THE SMITH SOLUTION
powered by NEXA LENDING

INVESTOR FACT SHEET
DSCR Loans
thesmithsolution.com

WHY IT CAN BE THE BEST SOLUTION

DSCR Loans

Buy the rental on the property's income.

A DSCR loan — Debt Service Coverage Ratio — is a non-conventional, investor-purpose mortgage. Lenders do not underwrite your paycheck, W-2s, or tax returns. Qualification is determined by your FICO score, your down payment, and the property's ability to generate rental income.

01 FICO SCORE

Credit strength is one of the three gates. Stronger scores typically open better pricing and higher loan-to-value options.

02 DOWN PAYMENT

Down payment required and varies by credit, property, and program. Many investor purchases are 20–25% down.

03 PROPERTY INCOME

The house has to carry itself. Monthly rent is measured against the full payment (principal, interest, taxes, insurance, HOA).

NO DTI CALCULATION

Personal income and household DTI are not the qualifying test.

$$DSCR = Monthly\ Rent \div Monthly\ PITIA$$

BUILT FOR INVESTORS

Why DSCR often wins

- **The property qualifies itself.**
  If the rent covers the payment at the required ratio, the file can move — even when write-offs make tax returns look thin.
- **No conventional income stack.**
  No W-2s, no personal DTI worksheet, and no employment verification in the usual QM sense.
- **Portfolio-friendly.**
  Built for 1–4 unit rentals and, on many programs, short-term rentals — without the same conventional 10-property squeeze.
- **Self-employed friendly.**
  When deductions crush reported income, conventional investor loans stall. DSCR does not ask the tax return to tell the story.

THE LLC ADVANTAGE

Close it in an entity.

Protect tomorrow's primary home.

A DSCR loan is not a regular conventional mortgage. Because it is a business-purpose investor loan, it can be purchased and titled in an LLC.

That matters later. Conventional underwriting counts personal rental mortgages against your DTI and financed-property limits. Held in an LLC on a DSCR loan, the debt is structured as business debt — so it typically does not sit on a future conventional application the way a personally held rental mortgage would.

Result: grow the rental portfolio now and keep capacity to buy a primary or second home later — without that investment debt counting against you.

SIDE BY SIDE

Conventional investor loan vs. DSCR

FEATURE	CONVENTIONAL INVESTOR	DSCR LOAN
Qualifying test	Personal income + DTI	FICO, down payment, property income
Tax returns / W-2s	Required	Not used to qualify
Vesting	Usually personal name	Personal name or LLC
Future primary / second home	Rental debt counts in DTI	Business-purpose LLC debt stays off that stack



YOUR LOAN OFFICER

Mike Smith
Senior Loan Officer · Team Lead
NMLS #1277921 · Licensed in VA, MD, DC
(703) 832-5759 mike.smith@nexalending.com

TALK TO MIKE

Let's run the numbers.
thesmithsolution.com

POWERED BY
NEXA Lending

The Smith Solution is a DBA of Nexa Mortgage, LLC, NMLS #1660690. Equal Housing Lender. This is not a commitment to lend. DSCR programs are non-QM / business-purpose loans. Guidelines, rates, LTVs, reserve requirements, eligible property types, and entity-vesting rules vary by investor and change without notice. Closing in an LLC and the treatment of that debt on a future conventional application depend on the lender, title, and how the loan is reported. Ask Mike for current terms for your scenario. Licensed in VA, MD, DC. NMLS Consumer Access: nmlsconsumeraccess.org · © 2026 The Smith Solution