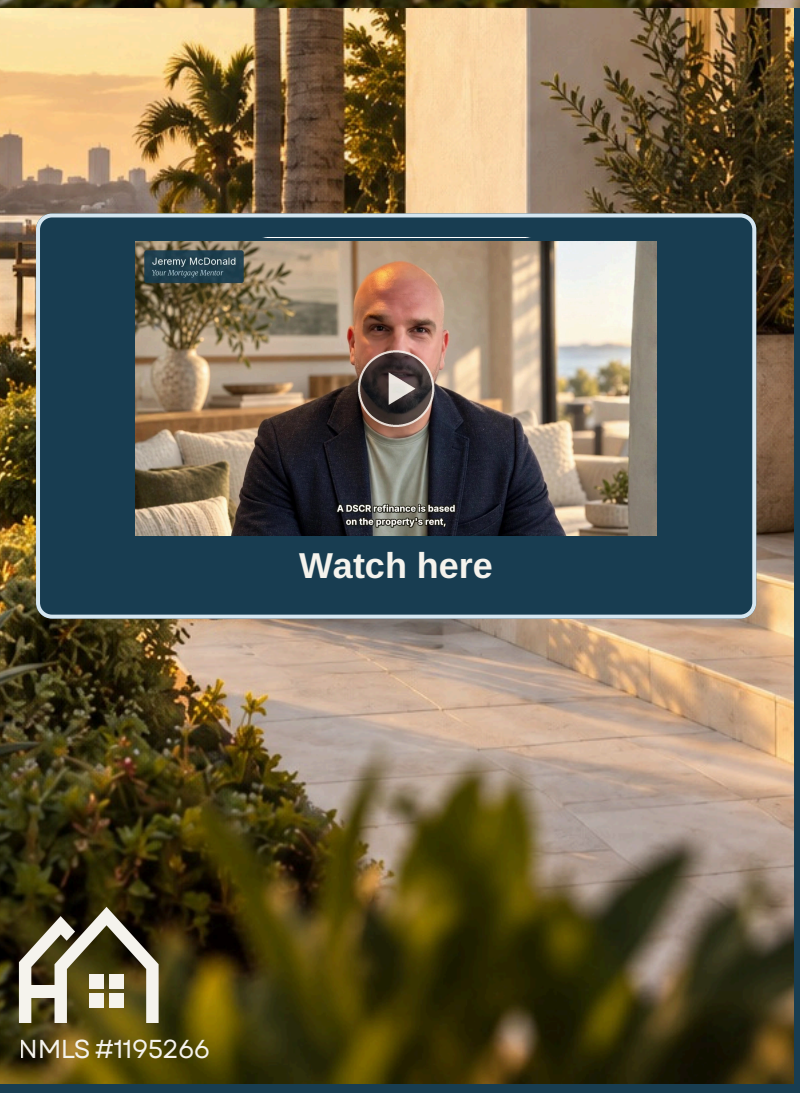
DSCR REFINANCE

THE DSCR *Guide*



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NMLS #1195266

A clear look at a DSCR refinance.

Who a DSCR refinance is for, how the coverage ratio works on rate-and-term and cash-out, and the process from application to funding.

Prepared by

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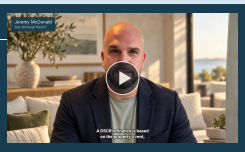

Refinance the rental on the property's income

A DSCR refinance qualifies the rental by its income, not your personal DTI.

You can use this for a rate-and-term refinance or, when the equity and the ratio support it, a cash-out refinance. Lenders look at whether the expected rent reasonably covers the new payment, taxes, insurance, and HOA dues. Guidelines vary by investor.

A new appraisal, often with a rent schedule, is typically required. I'll run the ratio and equity on your deal before we start a file.

INSIDE THIS GUIDE

01 **Who it's for**
See if this path fits your situation.

02 **The loan process**
From application and disclosures to appraisal or rent schedule, underwriting, and funding.

03 **The costs**
Rate-and-term versus cash-out, points or fees, reserves, and closing costs.

04 **Your worksheet**
Organize current loan, rent, equity goal, and reserves.

HOW TO USE THIS GUIDE

01 Read who this refinance is for and the key requirements.

02 Walk through the process, including whether an appraisal is needed.

03 Fill in the worksheet with your current loan and your goal.

04 Bring your questions when we talk. Call or text me at (904) 442-3213.

Meet your mentor

Jeremy McDonald
Your Mortgage Mentor

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Seven steps in your DSCR refinance

Here's the real refinance path, from application to funding. I'll tell you at the start whether a new appraisal is part of this loan.



Watch here

01

Application

We'll review the property's rent, your current loan, and whether this is rate-and-term or cash-out, then take an application.

02

Loan Disclosures Go Out

Your loan disclosures go out so you can see estimated costs and the new terms in writing before we go further.

03

File Is Assembled

We gather your current loan information and anything else the file needs, then get it ready for underwriting.

04

Appraisal and Underwriting

We order the appraisal, often with a rent schedule, and submit your file to underwriting so the income, value, and the loan can be reviewed together.

05

Conditions

If underwriting asks for more items, I'll tell you exactly what we need and why.

06

Clear to Close

Once you're clear to close, review your Closing Disclosure. You should have it at least three business days before signing.

07

Closing and Funding

You sign and the new loan pays off the old one. If this is cash-out, eligible cash is disbursed after closing. Investment properties generally do not have a three-day right to cancel.

PRO TIP

Run the DSCR on the new payment first.

If the rent does not cover the new payment at the ratio the loan requires, cash-out or even a rate-and-term refinance may not qualify. We'll run the numbers first.

WHAT'S THE TIMELINE?

Timing depends on the appraisal, underwriting, and how quickly documents come in.

I'll stay in close touch so you always know what is next.

NEED A HAND?

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Plan rate-and-term or cash-out costs

A DSCR refinance can lower a payment or pull out equity, but the rent still has to support the new loan. Terms vary by investor.

01. RATE-AND-TERM OR CASH-OUT

Rate-and-term refinances the current balance and eligible costs. Cash-out can pull equity when the value, the ratio, and investor limits allow it.

YOUR ESTIMATE: $_____

02. CLOSING COSTS

These may include origination or points, title services, taxes, and prepaid items. Investor loans can price differently than a primary-home refinance.

YOUR ESTIMATE: $_____

03. APPRAISAL AND RENTS

Budget for the appraisal and, when required, a rent schedule. Underwriting will look at value and at whether the rent supports the new payment.

YOUR ESTIMATE: $_____

04. RESERVES AND PREPAYMENT

Expect to show cash reserves after closing. Some investor loans also have a prepayment penalty. I'll review both before you lock a term.

YOUR ESTIMATE: $_____

Understand your monthly payment

- **PRINCIPAL**

The portion of your payment that reduces the amount you borrowed.

- **INTEREST**

The cost of borrowing money on this loan.

- **TAXES & INSURANCE**

Property taxes and homeowners insurance, often collected with your payment.

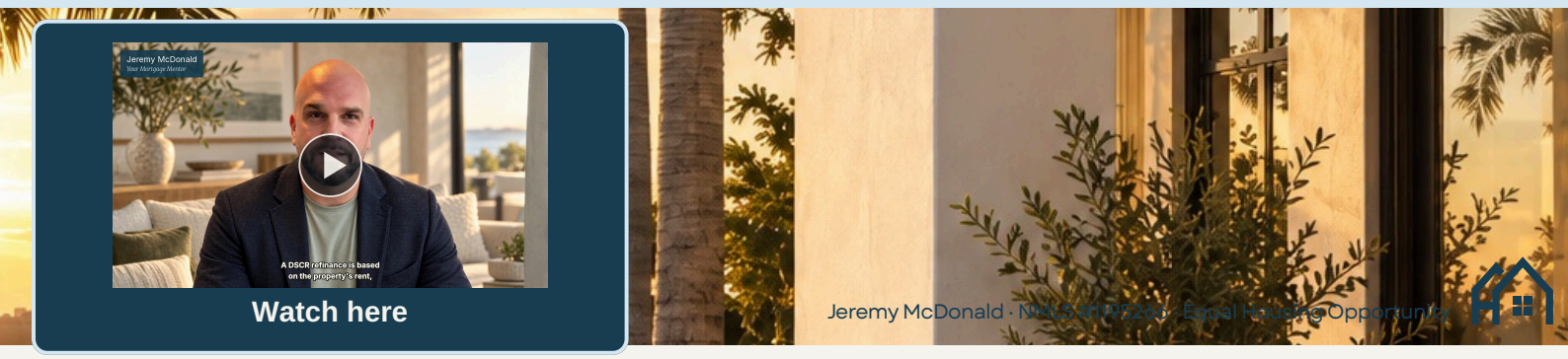
- **PITI + HOA**

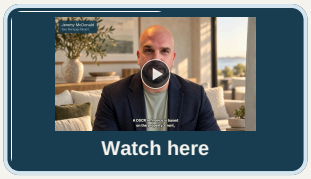
The payment used in the DSCR calculation typically includes principal, interest, taxes, insurance, and HOA dues.

Other items to consider

Guidelines, maximum cash-out, and minimum ratios vary by investor and can change. This is not a commitment to a ratio, a cash amount, or approval.

Ask me for a personalized estimate of your total monthly payment and closing costs.





Stress-test the refinance numbers.

Use this worksheet to organize your current loan, expected rent, and whether this is rate-and-term or cash-out.

YOUR INVESTMENT PLAN

CURRENT LOAN BALANCE

$_____

EXPECTED MONTHLY RENT

$_____

CURRENT RATE AND TERM

TARGET CLOSE DATE

DEFINE THE GOAL

RATE-AND-TERM OR CASH-OUT

Lower payment, better term, or cash out of the property.

- ○ _____
- ○ _____
- ○ _____
- ○ _____
- ○ _____

WHAT I WANT TO KEEP

Terms or features you don't want to give up.

- ○ _____
- ○ _____
- ○ _____
- ○ _____
- ○ _____

WALK-AWAY ITEMS

Costs, ratios, or terms that would make this a pass.

- ○ _____
- ○ _____
- ○ _____
- ○ _____
- ○ _____

LOAN FILE NOTES

PROPERTY ADDRESS	ESTIMATED VALUE	CASH-OUT GOAL	PRIORITY	NOTES
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	
			○ ○ ○ ○ ○	

Current loan, rent support, cash-out goal, and questions.

Your next step

Write down your balance, expected rent, and cash goal if any, then call or text me at (904) 442-3213. We'll run a DSCR estimate and talk through rate-and-term versus cash-out.

Investor guidelines vary and can change. This is not a commitment to a ratio or approval.

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