PAUL SINGH
Senior Mortgage Advisor | NMLS #406332

PS

BEFORE YOU BUY YOUR NEXT RENTAL

DSCR Investor Workbook

Six practical worksheets to organize the deal, challenge the numbers and prepare better financing questions.

How to use this workbook

Save it to your device and open it in a PDF reader that supports forms. Enter figures manually; fields do not calculate automatically. Keep a source and date for each assumption.

01 Your property and financing plan

Property address or deal reference (do not enter private identity numbers)

Property type / number of units

State

Purchase, rate/term refinance or cash-out

Purchase price / estimated value ($)

Proposed loan amount ($)

Planned hold / closing target

02 Lender DSCR - confirm the exact inputs

For many residential DSCR programs: accepted monthly rent / lender-defined monthly housing payment. The selected lender controls its formula, rent evidence and eligibility rules. [1]

A. Lender-accepted rent ($/month)

Lease / market rent / other accepted evidence; source and date

Principal + interest ($/month)

Property taxes ($/month)

Insurance ($/month)

Association dues ($/month)

B. Confirmed qualifying payment ($)

Illustrative DSCR = A / B

Lender requirement / source

Ask whether interest-only payments, other liens or other expenses change B. Do not divide by zero; mark unknown inputs as unresolved. A ratio alone does not establish approval or investment profit.

- [ ] Confirm eligible business-purpose rental use; disclose actual occupancy.
- [ ] Confirm how existing leases, market rent, vacancy and short-term rent are treated.
- [ ] Confirm property, state, credit, entity and reserve requirements with the lender.

856-503-9396 | psingh@petracephas.com | PaulSinghMortgages.com

Paul Singh NMLS #406332 | Petra Cephas Inc. NMLS #1222300 | Mortgage Broker

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THE PROPERTY ECONOMICS

What does the rental really keep?

Build your own monthly budget. Keep lender qualification separate from the cash you expect to collect and spend.

MONTHLY CASH-FLOW WORKSHEET	YOUR FIGURE ($)	EXAMPLE ($)
A. Scheduled gross rent		3,000
B. Vacancy / nonpayment allowance (subtract)		150
C. Other recurring income (add)		0
D. Collected income = A - B + C		2,850
Property taxes		350
Insurance (include needed coverage)		150
Association dues / recurring assessments		0
Owner-paid utilities		50
Management / leasing allowance		240
Repairs / maintenance allowance		150
Licenses, accounting, other operating costs		60
E. Total operating expenses (seven lines above)		1,150
F. Operating income = D - E		1,700
G. Principal + interest on all property loans		2,000
H. Capital-replacement reserve contribution		100
I. Monthly cash flow = F - G - H		-400
J. Annualized cash flow = I x 12		-4,800

Do not count escrowed taxes, insurance or dues twice: they are operating expenses above; G is principal and interest only. Capital replacements are separate from operating income. Excludes income taxes, appreciation, sale proceeds and principal-paydown benefits.

Why a 1.20 DSCR can still lose cash

Example: $3,000 accepted rent / $2,500 qualifying payment = 1.20. This budget still shows negative $400/month. Hypothetical figures.

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CASH AND STAYING POWER

Know the cash you need to keep

Separate cash spent on the transaction from money you keep available after closing. Do not count the same dollars twice.

03 Cash committed to the property

TRANSACTION / INITIAL WORK	YOUR FIGURE ($)
A. Down payment / investor equity contribution	
B. Closing costs and points, net of credits	
C. Prepaids / initial escrow deposits	
D. Immediate repairs, setup and lease-up costs	
E. Initial cash committed = A + B + C + D	
F. Deposits / costs already paid (included above)	
G. Remaining transaction funding = E - F	

04 After-closing liquidity

H. Total cash currently available for this plan ($)

I. Cash left = H - G (subtract other commitments)

Lender-required reserves / accepted assets / source

Your separate property reserve target ($)

Estimated monthly cash need during vacancy ($)

Months covered = available reserve / cash need

Use a realistic vacancy budget: loan payments, taxes, insurance, dues, utilities, security and known repairs. Lender reserve calculations may differ from this cash plan. A reserve account is not rental income.

Optional return check - define the denominator

Annual pre-tax cash flow (page 2, J) / initial cash committed (E) x 100. This workbook includes prepaids and escrow in E and excludes separately retained reserves. Explain that definition when comparing properties; it is not total investment return.

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CHALLENGE THE ASSUMPTIONS

Would the deal survive a setback?

Use this simplified monthly stress test before relying on a refinance, perfect occupancy or rising rents.

Copy D, E, G and H from page 2. Hold debt service and capital-reserve contributions constant in this test. Income means collected income after your vacancy allowance. Assumed stresses are examples, not forecasts.

MONTHLY INPUT / RESULT	BASE	STRESS	COMBINED
Collected income (D)			
Operating expenses (E)			
Principal + interest (G)			
Capital reserve (H)			
Cash flow: D - E - G - H			

Stress column: choose either collected income x 0.90 OR operating expenses x 1.15; leave the other unchanged. Combined: income x 0.90 AND operating expenses x 1.15. These are your cash-flow tests, not the lender's DSCR requalification.

Selected stress / local facts that justify your assumptions

05 Worked example - same property as page 2

HYPOTHETICAL CASE	INCOME ($)	OPEX ($)	CASH FLOW ($)
Base case	2,850	1,150	-400
Collected income down 10%	2,565	1,150	-685
Operating costs up 15%	2,850	1,322.50	-572.50
Both happen together	2,565	1,322.50	-857.50

Example debt service is $2,000 and capital reserve is $100 in every case. For an adjustable-rate or interest-only loan, separately ask the lender for the later payment and rerun the budget.

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TWO OFFERS, SAME ASSUMPTIONS

Compare the terms behind the rate

Ask for dated, written quotes using the same property, occupancy, loan amount and lock period. Forms vary by transaction. [2]

WHAT TO COMPARE	OFFER A	OFFER B
Lender / program / quote date		
Loan amount / LTV / value basis		
Rate / fixed or adjustable / lock expiry		
Points ($ and %) / lender fees		
Broker charges / lender credits		
Closing costs / prepaids / cash to close		
Term / amortization / interest-only period		
Initial principal + interest / full housing cost		
Payment after IO or rate reset; assumptions		
ARM index, margin, caps / balloon, if any		
Prepayment duration, formula, exceptions		
Personal guaranty / recourse / entity rules		
Accepted rent / DSCR formula / requirement		
Required reserves / eligible assets		
Appraisal, lease, title and insurance conditions		

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BRING EVIDENCE, NOT GUESSES

Your investor due-diligence checklist

Check a box when verified; leave it open when unresolved. Ask the appropriate lender, attorney, inspector, insurer or CPA.

- [ ] Rent evidence: current leases, rent roll, deposits and supported market-rent assumptions.
- [ ] Property: independent inspection, repair estimates, major replacements and known defects.
- [ ] Use: lawful rental occupancy, local registrations, zoning and any short-term rental restrictions.
- [ ] Costs: current tax bill, possible reassessment, insurance quote, flood needs and association charges.
- [ ] Ownership: title review, entity documents, signing authority and guaranty obligations.
- [ ] Liquidity: verified closing funds, lender reserves and your separate vacancy/repair cash plan.
- [ ] Exit: hold period, prepayment terms, sale/refinance costs and a plan if refinancing is unavailable.
- [ ] Contract: financing, inspection and closing deadlines reviewed with the appropriate professionals.

06 Three items to resolve before moving forward

OPEN QUESTION / EVIDENCE NEEDED	OWNER	DUE DATE

Discuss the scenario with Paul: bring the property/state, price or value, expected rent, desired loan and timeline. Call 856-503-9396 or visit PaulSinghMortgages.com. Request a secure ARIVE invitation before sending completed forms or private documents.

REFERENCE NOTES - CHECKED OCTOBER 15, 2026

[1] Angel Oak Mortgage Solutions: Investor Cash Flow program and DSCR calculator. Lender-specific examples; not a universal eligibility rule. [2] CFPB: Loan Estimate explainer and loan-offer comparison. Consumer resources; ask which written disclosures apply to your transaction.

Lender program **DSCR calculator** **Loan costs** **Compare offers**

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