CALUMET CAPITAL LLC.

WHAT IS DEBT SERVICE COVERAGE RATIO (DSCR)?

DSCR is a financial metric used to determine a company's ability to generate enough cash to cover existing debts.

WHY DSCR IS IMPORTANT

DSCR is a factor we consider during the origination of our 30-Year Loan Program to ensure an investment property's cash flow can cover debt service obligations, such as principal, interest, taxes, and insurance.

Depending on your loan scenario, the required minimum DSCR will vary.

HOW TO CALCULATE DSCR MANUALLY

$$\frac{\text{Net Operating Income (Amount of Rents)}}{\text{Total Debt Service (Full PITIA Payment)}} = \text{Debt Service Coverage Ratio}$$

Example

$$\frac{\$1{,}500 \text{ (Monthly Rent)}}{\$1{,}098.88 \text{ (Monthly Payment Including Taxes, Insurance \& HOA Fee)}} = 1.3650$$

Have a 30-Year DSCR Loan Scenario?

Contact Us Today!

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