

One of our niches at Circle Bank is funding high leverage purchase money loans for properties with negative cash flow. This allows your clients to keep more cash in their pocket for buying another property, self-financing tenant improvements, or simply staying liquid.

As a **Community Bank**, we are chartered to fund 'make-sense' transactions, and we do this by using an integrated underwriting approach: we look at both the personal debt to income ratios and credit histories of the borrowers (as in home loan lending), and we marry that approach to the traditional cash flow and Debt Service Coverage Ratio (DSCR) analysis of income properties.

In short, when the net operating income (NOI) from the subject property is less than the loan payments, we take that negative and add it to the Borrower's personal debts. We then calculate the Borrowers' total debt-to-income (DTI) ratio, which is the sum of their personal housing expense (PITI), plus revolving and credit debts, plus the negative on the subject property, and divide it by their regular, ongoing income. If the resulting total DTI ratio still makes sense (typically up to 50% of their income), we can do the deal up to 75% Loan to Value (LTV), with a maximum 30% negative cash flow on the property. If you have a transaction where the buyer would rather put less money down (which can only be recouped by either a sale or a refinance), or you are marketing a property that has relatively low current income and would like to see how much we could lend on it, then please call me to review the loan options.

Respectfully,

Mark Skolnick

Mark Skolnick
Circle Bank
415-893-9321
mark@circlebloans.com
Tbox: GR 0001

To discuss how this program can benefit you and your clients, call:
Mark Skolnick • 415.893.9321 • mark@circlebloans.com
701 De Long Avenue, Suite H, Novato, CA 94945
www.circlebloans.com • Fax 415.893-9337 • T-box: GR 0001