Eniji Lending

DSCR RENTAL FIELD GUIDE

Long-term financing, *qualified on the property.*

How DSCR rental loans actually work — what underwriters look at, the math you should run, and how to make a borderline deal fundable.

A focused 6-page reference for active real estate investors. Read in 15 minutes.

SECTION 01

What DSCR is, *and what it isn't.*

A DSCR (Debt Service Coverage Ratio) loan is qualified on the property's cash flow, not your personal income. No tax returns, no W-2s, no pay stubs.

DSCR is the ratio of the property's monthly rent to its monthly housing expense. Lenders use it as a single number that answers: *does this property pay for itself?*

THE DSCR FORMULA

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DSCR = Monthly Rent ÷ Monthly PITIA
where PITIA = Principal + Interest + Taxes + Insurance + HOA
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Most lenders use *market rent* for vacant properties (set by the appraiser) or *in-place rent* for leased properties (verified by lease). Some lenders allow the higher of the two; others require the lower.

WORKED EXAMPLE

Property	3-bed single-family rental, secondary market
Market rent	$2,400 / month
Loan	$240,000 at 8.75%, 30-year amortization
Principal & Interest	$1,887
Taxes (annual $3,600)	$300
Insurance (annual $1,200)	$100
HOA	$0
Total PITIA	$2,287
DSCR	**$2,400 ÷ $2,287 = 1.05**

Qualifies with most DSCR lenders. 1.0+ is the common floor; some panel lenders allow sub-1.0 with compensating factors.

> **A COMMON BORROWER MISTAKE**
>
> Calculating DSCR using only Principal & Interest, ignoring taxes and insurance. You'll think the deal works at 1.27 when it actually clears at 1.05. Always run PITIA — the lender will.

SECTION 02

What underwriters *actually look at.*

01 **DSCR ratio.** 1.0 is the typical floor. 1.10–1.25 is the comfort zone. Below 1.0 is possible but limits LTV and rate.

02 **LTV (loan-to-value).** 75–80% on purchase, 70–75% on rate-and-term refi, 65–70% on cash-out.

03 **FICO score.** 620 typical floor; 680+ unlocks better rates; 720+ gets the best pricing.

04 **Property condition.** Must be rent-ready. Major deferred maintenance kills the file.

05 **Reserves.** Most lenders want 6 months PITIA in liquid reserves at closing.

WHAT UNDERWRITERS DON'T CARE ABOUT

- Your W-2 income or employment tenure
- Your personal tax returns (most lenders won't ask)
- How many other investment properties you own (most lenders don't cap)

COMPENSATING FACTORS MAP

If one factor is weak, others can offset. The map below shows which trades are typically available on panel.

WEAK FACTOR	WHAT CAN OFFSET IT
DSCR 0.85–1.0	Lower LTV (65% instead of 75%), 720+ FICO, 12 months reserves
FICO 620–659	Lower LTV, larger reserves, DSCR above 1.25
First-time investor	Stronger FICO (680+), lower LTV, reserves above 6 months. Some panel lenders explicitly accept first-timers without offsets.
Foreign national borrower	Higher down payment (typically 30%+), reserves in US bank, specialty panel lender
Short-term rental (Airbnb)	AirDNA or Rabbu rent data + 12-month operating history. Panel lender that explicitly underwrites STR.
LLC borrower with no track record	Personal guarantee from the principal; most lenders don't penalize new LLCs if PG is strong

> **WHY THIS MATTERS**
>
> A direct lender that doesn't allow a particular compensating factor will decline the file. A wholesale broker with a 6+ lender panel can route the same file to a lender that does. This is the entire reason wholesale brokerage exists for investor lending.

SECTION 03

Pre-qualify *before you apply.*

COMMON KILL CRITERIA

- DSCR below 0.75 — most lenders will not stretch this far
- Property in non-warrantable condition (unfinished, no kitchen, no working bathroom)
- Borrower with recent bankruptcy or foreclosure (most lenders require 4+ years seasoning)
- Short-term rental in a market with no STR comparables or with regulatory uncertainty
- Manufactured home or non-conforming structure
- Property listed for sale within the last 6 months (lender treats as exit risk)
- Cash-out on a property owned less than 6 months without delayed financing eligibility

SELF-SCREENING CHECKLIST

Before submitting a DSCR application, confirm at least 8 of 10. Below that, fix the gaps before applying — an avoidable decline burns 3 weeks and a hard credit pull.

- [ ] I have calculated DSCR using actual market rent (or in-place rent if leased)
- [ ] DSCR is at least 1.0 — or I have a documented plan to raise rents within 12 months
- [ ] FICO is 620+ on the lowest middle score across all guarantors
- [ ] LTV target is 75% or below for purchase, 70% or below for cash-out
- [ ] I have 6 months of PITIA in liquid reserves (post-closing)
- [ ] Property is in rent-ready condition (no rehab in progress)
- [ ] I can document the rent (lease, market rent appraisal, or AirDNA for STR)
- [ ] The property is 1–4 unit residential (not 5+ unit apartment, not commercial)
- [ ] I have an LLC formed (if borrowing as an entity)
- [ ] I have my last 2 months of bank statements ready

> **IF 4 OR MORE BOXES ARE UNCHECKED**
>
> Your file will likely be declined or counter-offered at materially worse terms. Address the gaps first — raise the FICO, document the rent, build reserves — and apply when the file is clean. You'll pay less for the loan and close faster.

SECTION 04

Indicative terms *and what's negotiable.*

INDICATIVE TERM RANGES

LOAN AMOUNT	**$100K – $3M**
RATE	**8.5% – 10.5%**
LTV (PURCHASE)	**up to 80%**
LTV (RATE-AND-TERM REFI)	**up to 75%**
LTV (CASH-OUT)	**up to 70%**
TERM	**30-year fixed; 5/6/7/10-year ARMs**
PREPAY PENALTY	**3–5 year declining typical**
RESERVES	**6 months PITIA**
TIME TO CLOSE	**21 – 30 days**

Ranges reflect typical pricing in the current market for clean files. Your actual quote will vary by FICO, LTV, property type, and market.

30-YEAR FIXED VS. ARM — THE TRADE

Most DSCR lenders price ARMs (5/6, 7/6, 10/6) about 25–75 bps below the 30-year fixed. The trade-off:

- **30-year fixed.** Higher rate, but the rate is locked for the entire term. Best for buy-and-hold to maturity.
- **5/6 or 7/6 ARM.** Lower rate for the initial period, then resets. Best if you plan to refi or sell within the fixed window.

If your hold horizon is 5–7 years, the ARM math often wins. If you genuinely plan to hold 30 years, the fixed is the lower-risk choice even at higher rate.

PREPAYMENT PENALTY — THE MOST NEGOTIABLE LINE

Standard DSCR loans come with a 5-4-3-2-1 declining prepay (5% in year 1, declining 1% per year). What's available on panel:

- **5-4-3-2-1.** Default. Lowest rate.
- **3-3-3 or 3-2-1.** Shorter penalty, rate typically 12–25 bps higher.
- **No prepay (open).** No penalty at any time, rate typically 25–50 bps higher than 5-4-3-2-1.

If you intend to refinance or sell within 3 years, the higher rate on a no-prepay loan often nets cheaper than paying the penalty. Ask for both quotes and compare.

> **A PRACTICAL TIP**
>
> Always ask for the term sheet **and** a sample HUD/closing disclosure before committing. The HUD shows total cash-to-close including all third-party fees, which the term sheet may not. The two documents together are the only honest picture of cost.

CLOSING

If you'd like a *second opinion.*

Eniji Lending is a wholesale brokerage built specifically for active real estate investors. We are not a direct lender. We work with a curated panel of investor-focused wholesale lenders — Kiavi, Lima One Capital, RCN Capital, LendingOne, Visio Lending, and others — and our value is matching your specific deal to the lender most likely to approve it on the best terms.

Most of our DSCR work is on deals that don't fit cleanly into a single direct lender's credit box: sub-1.0 DSCR value-adds, first-time investors with strong files, foreign national borrowers, and short-term rental refis. If you have one of those scenarios — or you simply want a competing offer to verify the quote you've already received — we'll review the deal and respond within one business day.

SEND US YOUR NEXT DEAL

Five lines, one business day, no hard credit pull.

Send the following to hello@enijilending.com or use the form at enijilending.com:

01 Property address (or general market if pre-LOI)

02 Loan product you're targeting (or "not sure" — we'll route)

03 Loan amount and intended LTV

04 Current FICO range

05 Brief deal context (purchase, refi, cash-out, exit plan)

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A NOTE ON THIS GUIDE

The information in this guide is general educational guidance based on common practices in the DSCR rental lending market at time of publication. It does not constitute lending advice for any specific transaction. Actual loan availability, rates, terms, and underwriting criteria are determined by the lender at the time of application and vary by borrower, property, and jurisdiction. Eniji Lending is a brand of Eniji LLC, a wholesale loan brokerage. Eniji Lending is not a direct lender. Loans facilitated are business-purpose loans for non-owner-occupied residential investment property and are generally exempt from federal NMLS registration requirements under the SAFE Act. State-level licensing varies; eligibility is confirmed per transaction.