



DSCR Program

What is a DSCR loan?

Simply put, a Non-QM DSCR (or Debt Service Coverage Ratio) is a great mortgage loan for real estate investors building their portfolio of properties.

How is it calculated?

With a Non-QM DSCR loan, the borrower can be approved for a mortgage based on their investment's income rather than their personal income. The debt-to-income ratio is calculated based off of the Net Operating Income (NOI) and Debt Service (mortgage payment). The larger the ratio, the better.

$$\text{DSCR Ratio} = \frac{\text{Net Operating Income (NOI)}}{\text{Debt Service (The Mortgage Payments)}}$$

What are the benefits?

One of the key advantages of a DSCR loan is that eligibility is not based on personal income. The income that the investment property currently produces or is expected to produce will be one of the lender's main qualifying concerns. As a result, there is no longer a requirement for paystubs or employment verification. This loan should be very enticing if the borrower happens to be self-employed or have a gap in their employment history. If the borrower is a 100% owner and meets all of our requirements, they can also close these loans in their company's name. This aids in further separating their private information from their company! Aside from allowing the borrower to keep their personal and professional lives separate, DSCR loans also allow for speedier closing times than other loan products and cheaper down payments than other real estate investment opportunities, making them an extremely valued product.

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General Eligibility Requirements

- Purchase & Refinance Transactions
- Investment Only Properties
- 1-4 Unit Properties
- 15 Financed Properties Max
- Loan Amount: Min \$175k, Max \$1.5m
- Min FICO: 640
- Max LTV 60-80%
- DSCR RATIO \geq 1
- Max Cash Out \$300-500k
- Reserves 6-12 mo. PITIA
- Foreign National Investment Available
- Appraisal Transfers Allowed

LE will not be processed until the loan is locked.

The full guidelines & matrix are available in the TPO Documents tab under Product Information

