

# Welcome.....

- **Multi-Family Cash Flow Refresher & Q&A**
  - **Presenter: Gina Koenen**
  - VP, Commercial Loan Officer
    - Provident Bank
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    - Cell: 951-403-0567
- **Provident Bank Wholesale Account Representatives:**
- [www.pbmwholesale.com](http://www.pbmwholesale.com)
- **To allow people time to get logged in & set up, we will likely begin closer to 10:05.**
- **At any time, you can use the webinar controls to ask me a question.**

## **Multi-Family Cash Flow Refresher & Q&A**

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### ***Provident Bank Wholesale Account Representatives:***

**[www.pbmwholesale.com](http://www.pbmwholesale.com) –**

***If you are approved with Provident Mortgage, please let me know who your account executive is so your Acct Exec gets credit when a commercial loan funds.***

### **Highlights on our program:**

- Multi-Family, Mobile home parks, Mixed Use, Self Storage, Office & Industrial
- California Only
- Loan sizes from \$300,000 - \$7,000,000 (under \$500,000 w/rate bump)
- Up to 70%-75% LTV on purchase and rate & term refinances
- Up to 65%-70% cash out refinances
- Allow seller carry up to 80%/85% CLTV (1.10DCR) – case by case
- Min FICO 680 / lower w/ exception & rate bump
- Allow credit for self-management
- Rates: <http://pbmwholesale.com/whlsrates.asp>
- Worksheet & submission form: [www.gmvirtual.com](http://www.gmvirtual.com)

# Income Property Types

## Properties Provident Likes

- 5+ units Multi-Family &
- Mobile Home Parks
- Self Storage
- Non Owner Occupied Office
- Industrial & Flex space

## Difficult Properties— need Niche lenders

- Single purpose (more difficult-Provident doesn't lend on)
  - Single purpose – discussion about difficulty
    - Restaurants
    - Car wash
    - Gas Stations
    - Auto repair/Smog

# Income Property

## LTV & Debt Cover/DCR

NOTE: The rental income a property generates will determine a property's value = 'income value'

- Banks lend to the lesser of Purchase price or income value
  - LTV restraints & DCR restraints

### **Variables which affect loan amount supported:**

- LTV = Banks base "LTV" on "income value" or lesser of income value or purchase price
  - Income value =  $\text{NOI} / \text{Cap rate}$ 
    - Appraisal determines market cap rate / Banks can estimate based on recent appraisals
    - Market expenses typical 35% (rule of thumb for apartments / Commercial depends on lease types)
    - Vacancy factor 5% / 10% commercial / 15% single tenant
- DCR = Debt Coverage Ratio – Min 1.20/1.25
  - DCR = Ratio between net operating income & new annual mortgage payments

# Borrower

## – Credit & Cash flow

After evaluating property bank's will also review borrower personal cash flow. This is the borrower's personal debt versus reported income

- Pre-2010/economic downturn, borrower personal cash flow was not as important as it is now, regulations have changed.
- Borrower's income does not need to support subject property's payment, property supports itself
- Borrowers reported income must support their personal debt plus 25% approx for living expenses
  - Rule of thumb, if they would qualify for personal SFR refinance on residential loan, cash flow should work on commercial
- Liquidity must be 6 months principal and interest
- Credit/FICO
  - 680 or above with no credit issues past 7yrs (loan mods, foreclosures, short sales, etc)
  - Possible lower with LOE, and credit bump depending on circumstances

Rate sheet review & discussion

Then worksheet

**Worksheet is located at:**

**[www.gmvirtual.com](http://www.gmvirtual.com)**

*(DCR/Loan Calc – top left of page)*

**Current Multi-Family & Commercial Rate Sheet:**

**<http://pbmwholesale.com>**

*Click – “Wholesale Rates” top left, then click  
“Commercial / Multi-Family 5+ Units - Rate Sheet”*

**Gina Koenen**

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