

DSCR Loan Guide for Rental Property Investors (2026)

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Licensed in New Hampshire, Vermont, and Maine | Published October 9, 2026 | Last updated October 13, 2026

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THE SHORT ANSWER

A DSCR loan is a mortgage for rental property where the rent qualifies the loan.

DSCR stands for Debt Service Coverage Ratio. It's the rent divided by the monthly mortgage payment.

I don't ask for your tax returns, your pay stubs, or your employer. I look at the property.

It has to be a rental. This is not a loan for a home you live in.

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Why I wrote this

I've been a loan officer for nearly 15 years, and I work with investors in most states on DSCR lending.

A lot of investors have heard of a DSCR loan. Not many have had it explained in plain English.

People think you need years as a landlord. You don't.

People think you have to buy in your own name. You don't.

This guide covers how I look at a DSCR loan, from the rent to the down payment to the closing.

No pitch. Just some practical guidelines for you to use in plain English.

DSCR at a glance

The question	The short answer
What qualifies the loan	The rent on the property
The ratio	The rent divided by the monthly mortgage payment
What counts as rent	Long-term rent from a lease, or short-term rental income, like Airbnb
What's in the payment	Principal, interest, taxes, insurance, and association dues if there are any
What I don't ask for	Your tax returns, your pay stubs, or your employer
What I still look at	Your credit, your down payment, and sometimes some money in reserve
Property types	Single-family homes, duplexes, triplexes, fourplexes, condos, and townhomes, even up to 10 or 20 units
Who can use it	Seasoned investors, first-time investors, and first-time home buyers buying a rental
How you can hold title	In your own name or in your LLC
Down payment	Most investors expect 20 to 25 percent. I have DSCR loans that go as low as 15 percent down for the right borrower.
What it's not for	A home you live in
Where	Rental properties in most states

This is how I look at a DSCR loan.

It is not an offer or a quote, and every deal is different.

1. How a DSCR loan works

Here's how I look at a DSCR loan. It takes 3 steps.

Step 1. The rent.

I can use long-term rent from a lease, or short-term rental income, like Airbnb.

Step 2. The mortgage payment.

That's principal, interest, taxes, insurance, and association dues if there are any.

Step 3. Divide the rent by the mortgage payment.

Say the rent is \$2,400 a month and the payment is \$2,000.

That's a ratio of 1.2.

Monthly rent	Monthly payment	The ratio
\$2,400	\$2,000	1.2

The rent covers the payment with room to spare. That's what I want to see.

These numbers are an example to show the math. They are not a quote.

2. What I look at, and what I don't

With a DSCR loan, I'm not looking at your tax returns, your pay stubs, or your employer.

I'm looking at the property.

Does the rent cover the payment? That's the question.

There are still a few things I look at.

- Your credit
- Your down payment
- Sometimes, some money in reserve

And it has to be a rental. This is not a loan for a home you live in.

3. Which properties work

It's not just single-family homes.

Duplexes, triplexes, and fourplexes can all work with DSCR financing. So can condos and townhomes.

I can even go up to 10 or 20 units.

It can be a long-term rental with a lease, or a short-term rental.

4. Who can use one

You don't have to be a seasoned landlord. You don't have to have owned any property in the past.

First-time investors and first-time home buyers can use a DSCR loan to buy rentals.

This type of financing is also great for my self-employed folks.

You write off everything you legally can. Then your tax return says you barely made a dime.

Great in April, but tough when you want a mortgage.

With a DSCR loan, I don't even ask for your tax returns.

If you're self-employed and you've been told your income doesn't work, give me a call and let's see what's possible.

5. The down payment

Most investors expect to need 20 to 25 percent down.

I have DSCR loans that go as low as 15 percent down for the right borrower.

I still need to see the down payment, and sometimes some money in reserve.

Not every deal fits every loan, so reach out and let's see what's possible for your situation.

6. Closing in your LLC

Here's the one that most people don't know.

A lot of loans make you buy in your own name.

With a DSCR loan, the property can be titled in your LLC at the closing.

If you plan to buy in an LLC, tell me up front so we set the loan up that way from the start.

7. Short-term rentals

Can you use a DSCR loan to buy a short-term rental, like an Airbnb?

Yes. I can use short-term rental income to qualify the loan, on a purchase or a refinance.

Underwriting may look at short-term rental income a little differently than long-term rent from a lease, because a short-term rental has more chance of empty nights.

That goes for a cottage on Lake Sunapee, a place on Lake Winnepesaukee in NH's Lakes Region, or a condo three states away.

One thing to do before you fall in love with a place.

Check the town's rules on short-term rentals. They change from town to town, and from state to state.

And call me before the offer, not after.

8. Pulling cash out of a rental you own

You own a rental, and it's gone up in value.

Can you pull cash out of it without showing tax returns?

Yes. It's called a DSCR cash-out refinance.

It works the same way as a DSCR purchase. I look at the rent, and I look at the new payment.

If the rent still covers it, we have something to work with.

Most of my investors use that cash for one thing. The down payment on the next property.

One rental helps buy the next one.

More cash out means a bigger payment, and a bigger payment means a tighter ratio.

So we find the amount where the property still carries itself.

9. Why I ask for the address first

Here's what most people miss. Taxes and insurance are part of that payment.

A two-family in Lebanon, New Hampshire and one across the river in White River Junction, Vermont can carry very different tax bills.

Same rent. Different ratio.

So send me the address before you make the offer, and I'll run the number with you.

This is where teamwork matters.

A knowledgeable mortgage professional and a knowledgeable Realtor, working together, can structure the deal properly from the start.

10. What to gather before we talk

You don't need any of this to ask a question. When you're ready to move, it speeds things up.

- The property address
- The rent, from the lease if there is one, or what you expect it to bring in

- The property tax bill and an insurance quote, if you have them
- The association dues, if there are any
- Whether you're buying in your own name or in your LLC
- Where your down payment is coming from

Frequently asked questions

What is a DSCR loan?

A DSCR loan is a mortgage for rental property where the rent qualifies the loan.

DSCR stands for Debt Service Coverage Ratio. I look at whether the rent covers the mortgage payment, not at your personal income.

How do you calculate the DSCR ratio?

Divide the monthly rent by the monthly mortgage payment.

The payment is principal, interest, taxes, insurance, and association dues if there are any.

Rent of \$2,400 and a payment of \$2,000 gives a ratio of 1.2. A ratio of 1.0 means the rent equals the payment.

Do I need tax returns for a DSCR loan?

No. With a DSCR loan, I don't ask for your tax returns, your pay stubs, or your employer.

I look at the property. I still look at your credit, your down payment, and sometimes some money in reserve.

How much do I need to put down on a DSCR loan?

Most investors expect to need 20 to 25 percent down.

I have DSCR loans that go as low as 15 percent down for the right borrower.

Can I close a DSCR loan in my LLC?

Yes. With a DSCR loan, the property can be titled in your LLC at the closing.

Can I use a DSCR loan for an Airbnb or other short-term rental?

Yes. I can use short-term rental income, like Airbnb, or long-term rent from a lease, on a purchase or a refinance. Underwriting may look at the two a little differently.

Check the town's rules on short-term rentals before you make an offer.

Can a first-time investor get a DSCR loan?

Yes. You don't have to be a seasoned landlord or have owned any property in the past.

First-time investors and first-time home buyers can use a DSCR loan to buy rentals.

Can I use a DSCR loan to buy a home I'm going to live in?

No. It has to be a rental.

A DSCR loan is not for a home you live in.

What kinds of property can I buy with a DSCR loan?

Single-family homes, duplexes, triplexes, fourplexes, condos, and townhomes can all work.

I can even go up to 10 or 20 units.

Can I pull cash out of a rental I already own with a DSCR loan?

Yes. It's called a DSCR cash-out refinance, and it works the same way as a DSCR purchase.

I look at the rent and the new payment. If the rent still covers it, we have something to work with.

Where do you do DSCR loans?

I work with investors in most states on DSCR lending.

Send me the address and I'll tell you if I can help there.

Your next step

If you're looking at a rental, send me the address and the rent.

I'll run the number with you. No pressure, and it costs nothing to find out where you stand.

Apply for a Mortgage Now

Book a Call

Or call or text [\(603\) 605-8327](tel:6036058327)

Read the latest version online: GetHelpLending.com/dscr-guide | [All my free guides](#)

I work with investors across the Upper Valley, the Lake Sunapee region, and NH's Lakes Region, and on rental properties in most states.

Serving with integrity. Closing with confidence.

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This guide is for education only. It is not a commitment to lend or an offer of credit.

Program rules can change, and all loans are subject to credit approval and underwriting.

DSCR loans are for rental and investment property. They are not for a home you live in.

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