

DSCR MANUAL

A GUIDE TO DEBT SERVICE COVERAGE RATIO



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What is a DSCR Loan?

A Debt Service Coverage Ratio (DSCR) loan is a type of mortgage designed specifically for real estate investors. Rather than using personal income to qualify, DSCR loans use the **rental income of the property** to determine eligibility. This allows investors to qualify based on the cash flow of the investment itself—not their W-2s, tax returns, or personal financial statements.

Who Are DSCR Loans For?

- Real estate investors
- LLCs or business entities
- Self-employed borrowers
- Those seeking to scale rental portfolios quickly

Key Benefit:

No personal income verification or debt to income ratios required.

How DSCR is Calculated

Formula:

DSCR = Gross Monthly Rent / Monthly PITIA (Principal, Interest, Taxes, Insurance, HOA)

Example:

If your rental brings in \$2,500/month and your total mortgage payment is \$2,000/month:

$$\text{DSCR} = 2,500 / 2,000 = 1.25$$

That means the property generates 25% more than it costs to own—excellent cash flow.

Many DSCR lenders and investors will now make DSCR loans even if the property has a negative cash flow or in DSCR terms a DSCR percentage of less than 1%.

Who Qualifies for a DSCR Loan?

- Real estate investors (experienced or first-time)
- Residential, Multifamily and Commercial Properties
- U.S. citizens, LLCs, corporations, and foreign nationals
- Investors with credit scores starting at 640+
- Investment Properties generating rents

DSCR Loan Program Highlights

- **Minimum DSCR:** As low as 0.75 (1.0+ preferred for best terms)
- **No Ratio DSCR:** DSCR ratios are not calculated but higher rates
- **Loan amounts:** \$100K to \$5M+
- **LTV:** Up to 80% (purchase or refinance)
- **Terms:** 30-year fixed, ARM, and interest-only options
- **Credit Score:** 640+
- **Property types:** SFR, 2–8 units, condos, townhomes, vacation rentals
- **No business license required**
- **No tax returns required**

Why Work With Us

- **Investor-first approach:** We specialize in helping investors scale
- **Direct lender access:** Competitive pricing and private capital options
- **Fast approvals:** Pre-qualify within 24 hours
- **Trusted team:** 30+ years of combined real estate finance experience

DSCR Purchase Illustration



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DSCR Cash Flow Investor Program

No Income Verification

All Rates and Fees Subject to credit, asset & property verification.

30 Year Fixed Purchase Numbers

DSCR Purchase Interest Rates, Costs & Payments

Purchase Price	\$500,000	\$600,000	\$700,000	\$800,000
Loan Amount	\$400,000	\$480,000	\$560,000	\$640,000
Loan To Value	80%	80%	80%	80%
Interest Rate	7.250%	7.250%	7.250%	7.250%
Monthly Payment	\$2,729	\$3,274	\$3,820	\$4,366
Taxes	\$417	\$500	\$583	\$667
Insurance	\$50	\$60	\$70	\$80
Total Payment	<u>\$3,195</u>	<u>\$3,834</u>	<u>\$4,474</u>	<u>\$5,113</u>
Closing Costs Estimate				
Loan Fee / Points	\$0	\$0	\$0	\$0
Lender Fee	\$1,150	\$1,150	\$1,150	\$1,150
Appraisal	\$1,100	\$1,100	\$1,100	\$1,100
Credit Report	\$33	\$33	\$33	\$33
Title Fee	\$1,400	\$1,500	\$1,600	\$1,700
Escrow Fee	\$1,325	\$1,425	\$1,525	\$1,625
Recording Fees	\$450	\$450	\$450	\$450
Processing	\$1,295	\$1,295	\$1,295	\$1,295
Tax Service	\$120	\$120	\$120	\$120
Total Closing Costs	<u>\$6,873</u>	<u>\$7,073</u>	<u>\$7,273</u>	<u>\$7,473</u>
Purchase Price	\$500,000	\$600,000	\$700,000	\$800,000
Tax and Insurance Reserves	\$5,000	\$6,000	\$7,000	\$8,000
Loan Amount	\$400,000	\$480,000	\$560,000	\$640,000
Seller Credit To Costs	\$0	\$0	\$0	\$0
Ernest Money	\$0	\$0	\$0	\$0
Amount Due To Close	<u>\$111,873</u>	<u>\$133,073</u>	<u>\$154,273</u>	<u>\$175,473</u>

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DSCR Cash Back Refinance Illustration



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DSCR Cash Back Refinance Investor Program

No Income Verification or Debt Ratios

All Rates and Fees Subject to credit, asset & property verification.

Estimated Property Value

\$625,000

Refinance Interest Rates, Costs & Payments

Payoffs	1st Mortgage	\$90,000
	2nd Mortgage	\$0
	Cash Back	\$0
	Other	\$0
	Total	\$90,000

	1 Year	1 Year	1 Year	1 Year
Prepayment Penalty	30 Year Am	30 Year Am	30 Year Am	30 Year Am
Loan Program	65%	70%	75%	80%
Loan To Value	65%	70%	75%	80%
Loan Amount	\$406,250	\$437,500	\$468,750	\$500,000
Interest Rate	7.625%	8.000%	8.250%	8.750%
Monthly Payment	\$2,875	\$3,210	\$3,522	\$3,934
Taxes	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0
HOA Dues	\$0	\$0	\$0	\$0
Principal & Interest	\$2,875	\$3,210	\$3,522	\$3,934
Closing Costs Estimate				
Lender Fee / Points	\$4,063	\$4,375	\$4,688	\$5,000
Lender Fee / Points	\$0	\$0	\$0	\$5,000
Appraisal	\$1,200	\$1,200	\$1,200	\$1,200
Credit Report	\$63	\$63	\$63	\$63
Processing Fee	\$1,295	\$1,295	\$1,295	\$1,295
Title Fee	\$1,400	\$1,400	\$1,400	\$1,400
Escrow Fee	\$1,275	\$1,275	\$1,275	\$1,275
Recording Fees	\$450	\$450	\$450	\$450
Underwriting Fee	\$1,195	\$1,195	\$1,195	\$1,195
Tax Service	\$400	\$400	\$400	\$400
Flood Certification	\$20	\$20	\$20	\$20
Total Closing Costs	\$11,361	\$11,673	\$11,986	\$17,298
Loan Amount	\$406,250	\$437,500	\$468,750	\$500,000
Cash Back at Closing	\$304,890	\$335,827	\$366,765	\$392,702

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Reach out to me with any questions or use the buttons below to make an appointment or fill out the 8-minute application.

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