

An experienced investor is defined as:

- Having a history of owning and managing:
  - Commercial or non-owner occupied residential real estate for at least 12 consecutive months in the most recent three (3) years, or
  - Three or more properties each over the past 24 months

An inexperienced investor is defined as:

- Currently owns a primary residence for at least one year
- Inexperienced borrowers must meet the additional criteria:
  - Minimum DSCR of 1.0
  - Maximum LTV 75%
  - Minimum loan amount of $150,000 and maximum loan amount of $1 million

Entity Requirements

Business Entity must:

- Be a legal entity domiciled in the United States, including LLCs, LPs, partnerships, and corporations
- Be an entity with natural person members
- Be a U.S.-based entity in Good Standing

Suggestion or encouragement of the formation of an Entity is prohibited

Appraisal Requirements

- **Appraisals:**
  - A Market Rent Comparable Schedule (FNMA 1007 or 1025) must be provided
- **Valuation Requirement**

- **Collateral Desktop Analysis (CDA)** from Clear Capital, or
- **Consolidated Collateral Analysis (CCA XP)** from Consolidated Analytics, or
- **RicherValues Oversight Report** or
- **Collateral Underwriter (CU)** with a score of 2.5 or less in lieu of a CDA, CCA XP, or RicherValues Oversights

- **Second Appraisal Requirement:**
  - Property Flips as defined in the product matrix
    - The increase in value should be documented with commentary from the appraiser as well as show recent comps
  - For Loan amounts >$2M

Occupancy

- Cannot be occupied by any borrowers or guarantor or their immediate family
- All tenants on leases must be natural persons
- Occupied/Leased Property:
  - A property that has at least the following number of occupied/leased units

Single Family	= 1/1
Two-Family	= 2/2
Three-Family	= 2/3
Four-Family	= 3/4

Reserve Requirements

- DSCR ≥ 1.0: 6 months PITIA for subject property
- DSCR < 1.0: 9 months PITIA for subject property
- Inexperienced Investor: Minimum 12 months PITIA for subject property
- Simultaneous Closings: Total reserve requirements are cumulative and are the sum of the minimum reserve requirements for each closed loan
- Gift funds are not permitted to meet reserve requirements
- Funds utilized for down payment and closing costs cannot be included in reserve funds
- Cash out may be utilized for reserves if FICO is > 700
- Interest Only: Reserves permitted to be based on the ITIA payment

LTV/LTC Restrictions

Standard Loan Restrictions

- Short-term Rental Standard – Maximum 60% LTV/LTC
- Reduce LTV by 10% for non-warrantable condominiums with a maximum of 70% LTV/LTC.
- Maximum LTV/LTC of 75% for the inexperienced investor

Cross-collateralized Loan Restrictions:

- Max 60% LTV/LTC for all Cross-collateralized loans where 25% or more of the properties are short-term rentals
- 10% LTV/LTC reduction for following:
  - Non-warrantable condos
  - 25% per more properties in the Cross-collateralized loan have individual DSCRs between .75 and .99
  - Vacant Cross-collateralized transactions

Gross Rent Documentation

STANDARD PURCHASE

- 1007 or 1025 Comparable Rent Schedule survey reflecting long-term or short-term market rents

STANDARD LEASE

- Must be fully executed by both the borrower/guarantor and an Eligible Tenant
- Landlord is the borrower/guarantor or their verified property manager.
- Rental rate and terms consistent with other properties in the area.
- Lease agreement is a form that is standard to the property location and complies with all applicable legal requirements.
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- Covers 100% of the unit's square footage

INELIGIBLE TENANTS

- Any affiliate of the borrower In/guarantor
- Any holder of a direct or indirect interest in borrower such affiliate, any office, director, executive employee, or manager of the borrowing entity
- And any family member (spouse, siblings, ancestors, and lineal descendants)

Calculating the DSCR

- **DSCR is calculated as the gross rents divided by PITIA** (**P**rincipal, **I**nterest, **T**axes, **I**nsurance, **A**ssociation)
  - Use the note rate to calculate PITIA

- **Interest-only loans may use the ITIA payment for the DSCR calculation**
  - DSCR is program minimum as determined by individual loan characteristics plus .10

Minimum DSCR is .75 Standard

Standard Transaction Calculator

Customer is refinancing a **single unit** property for $220,000

- Interest Rate: 6.85%
- Current Lease Rate: $2,230.00
- Appraised Value: $310,000

Principal & Interest	Taxes	Insurance	HOA Fees	Total Payment
$1,398.32	**$360.00**	**$61.00**	**$300.00**	**$2,119.32**

Interest-Only Transaction Calculator

Customer is refinancing a **two-unit** property for $525,000.00

- Interest Rate: 5.87%
- Potential Lease Rate: $4,900.00
- Appraised Value: $525,000.00
- Downpayment: 20% ($420,000.00)

Principal & Interest	Taxes	Insurance	HOA Fees	Total Payment
$1,398.32	$678.00	$74.00	0	$3,319.13

Short-Term Rental Transaction

Gross Rent Documentation

SHORT-TERM RENTAL - PURCHASE

- 1007 or 1025 Comparable Rent Schedule survey reflecting long-term or short-term market rents
- AIRDNA Rentalizer and Overview reports

SHORT-TERM RENTAL - REFINANCE

- Most recent 12-month rental history statement from a third-party rental management service not to exceed 125% of market rent.
- Most recent 12-month bank statements from the borrower evidencing rental deposits not to exceed 125% of market rent.
- If no rent received, use zero for that month.
- Borrower must provide rental records for the subject property to support monthly deposits

Short Term Rentals Calculations

- **DSCR Calculation**
  - Monthly gross rent (as determined by transaction type – see below) multiplied by 80%(to account for costs associated with operating a short-term rental property) divided by PITIA (or ITIA for IO loans) = DSCR

- **Short-term Rental Requirements**
  - Maximum 60% LTV for all Standard and Cross Collateralized (Cross-collateralized) transactions using short-term rental income to qualify
  - Minimum DSCR 1.25
  - Interest-only permitted
    - DSCR program minimum as determined by individual loan characteristics plus .10
    - Qualify on ITIA
    - Inexperienced investors not permitted to qualify via short-term rental

Short-Term Rental Transaction

Customer is refinancing a **single unit** property for $950,000.00

- Interest Rate: 6.35%
- Average Rent: $10,900.00
- Appraised Value: $1,700,000.00

Principal & Interest	Taxes	Insurance	HOA Fees	Total Payment
$5,911.24	$1,719.00	$98.00	$530.00	$8,569.36

Short-Term Interest-Only Rental Transaction

Customer is purchasing a **single unit** property for $825,000
- Interest Rate: 6.95%
- Average Rent: $8,943
- Appraised Value: $1,375,000
- Down Payment: $550,000

Principal & Interest	Taxes	Insurance	HOA Fees	Total Payment
$4,778.13	$1,134.00	$165.00	$750.00	$6,827.13

Cross-Collateralized Transaction

Cross-collateralized

Inexperienced investors are not permitted

Up to 25 properties combined into a single loan

Minimum of 2 properties

Minimum 1.0 DSCR

10% LTV reduction applicable with below characteristics:

- 25% or more properties are non-warrantable condos
- 25% or more properties have an individual DSCR of .75-.99
- 25% or more properties are vacant

Maximum 60% LTV for blanket loans considered to be short-term rentals

Maximum loan amount of $6,250,000

Minimum asset value of $100,000 for each property included in blanket

Maximum asset value of $1.5M per unit for each property included

Partial releases are permitted

Cross-Collateralized Example

Property	Taxes	Insurance	HOA Fees	Total Payment
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 = $4,350**
- **Principal and Interest = $508**
- **Gross Taxes, Insurance and HOA fees = $3,080**
- **PITIA = $3,58**

DSCR = Gross Rent / Gross PITIA

$4,350/$3,588

DSCR = 1.21

Resources and Training

Lakeviewcorrespondent.com

Questions?