

Silvergate Bank Correspondent Lending (SCL) Non-Owner Occupied – DSCR Qualifying Non-QM 5/1 & 7/1 ARM Product Matrix

Effective Date: 1/3/2020

Loans meeting the parameters outlined in this guideline matrix must be consistent with the Dodd Frank Wall Street Reform and Consumer Protection Act Ability to Repay (ATR). Documentation standards are designed to ensure borrowers have demonstrated a reasonable ability to repay the debt based on a reasonable, good-faith determination. Programs are 100% ATR compliant.

See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments.

Investment Property (DSCR) – Eligibility Matrix			
Loan Purchase: Purchase / Rate & Term			
Property Type	Credit Score	LTV /CLTV	Max Loan Amount
SFR / PUD / CONDO / 2-4	700+	75% / 75%	\$1,000,000
	680-699	70% / 70%	
	720+	70% / 70%	\$2,000,000
	680-719	65% / 65%	
Loan Purpose: Cash-Out Refinance			
Property Type	Credit Score	LTV / CLTV	Max Loan Amount
SFR / PUD / CONDO / 2-4	700+	70% / 70%	\$1,000,000
	680-699	65% / 65%	

Interest-Only Loans are interest-only for the initial hybrid period (i.e. 5 years, 7 years, or 10 Years) and fully amortizing thereafter.

In addition to the refinance of any properties owned free and clear, the payoff/pay down or any debt except the following will be considered cash-out transactions: First Mortgages Liens; Home Equity Lines of Credit which have had no draws taken in the past 12 months; Purchase Money Second Mortgage Liens; Closed-End Second Mortgage Liens at least 12-months old.

*Cash out transactions are limited to \$300,000 cash in hand to the borrower. Property cannot be vacant. Ineligible in AK, NY, WV.

Full Documentation Summary	
Eligibility	Borrower is financing the properties solely for investment purposes, including, but not limited to, for (i) retaining the properties as a stabilized rental and (ii) monetizing the investment for capital gains purposes. Borrower is required to sign a certification at application that the properties are not owner occupied and are owned solely for investment purposes.
Income	There is no employment verification or income analysis under the Investor (DCSR) Program
Assets	Sourced or seasoned for 60 days

Credit Standards	
Mortgage/Rent	0 x 30 in past twelve (12) months.
Trade Lines	Two (2) Active Trade-Lines reporting for at least twenty-four (24) months with activity in the last 12 months OR three (3) tradelines reporting for 12 months with activity in the last 12 months is required. Primary wage earner credit score will be used, minimum 680 required.
Foreclosure, Short Sale, Bankruptcy, Loan Modification	Must be seasoned at least twenty-four (24) months.
Judgment, tax lien, collection, charge- off	Must be paid off with no new derogatory credit within the past twelve (12) months (medical excluded).
Loans to One Borrower	Not to exceed 8 properties, and/or \$2,500,000
Credit Documentation	May not be more than 90 days old at the time of the close.

Underwriting	
Minimum Loan Amount	\$100,000
Lease/Gross Income	Lesser of Estimated Market Rent from Form 1007, or monthly rent from an existing lease Unleased Properties (Refinance only); Max LTV – 70%
DSCR Calculation	<p>The minimum DSCR is $\geq 1.00\%$. The DSCR Calculation is as follows:</p> <p>Debt-Service Coverage Ratio = Gross Income / Proposed PITIA</p> <p>Qualify at the greater of the Start Rate or Fully Indexed Rate, If Interest Only the IO Payment can be used.</p> <p>To calculate gross income, use the lower of the (a) executed lease agreement or (b) market rent from appraisal form 1007. If the executed lease agreement reflects a higher monthly rent, it may be used in the calculation when evidence of receipt of the higher amount for the 3 most recent, consecutive months is provided.</p>
Secondary Financing	Secondary Financing NOT allowed
Condominiums	Must be warrantable by FNMA; non-warrantable condominiums will be reviewed on a case by case basis (5% LTV reduction may apply)
Seasoning	6 months Seasoning Required for refinance transactions (both rate/term and Cash-Out).
Vesting	Loans must be closed in the name of an individual, or an Entity
Seller Concessions	Up to 2% towards closing
Prepayment Penalty	Please refer to the Investor(DSCR) tab on the Daily Rate Sheet for Prepayment hits and price caps - 6 months interest on 80% of the amount prepaid; Not allowed in IA, IL, KS, MD, MI, MN, MS, ND, NJ, NM, OH, PA, and RI

Asset/Reserves	
Minimum Reserve Requirements	

Loan Amount	Required Reserves
\$100,000-\$1,000,000	6 months, Verified PITI
\$1,000,001-\$2,000,000	12 months, Verified PITI

Appraisals	
Loan Amount	Appraisal Requirements
$\leq \$1,500,000$	One (1) full appraisal with 3 sold comps < 6 months + Field Review, or Clear Capital CDA (or like product)
$> \$1,500,000$	Two (2) Full Appraisals with 5 sold comps < 12 months



Compliance Note: The ECOA Valuations Rule requires that copies of appraisals and other written valuations be delivered to borrowers promptly upon completion; or within three (3) business days of closing. CDA required for all properties. Properties with a condition rating of C5 or C6 are not acceptable.

Borrower and Property Eligibility	
Eligible Borrowers	<ul style="list-style-type: none"> US Citizens Permanent Resident Alien & Non-Permanent Resident Alien
Ineligible Borrowers	-First Time Home Buyers (FTHB) NOT allowed. -Borrower must provide the most recent 12 month housing history. -If primary residence is owned must be superior in value or appeal to subject. -Applicants Possessing Diplomatic Immunity
Ineligible Properties	Ineligible properties include but are not limited to: <ul style="list-style-type: none"> Leasehold Properties Co-ops Condotels Timeshares Income Producing and Commercial Enterprise Properties (Farms; Ranches; Bed and Breakfasts; Assisted Living; etc.) Short Term Rental Properties (VRBO, Airbnb) Manufactured Homes (Including Log Cabins) Properties > 2 acres
State Eligibility	<ul style="list-style-type: none"> Loans are eligible for properties in all states except AK, NY, & WV. Cash Out not allowed in Texas. In all cases, state specific regulations supersede guidelines stated herein.

Gift Funds
Gift funds are not allowed

Assumption, HPML, Points/Fee's, & Note Terms	
Assumability	ARM Loans may be assumed by a qualified borrower after the initial fixed term.
Conversion	Conversion to a fixed rate mortgage is not allowed
Compliance	Escrows required for taxes and insurance. Fully documented ability-to-repay. Compliance with all applicable Federal and State regulations. NO Section 32 or State High
Note Terms	ARM Documents: 5/1 or 7/1 ARM; 2-2-5 caps; floor rate is equal to the margin; 1 Year LIBOR Index; Margin is 4.00%, Caps 2/2/5; may use Fannie Mae (FNMA) ARM Note 3528.

Product Type						
ARM Features				Interest Only Features		
Product	Margin	Caps	Index	Amort Term	Final Maturity	I/O Term
5/1 ARM	4.00%	2-2-5	1 Year LIBOR	25 Years	30 Years	60-Month Term
7/1 ARM	4.00%	2-2-5	1 Year LIBOR	23 Years	30 Years	84-Month Term



Product Code							
Silver Standard							
ARM				Interest Only			
Product	ARM Type	Term	Code	Product	I/O Term	Term	Code
5/1 ARM	Full Amortization	30-Year	1000	5/1 ARM	5-Year	30-Year	1001
					10-Year	30-Year	1002
7/1 ARM	Full Amortization	30-Year	1100	7/1 ARM	7-Year	30-Year	1101
					10-Year	30-Year	1102

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