USE RENTAL INCOME TO QUALIFY

You may use rental income generated from the subject property to qualify. Rather than being based on income and employment documentation, this unique rental property loan program qualification is based on what the cash flow from the property will be once it's rented.

How does this work?

We want to calculate the DSCR to determine the ability to borrow and pay off the loan as the rental property generates income. Let's say the property indicates that net operating income will be $300,000 per year, and the lender notes that debt service will be $100,000 per year. The DSCR is calculated as 3.00x, which should mean the borrower can cover their debt service more than three times given their operating income.

Criteria for DSCR Loans

- Financing for up to 8 units.
- Must be a non-owner-occupied property.
- Must have a credit score of 660 or above.
- Loan amount between $150,000 and $5,000,000.[1]
- DSCR down to of .75 or greater.[2]
- Borrower must have a history of owning and managing at least one property for a minimum of 12 months within the most recent 36 months on DSCR product.
- First-time investor ineligible on some DSCR products.
- Available for purchases and cash-out or rate-term refinance.

(1) Maximum loan amount exceptions on a case-by-case basis. Additional criteria may apply.
(2) DSCR less than 1.00, greater than .75 = 5% reduction LTV

How is DSCR calculated?

Gross Rents

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Qualifying PITIA

Principal, Interest, Taxes, Insurance & Association dues

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Debt Service Coverage Ratio

Name: Name: Martin A. Gutierrez Sr.
Title: Owner
Company: Loan Ranger Private Equity
Email: Martin@LoanRangerPrivateEquity.com
Phone: 210-999-1127
Mobile: 210-999-1127
License #: N/A
Website: LoanRangerPrivateEquity.com