



DSCR Quick Reference

The Debt Service Coverage Ratio (DSCR) product utilizes the rental income on the subject investment property solely to determine eligibility — no other borrower income is used in the loan analysis. DSCR loans are exempt from the Ability to Repay (ATR) rule as they are categorized as business-purpose loans.

The program is designed for experienced real estate investors and qualifies the transaction based solely on cash flows from the subject property. An experienced real estate investor is defined as: A borrower having a history of owning and managing non-owner-occupied residential real estate or commercial real estate for at least 12 months during the most recent 36-month period. For files with multiple borrowers, only one borrower must meet the definition.

The DSCR calculation is determined by taking the qualifying monthly gross income divided by the monthly PITIA of the subject investment property.

A Statement of Business Purpose and Occupancy Affidavit signed by the borrower, declaring that the property is or will be used for business or investment purposes only, is required.

	Units	Maximum Loan Amount	Maximum LTV	Minimum Credit Score	DSCR	Minimum Reserves			
Purchase & Rate/Term Refinance	Non-Owner-Occupied	1-4	\$1,000,000	80%	700	1.15	3 months		
			\$1,000,000	70%	700	1.00			
			\$1,000,000	70%	680	1.15			
									6 months
			\$1,500,000	75%	700	1.15			
			\$1,500,000	65%	700	1.00			
			\$1,500,000	65%	680	1.15			
			\$2,000,000	70%	700	1.15			
			\$2,000,000	60%	700	1.00			
			\$2,000,000	60%	680	1.15			
\$2,500,000	65%	700	1.15		12 months				
Cash-Out Refinance	Non-Owner-Occupied	1-4	\$1,000,000	75%	700	1.15	3 months		
			\$1,000,000	65%	700	1.00			
			\$1,500,000	70%	700	1.15	6 months		
			\$1,500,000	60%	700	1.00			
			\$2,000,000	65%	700	1.15			
Cash-out: Reduce LTV by 10% for cash-out > \$500,000. Maximum cash out limited to \$1,000,000. Cash-out proceeds can be used toward required reserves.									
Properties	LTV Restrictions	Condominium and 2-4 units the maximum LTV/H/CLTV is 70%. If using short-term rental income, reduce allowable LTV by 5%.							
	Eligible Properties	Investment Properties: Single Family, PUD (attached & detached), 2-4 units and eligible condominiums (Fannie Mae/FHLMC-warrantable). Seller is responsible for Condominium Project Review. Property ownership must be fee simple.							
	Ineligible Properties	Co-Ops, Non-Warrantable Condominiums and Condotels.							
Product Options	Purpose	Purchase and Rate/Term Refinance and Cash-Out Refinances. Delayed Purchase Refinance is allowed within 6 months.							
	Financing Options	Fully Amortizing Fixed-Rates, Fully Amortizing ARMs and Interest-Only (IO) period.							
	Terms	15-, 20-, 25- and 30-Year Fixed-Rate, Fully Amortizing. 7-year/6-month and 10-year/6-month SOFR ARMs.							
	Interest-Only Option	30- and 40-year IO with 10-year IO period. Qualifying P&I payment based on 20 years (30-year loan) or 30 years (40-year loan) amortization. Max 70% LTV and Minimum FICO Score of 720.							
	Minimum Loan Amount	\$150,000.							

Income	Debt Service Coverage Ratio Defined	Debt Service Coverage Ratio (DSCR) is the monthly gross income divided by the PITIA of the subject investment property. No DTI is calculated.
	Income — Lease Requirements	<ul style="list-style-type: none"> ■ For purchase transactions, use the lesser of the Estimated Market Rent from the 1007 or lease agreement. ■ Unexpired executed lease is required except for purchase transactions where there is no existing lease or no existing lease to assign. ■ For refinance transactions, the property must currently be leased. The Seller must document the rental income with a copy of the lease for the subject property. If the lease has converted to month-to-month, then provide the most recent two (2) months' proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant and ineligible for financing. For a new lease, the Seller must document the new lease, receipt and deposit of the security deposit and first month's rent. The lesser of the current subject property rent or the fair market rent determined by the appraisal is to be used to determine the gross monthly rent. ■ If the subject property (such as an Airbnb, VRBO or similar service) is rented on a short-term basis, the gross rental income is the lower of the rental value of the property from a rental addendum prepared by the appraiser or the average monthly rental income received from the short-term rental over the past 12 months, as documented from the short-term rental facilitator. Reduce allowable LTV by 5% when using short-term rental income to qualify. Other requirements include: <ul style="list-style-type: none"> – One-unit properties only. – Third-party statements from the Airbnb, VRBO or similar service must be provided. The statement must identify the subject property/unit, rents collected for the previous 12 months and all vendor management fees. – If the subject property is a condominium, provide written evidence that the property is eligible for short-term rentals. – Must be permitted in accordance with local ordinance.
	Rent Loss Insurance	Rent loss insurance covering a minimum of 6 months is required for the subject property.
Borrowers/Ownership	Eligible Borrowers	U.S. Citizens, Permanent Residents, Inter Vivos Revocable Trusts and U.S.-based Limited Liability Companies (LLC). Each individual who is a member of a business entity must provide a personal guarantee and the guarantee must be executed at closing.
	Ineligible Borrowers	Borrowers with only an ITIN, Non-Permanent Residents, First-Time Homebuyers, Irrevocable Trusts, Land Trusts, Foreign Nationals and Borrowers with Diplomatic Immunity.
	Ownership	Individual, Joint Tenants, Tenants in Common, Limited Liability Companies (LLC) and Inter Vivos Revocable Trusts. Each individual who is a member of a business entity must provide a personal guarantee and the guarantee must be executed at closing.
Credit	Mortgage/Rental Lates	0 x 30 x 12 months. 1 x 30 x 24 months, no rolling lates.
	Housing History with Credit Event Seasoning	4 years.
	Adverse Credit Event Seasoning	4 years.
	Multiple Credit Events	Not allowed.
	Fraud Report	Fraud report or similar must be included in each file.
Appraisal	Appraisal Requirements	2 appraisals required on loan amounts greater than \$1.5M. Fannie Mae Form 1007 Single Family Comparable Rent Schedule or Form 1025 Small Residential Income Property Appraisal report is required. CDA required to be submitted on all loan transactions that don't include two appraisals. AMF will not accept transferred appraisals.
	Declining Markets	If the appraiser indicates the market value of the subject property is declining, reduce the allowable LTV by 10%.
Other Details	Multiple Properties	Borrowers are limited to 20 total 1–4 unit financed properties, including the borrower's primary residence and the subject property.
	Pre-Payment Penalty Option	AMF will purchase DSCR loans with prepayment penalties.
	Geographic Restrictions	Properties located in Guam, Puerto Rico, American Samoa, Northern Mariana Islands, the U.S. Virgin Islands and Hawaii (Lava Zones 1–2) not allowed. Texas 50(a) (6) cash-out not allowed.