

Q: How is your rent collect fairing last month & this month?

A: We have a very normal rent collection in April 2020. Approximately 5% of our tenants needed an accommodation related to Covid.

Q: Is there any appetite for buying power of sale (foreclosure) properties, up here in Toronto Canada?

A: We do not have the requisite local knowledge to participate in the Toronto marketplace.

Q: Do you guys lend money for rentals? If so, how does that work?

A: Yes, you are referring to our buy and hold program. Our buy and hold loan product is used for your initial financing. We get you the money you need for acquisition and renovation. Once the property is rent stabilized you replace our financing with traditional financing.

Q: For existing rentals, are people paying rent to you? What are you doing with renters having problems making payments?

A: At present, 5% of our tenants are having difficulty paying their rent. We are offering to defer their rent obligation until their income is restored and they can put together a repayment plan.

Q: Should we prepare for ARV prices to go down? Even if it's 6%? And when do you expect it?

A: Yes. Prices topped out prior to the COVID. We anticipate that the market prices for housing will not move up this year. However, the entry level market is moving at a brisk pace. An entry level property is defined as a property that a 1<sup>st</sup> time home buyer can afford.

Q: "How do I pay my existing rental mortgage if my renter can't pay me? What can I do?"

A: Talk to your lender. There might be a forbearance program for you. If you have to raise money you might need to sell it for cash.

Q: Are you finding your rentals on market or off market?

A: Yes. Our last two rental purchases this month were properties at auction. It is very challenging to find these deals on the MLS.

Q: Do you or would you buy a rental that is occupied?

A: Yes. We work for solutions with occupants. If they don't want to rent the property from us, we try to find an amount that will work to give them to exchange "keys for cash".

Q: If you purchased a rental property that is occupied and the renter has not paid due to covid-19 would u purchase the job?

A: Yes. Our goal is to find mutually beneficial solutions. Assuming we buy a house and the occupant's finances were impacted by Covid, we can figure out a way to work with them to get them back on their financial footing.

Q: What type of occupation are you looking for in a tenant.

A: We are looking for tenants that have a consistent source of income.

Q: How are you handling the aggressive bidding from investors who are bidding up prices to where you cannot be profitable with a flip and the MAO formula does not apply?

A: We wait until there is a good buy opportunity to acquire properties. This may require a lot of patience.

Q: For a Planner, what strategies should we be working on in our current environment?

A: You should determine how many rentals you can handle and plan to manage them efficiently. If you are not going to buy rentals, you can consider buying into a mortgage fund. Talk to your financial advisor to see if that is a good option for you.

Q: What sort of offer and sales price changes are you seeing for sell and buy real estate in the last month or so across different house price ranges and MD/DC/VA?

A: The higher priced housing is moving slower and prices have come down about 10% in that space. Otherwise, the market is moving. The entry market is doing very well.

Q: What indicators do you look for in determining a peak?

A: Market prices start to come down. Days on market for houses for sale increase. The indicators are at a sub development level. All of our indicators are taken within the micro environment of a property.

Q: What made you believe we were in a peak last Nov, Dec as you mentioned?

A: Higher end product wasn't moving.

Q: In the DMV what do you consider entry level prices?

A: Less than 500k in DC, Montgomery County and Fairfax County. Less than 400k in Prince William and Prince George's counties. 350K in Charles County, Stafford and Spotsylvania Counties

Q: What does "adding the payment to the end of the loan" mean? If you add the missed payment to principal, you add several months to the loan if you keep the payment and interest rates the same.

A: Adding the payment to the end of the loan means that the principal balance of the loan will be increased at the time of the payoff.

Q: How do we bridge the gap if we are not getting some payments in (rent property sale etc) but have payments going out (loans, taxes, employees)? Can I still foreclose or evict? How can I raise cash to bridge the gap until things stabilize?

A: You will need to do a complete evaluation of your available liquidity. This includes money that maybe available as a loan against stock, a HELOC, or even credit card debt. Your number one goal is to keep your real estate enterprise solvent with cash. You might have to liquidate an asset with equity in order to raise short term cash.

Q: Where in Virginia can we find properties to purchase for either fix and flip or buy and hold?

A: Take a look at our "90 ways" flyer. We have used virtually every one of the methods to find assets.

Q: Is the current environment good for wholesalers?

A: Wholesale margins have come down as a consequence of having fewer investor purchasers. However, if you are providing value as a wholesaler by finding assets and getting them under contract – there is going to be room for you in this market.

Q: Does the 1% rule include transaction costs for purchase?

A: Yes, the 1% rule is a methodology and not a hard and fast rule. If the transaction costs tip the transaction over 1%, it will still work fine.

Q: Is Clearsky utilizing any virtual inspection services right now for ensuring due diligence on condition of properties?

A: Yes, we use Facetime and video taped site reviews in order to review assets regularly.

Q: On new hard money loans are you increasing the interest rate due to risk? Extending terms beyond 1 year/ 18 months

A: We are not adjusting the interest rates. We are adjusting the lending criteria. Our maximum length loan remains 12 months.

Q: How can we get more information/education for rental investing?

A: Great question – we will be outlining our educational platform for the DC Metro area in upcoming calls and meetings.

Q: What are the parameters for your transactional funding?

A: We have to fully understand the transaction and know every player including the title company. We do a thorough vetting of each party to make sure that they are honest dealers and that they can execute the transaction.

Q: Please tell us how we can tap into CS's lead generation.

A: We are in the process of putting this together in a formal way for our team to share with others.

Q: Are you having issues with Appraisals when selling your houses?

A: No, we have not had material appraisal issues in the last several years. We communicate directly with the appraisers and provide complete lists of improvements, permits, and comps. Communication of value that maybe otherwise hidden is critical. Also, if we have gotten multiple offers on a property we will provide all the page 1's of the written offers to the appraiser so they can understand the current market place at the time of the offers.

Q: My biggest concern is finding viable deals in this market. Can you talk more about how new investors can get started on this?

A: Take a look at our "90 ways" flyer. We have used virtually every one of the methods for find assets.

Q: Do you service just the DC metro area or do you borrow in other states. I'm connecting from NC.

A: We do some lending in NC. Please reach out to Sam or Charlie directly to discuss your needs.

Q: Is this a good time for hi end condo conversion?

A: No. The high-end market has softened. Condo conversions are complex, take a full time focus, and have a one year plus time horizon. It is hard to predict what the market will do 1 year from now.

Q: In this current market would you suggest the BRRR strategy or a fix flip strategy? And why?

A: Yes, if you are finding good long term values that meet the one percent rule. Definitely, buy , renovate, rent, repeat. This develops long term wealth. Also, we like to buy into equity for our rentals. We typically look for a 15 to 20% equity position.

Q: How can you help me as a beginner

A: Continue to stay connected with us as we role out our educational platform in the coming months.

Q: COVID-19 has the potential to change rental preferences for tenants of the future, given that people may try to avoid population dense areas. Do you anticipate this changing your investing strategies in any way?

A: You have identified what is likely to be a trend. It is a good idea to be aware of it, but it is unlikely it will materially impact the individual investor.

Q: Do you invest only in the DMV area?

A: Yes. That enables us to physically visit our properties as needed. We have some loans in Wilmington, Raleigh and Charlotte NC as well. We only purchase properties in the DMV.

Q: Can you speak on your feelings about Baltimore properties that might meet the 1% rule

A: There are super values in Baltimore. You should be able to get properties in Baltimore that blow the 1% rule out of the water. Tenants like to move more often, though. You need to be very diligent about getting tenants that will stay in a property for more than 1 or 2 years. If you know the area on a street by street basis you can build a fantastic cash flow portfolio. Long term equity growth in that market is still in question.

Q: What experience did you see during the last recession in reduction in effective yield/ rates on your hard money lending business vs pre recession yields? And do you expect that same reduction will occur this time, despite the higher amount of unemployment and dip in the economy?

A: We were operating our buy/flip/hold business during the last recession. Our Hardmoney business is seven years old so we do not have a personal experience on yield changes in a recessionary environment. Given our knowledge of risk/return in the hard money business, we will not be lowering our anticipated yields.

Q: How do we access the slides?

A: They are available on <http://www.cskyfinancial.com/upcominevents.html>

Q: We have a borrower with a property under construction, He need money to finish this property. does he have any options?

A: Certainly. He can reach out to us to discuss options including a cross collateral loan.

Q: Do you anticipate a lot of foreclosures after the pandemic?

A: Yes, there will be some upward trending in foreclosures when the foreclosure moratorium is lifted. This will be a consequence of letting loose the foreclosures that were already in the pipeline. We don't anticipate a lot of foreclosures as a consequence of the pandemic itself. The banks/government will exhaust all efforts to thwart another foreclosure consequent.

Q: Is there any way we can get recording of this webinar?

A: Yes, it is available on <http://www.cskyfinancial.com/upcominevents.html>