

*The BFR
Refinance
Readiness*

Score re *card*



Is Now The Right Time to Refinance?

Refinancing a Build-for-Rent project is more than just a milestone. It's a decision point.

Most investors assume that once lease-up hits a certain level, refinancing into permanent debt is the obvious next step. But in BFR, refinancing under pressure can lock in the wrong terms, trap equity, or limit flexibility just when you need it most.

This scorecard helps you evaluate whether refinancing now strengthens your position, or whether waiting or refinancing differently would protect your liquidity and long-term upside.

Before you move ahead with refi, ask the following questions.

≡ Part 1:

Income & Stabilization

- ☐ Is lease-up at or above your original underwriting assumptions?
- ☐ If you refinanced today, would your current occupancy and rents support the proceeds you expect?
- ☐ Are concessions minimal and sustainable?
- ☐ Does your in-place rent roll reflect long-term, durable income (not short-term promotional leasing)?

Why this matters:

Permanent lenders underwrite stabilized income, not projections. If your income profile is still forming, refinancing too early may reduce proceeds or strain DSCR.

≡ Part 3:

Equity & Liquidity Alignment

- ☐ Would refinancing today produce proceeds aligned with equity partners' expectations?
- ☐ Will refinancing now leave you with adequate working capital?
- ☐ Would your refinance still work if the appraisal comes in lower than expected?

Why this matters:

In BFR, equity often stays in longer than originally projected. Refinancing under pressure can create tension if expectations aren't aligned.

≡ Part 2:

DSCR & Rate Sensitivity

- ☐ Does your projected DSCR hold up if rates move 50–100 bps before refi?
- ☐ At today's rates, does your DSCR provide cushion or just clear the minimum?
- ☐ Will refinancing materially improve your liquidity position — or just reset the clock?

Why this matters:

Refinancing locks in today's market conditions. If your margin is thin, refinancing now could limit your flexibility later.

Scoring Your Readiness

If you checked most of the boxes with confidence, a refi may be well-timed.

If several areas gave you pause, the issue may not be the deal, but the structure around it.

In BFR, the most expensive refinance is the one done under pressure.

What

Means

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For

Capital Strategy

Refinancing should accomplish at least one of the following:

- Meaningfully reduce cost of capital
- Improve liquidity
- Stabilize long-term ownership
- Unlock equity for redeployment

Are you refinancing because it's optimal, or because it's the default choice?

Permanent debt isn't always the only path forward. In certain situations, a structured extension or short-term capital solution may better preserve liquidity and long-term upside.

These are the kinds of strategic decisions we help investors navigate. If you're evaluating a refinance or approaching maturity, we're happy to walk through your options and help you determine the right path forward.

[Talk to Encore About Your BFR Strategy](#)