

The Ultimate Guide to NO SEASONING DSCR Loans BRRRR Strategy

# How Experienced Investors Use ARV-Based Cash-Out Refinancing to Execute BRRRR Strategies

**Your Path to Financial Growth,**

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This guide was created by **Amy DeBusk Home Loans** to help real estate investors understand how to properly execute a BRRRR strategy using a **no seasoning DSCR loan**, without waiting 6 or 12 months to refinance.

This is not theoretical lending.

This guide reflects how these loans are actually underwritten and closed.

## A Note Before We Begin

This guide is designed for investors who plan the refinance before they buy. If you are actively evaluating a deal, using private money, or planning a BRRRR strategy, you may benefit from a focused review before moving forward.

You can **book a free 30-minute strategy call** with **Amy DeBusk Home Loans** to review your deal, exit strategy, and DSCR eligibility.

## What This Guide Is and Is Not

### **This guide is intended to:**

- Explain how no seasoning DSCR loans really work
- Help you determine if your deal qualifies before you buy
- Show how lenders and underwriters evaluate BRRRR strategies
- Prevent common mistakes that derail refinances

### **This guide is not:**

- A promise that every deal will work
- A shortcut around the underwriting rules
- A strategy for first-time buyers
- A replacement for proper deal analysis

## What “No Seasoning” Means

In traditional lending, cash-out refinances require a **seasoning period**, typically **6 to 12 months**, before a lender will use current market value.

A **no seasoning DSCR loan** removes that waiting period.



### With this structure:

- You do not wait months after purchase
- The refinance is based on **After Repair Value (ARV)**
- Equity created through rehab can be accessed immediately
- The refinance process begins once rehab is complete

This is what allows BRRRR investors to recycle capital efficiently instead of letting it sit idle.

## Who This Strategy Is For

This strategy is designed for experienced real estate investors.

### You may be a fit if:

- You already own real estate
  - A primary residence, rental, or property owned in an LLC
- You are purchasing **non-owner-occupied investment property**
- You are using **private money or cash** for purchase and rehab
- You plan to hold the property as a long-term rental

Traditional income documentation is not required. Ownership experience matters.

## Who This Strategy Is Not For

### This strategy is not available for:

- First-time home buyers
- Owner-occupied purchases
- Borrowers with no real estate ownership history
- Short-term flips with no rental exit

Properties that cannot meet minimum value requirements

If you have never owned real estate, this loan program will not be approved.

## Minimum Property and Deal Requirements

For a no seasoning DSCR refinance to work, the deal must meet certain baseline requirements.

- **Minimum After Repair Value:** \$125,000
- Properties below this value do not qualify
- The property must support long-term rental use
- The refinance must work without aggressive assumptions

This strategy is built for scalable investing, not speculation.

## Understanding DSCR and Rent Requirements

DSCR stands for Debt Service Coverage Ratio. It measures whether rental income supports the mortgage payment.

**For this program:**

- Minimum rent-to-mortgage ratio is **1.10**
- Rent must be at least **110 percent** of the monthly mortgage payment

**If rent does not support the payment:**

- Loan amount may be reduced
- Additional reserves may be required
- The refinance may not be approved

Rent must be defensible and supported by real market data.

## How Expected Rent Is Determined

Expected rent must be supported by:

- Comparable leased properties
- Market rent data
- Appraisal-supported rent surveys
- Lease agreements when the property is rented

Online estimates alone are not sufficient. Deals that barely qualify on rent leave no margin for error.

## Stress Testing the Deal Before You Buy

Underwriters stress test deals. Smart investors do too.

**Before submitting an offer:**

- Reduce projected rent slightly
- Increase projected payment slightly
- Confirm DSCR still meets the 1.10 requirement

Strong BRRRR deals often qualify closer to **1.15 DSCR or higher**, even after stress testing.

## Mid-Guide Reality Check

At this point, most investors realize the refinance must be planned before the purchase.

If you want a lender-level review of your ARV, rent assumptions, rehab scope, and DSCR eligibility, you can **schedule a free 30-minute strategy call** with **Amy DeBusk Home Loans** before submitting an offer.

## Why the Scope of Work Matters

In a no seasoning DSCR refinance, value is based on what functionally changed, not simply how much money was spent.

Cosmetic updates help rentability.

Functional improvements are what typically justify higher appraised values.



### Examples include:

- Increasing bathroom count where the market supports it
- Improving layout and usability
- Bringing the property up to neighborhood renovation standards

Rehab must be intentional and aligned with comparable sales.

# The BRRRR Process Step by Step

## Step 1: Identify the Right Property

### Before submitting an offer, evaluate:

- Purchase price
- Rehab scope
- Estimated ARV
- Expected rent
- Refinance leverage

If the refinance does not cleanly pay off private money, the deal is not ready.

## Step 2: Get the Property Under Contract

### Once under contract:

- Purchase price is locked
- Rehab timelines are confirmed
- Private money is finalized

Private lenders often ask about the refinance exit at this stage.

## Step 3: Secure the Private Money Loan

### Private money typically:

- Funds for purchase and rehab
- Requires closing costs paid upfront
- Charges fees commonly ranging from **3 to 6 percent** of the loan amount

Many private lenders require confirmation of a takeout loan.

## Step 4: DSCR Takeout Pre-Approval

Confirming the Exit Strategy

Before or shortly after closing with private money, a **DSCR takeout pre-approval letter** can be issued.

### At this stage we:

- Collect documents
- Run credit
- Review real estate owned
- Analyze projected rent and ARV

This confirms the refinance exit and supports your private lender.

## Step 5: Complete the Rehab

### Rehab must be:

- Fully completed
- Consistent with neighborhood standards
- Supportive of rent and ARV

No appraisal is ordered during rehab.

## Step 6: Start the No Seasoning DSCR Takeout Loan

### Once rehab is complete:

- Final documents are collected
- Rent is confirmed
- The file is prepared for appraisal

## Step 7: Appraisal Ordered After Rehab

### The appraisal is based on:

- Completed condition
- Renovated comparable sales
- Market rent analysis

The appraisal determines the final loan amount.

## Step 8: Underwriting and Funding

### From appraisal receipt to funding:

- Typical timeline is **approximately 3 weeks**
- Private money is paid off
- Long-term DSCR loan is recorded

## How These Loans Are Structured

- The loan is funded **inside an LLC**
- The property is titled in the LLC name
- The owner or owners of the LLC are **personal credit guarantors**

This is standard for business-purpose real estate lending.

## Credit and Leverage Guidelines

These are execution details, not lead requirements.

- **Minimum credit score:** 680
- Credit is reviewed for all guarantors

**Maximum cash-out leverage:**

- 75 percent of ARV if the property is rented
- 70 percent of ARV if the property is not rented

If the property is not rented, qualifying rent is determined by a market rent survey completed by the appraiser at the time of appraisal.

## Typical Timing Expectations

**Once rehab is complete:**

- Appraisal is ordered immediately
- Underwriting and closing typically take about 3 weeks
- Average timeline from appraisal order to funding is approximately 35 days

Proper planning helps avoid costly private money extensions.

## Common Reasons No Seasoning BRRRR Deals Fail

- ARV assumptions not supported by comps
- Rent projections too aggressive
- Rehab scope insufficient to justify value
- Property value below minimum threshold
- Exit strategy planned after purchase

Successful investors plan the refinance first.

## Final Perspective

A no seasoning DSCR loan is a powerful tool when used with discipline.

### It rewards:

- Experience
- Conservative assumptions
- Intentional value creation
- Proper exit planning

When rent, ARV, rehab, and leverage align, this strategy allows investors to recycle capital efficiently while building long-term wealth.

## Final Next Step

If you are serious about executing a BRRRR strategy the right way, the next step is a focused conversation.

Book your free 30-minute BRRRR strategy call with Amy DeBusk Home Loans to review your deal, timeline, and refinance options.

